

Efra Select Committee Inquiry into CAP Implementation 2014-2020

Written evidence by National Parks England (October 2013)

Executive Summary

1. National Parks England (NPE) brings together the ten National Park Authorities across the country that work with farmers to ensure a high quality environment and produce. We welcome the Efra Select Committee inquiry and have been active participants in workshops and groups that Defra have convened on CAP reform. Our evidence is based on our understanding of the proposals at the current time. We expect a consultation from Government soon.
2. Traditional farming systems have created the National Park landscapes that millions cherish and enjoy; it is essential that the next Rural Development Programme provides practical support to sustain those farming systems and the public benefits they generate.
3. We support maximum voluntary modulation from Pillar 1 to Pillar 2 with the specific aim of ensuring maximum funding to support delivery of public benefits in our most important landscapes.
4. Accepting that there will be less money in the next Rural Development Programme NPE is concerned to ensure that the key role of protected landscapes is recognised in the targeting of the new environmental land management schemes and funding for competitiveness and wider rural development. Targeting should be on the basis of maximising delivery of environmental outcomes.
5. We would like to see more detail on how the Government proposes to honour the commitment in the coalition agreement (and referred again by the Secretary of State in a recent conference) to introduce a system of extra support for hill farmers. The proposal to 'move money up the hill' is to be welcomed if there is no net reduction in the farm business income for hill farmers.
6. It is important that the next set of agri-environment schemes are focused on delivering multiple environmental benefits; with options that allow for delivery of landscape, biodiversity, carbon and water management, peatland restoration, historic environment, access and education objectives; whilst also facilitating the production of high quality food through sustainable farming systems. We would also like to see a move towards outcome based agreements with less focus on what some have described as 'management by prescription'.
7. Whilst NPE supports the aim of digital delivery or 'digital by default' it is important that there are other options available as broadband connection speeds vary across rural areas and there is a risk that this aim could increase costs for farm businesses by forcing them to use agents.
8. We would like to see greater integration across the six priorities of the Rural Development regulation and believe that National Park Authorities are well placed to work with local partners as delivery agents for such an approach – perhaps by delivering a single pot approach to rural development.
9. It is important that conservation bodies /organisations/land owners who are actively managing land for conservation benefit are recognised as active farmers.
10. We have potential concerns about the implications of increasing the minimum holding size for direct payments as this could have a particular impact in National Parks where there are a lot of smaller holdings.
11. We support the basic greening measures with a certification scheme in order that key additional options can be included.

Detailed response from National Parks England

Fairness

Whether the UK's implementation of CAP might put English farmers at a competitive disadvantage?

General

12. NPE would like to see as level playing field as possible across Europe with minimum changes so that the farming industry finds the transition as straight forward as possible. Generally we would support an approach to implementation that works with the industry, that ensures there are no surprises, and that the new schemes are interrelated and joined up. In order to achieve a wider range of public benefits without distorting the market, we believe it is also important to avoid coupled payments being introduced across Member States. Were this to happen it would represent a significant change away from the direction of travel over the last seven years within the UK.

13. In terms of CAP delivery arrangements – improved connectivity in protected landscapes will be vital if a single on-line process is to work from 2015. Provision for agents and some form of support if farmers and land managers cannot use an online interface (because of poor broadband provision) will be essential. NPE would welcome greater clarity from Government on what the proposed assisted digital service will involve. Will this, for example, just be a helpline or include one to one support?

14. The Defra (Aug 2013): *CAP Reform in England Status report on Direct Payments* sets out the Government's current view on Severely Disadvantaged Areas. This states, 'Ministers' initial view is that hill farming plays a crucial role in maintaining the social, environmental and economic fabric of the uplands. It also has the potential to deliver ecosystems services. For these reasons, hill farming should be compensated by some movement of basic payments 'uphill' from the lowland region to the SDA and moorland regions' (para 6.2-6.3). National Parks England strongly agrees that the 3 current English regions (non SDA, SDA non moorland & SDA moorland) should be kept and that the payments for SDA non moorland should be increased in order to recognise these areas of natural constraint and the social and public goods which these areas deliver. This is also necessary to ensure that the loss of UELS is not detrimental to the sustainability of upland farms.

