Food and Farming at the Forefront of Labour's Missions for Change

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Farming and food production are central to UK society. This short briefing explores how regenerative farming is core to delivery of Labour's missions, and how public investment in the farming transformation can deliver for its economic, environmental and social goals.

Labour's missions

Labour has set a clear course for this government, based on its five core missions for change. The importance of a sustainable and regenerative future for food and farming is integral to three of these missions: economic stability and growth, health and renewing the NHS, and greening the economy to reach net zero commitments.[i]

Labour has emphasised the need to rebuild stability and resilience, while tackling the root causes of the UK's deepest challenges but is tasked with achieving this within a worsening climate of environmental and public health crises.

The scale of this challenge is no less than that which faced the Labour government after the Second World War. Both then and now, the centrality of food and farming to the UK's health and growth cannot be understated. The post-war government enabled an agricultural transition that dramatically shifted farming and diets. This level of ambition is needed again now.

Public context

Sustainable food and farming are issues of significant public concern. Independent polling in 2023 by More in Common for the Food, Farming and Countryside Commission (FFCC) found that the public want a fair food system to support a fairer society. Eighty-eight percent said it is important that farmers are paid fairly for their work and 82% said it is important that we are producing food without harming the planet. Sixty-one percent said the government is not doing enough to minimise the environmental impact of the food we eat. Seventy-eight percent said substantial changes are needed to our food system and 73% said the government should incentivise environmentally friendly agriculture and food production through subsidies or investment, while 79% considered it a good idea to impose fines on those who pollute the environment.[ii]

This is echoed by the polling of 2000 adults in England and Wales by OnePoll in May 2024, for the National Farmers Union[iii]. This found that Britain's farmers and growers are one of the public's most favoured and valued professions, second only to nurses. Seventy-four percent of the public have a favourable view of farmers and growers and 91% said they feel that farming is important to the UK economy, as the NFU states "demonstrating the key role agriculture businesses play in kickstarting growth for Labour's new mission-led government".

Farmer protests were a major feature in 2023 and became politically divisive and a source of societal disruption where they were co-opted by populist movements across the EU[iv]. For Labour's commitment to food security and nature to be successful, farmers will need sufficient financial and policy support to ensure they can adopt new environmental practices rather than opposing them.

The Defra agriculture budget legacy and statement of need

Detailed economic estimates of the budget needed (from diverse sources – environmental NGOs, the National Farmers Union and Country Land and Business Association [CLA]) far exceed the current agriculture budget in the UK (£5.9bn, £5.6bn and £3.8bn respectively per year [the latter just for England and Wales, and similar to the NFU estimate for England of £4bn]).[v] [vi] [vii]

Yet, under the last government, Defra underspent on its agriculture budget commitments by £358m over three years. Agri-environment payments have increased by £433m in that time, but direct (basic) payments have dropped by £785m, leaving a £352m reduction. The shortfall in agri-environment payments has been blamed on poor uptake by farmers due to confusion and change in the evolving Environmental Land Management (ELMs) schemes in England and low payment rates placing most risk on farmers. In January 2024, the Office for Environmental Protection (OEP) recommended that implementation of the ELMs scheme needed to be accelerated:

"*Investment in the foundations for ELM schemes along with other nature-friendly farming approaches has been considerable and uptake is increasing but from a low baseline. However, roll-out has been slow and the programme is marked by uncertainty and concern from farmers. For enough farmers to choose to participate and commit long-term to managing their land in support of net zero, environmental improvement and food security, things must improve, and improve quickly.*"[viii]

In December 2023, the House of Commons Environmental Audit Committee found that:

"*The overall feedback that the committee received on [the ELM scheme] which has been under development throughout our inquiry, is that it is a step in the right direction but more clarity and certainty is required in relation to what farmers need to do, the amount of funding available, and how [the scheme] will support the government's goals for food security and environmental protection.*"[ix]

The secretary of state for Defra, Steve Reed, has committed to reviewing and strengthening the UK's Environmental Improvement Plan in Autumn 2024 noting that "Nature underpins everything — the economy, food, health and society — but we stand at a moment in history when nature needs us to defend it."[x] Yet this comes at a time when government departments are fighting for priority funding and there is a tangible risk of 'baking in' the previous government's agriculture budget shortfall. Decisions on agricultural budgets across England and the devolved nations will be key to whether these new environmental ambitions can be achieved, while maintaining food security and public health.

