



**Defra Consultation on Common Agricultural Policy Reform**  
**Response by the English National Park Authorities Association**

**March 2012**

The English National Park Authorities Association (ENPAA) exists to support the policy-making process by co-ordinating input on behalf of the nine English National Park Authorities and the Broads Authority. It is governed by the Chairs of the ten Authorities. This response represents the collective view of officers who are working within the policies established by the National Park Authorities (NPAs). Individual NPAs may submit separate comments, which will draw on the specific issues for their particular area.

## **EXECUTIVE SUMMARY**

ENPAA (English National Park Authorities Association) supports the Government's stated desire to see a future CAP that: "...focuses on enhanced Pillar 2 measures, delivering environmental goods".<sup>1</sup>

From a National Park perspective, a well resourced Pillar 2 with the flexibility to deliver a wide range of environmental, social and economic benefits, in an integrated manner, is essential. Pillar 2 programmes can be targeted at local conditions, be both multi-annual and contractual and offer better value for money. Such an approach could provide for agri-environment schemes that can be tailored to the special qualities of each National Park and facilitate greater local engagement in the design, management, delivery and monitoring of such schemes (building on practice in the National Parks). For this reason we would encourage the UK Government to utilise the provision in the current proposals to enable 10% of the funding allocated to Pillar 1 to be moved to Pillar 2 alongside the greening proposals.

Whilst the aim of the proposals to green Pillar 1 – to deliver a stronger means of ensuring a basic level of environmental management – is supported we have concerns about the detail of the three measures proposed (ecological focus areas, crop diversity and permanent grassland). Any move to fund Entry Level Stewardship and Upland Entry Level Stewardship from Pillar 1 would need careful consideration:

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<sup>1</sup> UK Government (2011) UK Response to the Commission Communication and Consultation the CAP Towards 2020: Meeting the food, natural resources and territorial challenges of the future", Defra, London (page 3).

whilst it might free up funding under Pillar 2 it could reduce the flexibility of ELS and UELS and how they currently focus on positive management.

The overall focus of the proposed Rural Development Regulation is welcomed. In particular, the additional focus on climate change mitigation and adaptation as part of agri-environment schemes.

A key issue in National Parks will be how much the levels of support change. If actual support levels fall then there is likely to be an acceleration of structural change in the industry with the potential loss of medium-sized family farms. At the heart of CAP reform there needs to remain the recognition that the well-being of farming in the National Parks, particularly in the uplands, is essential to sustaining the environment.

We would welcome an opportunity to engage in the design and future delivery of agri-environment schemes so that our experience in working with farmers at a local level to deliver such schemes can be fully utilised.

## **Response to detailed questions**

### **Q1: What are your views regarding the direct payments proposals?**

*i. What do you think about the proposed structure of a basic payment and additional tiers?*

The current proposals, containing four compulsory elements and potentially two optional elements (relating to natural constraints and coupled payments), appear unnecessarily complex.

The changes proposed do not, in themselves, address the impact of the introduction of the Single Payment Scheme (SPS). In some upland National Parks the introduction of the SPS (and the lower levels of payment associated with the SPS in upland areas), coupled with the loss of Hill Farm Allowance, is a key issue in the decline of the economic viability of hill farms. Hill farms in some National Parks have seen a 27-40% reduction in their SPS payment between 2006-2012 threatening their long-term viability and the future of the landscapes they help to maintain.

As noted above, our preference is for a move away from universal payments to a more focused system of paying for clear 'ecosystem service benefits' where these are not adequately recompensed by the market place. However, if the Basic Payment is introduced our preference is for a two tier approach: one level for all land below the Moorland Line and another for land above this line. The payment for land above the Moorland Line would be less than that for land below the Line but the difference must be reduced.

We believe that this system would be simple and easy to operate (from the perspective of the farmer and the member state). The greening payment (see below) should be a compulsory requirement in order to qualify for the basic payment.

*ii. Do you support the idea of a small farmer scheme?*

The concept of a simplified scheme for small farmers is supported but it could prove very difficult to administer: how do you define small and active farmer?

Environmental standards should not be reduced for small farmers (ie no reduction in requirements under the greening payment/cross compliance but increased flexibility as to how to meet these requirements). Nor does this proposal address the environmental concerns about the losses of small areas of important grassland habitats when managed by lifestyle landowners predominantly with horses, since these owners are likely to mostly remain outside Pillar 1.