Direct Payments System

15. Overall, we welcome the fact that cross compliance applies to all land whether payments are claimed or not. NPE is concerned to ensure that further thought is given to the potentially detrimental impact on National Park landscapes from the proposal to exclude holdings of less than 5ha from direct payments. Annex I to our evidence provides information on the size of land holdings within National Parks. This illustrates that 40% of holdings within National Parks are less than 5 ha. Defra's assessment of the area of land that would be removed from cross compliance in England is 1%. It would be helpful if Defra could assess the percentage for the English National Parks by comparison. One example of potential detrimental impact is the Peak District National Park's South West Peak. This area consists of numerous small part time holdings which in themselves may not be significant but collectively give the area its character and provide opportunities to engage farmers and land managers to address the decline in wader populations at a landscape scale. We recognise that Defra is looking at this issue and look forward to further information becoming available on the potential impact

16. There are a variety of ways in which this potential problem could be addressed. For example, the minimum area could be kept 1 ha with additional payments for the 1st x ha of land claimed on. This would seem preferable and a less bureaucratic way of supporting small farmers, who are not able to gain the benefits of economies of scale particularly in the uplands. An alternative would be to

consider a small farmer scheme. We understand Ministers are not minded to adopt such a scheme, and whilst we recognise that many feel this to be a complex mechanism for supporting farmers on smaller holdings, we would not wish to see this removed as an option until the full impact of any changes on the minimum claim area and associated cross compliance can be fully assessed. A third alternative would be to rely on voluntary measures which would require more facilitation. Whichever option is chosen, the intent should be to develop a comprehensive approach that delivers a consistent interconnected and interrelated landscape scale approach.

17. NPE supports in principle the proposal to reduce the number of cross compliance requirements. For the Statutory Management Requirements (SMRs) this is from 16 down to 13. For the Good Agricultural & Environmental Conditions (GAEC) the reduction is from 16 down to 7. We support such a reduction where the requirements are already set out in legislation elsewhere as these do not represent a good use of public money. However, it is important that the existing legislation works and is being properly applied before cross compliance requirements are removed. We would hope that NPE and other organisations with an interest in conservation and land management be consulted prior to changes in the requirements to properly test this and ensure no loss in environmental protection and public access. Examples where such specialist knowledge is important are the need to consult NPAs over the historic importance of dry stone walls before removal; and to retain access to CROW land in the revised guidance.

New Environmental Land Management Service (NELMS)

18. NPE believes that future targeting of the new scheme will need to reflect the importance of protected landscapes. These are recognised as areas of high environmental importance and deliver public goods and have been able to demonstrate value for money.

What steps Government might take in implementing CAP to help tenant farmers, farmers in upland areas, and to take account of issues pertaining to common land

19. NPE recognises that there is likely to be limited funding, and yet our expectations as a society of what agri environment schemes should deliver are increasing. This means ever greater targeting will be essential. This should be on the basis of value of money in providing public benefits. We note and welcome the comments of the Secretary of State when addressing the Association of National Park Authorities Conference in September 2013.

“We recognise that the uplands face particular challenges and that there is a specific role for taxpayers’ money in compensating farmers for the work they do in enhancing the environment and providing public goods for which there is no market mechanism. I have asked my officials to look at how we might ensure that hill farmers are able to be more economically secure, continue to contribute to food production and remain custodians of our valuable uplands.”

Rt Hon Owen Paterson MP, Secretary of State speech to
the Association of National Park Authorities Conference, 25 September 2013

20. We look below at the direct payments system, the new environmental land management service, and the specific issues for those with large areas of common land.

Direct Payments System

21. NPE supports keeping the three current regions (non SDA, SDA non moorland & SDA moorland) and ensuring that more funds go to the uplands to help support the social, environmental & economic fabric of the uplands so that they can continue to deliver ecosystem services.

22. We are aware that with the Upland Entry Level Scheme (UELS) ceasing, and the NELMS under huge pressure, there is a danger that upland farming incomes could be reduced. Farmers can

receive £62/ha under UELS, but in future might receive only an additional £40/ha for SDA non moorland, which would result in a net decrease in payments of £22/ha. Smaller farms operating in marginal agricultural areas are more reliant on the support provided by such schemes. The National Parks want to see sustainable upland farming that delivers a range of public benefits. Yet, we are concerned that current changes could lead to a reduction in incomes for upland farmers. As there is an underlying assumption that reductions in SPS and UELS cannot be offset by increased agricultural production, the detrimental impact on the sustainability of upland farms could be significant. We would ask the Committee to consider this point and invite Defra to carry out further modelling of the likely impacts of the proposed changes.

