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Agricultural economist questions Lloyds Banking Group's support for 'regenerative transition'

A former NFU chief economist has described Lloyds Banking Group's support for the Soil Association Exchange programme, billed as a blueprint for delivering a transition to a more sustainable farming sector, as 'surprising and worrying' in view of the initiative's lack of focus on food production.

Dr Derrick Wilkinson, who was also previously chief economist at the CLA, said it seemed 'rather reckless' for Lloyds Banking Group to be encouraging its farming customers down a path of unknown and uncharted territory, which would result in much lower yields yet with no guarantee of financial reward.

In an article for the pro-innovation think-tank Science for Sustainable Agriculture, Dr Wilkinson suggested that a June 2023 [research brief](#) by Savills, on which much of Lloyds Banking Group's optimism about the prospects for regenerative agriculture appeared to be based, relied on several 'bold' assumptions:

"Net margins for regenerative agriculture are assumed to be 41% lower in year one of the transition, primarily due to 31% lower yields. However, after six years of soil fertility and soil organic content building - despite still yielding 24% lower than conventional - the profitability of regenerative agriculture is forecast to be higher based on three key assumptions: (i) regeneratively farmed products will attract a 16% price premium; (ii) SFI payments will remain unchanged; (iii) carbon payments equivalent to £38/ha will be available. When each of these three assumptions takes us into the realms of unknown and uncharted territory, to me it seems rather reckless for Lloyds Banking Group, which also includes the Agricultural Mortgage Corporation and Bank of Scotland, to be encouraging its farming customers down that path," he wrote.

Dr Wilkinson added that the Soil Association Exchange programme was presented as a measure of farm-level sustainability, and yet it was based on a range of highly subjective, largely area-based criteria not related to the physical amount of food produced, and as such appeared to favour lower input/lower output farming systems.

"The scientific evidence tells us that the worst thing we can do for nature, biodiversity and the climate is to use land for farming, irrespective of the farming system. Nor can we with a clear conscience simply export the environmental impact of our food system by promoting lower-yielding practices at home and increasing our dependence on food imports. A sustainable future lies in optimising

the balance between food production, resource use and environmental impact, and on the development of metrics which consistently and reliably measure that balance.”

“Surely a major lender in the agricultural sector would instinctively want farmers to be more efficient and innovative, embracing new technology, and above all producing stuff they can sell, rather than backing an agroecology-led agenda, and banking on the bitcoin-style promise of future carbon markets, or on successive future UK governments’ willingness to use public money to support farmers (and landowners), potentially at the expense of health, education, social care etc?”

Dr Wilkinson added that measuring resource use and environmental impact per unit of output, rather than per area farmed, was the only meaningful and consistent way to express the environmental footprint of food production, and to enable supply chains to comply with environmental reporting obligations, including Scope 3 emissions.

He called for strong leadership from Government to establish an objective, evidence-based approach to measuring sustainable and efficient food production, and to providing meaningful information to consumers about the sustainability impact of their food choices.

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Read Dr Wilkinson’s article on the SSA website [here](#).

Science for Sustainable Agriculture (SSA) is a new policy and communications platform, offering a focal point for information, comment and debate around modern, sustainable agriculture and food production. Supported by an independent advisory group of political, scientific and industry leaders from a range of sectors and backgrounds, SSA’s aim is to promote a conversation rooted in scientific evidence, rather than ideology. Science for Sustainable Agriculture provides a platform for like-minded individuals and organisations to champion and explain the vital role of science and technology in safeguarding our food supply, tackling climate change and protecting the natural environment, as well as to expose, comment on and challenge unscientific positions or policy decisions in relation to sustainable agriculture.

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