

## Shropshire Hills AONB Partnership response to Defra discussion paper on the impact in England of EU Commission regulatory proposals for Common Agricultural Policy reform, post 2013

The Shropshire Hills AONB Partnership welcomes this opportunity to input into the consultation on proposals for CAP reform. This response draws on content from the AONB Management Plan, a discussion by the AONB Partnership on 7 February 2012 and a seminar held with farming stakeholders on 27 February 2012.

The response is informed by the experience of our work to conserve and enhance the Shropshire Hills AONB and promote sustainable development, especially through co-ordination and partnership approaches. The Partnership has an established record in working with farmers through land management advice, work on local products and a current project on hill farming with social and community priorities. The AONB Partnership is also the delivery body for LEADER in the Shropshire Hills, which is themed to enhancing people's wellbeing through links with the landscape and environment.

### 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?

Further reform of Pillar 1 of the CAP is desirable and has been pushed by the UK for many years. It is however slightly difficult to see how much the transition from the Single Payment Scheme to a new Basic Payment Scheme will achieve, set against the inevitable difficulties of transition. Problems associated with the introduction of the Single Payment Scheme are only fairly recently passed, and a further period of change and uncertainty will hamper the ability of farm businesses to plan ahead at the current time.

The concept of a compulsory greening element is well intended, but the actual environmental benefits need to be assessed carefully and currently look rather questionable. Through well developed agri-environment schemes, the UK has a good record of environmental delivery through Pillar 2 of the CAP. It appears that the greening proposals are aimed more at countries which have achieved less in this way, and their relationship with ongoing agri-environment activity in the UK looks likely to cause some difficulties. Focussing further funds for public benefits through Pillar 2 might be a better way of securing environmental gains. There is an inherent tension between avoiding complexity of CAP measures and nevertheless making them responsive to widely differing local circumstances. Incentive schemes under Pillar 2 are more likely to be able to do this, and some of the proposed rules governing the new Basic Payment Scheme appear crude by comparison, and risk having unintended consequences.

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

Given the complexity of administrative systems suitable for larger units, the concept of the small farmer scheme is a good one. There have been concerns expressed in our area that small farmers should not be exempt from the greening measures, but in practice perhaps the relatively low cash ceiling proposed would still provide an incentive for some smaller farmers to participate in the main scheme. We believe however that even small farmers should not be exempt from cross-compliance requirements.

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

Issues of the high age profile of farmers and difficulties with succession are significant in our area, and the concept of a measure specifically for young farmers is supported. The criteria for such a measure need to be designed to be as effective as possible, but we do not have sufficient information to judge this for the current proposals.

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

The concept of this is broadly supported, but there are some real difficulties in the definitions proposed. The economic test of % of total income from farming in particular may be problematic to operate. It may be better in this case to be clear about what the Commission is trying to exclude and have a list of things which are not eligible. An important consideration is that of conservation organisations (e.g. the National Trust, the RSPB and county Wildlife Trusts), for whom agri-environment payments are often crucial to the management of conservation sites of the highest importance by livestock grazing. If agri-environment agreements on such sites became ineligible through the new measures there could be a serious implication for the quality of some of our highest quality conservation sites.

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

The proposal to require maintaining the land in a condition suitable to be farmed seems to be the basic premise but remains open to interpretation. It is not clear why the Good Agricultural and Environmental Condition requirements are to be dropped and whether there is a loss of public benefit on the environmental side of these, which does not seem to be represented in the new proposal. New definitions should not preclude changes in land management associated with habitat restoration, provided a low level of ongoing management e.g. by grazing is maintained.

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

Given the certainty of limited budgets, the proposal to cap the Basic Payment Scheme is likely to allow a greater return of public benefits and is therefore supported. The proposal should not however disadvantage conservation bodies who are delivering very significant public benefits from the management of their land. The resources released by capping should be made available to support all schemes within the Rural Development programme and not limited to innovation and knowledge transfer.

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

Our only comment here is on the need to be sure that the benefits arising from this change would outweigh the inevitable administrative burden of making the change.

**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?**

This measure may help to deter absentee landlords from registering entitlements to the disadvantage of tenant farmers, and is therefore supported.

**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?**

Some aspects of the current greening proposal would appear to have limited environmental benefits. In particular the crop rotation requirement is crude and may dictate against sensible agricultural management for no real gain. In livestock areas where crops are grown for feed, there may be no need or value in having three crops. The concept of mixed farming could be introduced to encourage diversity, this could include for example the keeping of both cattle and sheep, as it may not be right for all livestock farms to grow crops.

Protection of permanent grassland is desirable, but proposed measures must ensure they do not create an incentive to plough before they come in. In addition, the definition should include some consideration of the environmental value of the grassland - some holdings rotate reseeded on a timescale longer than 5 years and may be unnecessarily caught up in restrictions for little benefit.

Organic farms are shown to have a wide range of environmental benefits additional to conventional holdings and go through their own rigorous certification schemes, so they should qualify for this part of the funding while remaining exempt from the standard requirements.

It seems likely that if the conditions of the greening proposals can be refined, that as a compulsory component of direct payments they will deliver EU-wide an improved return of environmental benefits. For the UK however with well established agri-environment programmes the relationship between greening and agri-environment could become problematic. It may in some cases be that a clear distinction can be drawn between the basic compulsory greening measures concerned with maintaining features and agri-environment schemes with enhancing them, but in other cases this distinction may not work and there may be an overlap. Avoid double funding of measures may require additional complexity in agri-environment schemes, which should be avoided.

Adopting a more modest level of compulsory greening measures, while allowing member states instead to transfer the funds into agri-environment schemes, may allow much greater flexibility and targeting of environmental benefits with the money available.