Why does the UK need public investment in sustainable, regenerative farming and food?

Food and farming are integral to all of the missions outlined below, and their impacts are interlinked across health, economic stability and green growth for net zero. In fact, fixing the UK's food system could be considered a priority government mission itself.

Mission 1: Economic stability and growth
Investment in regenerative farming is an investment in the UK's stability and growth. Farmers' self-sufficiency and resilience in the face of market shocks and extreme climate events will be

essential components of the UK's future food security, and the social stability, health and growth the government seeks.

Recent economic research[xi] shows that biodiversity loss and environmental degradation create material risks for the UK economy and financial sector, alongside their environmental impacts, and that these are urgent, near-term risks. Deterioration of the natural environment could slow economic growth and result in UK Gross Domestic Product (GDP) of 6% by the 2030s. This is greater than the impact on GDP experienced in the global financial crisis, in which UK GDP fell by around 4 to 6%. Further, the increasing risk of climate shocks will exacerbate this outcome, potentially wiping £200bn from the UK economy.

The authors note that "The agricultural sector is most at risk in percentage terms. Agriculture faces potential reductions in output (the nature-related value at risk or nVaR) up to 15% of total annual production for disruption of any one service ... with [multiple] risks related to pollination services, soil quality and invasive species. Looking across the UK economy, we find that the nVaR associated with disruption to ecosystem services is in the hundreds of billions and equivalent to several percentage points of GDP... The agricultural sector is also the most exposed to transition risks and opportunities."[xii]

Yet the current socioeconomic context for farming is extremely challenging. The most recent NFU farmer survey found that short and mid-term confidence is at its lowest since records began in 2010. Because of this lack of confidence, all farming sectors are expecting to decrease production over the next year. Farm business profitability has also fallen with 65% of respondents saying their profits are declining or their business may not even survive.[xiii]

Yields are dropping, with large proportions of the UK's soils moderately or severely degraded.[xiv] Increased reliance on expensive fertilisers has led to significant nitrogen pollution events, and the rising cost of animal feed in intensive farming systems has exacerbated volatility in food production costs, fuelling the cost-of-living crisis. Data from the Agriculture and Horticulture Development Board[xv] showed in May 2022 that the price of UK-produced ammonia nitrate fertiliser in Great Britain had increased by 152% year on year and imported prices had increased by 171% and the legacy of these increases remains in the farming sector. Additionally, the price of potassium chloride fertiliser (potash) had increased by 165% and phosphate fertilisers had increased by between 120% and 128%. This further underscores the need to invest in the transformation to methods of farming that build resilience through improved soil health, reduce the need for expensive (and often fossil fuel hungry) inputs and reduce impact of drought and flood[1] to stabilise food prices. For example, grazing animals such as cattle and sheep directly improve soil health and estimates suggest that the dung beetles that process their waste reduce cattle producers' costs by £367m per year.[xvi]

Regenerative agriculture is key to flood resilience and prevention of the decimation of crop yields. In periods of high rainfall, grasslands and woodlands soak up water much more effectively than arable land, reducing the speed of runoff and the risk of rivers bursting their banks.[xvii] This is down to the generally higher levels of organic matter in grassland soils, especially semi-natural grasslands, compared with arable soils. Stable soil organic matter can absorb several times its own weight in water.[xviii] For example, Clifton Ings and Rawcliffe Meadows are a crucial part of the City of York's flood defences. Their combined water-storage capacity of approximately 2.3 million cubic metres can reduce the level of floods in York by up to 15 cm, protecting many homes and businesses.[xix]

Regenerative agriculture also has potential to support resilient rural communities and jobs. The Local Government Association notes that there are "significant opportunities for rural and coastal communities in nature restoration, food, agriculture, land management and renewable energy infrastructure. Some of the systemic barriers that delays the development of green jobs and skills include: the lack of long-term certainty for local businesses; short-term and fragmented funding; capacity; and fragmentation of career pathways."[xx]

Resilient and regenerative farming systems are important for wider economic actors, such as the UK's financial sector. For example, the vulnerability of those farming degrading land represents an unmeasured credit risk to banks. Collaborative research from The University of Cambridge Institute for Sustainability Leadership (CISL) and NatWest Group shows that land degradation puts UK farmers at greater risk during extreme weather events.[xxi] Additionally, increasing volatility adds risk to lending decisions. Farmers may also find themselves with expensive stranded assets not suitable for new ways of farming. This type of evidence will increasingly influence investors' willingness to support UK farming.