*iii. What do you think about the proposals to 'top up' young farmers' payments for up to five years?*

The proposals for a 'top-up' scheme for young farmers should be explored in more detail. This measure could assist with new entrants to farming and issues of succession. If introduced, the links to training and development need to be ensured and consideration given to potential 'routes into farming' and barriers (land, access to capital etc.). Consideration also needs to be given to the nature of farm businesses: on many family farms within England's National Parks there are farmers over the age of 40 who are still not farming in their own right as they are part of a family partnership. Consideration also needs to be given to the amount of money that may be available: will it provide sufficient incentive for people to act, especially if it means altering the structure of the farm business. In addition, any proposal for 'additional' payments for young farmers should consider what minimum environmental care standards should be applied, to avoid the risk of these payments incentivising productivity at the expense of wildlife and habitats.

*iv. What do you think about limiting payments to 'active farmers'?*

The principle of limiting payments to 'active farmers' has much to commend it including targeting income support in a fairer and simpler way. The problem will be in defining 'active farmer' and ensuring that there are no unintended consequences.

The current proposals could discriminate against businesses that have followed Government advice and diversified and thus receive less than 5% of their total income from agriculture. Also, such a move could have a detrimental impact on the management of important areas for landscape and biodiversity undertaken by NGOs such as the National Trust and the RSPB. Such bodies have benefited from payments under agri-environment agreements. We would be concerned if the definition of active farmers and thus eligible land resulted in such organisations no longer being eligible for the basic payment or to enter agri-environment agreements.

By the same token, we are aware of many cases where the Single Payment Scheme is claimed by a landowner and thus effectively denying essential funds to the farmer who is incurring the costs of managing the land and related natural assets.

Further work needs to be done on how to define 'active farmer'. Such work might look at: registration with State Veterinary Service, approved grain or livestock assurance body, means of complying with cross compliance as potential elements of a definition.

v. *What do you think a 'minimum level of agricultural activity' should look like?*

The definition of 'minimum level of agricultural activity' should include at least two elements: (i) maintaining the land in a condition suitable to be farmed, whilst, (ii) ensuring no environmental degradation.

The two elements are required because a focus purely on maintaining land in a condition suitable to be farmed could have an adverse impact on nature conservation, the historic environment and landscapes.

From a National Park perspective it is important that the maintenance of habitats through traditional, low input agricultural practises' is included in the definition of minimum level of agricultural activity, even when this means very low intensity grazing.

vi. *What do you think about the proposal of capping the Basic Payment Scheme; are the progressive reductions and the levels identified appropriate and do you think salaries should be taken into account?*

It is important that any system of capping does not have unintended consequences. We support the principle of capping directed at commercial farming operations which would gain disproportionate benefit from the basic payment through economies of scale. However, the current proposals could be detrimental to the positive, environmentally friendly farming practices promoted by bodies such as the National Trust and RSPB. These organisations were required to register the whole of their holdings in a single SPS claim and would thus be caught by the capping proposals. In contrast the Trust and the RSPB with their public interest objectives and dispersed location of often marginal holdings are already focussed on supporting sustainable farming systems that deliver clear public benefits. Organisations, delivering such benefits, should be excluded from the capping arrangements.

There is also a need to look at the issue of common land where many farmers benefit. If the common is being actively managed by many farmers/commoners then capping should not apply. If, on the other hand, the common has no active rights holders and the land owner claims the entire Basic payment then capping should apply.

vii. *What do you think about the proposal to abolish existing SPS flat rate entitlements and establish new flat rate entitlements?*

Please refer to our general comments about the need to move away from universal payments. If new flat rate payments are introduced then the current difference between payments in lowland and upland areas needs to be reduced (refer to response to Question 1i).

*viii. What do you think about the requirement to have claimed at least one hectare under SPS in 2011, to be able to establish entitlements in 2014?*

It is important that large farms are not sub-divided to avoid the proposed capping. However, it is important that safeguards are included so that the requirement to have claimed at least one hectare under SPS in 2011 does not disadvantage new entrants or those farming in their own right for the first time. There also needs to be a simple process for transferring entitlements from one generation within a family farm to another.

