

## Pollardine 211A - Milestone 1 Report, 31<sup>st</sup> March 2022



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## 1. Introduction

The Pollardine 211A Trial will explore whether an online platform created by a group of farmers/landowners/smallholders can act as an effective tool to facilitate blended finance. The testing of this innovative mechanism will provide useful evidence against the Local Nature Recovery scheme.

The online platform will act as a space to allow farmers/landowners/smallholders to showcase, for example, their Land Management Plans and Landscape Scale Plans (created through initial Test and Trials) and other projects developed with new farmers/landowners, coming together with four different private funders to understand and negotiate private and public finance.

In the first Milestone of the Trial, the Facilitator, Lizzie Hulton-Harrop, created a questionnaire and completed it with each of the participants either in-person (16 participants), over the telephone (1 participant), or on a video call (3 participants). There was little difference between the effectiveness of video calls and in-person meetings to build a rapport and gain information from the participants. This was more difficult on the telephone call. This was supposed to be a video call but the Facilitator's internet failed, therefore making it necessary to use a different medium.

5 of the participants attended the questionnaire with a family member. This was a key finding of the Phase 1 Test & Trial (Pollardine 211) – it is not always the frontline farmer who is responsible for all aspects of the business (e.g. paperwork, technology use, accounting, funding), so it is important to ensure everyone involved in the farming/land management business is given the opportunity to participate in the project.

The purpose of the questionnaire was to evaluate the current level of understanding of blended finance among the 20 participating farmers/landowners/smallholders in south Shropshire and draw out levels of interest/concern on entering into private finance agreements in the future.

### **The policy questions addressed in this Milestone are:**

Payments and IDM theme/LR theme (blended finance):

- What barriers are present within the blended finance approach across all three schemes? (1.13)

Advice and Guidance theme:

- Where would you prefer to first go for advice? (3.1)
- Can guidance replace the need for advice? (3.14)

## 2. Five key learnings from Milestone 1

2.1 - Understanding of blended finance is wide-ranging and there are many possible approaches/motivations to consider.

2.2 - Although there is interest in blended finance among the participants, there are many barriers that need to be addressed.

2.3 - 1:1 advice is valued more highly than guidance.

2.4 - Participants go online first for advice before approaching an advisor, however this can be time-consuming and frustrating if they are unable to find the right material.

2.5 - While most participants are likely to enter ELMs, there is little confidence that this income will replace current income from subsidies/agri-environment schemes.

### 3. Who is involved in the Trial?

The Facilitator, Lizzie Hulton-Harrop, is a farmer in south Shropshire. She farms in partnership with her Mum on the family farm so has in-depth knowledge of the local area and has warm relationships with neighbouring farmers/landowners/smallholders.

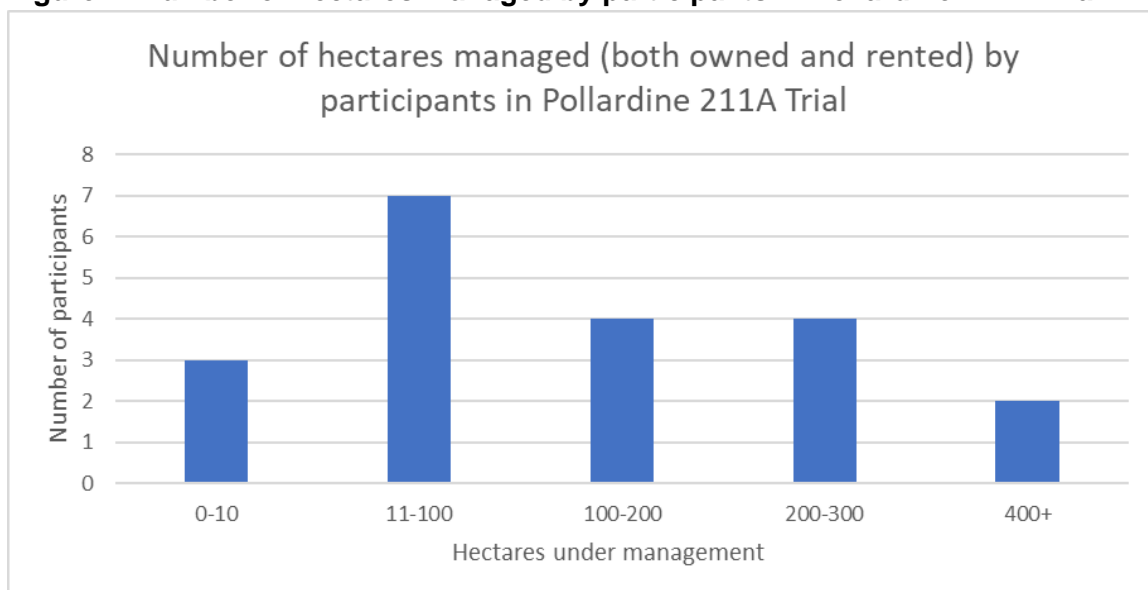
Lizzie successfully facilitated and delivered the Pollardine 211 Test from September 2020 - June 2021.

The 10 farmers/landowners/smallholders who took part in Phase 1 (Pollardine 211) are participating in Phase 2 with 10 additional participants. Some of the additional 10 were approached to take part in Phase 1 but were cautious and uninterested in the Test & Trials programme. However, the learning and knowledge gained from the success of Phase 1 sparked interest in the local community. Thus, this Trial has been extended to include an overall 20 participants.

Figure 1 shows the number of hectares managed by the participants in five categories. The land in hectares includes both owned and rented ground. 7/20 participants rent land under short-term grazing licenses. 4 participants have commoning rights on the Long Mynd. The hectareage for the common land is not included in the bar chart below.

75% of the participants manage land within the middle range (11-200 hectares). This is typical for the geographical area of the Trial - most are small-medium-sized family farms.

**Figure 1: Number of hectares managed by participants in Pollardine 211A Trial**



The land under management is mainly used for beef and/or sheep farming (16/20 participants). Two participants are undertaking rewilding and wood pasture projects, thus are not using the land for commercial agriculture. One participant farms deer. Diversification activities include commercial and non-commercial shoots, honey, market gardening, commercial woodland management, campsite, and glamping.

Six participants have been involved in the National Trust Whole Farm Plan Test & Trial and one participant gave feedback at an [event in Telford discussing ELMs hosted by the NFU](#).

### **3.1 Past and present subsidies and agri-environment scheme participation**

3 participants are not eligible to claim any subsidies (less than 5 hectares owned).

#### **Basic Payment Scheme**

- All participants who are eligible for the Basic Payment Scheme claim it (17/20).

#### **Environmental Stewardship**

- 5 participants are currently in Environmental Stewardship agreements;
- 4 participants have rolled on their existing Environmental Stewardship agreements;
- 1 participant's Environmental Stewardship agreement ended in 2018 and they entered a Countryside Stewardship Agreement instead of rolling over;
- 1 participant's Environmental Stewardship agreement ended in 2021 and they have decided not to enter any other agri-environment schemes for the time being (reasons discussed on page 6).

#### **Countryside Stewardship**

- 1 participant has a Higher Tier agreement starting in 2022 covering approximately 80% of the farm;
- 2 participants are currently in Mid-Tier agreements;
- 1 participant (who farms multiple farm holdings) has a Mid-Tier agreement on one farm and an Environmental Stewardship agreement on another farm.

All participants who are currently in Environmental Stewardship or Countryside Stewardship were either previously in the Environmentally Sensitive Areas scheme or in the original version of Countryside Stewardship excluding 1 participant who bought their farm in 2020.

#### **Other**

- 1 participant has received funding from the Farming in Protected Landscapes programme for training courses in regenerative agriculture. 4 participants are planning to apply to this programme and 1 participant said they had heard of it.
- None of the participants are involved in the Sustainable Farming Incentive Pilot.
- 2 participants have received funding from the England Woodland Grant Scheme.
- 1 participant has received funding for the Countryside Stewardship Capital Works offer and 1 participant is planning to apply this year.

#### **Participants not in an agri-environment scheme**

Excluding the 3 participants who are not eligible for a scheme, 4 participants have not been in an agri-environment scheme for 10+ years. 2 of these 4 participants were in the

Environmentally Sensitive Areas scheme but decided not to enter new schemes after this ended.

3/4 of these participants expressed more negative views towards the concept of blended finance. The 3 participants who are not eligible for a scheme expressed more positive views towards blended finance (see page 13 for further detail).

### **Excluding land from schemes**

Land has been excluded from schemes for the following reasons:

- Not financially viable;
- Fear of constraints;
- Lack of knowledge;
- External factors;
- Want to do things that are not eligible in the scheme.