The proposals on Ecological Focus Areas look crude and seem to pay little regard to how these areas are managed. In the context of current thinking e.g. through the Natural Environment White Paper, they also look rather dated. There is a need to look at the whole sustainability package – including soil, water, resources, etc.

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

As above, the Ecological Focus Area proposals seem to relate poorly to other environmental schemes and initiatives. Ideally, member states would be able to draw up their own requirements for meeting this condition, and to develop this to take account of national schemes, and indeed regional variation. There should perhaps be a consideration of what management and condition the areas included are in.

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

The environmental argument has been against coupled support for a long time, and it would seem preferable to avoid this.

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

- i. Do you think the CAP should provide a safety net for producers?**
- ii. What do you think of the new Crisis Reserve proposals?**
- iii. What do you think about increasing the role of producer and inter branch organisations across all commodity sectors?**
- iv. Do you think the proposal simplifies the existing arrangements?**
- v. What do you think of the Commission's plans to update and streamline the rules and arrangements for public intervention and private storage aid?**

We do not have any comments on these questions.

**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 and greater integration is supported. Within the current round of LEADER the measures available to us were determined by the Advantage West Midlands the Regional Development Agency, and were restricted to four social and community measures. This has hampered our ability to pursue integrated sustainable development in the area for example through tourism and support for local products, woodfuel, etc.

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

Yes the six priorities identified are supported.

- iii. Which measures in this proposal do you think would be useful for you?**

The fourth priority 'restoring, preserving and enhancing ecosystems depending on agriculture and forestry' and the fifth on 'low carbon and climate resilient economy' will be especially helpful in delivering objectives of the Shropshire Hills AONB Management Plan.

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

In upland areas the appropriate level of technology application may be quite low, for example our Farming Project has run successful courses on basic computer skills. The applicability of technology to different sectors needs to be taken into account, and this should not be over emphasised.

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

Organic farming has considerable environmental benefits and in the uplands a shift from conventional to organic is often much smaller than may be the case in intensive arable farming. A new organic measure is supported.

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

There is a need to enable agri-environment schemes better to deliver land-based climate change mitigation and adaptation, so this proposal is strongly supported.

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

The desirability of groups of farmers being able to apply jointly for agri-environment schemes has come up again and again in our discussions regarding restoration of habitat networks and landscape scale conservation. Environmental features often cross holding boundaries and a more strategic approach may be taken to joining up areas of high quality habitat. This proposal is strongly supported.

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

No comments.

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

No comments.

**x. 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?**

As a LEADER Local Action Group (LAG) we have seen and experienced at first hand the benefits and impacts of the LEADER programme and approach both in the Shropshire Hills and other areas, and are strongly supportive of a continued role for LEADER. A minimum 5% spend through LEADER would ensure that LEADER continues to have a strong role.

The possibility of LEADER applying across Common Strategic Framework Funds does raise opportunities, but it would be very likely to result in less continuity from current LEADER LAGs due to likely pressure from Local Enterprise Partnerships or other bodies to become deliverers and most likely for different geographical units. From our perspective as an existing LAG looking to maximise the legacy of the current programme such a consequence would be regrettable. It would result in a lost opportunity and less targeted meeting of local needs. The existing capacity of the LAG would be lost and new bodies may not be so well placed to deliver for our area. In particular the opportunities for us to integrate and overlay LEADER with the AONB structure and priorities has been very valuable to effective delivery and management. Careful thought should be given to whether rolling out the 'LEADER approach' means or has to mean the same thing as rolling out 'LEADER'. The 'R' in LEADER stands for 'Rurale' in the full French title. Not all of the other Common Strategic Framework Funds are specifically rural. Therefore while adopting more broadly a bottom-up, community led approach may be useful, the wider adoption of the specific LEADER mechanism is likely to result in a loss of its focus on rural development and the different needs of rural areas.

As stated above, there is a need for more consistency in future rounds of LEADER than through the current RDA-directed programme, and the ability for us to integrate economic measures and priorities alongside environmental and social ones would open up real opportunities. There is a level of complexity in LEADER administration which is very incompatible with the community-led approach and much greater simplicity in processes is required. The delays in decisions about the next CAP period means that there is a lack of clarity for LAGs, forward planning is difficult, and there is likely to be a gap in delivery between programmes.

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

There is a need for continued support for the uplands, and this is best delivered through the Rural Development Regulation with clear objectives. The rationale for a change to the new Areas Facing Natural Constraints, and the means of defining these are not understood, and therefore the implications of this change are not clear. Again, there will be some upheaval due to changes and the benefits of changing to a new system must be assessed carefully against this.

**xii. 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?**

As much as possible of the additional funding to these areas should be linked to specific objectives and outcomes. Neither an area-based top-up or compensatory payments will deliver public benefits in the same way.

**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)?**

Provided the things removed are conditions and requirements which are not delivering real environmental gains, then these changes to reduce the administrative burden are acceptable.

The requirements of the Water Framework Directive in particular are onerous, and cross-compliance can be an important means of reaching the standards. The Directive should be built in to cross-compliance now rather than waiting the considerable time until it has been implemented by all member states.

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

Farm advice on the topics proposed is very valuable and to be supported. The mechanisms for local delivery should be flexible enough to work in partnership e.g. with protected landscape bodies such as ourselves, and with Natural England advisers on agri-environment schemes. Delivery mechanisms should also take into account the desirability of local knowledge. As an upland area forming the minority of a predominantly lowland region, we have seen the missed opportunities where this has not always been the case in the past.

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

No comments.

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

No comments.

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

No comments.

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

We would stress that continued delivery of agri-environment, and especially Higher Level Stewardship, is crucial to delivery of AONB objectives, and every step should be taken to ensure that budgets remain to do this.