*ix. What do you think about the greening proposal; do you think this would provide environmental benefits; should greening be compulsory; should organic farms be exempt from these requirements?*

We support the principle of greening the CAP and the aim of delivering a stronger means of ensuring a basic level of environmental management across the farmed area. Nevertheless, Pillar 2 offers a more effective mechanism for delivering environmental benefits than Pillar 1. Under Pillar 2 the programmes can be targeted at local conditions, be both multi-annual and contractual and thus offer better value for money. Such an approach could provide for agri-environment schemes that can be tailored to the special qualities of each National Park and facilitate greater local engagement in the design, management, delivery and monitoring of such schemes.

We would welcome an opportunity to engage in the design and future delivery of agri-environment schemes so that our experience in working with farmers at a local level to deliver such schemes can be fully utilised.

At the very least, the UK Government should seek to utilise the provision in the current proposals to enable up to 10% of the funding allocated to Pillar 1 to be moved to Pillar 2 alongside the greening proposals.

The current proposals appear to impose a high administrative burden. Increased flexibility would better achieve the aims and enable areas already delivering significant environmental benefits not to endure further administrative burdens.

Whilst a voluntary approach may be preferred by many in the farming industry it is far from clear that such an approach would deliver clear environmental benefits. If there is no clear evidence that a voluntary approach will deliver the environmental benefits sought then the greening proposal, if adopted, should be a compulsory component of the direct payments proposal.

Consideration needs to be given to high nature value farming systems (like those often found in the uplands and certain lowland National Parks) which are often

delivering real benefits to the natural environment. The current proposals do not recognise these systems and could have a detrimental impact on them (see comments on permanent grassland below, for example).

As currently presented, the greening proposals lack flexibility to respond to local circumstances:

*Ecological Focus Areas.* Amongst the proposals, the measure that has the most potential to deliver additional environmental benefit is the 'ecological focus area'. The benefits of such a measure could be increased by targeting and appropriate tailoring of management practices on the land concerned. It is not clear how this measure might be applied in areas where there are already extensive high nature value farming systems (eg upland National Parks or low input farming on grazing marshes) delivering a range of ecosystem service benefits.

*Permanent Grassland.* As a principle, we support the retention of permanent grassland. Perversely the current proposals to protect permanent grassland may actually lead to action to damage it. Some farmers are considering ploughing out permanent pasture as a reaction. The current focus is on land used to grow grasses and not placed in a crop rotation for at least 5-years. The proposals suggest that if reseedling is not undertaken within 5 years the land reverts to permanent pasture and further restrictions apply. In many high nature value areas permanent grassland is 'permanent', but some is on a 7 or 8 year cycle and those farmers are being encouraged to plough and re-seed before such action is required. If this element is retained then the scheme needs to ensure that it does not encourage more frequent reseedling than is currently undertaken.

*Crop diversity.* It is not clear that the proposals for crop diversity would ensure the rotation of crops and research indicates that crop rotation is a key to delivering environmental benefits. If retained this proposal needs to allow for more targeted intervention. For example, would it apply to livestock farms that are predominantly grass but also grow fodder crops to feed?

If the UK Government decides to apply the greening proposal by switching Entry Level Stewardship (ELS) from Pillar 2 to Pillar 1 we would seek a reassurance that the resources currently allocated to ELS within Pillar 2 will remain in Pillar 2 to potentially fund schemes under Higher Level Stewardship. As noted above, there is a risk in this approach as Pillar 1 only allows annual payments and no targeting.

Organic farms should not be exempt. In grassland areas such practices can and sometimes do environmentally degrade important grassland habitats by a switch to clover dominated swards.

x. *What land do you think should be targeted in a farm's ecological focus area?*

The nature of the land which might be targeted will depend on the type of holding and current farming systems. Given the diversity of the English farmed landscape there is a need for targeting to be undertaken at a local/sub national level.

As noted above, we are not convinced that ecological focus areas are the best mechanism for delivering environmental benefits where there is already high nature value farming systems delivering a range of ecosystem service benefits (eg extensive grazing regimes in upland areas and coastal marshes).

National Park Authorities are well placed to advise on targeting given their statutory remit and experience to-date in assisting delivery of national agri-environment schemes and administering their own schemes/management agreements.