After being in an agri-environment scheme for over 20 years, one participant has decided to come out of all schemes for the following reasons:

*“We’ve done what you (the government) wanted us to do for more than 20 years and now you’re penalising us for the fact that we have a good habitat. Looking down the list of payments for permanent pasture and arable land in CSS and the payments are significantly higher for arable land. So we have come out of our schemes and will plough up some areas of the farm where the land can be used more productively, then we can access higher payments. If we were rewarded properly for what we have created, we may not be doing this.”*

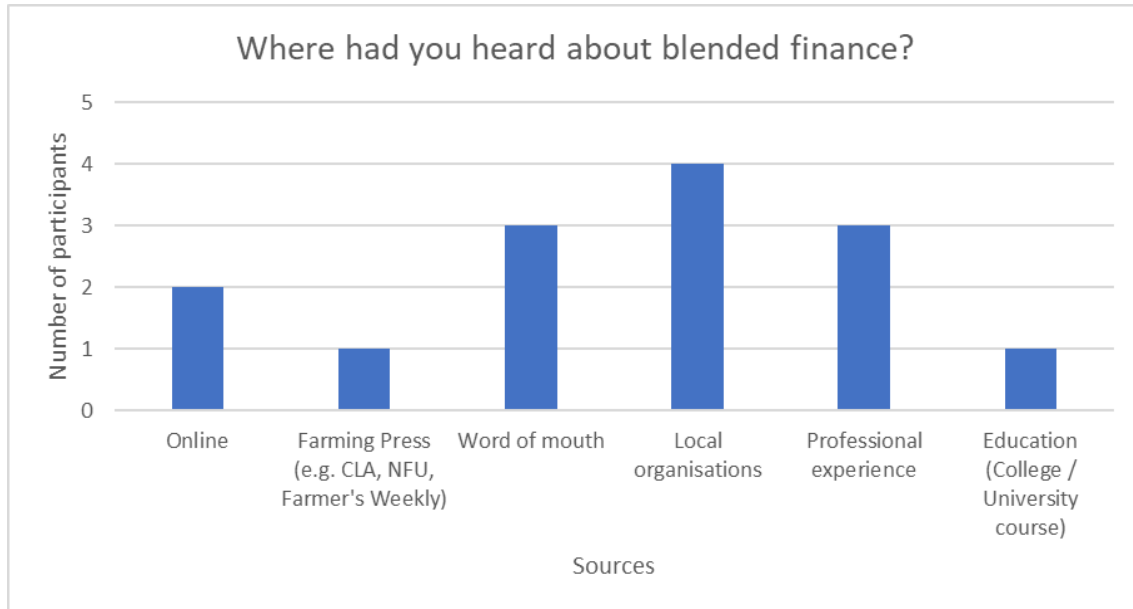
It is essential that those who have managed their land in an environmentally-friendly way for many years are rewarded in the future Environmental Land Management schemes. If this is not the case, take up from such individuals is likely to be low.

#### 4. Key learning 1: Understanding of blended finance is wide-ranging and there are many possible approaches/motivations to consider

12/20 participants had heard of 'blended finance' before the Trial. Figure 2 shows where the 12 participants had heard about it from.

Please note participants could select more than one response to this question.

**Figure 2: Where had you heard about blended finance?**



Local organisations mentioned by the participants included:

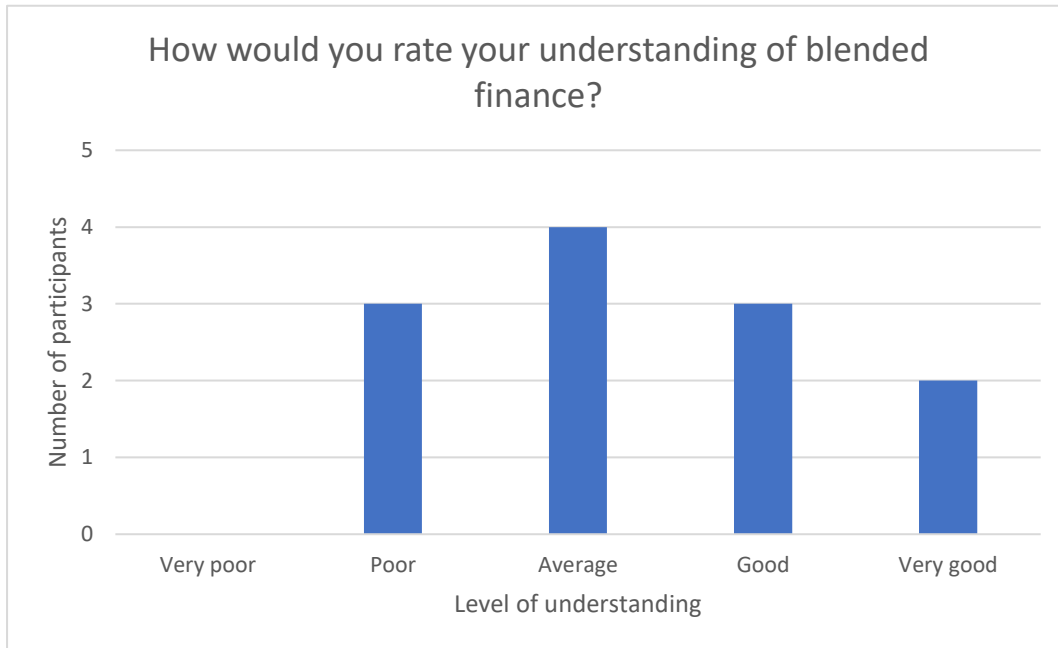
- The Upper Onny Farmers Group hosted by the National Trust and AONB
- Marches Meadow Group
- Middle Marches Community Land Trust

Three of the participants have had professional careers in finance so have in-depth knowledge in this area.

For the 8 participants who had not heard of blended finance, 6 were not familiar with the phrase at all, and 2 said they understood the concept but had not heard it referred to as 'blended finance'. One participant used the phrase 'co-finance, and went on to explain, "Co-financing has been around for a long time, but blended finance in farming in this context is relatively new. The concept of blended finance has been around for a long time and most farmers are already doing it e.g. with diversification activities. The terminology isn't so important."

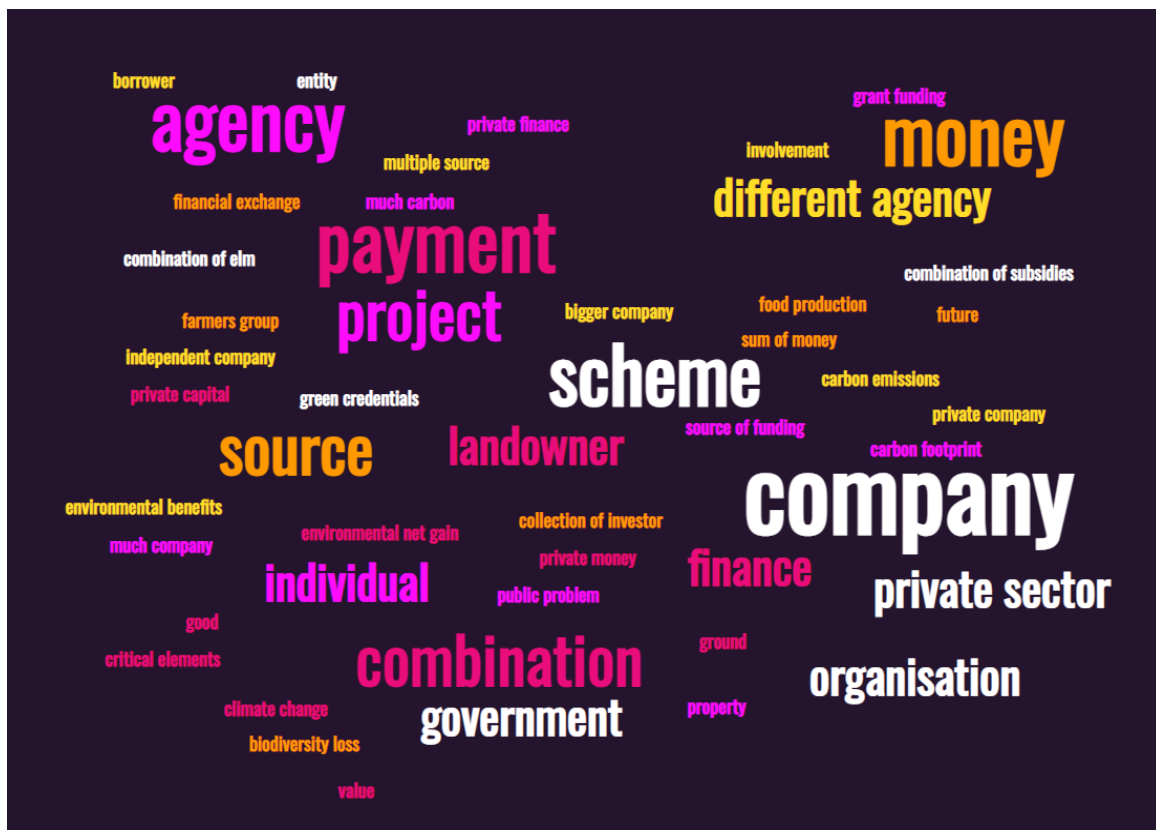
### Figure 3: How would you rate your understanding of blended finance?