23. We believe that the Minimum claim size rules could impact on farming in many of our National Parks. Whilst increasing from 1 ha to 5 ha looks attractive there is a growing issue with the number of holdings of less than 5 ha, particularly when holdings are lotted up and sold on the open market. About 8% of each NP is made up of holdings in this category (see Annex I). So this proposal could have unexpected negative consequences in National Parks and we have asked Defra for a further breakdown of statistics so that any potential risk for National Parks can be better assessed.

24. NPE supports making extra payments for the 1st x ha of claim which will support those small farmers in the uplands. In principle, we also support the progressive reductions on claims over a threshold of 150,000 euros. However it would be helpful if Defra could carry out further modelling of the potential impact of this on National Parks.

25. The implementation of Areas of Natural Constraint will be delayed until 2018. We recognise that the need for mapping comes at a time of particular pressure for agencies in bringing forward the reforms for a new CAP and so understand the need for a delay. However, it will be important to reserve consideration for additional top-up payments for ANCs if other reforms do not go far enough in terms of supporting the uplands.

26. NPE supports maximum voluntary modulation from Pillar 1 to Pillar 2 with the specific aim of ensuring maximum funding to support delivery of public benefits in our most important landscapes.

NELMS

27. There are a number of detailed issues or changes in NELMs that have the potential to have a significant impact on upland farming within National Parks. These are set out below.

28. Objectives – There is concern that the current NELMs is likely to be too restricted in its focus towards biodiversity and WFD (Water Framework Directive) objectives. National Parks see NELMs as a key delivery vehicle for biodiversity and water policy objectives. However, we believe new scheme(s) should take a whole ecosystem services approach (as advocated in the Government's Natural Environment White Paper) and then set priorities around value for money (i.e. at its simplest, the more public goods the greater the value). NELMs options need to allow for delivery of landscape, biodiversity, carbon and water management, peatland restoration, historic environment, access and education objectives. We would also like to see a move towards outcome based agreements with less focus on what some have described as 'management by prescription'.

29. Targeting – limited money means effective targeting is essential. This exercise should be undertaken on the basis of value for money in providing public benefits. National Park Management Plans (and their equivalents in AONBs) offer an existing locally agreed prioritisation at a landscape scale.

30. Facilitation – an important ingredient to maximize value for money and help with joined up delivery is facilitation. Facilitation means the debate is not just about agri-environment but also farm competitiveness, and from there to make links to wider rural development.

31. Length of agreement – Entry level agreements currently last for five years, and higher level stewardship agreements for ten years with the option of a five year break clause. We understand the proposal is to move towards a five year set of agreements. The fact that an agreement was for ten years was a significant positive selling point for farmers. It gave them security to plan (and ride out short term market variations); to diversify, and has been essential for changes in management (eg. from commercial to traditional breeds, to restore salt marshes and blanket bog) which are major business decisions and take longer to achieve. NPE believes agreements of longer than five years are important for the top and middle tier payments and should continue to be supported, albeit with the option of a five year break clause.

32. Engagement with farmers – it is important to engage farmers at the outset to get full buy in to agreed priority objectives. This needs to be behind the ethos of the scheme and its delivery.

33. UELS has supported farmers in upland areas and has demonstrated the value of effectively ring fencing funds for the uplands. If there is no separate uplands scheme in future there is concern about the real impact this will have on upland farm net incomes (see paragraph 22).

Common Land

34. For some National Parks, ensuring the system works effectively for commons is critical. The New Forest National Park, for example, now has a commons scheme which works and is understood by both claimants and the RPA. We believe the existing basis of allocation of entitlements for commons should be retained and carried forward into the direct payment scheme (DPS). To facilitate this, we believe it will be important to update the commons registers, or implement the Commons Act 2006 to ensure accurate distribution of payments.

Bureaucracy

What steps does the Government need to take to ensure the reformed CAP is less bureaucratic?