*xi. What do you think about the proposals allowing coupled support?*

ENPAA does not support the widespread re-introduction of coupled support. We understand that there may be a need for coupled support in circumstances where the continued viability of farming is threatened. Any support arrangements should include rigorous safeguards to avoid any incentives for environmental damage, for example through over-stocking or over-intensive cropping. We could only support re-coupling if it was required to deliver environmental benefits by supporting a particular form of farming or, potentially, new entrants.

It is not possible to comment in detail on the option to use Pillar 1 money to offer an enhanced payment in Areas of Natural Constraint (ANCs) as the nature and extent of ANCs and the relationship with current Less Favoured Area (LFA) boundaries is not clear. However, we would be keen to work with Defra to explore the implications of this option in more detail when the impact of the transfer from LFA to ANC is clearer. If the option of using Pillar 1 to offer an enhanced payment in ANCs is pursued we would not want to see a radical reduction in the area of land covered by ANCs (as compared to existing LFAs).

**Q2: What are your views regarding the single common market organisation proposals?**

No comment offered

**Q3: What are your views regarding the rural development proposals?**

*i. Do you support the removal of axes from the new regulation and the proposal that the measures be used together? Do you agree with the removal of minimum spends?*

Removal of axes from the new regulation is supported and the concept of merging the measures is welcomed.

We understand that the proposal is to retain a 25% minimum spend on environmental land management measures which would include agri-environment schemes and payments in the proposed Areas Facing Natural Constraints. There is a case, in our view, for extending the principle of prioritising spending which delivers environmental outcomes by specifically encouraging actions with environmental aims

under the other five priorities, for example support for environmental co-operation agreements and non-productive capital spend.

*ii. Do you agree with the six strategic priorities that the Commission has set? Are there priorities or actions you consider to be missing?*

We agree with the six priorities identified.

From an environmental land management point of view, we are pleased to see the continuing priority afforded to priority iv – restoring, preserving and enhancing ecosystems depending on agriculture and forestry. We place a particular emphasis on sustaining and expanding HLS agreements and ensuring that there is an integrated approach to the delivery of these priorities. Integration is best delivered at a local level and it is of crucial importance that the next Rural Development Programme for England provides for local flexibility and innovation in delivery and does not seek to centralise and impose a particular model.

*iii. Do you support the increased and strategic focus on innovation and technology? What benefits do you think it will provide?*

Whilst supporting a focus on innovation and technology, Pillar 2 has an important role in delivering a wide array of ecosystem services (food, biodiversity, water management, carbon sequestration) and supporting rural development. Thus, it is important an increased focus on innovation is not at the cost of sustaining the farming systems that deliver these ecosystem services.

*iv. Do you support the new measure for organic farming?*

We support the measure on organic farming but would also like to see a stronger emphasis on supporting other forms of high nature value farming. Low input extensive farming, particularly in the uplands, can have similar environmental benefits than organic farming.

*v. Do you support the proposed measure to support agri-environment-climate schemes?*

We support the move to widen the scope of Pillar 2 funding to secure outcomes that mitigate against climate change and enhance a range of ecosystem services and goods. There will be a need for local flexibility in the design, delivery and monitoring of the new agri-environment schemes to ensure farmer engagement, value for money and clear priorities if/when there is a conflict between different ecosystem services. We would welcome the opportunity to engage further with Defra and Natural England in the design of the next generation of agri-environment schemes.

- vi *Do you agree with the proposal for groups of farmers to be eligible for these schemes?*

This proposal is welcome. It offers the potential to develop landscape scale action and deliver real benefits that could only be secured through groups of farmers working together. Experience from the National Parks shows the value of such an approach.

- vii. *What are your views on the new Risk Management provisions?*

No Comments offered.

- viii *Are there any positive measures under the current rural development programme that you do not see continuing in these new proposals?*

The issue will be the balance of funding across the priorities and the ability that the next Rural Development Programme offers for local innovation, flexibility and delivery.

- ix. *Do you support a continued role for Leader, including a minimum spend of 5%? Do you agree that Leader should apply across the Common Strategic Framework Funds?*

Yes. The Leader approach is valuable and experience from the National Parks is that it can provide important support for rural communities and help foster sustainable rural development. We believe that there is merit in extending a Leader type approach to the design and delivery of agri-environment schemes (ie more flexibility and local design but within clear national environmental objectives).

We recognise that there have been marked differences in the delivery capacity of different Leader groups but it is important that this approach is retained and we build on the strength of high performing groups perhaps giving them greater flexibility in delivery of the new priorities.