The 12 participants who had heard of blended finance rated their understanding as follows:



### Figure 4: Participants' explanation of blended finance

The word cloud illustrates the words that were most used by the participants when explaining their understanding of blended finance. 'Company' was the most common word, featuring seven times.





The length of the participants' answers ranged from this short answer:  
*"It is a combination of public and private money being invested into the farm."*

to this more detailed response:

*"Currently a combination of subsidy, schemes and income from food production. In the future there'll be a combination of ELMS and industries wanting to buy in green credentials. They'll pay a price for that to counter their carbon footprint. We do not yet know what the weighting of public/private finance will be, but suspect the government will want involvement from the private sector sooner rather than later."*

The responses can be divided into two themes.

1. Explaining only where the money comes from;
2. Linking the concept of blended finance to potential motivations / outcomes.

Figure 5 shows the expressions used.

**Figure 5: Participants' understanding of blended finance**

Explaining only where the money comes from	Linking the concept of blended finance to potential motivations / outcomes
<ul style="list-style-type: none"> <li>• <i>More than one source of funding for a project or a scheme.</i></li> <li>• <i>Finance from more than one source / multiple sources.</i></li> <li>• <i>Money comes from the private sector.</i></li> <li>• <i>Looking at getting funding from the government through a scheme and an independent company or other entity.</i></li> <li>• <i>It is getting payments for something that you're doing from different agencies. Agencies meaning a company, organisation, or an individual. You can stack more than one payment on one project.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>companies want to offset carbon emissions/biodiversity.</i></li> <li>• <i>...to achieve an environmental net gain.</i></li> <li>• <i>...industries wanting to buy in green credentials.</i></li> <li>• <i>Landowners have 'goods'...Bigger companies looking for environmental benefits.</i></li> </ul>

The learning from this is that there are a wide range of views on what blended finance is and what it can be used for. It will therefore be essential to agree on a definition of blended finance for this Trial with the participants at the beginning of Milestone 2. This may present a barrier if there is disagreement between the participants, which will provide useful feedback for policy question 1.13, *What barriers are present within the blended finance approach across all three schemes?*

The Facilitator thinks agreement on a definition can be achieved by stripping it back to basics, for example, *'Blended finance is the combination of public and private funds paying for different outputs to achieve an overall outcome'*. This learning will be tracked and reported on again following the completion of Milestone 2.

### How the process of blended finance works

Participants were asked to explain how the process of blended finance works. Most covered the key points of approaching a public and private funder for a specific project, however the order of steps differed amongst the participants:

- 3 participants suggested **starting with the private funder** by *“finding companies who are willing to put money in”* or *“undertaking market research to link your project with the aims of a finance provider”*.
- 2 participants suggested **starting with the public funding**: *“Understand what the DEFRA schemes are [first]”* and *“Assuming grant funding is in place for a project...”*.
- 4 participants thought it would be important to **involve all parties simultaneously**. One of these participants is a practitioner in blended finance and said, *“the basic principle is that people with different motivations and appetites for risk will participate in a combined structure with differing expectations of their own outcomes. It is an excellent way of tackling problems that cannot be tackled entirely linearly.”*
- 1 participant suggested the first step should always be a **baseline assessment**. For example, with a carbon audit, *“We should be able to be carbon neutral ourselves and then value and sell additional carbon.”*
- 1 participant would like to be able to approach a **‘middleman’** who matches up companies with landowners/farmers. Rather than a commercial individual/company, the participant said *“The Council should provide that collective space. They’d be the logical group to bring landowners together. They are well placed to see issues in development plans and match them with landowners – biodiversity, water quality, soil erosion, etc. But this is not happening at the moment.”* This is an interesting response as it indicates that even someone who is familiar with the concept of blended finance would still prefer to approach a middleman. It will be useful to monitor this learning throughout the Trial to see how confident participants (both those who are familiar and unfamiliar with blended finance) are to navigate a blended finance opportunity on their own. This will help to answer the policy questions 3.1 (*Where would you prefer to first go for advice?*) and 3.14 (*Can guidance replace the need for advice?*).

When asked about which public funds the private funding might be mixed with, all 12 participants gave examples of agricultural subsidies (BPS) and/or agri-environment schemes (ELS/HLS, CSS, ELMS, FiPL, SFI, RPA).

3 participants suggested other ‘pots’ as well as DEFRA funding, such as:

- Government budget money;
- Government money / taxpayers’ money, e.g. footpath maintenance is funded through the government;
- Public funds for access and education.

For the subsequent question on, ‘Who do you think provides the funding for blended finance?’ all 20 participants were invited to answer.

- 8 participants talked about funding coming from both the public and private sectors;
- 8 participants only gave examples of private funders;
- 1 participant only gave examples of public funders;
- 3 participants didn’t know.

**Figure 6: Examples of public and private funders for blended finance**

Public funder examples	Private funder examples
<ul style="list-style-type: none"> <li>● Government.</li> <li>● DEFRA.</li> <li>● RPA.</li> </ul>	<ul style="list-style-type: none"> <li>● Severn Trent.</li> <li>● Property developers, water companies, any large carbon emitters.</li> <li>● Those who need it (companies/institutions).</li> <li>● Private industry, companies (air travel).</li> <li>● Venture Capitalists – putting money into your pot, purely seeking investment, or could appeal to more charitable initiatives.</li> <li>● Industries, business with a significant carbon footprint, water companies that want to reduce runoff etc.</li> <li>● Every ministry, philanthropists, corporations and consumers.</li> <li>● Airline companies, etc – greening/offsetting their carbon footprint.</li> <li>● Private funding – invested towards improving natural capital (water, woodland).</li> <li>● Big companies who are looking to offset their carbon footprint.</li> <li>● Companies, organisations, or individuals.</li> </ul>

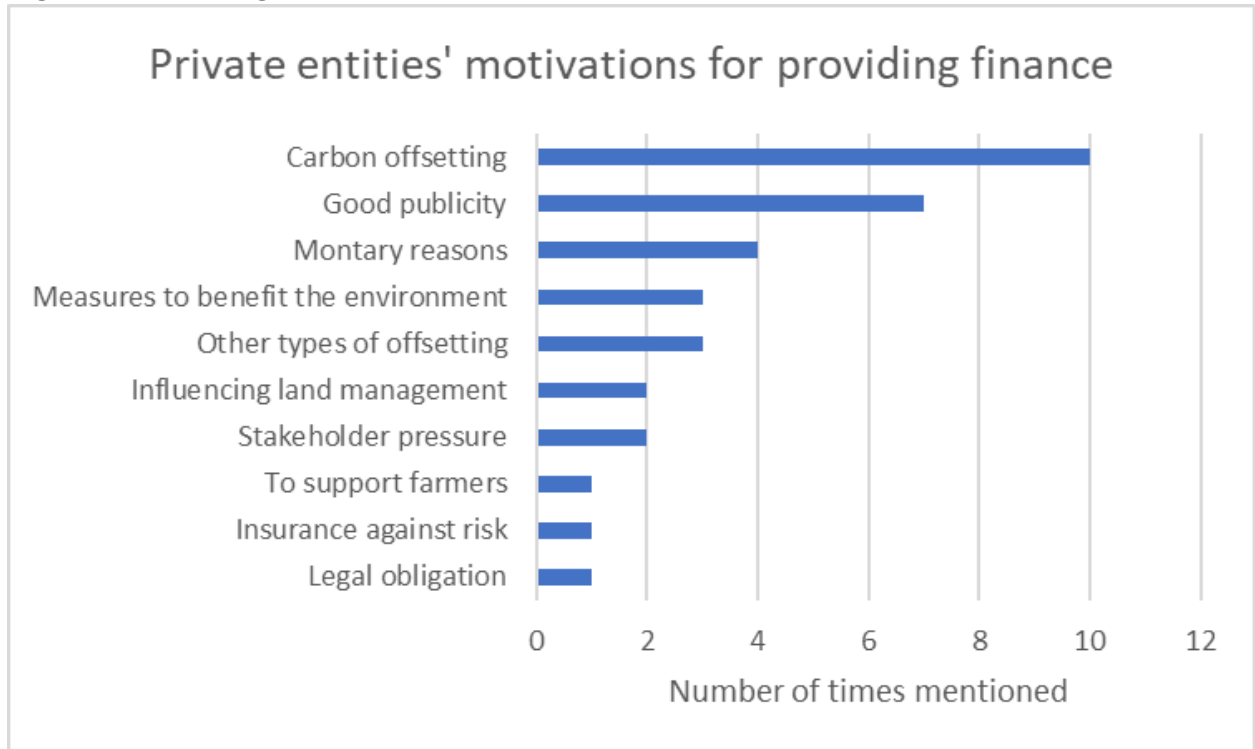
Only 2 participants mentioned the farmer/landowner as a party that could provide some of the funding for blended finance.