35. We believe that there would be considerable benefits from having one IT platform. Furthermore, thought needs to be given to how to avoid overlap between agencies and organisations operating across measures in the RDP. Linked to this, business process, IT systems and information sharing needs to be common across all delivery organisations and agencies.

36. We welcome and support the Government's approach to CAP reform that has involved consultation at an early stage. This helps establish common ground, enables a no surprises approach to be adopted and increases the opportunities for shared solutions.

How might minimum activity best be defined – for qualification of an active farmer?

37. Overall, NPE supports keeping the qualifying criteria as minimal and simple as possible. We support the Government's current approach to the definition of the active farmer test – as set out in Defra (August 2013): *CAP Reform in England: Status report on Direct Payments* (paragraphs 7.21-7.23).

38. We would, however, draw the Committee's attention to the need to ensure that land managing conservation organisations/ bodies and land owners who actively manage land for conservation benefit are included within the active farmer definition. Such bodies would include National Park Authorities, the National Trust, Wildlife Trusts, Water Companies, RSPB, Local Authorities & some large Private Estates. Conservation organisations now own a substantial proportion of National Parks, for example 31% in the Peak District National Park. Whilst some of this land is tenanted, significant areas are managed in hand and deliver significant environmental benefits.

39. The Government has the opportunity to define “the minimum level of activity” so that it does not exclude conservation organisations/ bodies and land owners who actively manage land for conservation benefit. For example management of moorland to achieve favourable condition for a Site of Special Scientific Interest (SSSI) may involve a period of no cattle or sheep grazing, drain blocking and minimal management of birch or scrub. The land may still be grazed by a population of wild deer. Conventional agricultural livestock could be reintroduced at a later stage once favourable condition has been achieved.

40. Defra already seems minded to keep the negative list to a minimum and NPE would support this approach. There are concerns about the possible definition of “Waterworks” and “Real Estate Services” so that traditional landowners who may be providing private water supplies or renting out property are not included in the negative list.

Greening

How should the Government ensure CAP delivers the best environmental benefits while supporting food production?

41. The CAP is an essential mechanism for delivering a range of public policy objectives, not least *Biodiversity 2020*; the *Vision for National Parks*; and our response to climate change. There are a number of ways in which Government could ensure maximum environmental benefit is achieved. These include:

- *Definition of active farmer* – NPE believes it is important to ensure a wider range of organisations need to be eligible as ‘active farmers’ (see paragraph 38).
- *Modulation* – we support the maximum transfer of Pillar 1 funds to Pillar 2 with the specific aim of ensuring maximum funding to support delivery of public benefits in our most important landscapes.
- *Targeting of NELMs* – the expectations being placed on the scheme compared to the resources available mean effective targeting will be critical. We would draw the Committee’s attention to a concern that if NELMs does not prioritise protected landscapes, that there is a real risk that environmental loss will occur within protected landscapes. We would note that the Lawton report, *Making Space for Nature (2010)* called for an overall significant increase in resources going towards biodiversity; but also acknowledged that as public finances are limited the first priority should be to improve the condition of current sites. The report goes on to refer to England’s National Parks and Areas of Outstanding Natural Beauty as forming part of a coherent and resilient ecological network (section 4 of the report).
- *High Nature Value Farming* – National Parks England is part of the High Nature Value Farming (HNVF) coalition that aims to ensure farmers who deliver for wildlife and landscapes are properly rewarded. The Coalition has called for changes at EU level. Within England, the coalition would like to see the Government make progress in identifying and monitoring HNV farming systems; and build on the valuable funding programmes such as LIFE+ and INTERREG to support local community led initiatives that encourage the continuation of sustainable grazing and land management in places of highest value.
- *Direct Payments for Greening* – NPE would support the use of 30% of direct payments for greening, but would not wish to over-state the effectiveness of the three standard measures. Whilst crop rotation and ecological focus areas may help those National Parks with more mixed farming systems (such as the South Downs and North York Moors); others with greater proportion of grassland will probably see little difference. We would support a certification scheme where a modest number of additional options could be included.