- x. *What are your views on the proposed “Areas facing Natural Constraints” designation, which is intended to replace the current Less Favoured Area?*

We can not answer this question as we are not clear on the implications of the ANC designation: will it cover the same area as current LFAs? How will it be used in policy delivery? etc.

- xi *What do you think of the proposal for two separate discretionary payments to farmers in Areas facing Natural Constraints – an area-based direct payment top-up, and a compensatory payment under the Rural Development Regulation?*

Once we are clear about the impact (spatially) of the switch from ANC to LFA it will be possible to address these questions as we will be clear about the extent of ANCs and the nature of the farming systems which may need to be supported to maintain them and deliver environmental benefits.

As noted above, ENPAA does not support the widespread re-introduction of coupled support.

There may be a case for an area based direct payment top-up but our preference would be to use the Rural Development Regulation as this offers the opportunity to develop multi-annual, focused solutions that deliver clear benefits. Also, the need for an area based payment will depend in large part on the model for the Basic Payment Scheme – if this continues with the current disparity between ‘upland’ and lowland then there is a need to look at a potential top-up payment.

#### **Q4: What are your views regarding the financing, management and controls proposal?**

- i. What do you think about the removal of some of the Good Agricultural and Environmental Conditions (GAEC) and Statutory Management Requirements (SMR)?*

We would be concerned if any simplification of the Good Agricultural and Environmental Conditions (GAEC) and Statutory Management Requirements undermined the important purpose of these provisions: if anything, they should be strengthened. The link to the greening proposals needs to be considered. Whilst the principle of greening Pillar 1 is welcome it should not be at the ‘cost’ of reducing/abandoning cross-compliance measures which cover a wider range of issues such as water quality, treatment of field margins and the all important requirement of no overall reduction in habitat quality. Cross-compliance requirements need to be meaningful, justified and properly monitored and seen to be so.

The greening proposals and cross compliance measures need to be considered together in an integrated way; and their purposes and differences in approach properly explained. Together, they have the potential to deliver valuable environmental safeguards and improvements. Consideration also needs to be given to the implications of Basic Payment and GAEC as barriers to moving land from predominantly farming to other beneficial uses. If landowners/managers are faced with losing their Basic Payment this could act as a disincentive for small scale woodland creation on farmland and/or habitat restoration to improve connectivity in the landscape.

- ii. What are your views on the Farm Advisory Service and expanding its responsibilities?*

There is a correlation between the quality of environmental gains achieved through agri-environment schemes and the quality and availability of advice available. The

continuing availability of high quality advice to the farming community, therefore, will be essential to deliver effectively on the European Commission's priorities.

In an age of financial austerity, advisory services have been an easy target for cuts. This could prove to be a mistake. We believe that there is a positive correlation between the quality of environmental gains achieved through agri-environment schemes and the quality and availability of advice available.

More effective advice, not less, is required but this could be from a range of sources to suit local circumstances. Many of the NPAs offer local advisory services bringing together environmental, social, economic and recreation factors.

***Q5: What are your views regarding the proposals fixing certain aids and refunds?***

No comment offered.

***Q6: What are your views regarding the transitional arrangements for direct payments in 2013?***

*No comment offered.*

***Q7: What are your views regarding the proposals to support vine growers?***

*No comment offered.*

***Q8: Do you have views on any further areas you think we should consider concerning this package of CAP reform proposals?***

We would reiterate that, from a National Park perspective, a well resourced Pillar 2 with the flexibility to deliver a wide range of environmental, social and economic benefits, in an integrated manner, is essential. Pillar 2 programmes can be targeted at local conditions, be both multi-annual and contractual and offer better value for money. Such an approach could provide for agri-environment schemes that can be tailored to the special qualities of each National Park and facilitate greater local engagement in the design, management, delivery and monitoring of such schemes (building on practice in the National Parks). For this reason we would encourage the UK Government to utilise the provision in the current proposals to enable 10% of the funding allocated to Pillar 1 to be moved to Pillar 2 alongside the greening proposals.

We recognise that these proposals are still only in the draft stage and the reform process still has a long way to go. Currently too little is known on the detail of the rules to make informed decisions. We would be pleased to be kept informed of likely developments and timetable and happy to submit responses to any future consultations.

ENPAA      March 2012