In terms of the private funders, the participants focused on larger companies, such as air travel. It will be interesting to see which private funders the participants would like to approach in the Trial once they have developed their projects, The Facilitator suspects they will have more success with local/smaller businesses. One interesting suggestion was to approach companies who already directly deal with farmers e.g. feed companies, tractor suppliers. It is in their interest for farmers to stay in business and continue buying from them, so perhaps they would see an incentive to provide finance for farmers’ environmental projects. This suggestion will be tracked and reported on in future Milestones.

There may be scope to test the idea of approaching individuals/consumers as private funders by using the platform to receive a monthly/annual subscription or by running a crowdfunding campaign. This idea came from an individual contact of the Facilitator who wants to make a positive difference to the environment and support local projects that may also go some way to offsetting their carbon footprint. The Facilitator has 7 years’ experience in the charity sector, so may be able to adapt some principles from that line of work to benefit this project.

Overwhelmingly the most popular choice for why private entities may provide finance was to offset their carbon footprint, followed by good publicity and monetary reasons (e.g. tax benefits, return on investment). Figure 7 shows the full breakdown.

**Figure 7: What might be the private entities' motivations to provide finance?**

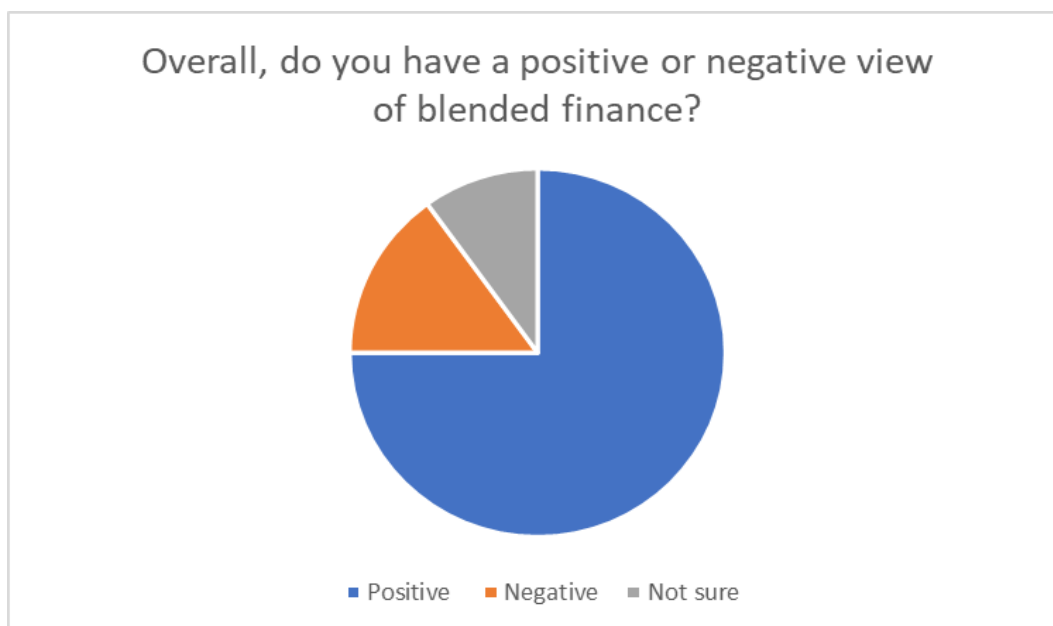


**5. Key learning 2: Although there is interest in blended finance among the participants, there are many barriers that need to be addressed**

It is encouraging to see that 15/20 of the participants in the Trial have a positive view of blended finance.

Some of the comments to explain these views are included in Figure 9 (page 13).

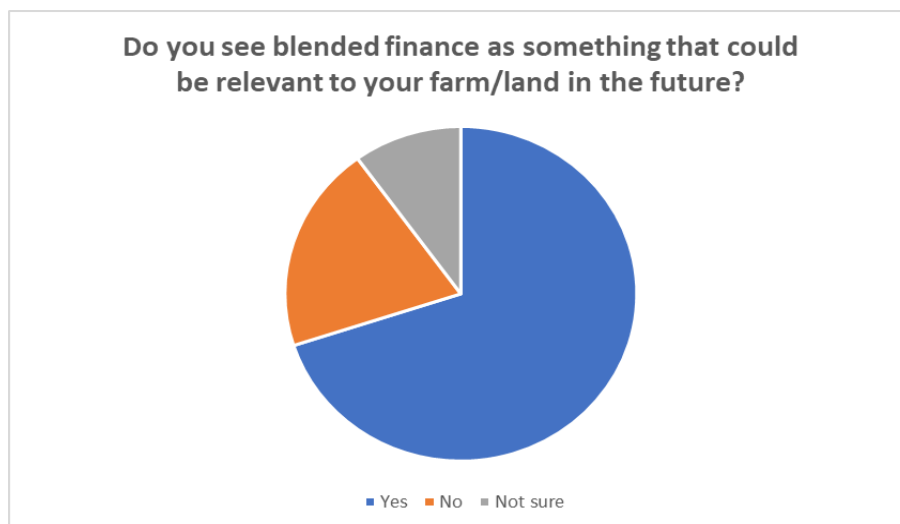
**Figure 8: Do you have a positive or negative view of blended finance?**



**Figure 9: Why do you have a positive or negative view of blended finance?**

Positive	Negative
<p><i>Having experienced it first hand, can only see it as a bonus to the future of farming.</i></p> <p><i>It sounds like a good way forward as you're getting paid for something you haven't been able to before.</i></p> <p><i>It has the potential to be a sustainable route in terms of income. I can see it working.</i></p> <p><i>See it as the future of finance for farming. Replace existing subsidy – another income stream.</i></p> <p><i>It's the only answer.</i></p> <p><i>It's another way of financing improvements on your farm.</i></p> <p><i>It might be what we end up relying on for support.</i></p> <p><i>We should be considering all our options, and it might be a very positive thing for the environment. An opportunity to educate the public about farming.</i></p>	<p><i>Reticence is with regard to inexperience of this and risk of losing control of what we're doing.</i></p> <p><i>Can't see any money can be made from these types of projects e.g. hedgerows.</i></p> <p><i>Can't see how it's going to work. Can't see big companies being bothered with small farmers. And small businesses might not have enough funds.</i></p> <p><i>It could get very complicated. Don't want to get caught out with complex contracts when working with big business. Also will get complicated if we have multiple contracts on the same piece of land.</i></p> <p><i>Sceptical – at the moment it is subjective not objective. It's not tried and tested. ELMs is putting the benchmark down and government is hoping private funding will take up the slack, which isn't necessarily going to be the case.</i></p>

**Figure 10: Do you see blended finance as something that could be relevant to your farm/land in the future?**



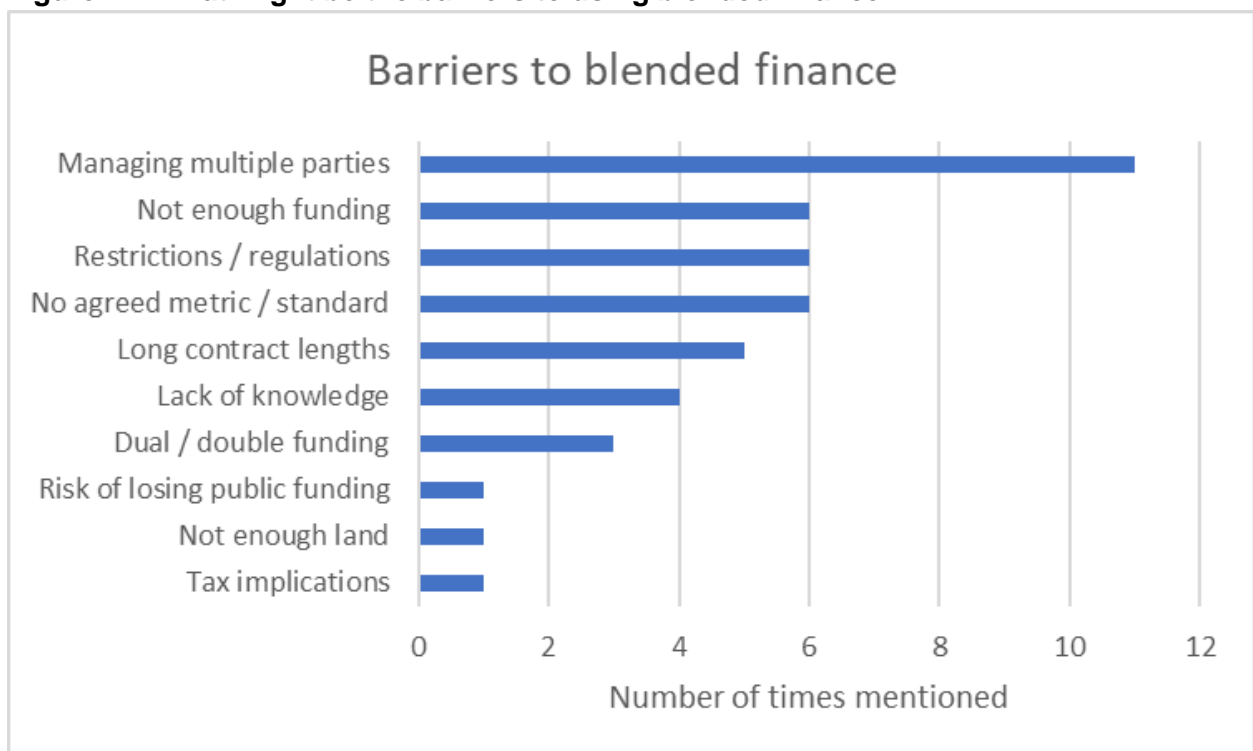
14/20 farmers see blended finance as something that could be relevant to their land in the future mainly for the reasons stated above, but also because it provides an opportunity for collaboration and some participants felt their land would be well suited to this initiative (already have a good mosaic of habitats delivering a variety of public goods).