However, there is significant potential to use public funding and policy commitments to leverage ambitious private financial investment into the farming sector. The importance of regenerative agriculture is widely accepted and reflected in strategies of major companies across the food sector including Nestle[xxii], McCain[xxiii] and Compass Group[xxiv] (who are closely engaged in delivering on public contracts for schools, hospitals, etc.) These companies and many others are investing in supporting farmers to adopt more environmentally friendly practices. Financial institutions, including several UK banks, are also investing in piloting new finance schemes. For example, the Sustainable Markets Initiative, convened by His Majesty King Charles, is bringing together food companies, farmers and financial actors to trial new financial mechanisms to support regenerative farming. Integrated public-private action could leverage and multiply any public investment in regenerative farming.[xxv]

This raises the question of whether, with evident private sector ambition, transforming farming can be left to the market. There is a note of extreme caution here. For example, an extensive report for the Oxford Farming Conference in 2023 assessed whether supply chains could deliver the environmental and social goals the UK seeks[xxvi]. Findings were clear that the UK food system is suffering severe market failure across a range of sectors, from poor contract terms for farmers, extremely tight margins and risk held primarily at farm level. It underscored the importance of enabling policy and public investment to drive positive social, environmental and economic outcomes.

On the flipside, new business models, including local food networks[xxvii], direct to consumer marketplaces and employee-owned operations[xxviii] can boost local food system resilience and access, bring producers closer to consumers, increasing producer incomes and accelerating the transformation to sustainable, regenerative agriculture. Investment in local food infrastructure such as abattoirs, processing facilities, produce warehouses and distribution hubs are essential to unlock regional and local food systems and to link rural producers with urban markets. Notably, the decline of small abattoirs risks decimating the meat production industry for smaller and family farmers. Targeted investment can unlock significant regional investment and ensure access to healthy and sustainable food — the Brighton and Hove Food Partnership[xxix] is just one example of local action facing into these challenges, including linking local consumers to 'Sussex Grazed' meat producers.

Mission 2: Health
Food security and sustainable agriculture are central to the health of the UK population.

Farming in ways that restore the environment are key to the UK's future food system. The UK's 2021 Food Security Report considered climate change and biodiversity loss as the two greatest threats to UK food security[xxx].

Evidence suggests that we are already paying for the negative impacts of our food system through other public sector budgets, including health. This 'true cost accounting' is a powerful vehicle to reveal the real impacts of the food system. Research has estimated that, for every £1 spent on food in the UK, a further £1 is paid through 'hidden costs', notably impacts on public health, environment and natural capital degradation. The authors note, "UK consumers spend £120 billion on food each year yet there are serious environmental and health-related costs that generate a further £116 billion. These costs are not paid for by the food and farming businesses that cause them, nor are they included in the retail price of food. Instead, they are being passed on to the public through taxation, lost income due to ill health and the price of mitigating and adapting to climate change and environmental degradation."[xxxi]

Transformation of food and farming will be key to delivering the dietary shifts required to reduce non-communicable diseases such as diabetes and obesity, that plague the NHS. Poor nutrition costs the NHS £19.6bn, according to the NHS Confederation[xxxii]. That is just a component of the wider impact of non-communicable diseases (NCDs) on the NHS, with estimates suggesting health-related food production and consumption costs of our UK food system are over £56bn a year (as of 2019).