- *Clarification of certain aspects of the standard greening measures* would make a difference to conservation efforts. These include:
 - Permanent grassland – all particularly sensitive areas of permanent grassland are to be designated and will not be allowed to be ploughed. However currently this seems to be limited to permanent grassland on sites protected under the Birds/Habitats Directives. All SSSI and Biodiversity Action Plan quality grassland should be included.
 - Ratio of permanent grassland to eligible land – this ratio is not to fall by >5% without the UK incurring penalties. Whilst we recognise the Government's desire for simplicity, we would encourage a more nuanced approach to how this is measured. Although the simplest might be to do this at national level, this risks hiding important variations across the country. We would like to see this assessed at national, regional, sub-regional and ideally at farm level so that reasons for any change are more easily identified and corrected.
- *Additional options under a Certification Scheme that would make a difference to conservation efforts* include: -
 - Improving those on crop diversification – current basic proposals will do little for National Parks and we would like consideration given to options that help upland birds e.g. bird and pollinator crops, fodder crops, predator control.
 - Extensive carbon management – we would like to see reward for extensive carbon management friendly grazing as part of the basic measure for permanent grassland.
 - Ecological focus areas (EFA) – we support some of the additional options being developed e.g. creation of buffer zones around high nature value areas.

Lessons learnt

What lessons are there from previous implementation of CAP?

42. The National Parks across the UK have had considerable experience in working with farmers, through established relationships, on the provision of public benefits from public funds. Indeed, the Environmentally Sensitive Area scheme was born in the Norfolk Broads, whilst National Park Authorities have been behind many innovative projects (available on request) to further economic, social and environmental outcomes. The first purpose of National Parks expressly relates to conservation; whilst the duty on NPAs and their culture means they fully recognise the need to work alongside the farming community to deliver long term benefits. From this experience, we believe a number of lessons can usefully be learnt. These include:

- the need for greater integration between the themes of the new RDR (joined-up delivery) (see above);
- there is untapped potential to use National Park Authorities more (either through facilitation and/or actual delivery of schemes) given their proven track record in this area and in establishing long term partnerships;
- the value of small grants that are easy to administer and quick to process;
- the National Parks as models for linking conservation to wider rural development priorities e.g. through an appreciation of the inter-relationship between farming, landscapes, biodiversity, access and community needs and benefits;
- annual and capital works payments for access can target network improvements and lead to permanent access where land owners/managers have initial concerns;
- the need to ensure skills training is part of the new environmental land management scheme (NELMs); and
- the need for improved promotion of access opportunities through the relationship with Local Access Forums (LAFs), Local Nature Reserves, and potentially Local Enterprise Partnerships (LEPs).

Annex I - National Parks England - assessment of impact of CAP Reform August 2013*

	Peak District	Northumberland	Lake District	N York Moors	Yorkshire Dales	The Broads	Exmoor	New Forest	Dartmoor	South Downs
Number of holdings by total area size groups from 2009 Defra figures (All holdings)										
<5ha	1,070	67	813	602	497	179	426	595	890	56
5 <20ha	543	27	284	315	156	82	199	241	381	261
20 < 50ha	368	17	245	274	159	43	113	86	236	158
50 <100ha	309	17	279	261	178	30	100	34	138	121
>=100ha	282	128	354	221	379	62	165	30	130	332
Total	2,572	256	1,975	1,673	1,369	396	1,003	986	1,775	928
Land use from 2009 Defra figures (All holdings)										
Total area	120,763	68,723	131,010	80,363	125,913	20,243	55,651	16,415	52,406	119,954
Rented	54,609	52,225	61,674	37,179	56,636	4,140	15,780	5,653	19,171	47,923
Owned	66,572	22,356	74,594	41,546	73,927	17,502	39,656	9,648	32,084	71,964
Crops and fallow	1,415	1,231	2,119	16,141	377	9,269	2,884	2,666	2,899	54,217
Temporary grass	4,808	1,107	4,962	6,143	3,179	304	3,744	1,131	3,556	7,469
Permanent grass	70,791	23,833	73,639	39,291	66,057	8,167	35,201	9,647	32,472	42,294
Sole right rough grazing	40,687	40,470	45,581	14,723	53,776	782	10,556	1,071	9,211	4,335
Woodland	2,523	1,861	4,207	3,313	1,586	932	2,952	1,473	2,472	9,154
Other land	538	220	503	752	937	788	314	427	1,796	2,485

*Defra data shows that Very Large & Large farms account for >60% of farmed land in SDAs but only 20% of farm type. Very Small farms account for 8% of Farmed land in SDAs and about 40% of farm type in SDAs.