1 participant who is positive about it (see Figure 8) does not see it as relevant to their land in the future (see Figure 10) because they do not need the income.

The following section directly addresses the policy question, *What barriers are present within the blended finance approach across all three schemes?* (1.13)

After establishing a baseline understanding of blended finance among participants, the Facilitator asked, ‘What, if any, might be the barriers to using blended finance?’ The Facilitator grouped the responses according to 10 themes as shown in Figure 11:

**Figure 11: What might be the barriers to using blended finance?**



The biggest barrier the participants could foresee was managing multiple parties. Comments included:

- *“As the funding is coming from different places, you will have to agree.”*
- *“All parties need to be comfortable with the project and the project needs to meet the objectives of all the parties.”*
- *“Private companies getting involved/interfering in land management decisions.”*
- *“Managing a mix of personalities.”*
- *“The process is complicated because you’re dealing with different people with different rules/policies, etc.”*
- *“Complicated legal arrangements, bureaucracy.”*
- *“Work involved with getting it, quite a lot of work to get money off people.”*
- *“Who will manage all the individual contracts?”*

There were also concerns about the level of funding that might be available. These concerns can be grouped into three areas:

1. Not being able to get any funding from the private sector as they will not be interested in working with small-scale farmers;
2. Not enough funding to cover/reward the proposed works;
3. Funding not lasting long enough and leaving the farmer/landowner with a liability to keep managing the environmental asset at their own expense.

This last point is interesting as although some participants did not want the funding to end, they also did not want to commit to long-term (i.e. 25 years +) agreements.

Although the following two barriers were not mentioned as frequently by participants as those discussed above, they underpin the success of blended finance and so are paramount to this Trial:

1. There are not yet enough agreed metrics in place to enable farmers/landowners to sell natural/social capital. Participant comments included:
  - a. *“Polluters have no scale for somebody to recognise the cost of their pollution; people who might offset that pollution have no recognised scale as to how they might offset it. As a result, there is no market.”*
  - b. *“The barrier at the moment is that it is subjective, not objective. In other markets, there are ‘set’ prices for things e.g. tonne of wheat, but with this everything is so new, there is no tried and tested model.”* Arguably this Trial is developing a model to do this.
2. Tax implications - Will income generated from trading natural and social capital be treated as trading (rather than investment) income for inheritance tax purposes? One participant suggested the introduction of ‘Environmental Property Relief’ (similar to that of ‘Agricultural Property Relief’ and ‘Business Property Relief’). Without clarification on the tax treatment of this income, landowners/farmers will not be prepared to explore this opportunity.

An interesting example of a potential barrier was given by one of the participants relating to the theme of ‘Lack of knowledge’. The participant had been approached by an organisation that wanted to create a pond on their land at no cost to them, but the organisation would then retain any biodiversity credits generated from that habitat creation for them to sell in the future with a contract of 25 years. The participant declined the offer and was surprised at the suggested arrangement. Other participants also voiced concerns about contract clauses being included that they don’t fully understand and struggled to see where expenses to cover legal advice would come from.

As well as addressing policy question 1.13 (*What barriers are present within the blended finance approach across all three schemes?*), it also links to those in the Advice & Guidance theme (3.1 *Where would you prefer to first go for advice?* and 3.14 *Can guidance replace the need for advice?*). As the Trial progresses, it will be interesting to understand whether participants would feel more comfortable discussing offers such as the one above via a trusted local advisor/facilitator, or whether guidance on the platform could be enough to facilitate understanding due to a lack of knowledge. ‘Lack of knowledge’ was reported by 4 participants as a barrier to blended finance.

Finally, one participant felt there may be a risk engaging with the private sector as this might lead to a reduction in funds from the public sector: *“It might mean that public funds are not as*

*available if the public body thinks you can get them from somewhere else. Less incentive for public money to be given out.”*

Some potential solutions were suggested to address these barriers, such as:

- *“Could we get multiple private bodies to contribute to one pot and then distribute it?”*
- *“Can we ‘lease’ natural capital rather than sell it?”*

These questions will be addressed in future Milestones of the Trial, alongside other solutions to the barriers identified.

### **6. Key learning 3: 1:1 advice is valued more highly than guidance**

South Shropshire is lucky to have local advisors in Natural England, National Trust, and the AONB who know the land, its history, and the farmers/landowners/smallholders well. While this is an advantage, one participant said, *“There is too much advice from too many separate parties and it doesn’t always dovetail.”*

#### **Advice participants have used in the past**

The participants have undertaken a range of projects on their land over the last 20 years including hedgerow planting/gapping up/laying, hay meadow creation/restoration, pond/scrape creation, woodland creation/management, cover crop creation/management, wild bird seed areas, wood pasture creation, heathland restoration, riparian corridor creation, wetland creation and maintenance, and natural flood management projects.

These projects were mostly funded through agri-environment schemes and/or self-funded. 4 participants successfully accessed private funds from Severn Trent and Severn Rivers Trust to undertake their projects (see page 24 for more information).

For projects in agri-environment schemes, the participants most frequently sought advice from the local Natural England Officer. This Officer has been in the role for 25+ years so has an excellent understanding of the local area. Some participants said they approached this Officer because they were best placed to understand the rules enforced by the schemes and what options the land can be entered into.

2 participants used their land agent only and others used a mix of advice depending on the projects, for example, *“Our Woodland Management Plan was produced by a forestry agent, we received advice on natural flood management from an advisor at Reaseheath College running the REAction Project, our Hedgerow Management Plan was produced by a hedgerow consultant, and we have received advice from others such as the Shropshire Wildlife Trust, Marches Meadow Group, local seed company, local surveyors, local contractors, and guidance/prescription from schemes e.g. for the cover crops.”*

The quality of the advice given by the local Natural England Officer and other local advisors was ranked highly by the participants.

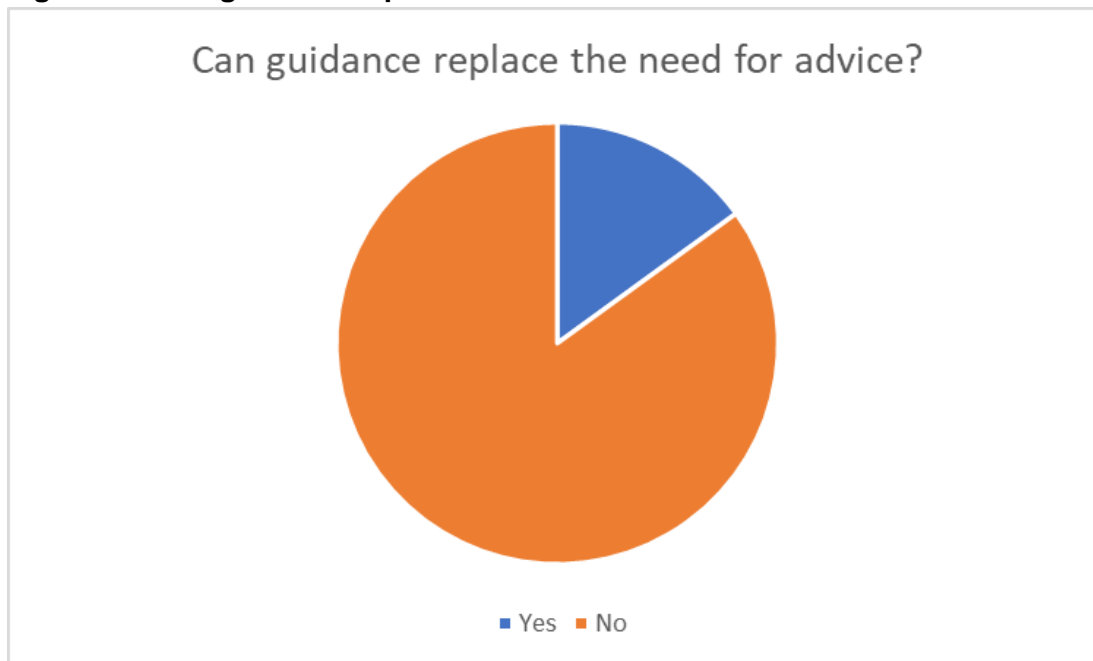
The participants who solely use their land agent are concerned about their agent allocating enough time to them when agents are becoming increasingly busy with a rise in demand from the sector.