The impact on public health of intensive agriculture goes far beyond the farm, with scientific research showing that a significant proportion of small particulate matter in urban environments such as Birmingham (32%), Leicester (38%) and London (25%), comes from agriculture.[xxxiii] This is largely due to ammonia emissions from heavy fertiliser use and intensive livestock farming.[xxxiv] A recent study estimated that around 48,000 premature deaths a year in the UK are attributable to $PM_{2.5}$, the most dangerous type of particulate formed from air pollutants such as ammonia.[xxxv]

Research has already established that regenerative farming can contribute to healthy diets for all in the UK while maintaining the UK's current levels of production self-sufficiency. Nutritionally, a nationwide transition to biologically based regenerative farming systems could make a significant contribution to the UK's supply of protein, fats and key micronutrients (e.g. 98% of Vitamin B12 and 55% of calcium). Products like milk and eggs are relatively cheap ways of accessing relatively complex sources of protein and micronutrients, while beef and lamb provide highly nutrient dense foodstuffs from land that cannot otherwise produce food.

Mission 3: Green growth and net zero
Economic research suggests that, without additional funding in the agriculture budget, the UK's Environmental Land Management schemes will not be sufficient to enable the UK to meet its environmental and climate targets and legally binding commitments. Indeed, the UK Climate Change Committee's 2023 progress report notes that agriculture is falling short of its targets for climate impact reduction and between 2020 and 2021 emissions had flat-lined[xxxvi].

Central to green growth and food security is the state of UK soils. In 2023, the UK government assessed that in England and Wales, almost 4 million hectares of soil are at risk of compaction, and over 2 million hectares of soil are at risk of erosion. Intensive agriculture has caused arable soils to lose about 40 to 60% of their organic carbon. This is a material cost to the UK with soil degradation calculated in 2010 to cost £1.2 billion per year.[xxxvii]

What carbon remains in the ground requires protection. Farmed land already represents a valuable store of carbon in the UK — in grasslands alone more than 2 billion tonnes of carbon are stored — an amount equivalent to almost 20 years of UK GHG emissions.[xxxviii]

By shifting to farming systems that work with nature, there is huge potential to both restore biodiversity and draw down and store more carbon. Given the high levels of degradation across agricultural soils, there is significant potential to increase the amount of carbon stored by transitioning to regenerative farming practices, in particular the integration of grass leys into arable rotations, adoption of agroforestry and improved hedgerow and grassland management. For example, modelling studies suggest the adoption of silvopasture (integration of trees and livestock) on 10% of the UK's grassland area could sequester 5.477 to 13.39 million tonnes of CO_2 per year over 30–40 years (equivalent to between c. 25 and 60% of the UK's total current livestock emissions).[xxxix] [xl] [xli]Including temporary leys in crop rotations across the UK's arable area could sequester c. 2.2 to 10.6 million tonnes of CO_2 per year over 30 years (equivalent to between c. 10 and 48% of the UK's total current livestock emissions). [xlii]

Agroecological farming systems have been demonstrated to increase biodiversity on farmed land: plant species increase by 20 to 95%, insect species by 23%, and pollinator numbers by 30% in organic compared with conventional farming systems.[xliii] Improved pastures managed using agroecological practices contain up to 41% more plant species than conventionally managed pastures, a level of species richness comparable with some semi-natural grasslands.[xliv]

Eight levers for action to transform the future of UK farming

The data outlined in this short briefing are just an example of the potential that regenerative farming and food production could deliver for Labour's missions and the UK's restoration and stability. Targeted action and effective use of a sufficient agriculture budget will be central to this success. The SFT has highlighted eight key priorities for the agriculture budget and wider policy:

- Align the future agriculture budget with the scale of need and reflect its contribution across Labour's missions
- Recognise the scale of transformation needed to deliver these outcomes and work with regenerative farmers to build the expertise and innovation to deliver productive farming systems
- The agriculture budget needs to reflect the realities of transformation (such as stranded assets and new investment) and to support vulnerable jobs and communities e.g. in rural upland areas
- Ensure quality farmer support and advice is effectively funded to drive transformation
- Create policy that leverages private finance and food sector business strategy to accelerate transformation and multiply impact
- Underpin the transformation through an integrated approach to food and farming policy, reflecting its reach across Labour's missions

- Ensure public money is well spent through the development of harmonised metrics and impact measurement across a range of social and environmental, as well as economic, impacts (for example the Global Farm Metric)

- Ensure children and young people have the opportunity to build their understanding of the value of nature–friendly food production in the UK through financial support for on–farm visits and other education opportunities.

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