Two participants felt there needs to be a better balance between advice from consultants and advice shared between farmers/landowners. The former can often be purely theoretical and so would be better combined with advice from those who have done it on the ground. A farm cluster may help to facilitate this by bringing in external speakers on subjects of interest to the group as well as creating a safe space for ideas / experiences to be shared.

Advice is clearly valued among the participants as shown in Figure 12.

**Figure 12: Can guidance replace the need for advice?**



Of the 17 participants who answered this question, 14 said 'no'. Of those 14 participants, 5 said both were needed for the following reasons:

- *"Emails keep you informed about headlines e.g. new schemes. When you have to piece it together, would need to go to an advisor."*
- *"Guidance leads you to a path and then detailed advice needed when you're focused on something."*
- *"I like to have something to read, but also like to have someone to ask."*

Others would always prefer to speak to someone first:

- *"Can't beat 1:1 chat over the phone with local consultants"*
- *"It's ok to read it, but always different talking to someone about it."*
- *"You can't replace talking to an individual and getting tailored advice."*

And some said tailored advice was critical:

- *"My holding is unique, need advice tailored to this."*
- *"Because every farm and every situation is very different and the people that are running it, and the needs of the business would be different, so need tailored advice."*

The 3 participants who answered 'yes' said:

- *"Guidance alone may be more reliable"*

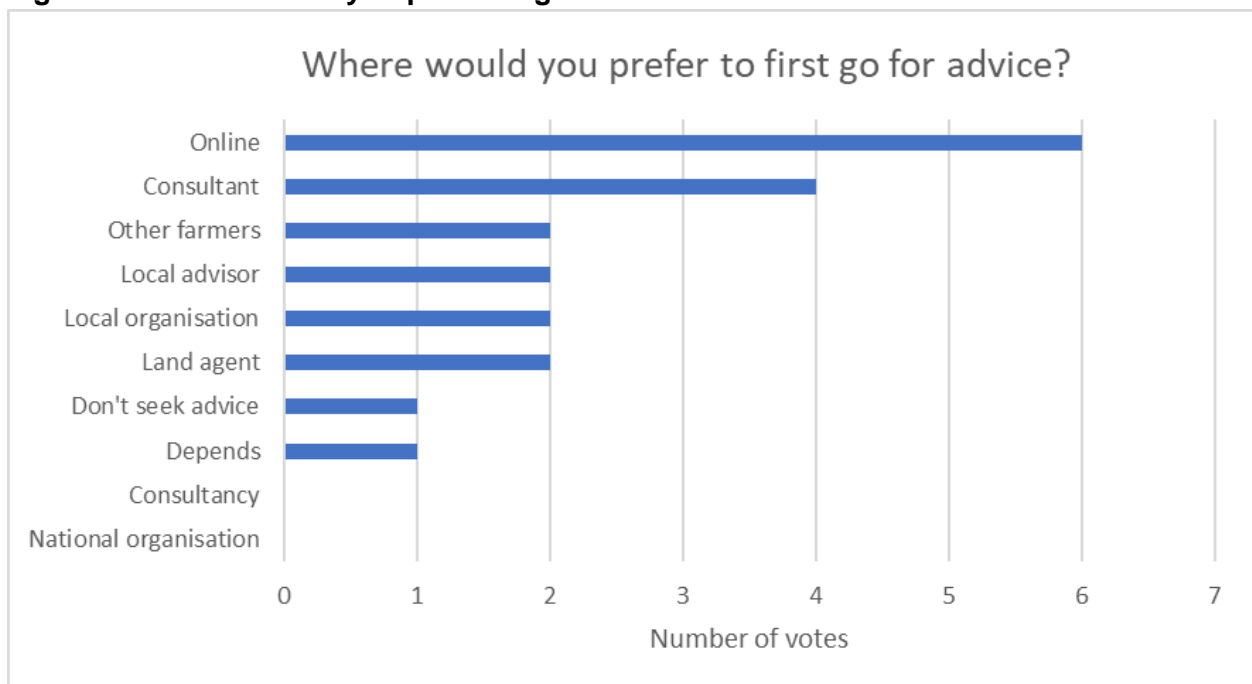
- *“If I’d visited another farmer who had done a project I’d like to do, could share knowledge and learn that way without the need for a specific adviser. Learn from what other people have done.”*
- *“It’s not rocket science!”*

One participant questioned the definitions of different types of advice and guidance i.e. public/private advice and public/private guidance. If it is appropriate for the Trial to further explore the question of advice/guidance, definitions will need to be agreed upon by the group.

### 7. Key learning 4: Participants go online first for advice before approaching an advisor, however this can be time-consuming and frustrating if they are unable to find the right material

Farmers/landowners/smallholders get advice from a variety of sources (e.g. land agent, online (Google, Gov. website), national organisations (CLA, NFU), local organisations (AONB, National Trust, Shropshire Wildlife Trust), individual consultants, consultancies (3LM), other farmers, etc.) and where they go first often depends on the type of advice they are seeking.

**Figure 13: Where would you prefer to go first for advice?**



As shown in Figure 13, most participants prefer to go online first. This is usually to find out more information about the subject in question or to find an advisor/consultant to contact.

Although this is where they go first, the participants gave the online advice/guidance a low rating. One participant said, *“It can be hard to find what you’re looking for online. How can we make online searches simpler and more accessible? Could we have a forum / platform / Facebook group so farmers can share good information between them?”* These views will be tracked in line with the development of the platform (Milestones 2, 3 and 4) to understand whether the platform will change the way participants feel about using online resources, or

whether this would remain a barrier especially without facilitator support to navigate the platform.

Furthermore, one participant was concerned that some farmers are not aware of how farming is changing nor the new funds that are available and asked how we could get this information to them. The Facilitator will explore the role of the platform as a potential portal for advice in future milestones and will assess the extent to which this has helped other farmers better understand the changes and funds available. This will be linked to the Advice & Guidance policy questions (3.1 and 3.14) to test whether guidance offered via the platform is enough or whether the participants/other local farmers would require further advice.

### 7.1 Gaining a better understanding of blended finance

Participants were given a list of options (as shown in Figure 14) to choose from to help them better understand blended finance. The options with the most votes were video tutorials and an in-person group training session.

**Figure 14: What would help you to better understand blended finance?**

Written guidance	Number of votes
Paper	6
Online	5
No preference	6
Training sessions	
1:1	3
1:group	14
No preference for 1:1 / group	0
Online	2
In-person	11
No preference for online / in-person	2
Other	
Video tutorials	14
Podcast	1
No guidance/training needed	1

Participants were then asked to rank the options they had selected.

- Written guidance (online, paper and no preference combined) came first with 9 participants choosing this as their go-to option;

- followed by video tutorials (5 participants ranked this first);
- and training sessions (4 participants ranked this first).

The main reasons for this were that participants felt it would be more beneficial to get a good grounding in the subject by either reading written guidance or by watching video tutorials before attending a training session.

Some participants struggle with online material (mainly streaming videos and attending online events) because of a poor internet connection. This is a real barrier for some and can stifle productivity. According to DEFRA's figures, the rural economy - through no fault of its own - is 18% less productive than the national average, and closing this gap would add £43bn to the economy (Country Land and Business Association, March 2022).

The training sessions were ranked first the fewest number of times because participants recognised the time constraints involved with attending a training session, particularly an in-person one.

Subsequent Milestones of the Trial will explore how written guidance / video tutorials on blended finance could be featured on the platform. The final questionnaire (Milestone 9) will assess the usefulness of this guidance to see whether it is enough or whether participants would still prefer/need to approach a trusted local advisor/facilitator.

In terms of who the participants would want to deliver the training / guidance:

- 13/20 would prefer a **local** organisation/individual;
- 2/20 would prefer a **nation-wide** organisation/individual;
- 4/20 have no preference;
- 1/20 does not need any training / guidance.

Participants who chose the local option favoured this for the following reasons:

- *"More understanding from someone who's in a similar situation."*
- *"If someone's local they understand the area better."*
- *"Intimate knowledge of the local area is key."*

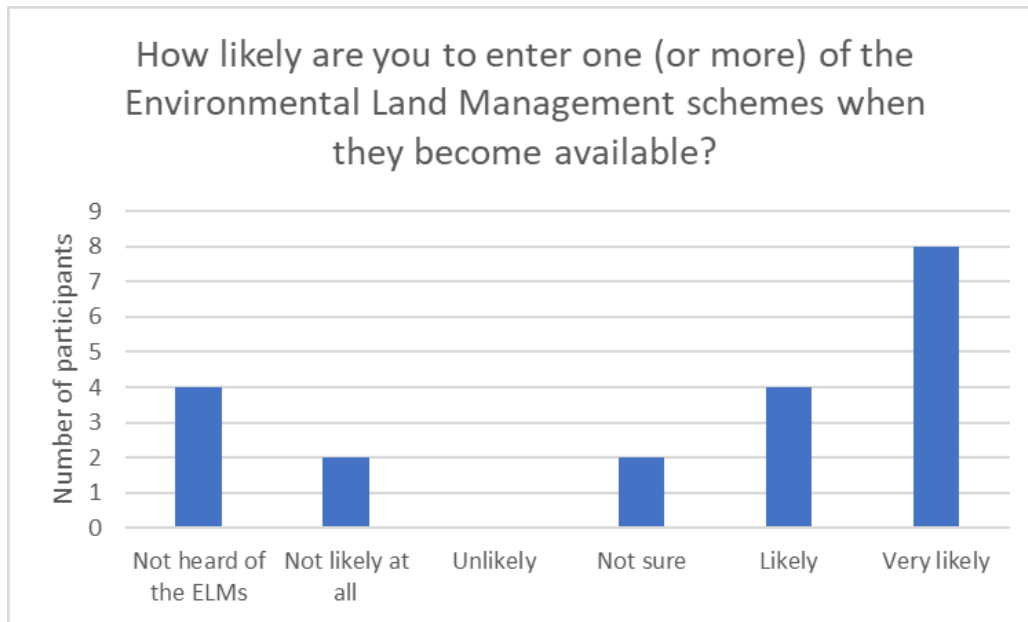
Whereas one of the participants who preferred the nation-wide option said:

- *"If everyone in the country is doing something, we need a nation-wide approach."*

## 8. Key learning 5: While most participants are likely to enter ELMs, there is little confidence that this income will replace current income from subsidies/agri-environment schemes

It is encouraging to see 60% of participants are either 'likely' or 'very likely' to enter ELMs when they become available.

**Figure 15: How likely are the participants to enter ELMs?**



The reasons for this can be divided into three categories:

- Need to access future payments.
- Want to be involved in / rewarded for increasing biodiversity, wildlife, benefitting the environment.
- Always been in agri-environment schemes so will continue to do the same. Would farm in this way anyway.

Those who are less likely to enter ELMs, excluding those who have never heard of the scheme, are:

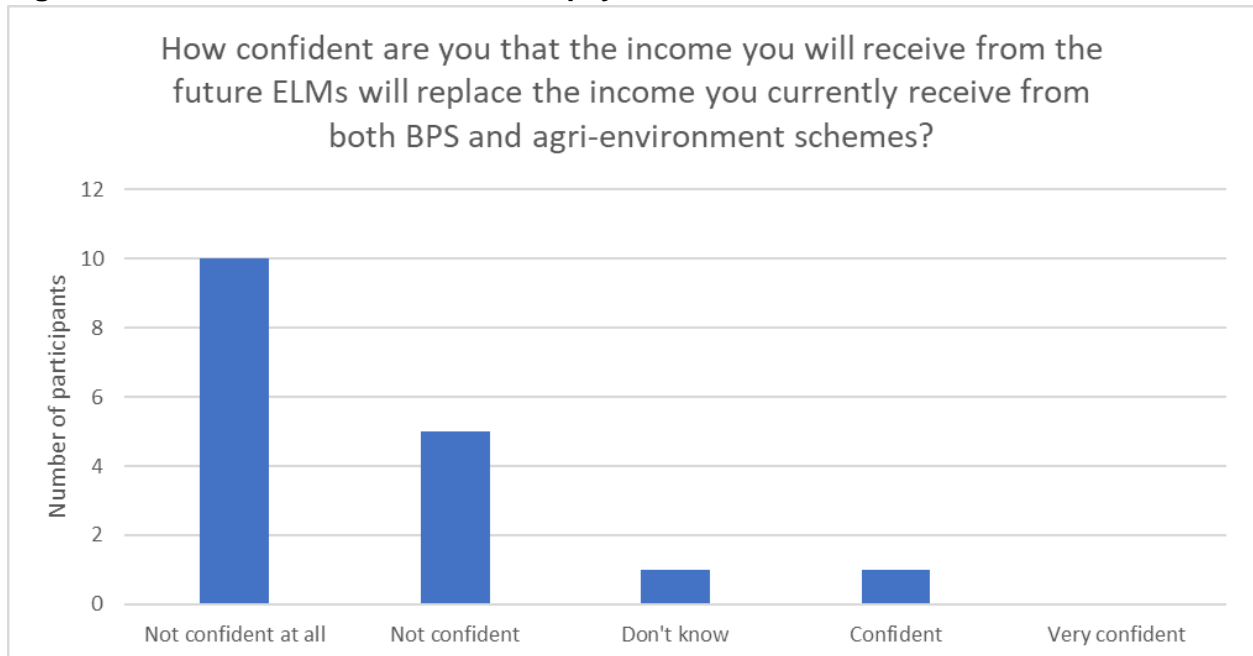
- Sceptical about ELMs and unsure whether the agreement(s) will be favourable for farmers;
- Reluctant to express an interest as there is not enough information about what will be on offer;
- Interested in running their farm enterprises without any subsidy following the principles of Holistic Management.

Despite there being interest in entering ELMs, only 1 participant is confident that the income from ELMs will replace the income they currently receive as shown in Figure 16 (page 22).

Some of the opinions expressed above are from the initial Phase 1 participants. They continue to be wary even after involvement in a Test & Trial because there is still not enough information on ELMs for them to make an informed decision. Most of the participants feel they will benefit

most from Local Nature Recovery, but there has not yet been any information released on payment rates for this scheme. These opinions will be tracked throughout the Trial to see whether, when we start to explore blended finance, this will be an incentive to enter ELMs or whether it will still be a barrier (linking to policy question 1.13).

**Figure 16: Confidence in future scheme payments**

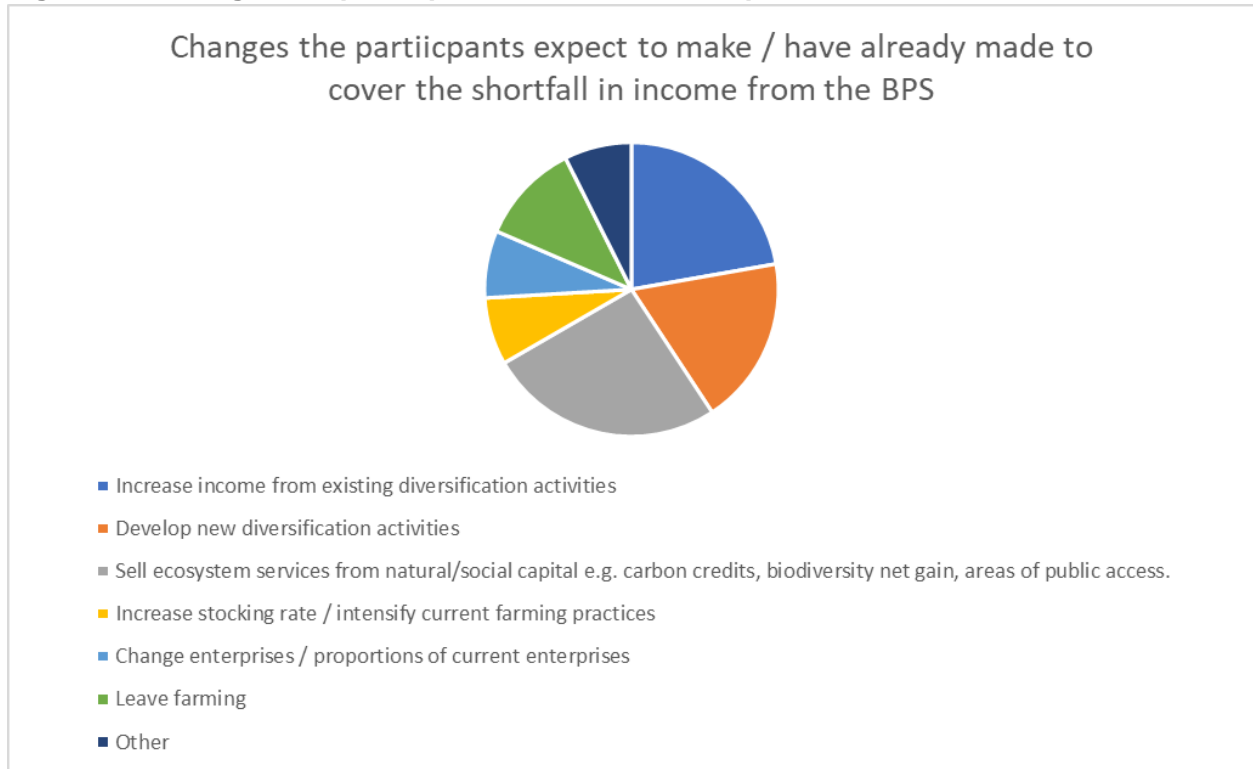


One of the reasons for the lack of confidence relates to how the funding for ELMs has been allocated. One participant did not think it was fair to reallocate a third of the money from an agricultural subsidy (Basic Payment Scheme) to the Landscape Recovery scheme, which is unlikely to be easily accessed by farmers.

Others recognise that ELMs will help to cover your costs rather than providing a profit as the BPS did. It therefore may not be financially viable, especially for small-scale farmers/landowners, to enter ELMs.

9/20 participants said that, even with future ELMs payments, they would need to change the way they are managing their land to be financially sustainable. What they are already doing or are considering doing is shown in Figure 17 (page 23).

**Figure 17: Changes the participants have made or expect to make**



Participants could select multiple answers for this question. Those who said 'leave farming' would only do this as a last resort. 'Other' included making investments (e.g. in government bonds) and making the current farm business more efficient.

7 participants selected 'selling ecosystem services' as a change they expect to make in the future; none of the participants are currently doing this. In terms of how the group feels overall about selling ecosystem services:

- 7 participants are very interested;
- 7 participants are somewhat interested;
- 2 participants are indifferent;
- 3 participants are somewhat nervous;
- 1 participant is very nervous.

The participants who are interested in this opportunity feel that we have a lot to offer in this area (south Shropshire) and that it could be mutually beneficial: *"Private companies need us in the same way we need them. We have a product that they want, we need to monetise it, and then find a way to sell it."*

Among the less interested participants there was a lot of apprehension about how it would work in practice: *"How do you know what you can sell? How do you measure it? Who is measuring it?"* and concerns about long contract lengths and being taken advantage of if no access to legal expertise. All of these are examples of barriers to blended finance, addressing the policy question, *'What barriers are present within the blended finance approach across all three schemes? (1.13)'*

## 9. Other information collected

### 9.1 Private funding

The participants were asked if they have ever received private funding for a project on their land.

3 participants have received funding from Severn Trent as part of its Boost for Biodiversity grant. 1 participant has received funding from the Severn Rivers Trust to create some scrapes, leaky dams and an attenuation pool. The Severn Rivers Trust funding was organised via the local Project Officer for the REAction project, employed by Reaseheath College.

2 participants felt it important to answer the question in terms of the private funds they have received as a result of selling private goods on their land (grass keep, shooting, beef and lamb). This was explained by 1 participant as follows: *“I am assuming that I already have blended finance. Roughly half of my income comes from environmental schemes and the other half comes from sheep. To me that’s what blended finance is.”*

**Figure 18: Private funding process**

<b>Avoidance of double funding</b>	<ul style="list-style-type: none"> <li>• Discussed project(s) with local Natural England Officer.</li> <li>• Read through existing agreements.</li> </ul>
<b>Process to secure the private funds</b>	<p><b>Severn Trent</b></p> <ul style="list-style-type: none"> <li>• Consultation with Boost for Biodiversity Officer.</li> <li>• Online written application.</li> <li>• Assessment of area (if relevant).</li> </ul> <p><b>Severn Rivers Trust</b></p> <ul style="list-style-type: none"> <li>• Created a portfolio for projects for natural flood management including the following information:             <ul style="list-style-type: none"> <li>○ Description of project;</li> <li>○ Map with location;</li> <li>○ Size/length (e.g. hedgerow/scrape);</li> <li>○ Plant species and source (if relevant);</li> <li>○ Estimated establishment costs of project for materials and labour;</li> </ul> </li> <li>• Sent this through a local advisor at Reaseheath College.</li> </ul> <p><b>Sale of private goods</b></p> <ul style="list-style-type: none"> <li>• Through an agent.</li> <li>• To direct contacts.</li> <li>• Market/abattoir.</li> </ul> <p>Participants rated the process of securing private funds as either ‘easy’ or ‘very easy’ and all said securing private funds was <b>easier</b> than securing public funds (although this depended on the type of fund).</p>
<b>Contract length</b>	<p><b>Severn Trent</b></p> <ul style="list-style-type: none"> <li>• 5 years.</li> </ul> <p><b>Severn Rivers Trust</b></p> <ul style="list-style-type: none"> <li>• 25th January – 31st March 2021.</li> </ul>



	<p><b>Private goods</b></p> <ul style="list-style-type: none"> <li>● Grass keep - annual.</li> <li>● Shooting - daily.</li> <li>● Beef/lamb - 0 days.</li> </ul>
<p><b>Evidence required</b></p>	<p><b>Severn Trent</b></p> <ul style="list-style-type: none"> <li>● Before and after photos from certain points.</li> <li>● Severn Trent could do inspections at any time.</li> <li>● Receipts (if applicable).</li> </ul> <p><b>Severn Rivers Trust</b></p> <ul style="list-style-type: none"> <li>● Before and after photos.</li> <li>● Inspected by a local advisor to sign it off.</li> </ul> <p><b>Private goods</b></p> <ul style="list-style-type: none"> <li>● Graziers look at the grass, check its stock-proof.</li> <li>● Shooting - satisfactory day.</li> <li>● Beef/lamb - Fable Farm assurance, movement license, tagged.</li> </ul> <p>Participants rated the process of collecting the evidence required as either 'easy' or 'very easy'.</p>
<p><b>Mechanism for sharing evidence</b></p>	<p><b>Severn Trent</b></p> <ul style="list-style-type: none"> <li>● Email with attachments.</li> <li>● Presence at in-person inspection.</li> <li>● Uploading to Severn Trent's website.</li> </ul> <p><b>Severn Rivers Trust</b></p> <ul style="list-style-type: none"> <li>● Email with attachments.</li> <li>● Presence at in-person inspection.</li> </ul> <p><b>Private goods</b></p> <ul style="list-style-type: none"> <li>● Paperwork for movement license.</li> </ul>
<p><b>Suggested improvements</b></p>	<p><b>Severn Trent</b></p> <ul style="list-style-type: none"> <li>● More private funds available.</li> <li>● Private funder to be better at promoting it so we heard about it in good time.</li> </ul> <p><b>Severn Rivers Trust</b></p> <ul style="list-style-type: none"> <li>● Could have a template / guidance rather than just submitting a word document with the information in. This would have avoided back and forth between the advisor adding more information.</li> <li>● Take photographs with a grid reference rather than inspection as this would save time - guidance on how to take photos with a GPS reference would be useful.</li> </ul> <p><b>Private goods</b></p> <ul style="list-style-type: none"> <li>● Greater transparency of pricing, greater flexibility in transactions.</li> <li>● More transparency – don't know what you are going to get paid at market, don't know what the trade is, why it's gone up or down. There is no live information that comes down the supply chain, it's all rumours.</li> </ul>

All participants would enter these private agreements again for the following reasons:

- *“It fits with our farming practices, short and simple application process, access money quicker than via public funding routes (half the money up front and half when work complete).”*
- *“90% of projects we’ve undertaken with private funding have provided many positive gains for the farm and the business.”*
- *“Straightforward process delivering a project which nobody else (no other funders) was offering. It was an area of work we were interested in.”*

## 9.2 Online platform

To gauge initial interest for the online platform that will be built by the participants during the Trial, the Facilitator asked the participants how much detail they would be willing to share on the platform. It is encouraging to see 50% of the participants are happy to be open about the projects they would like to deliver on their land, as shown in Figure 19.

**Figure 19: Participants feelings towards featuring a project on the online platform**

a. I wouldn't want to feature a project on my land on an online platform	1
b. I would be happy to feature a project provided it had no identifying features	5
c. I would be happy to feature a project showing the location but not me	3
d. I would be happy to feature a project showing me but not the location	1
e. I would be happy to feature a project on my land on the online platform showing me as the farmer/landowner and the location	10

For the 10 participants who selected options other than ‘e’, the Facilitator asked if their answer would change if the platform was password protected. This did not make much difference; 7/10 participants stuck with their original answer and 3 participants said this would make them happier to share more information and selected ‘e’.

In terms of the participants’ preference over an open website or a password protected website, the views were split as follows:

- 35% password protected,
- 20% open website;
- 35% combination of the two.

The Facilitator sees the value in a combination. The open website can be used as a marketing tool to share our story and attract private funding. Details of specific projects can be shared with prospective funders on a ‘need-to-know’ basis via a password protected area.

## 9.3 Final comments

Some participants left additional comments at the end of the questionnaire, which can be summarised as follows:

- *“We are interested to see if the private sector will be interested in our projects or are we too small fry?”*
- *“We need good advice, simple processes to access grants, needs to be more accessible for smaller farmers.”*
- *“There is so little flexibility in the government schemes. With photographic evidence that’s now available, we should be able to be accountable rather than having so many prescriptions.”*
- *“In the future, farmers need to take advantage of private funding because public funding is being drastically cut. The public funders ought to pay for advisors to help people get private funding. Private agents charge large amounts of money for advice and so if the public funding could be channeled into advice for access to private funding, this might be a good option.”*

#### **9.4 Facilitator contact details**

This report has been written by the Facilitator, Lizzie Hulton-Harrop, who can be contacted at [liz.hultonharrop@gmail.com](mailto:liz.hultonharrop@gmail.com) or on 07799127066.