NFU Hill and Uplands Group

Steering Document on CAP reform

The NFU Hill and Uplands farming group is made up of elected representatives from the regional uplands groups and is responsible for feeding in to NFU policy on matters pertaining to hill and upland farming. This document sets out the group's views on the latest round of CAP reform, in light of the DEFRA status report released in August, and is not NFU policy.

Chairman: Robin Milton
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Secretary: Tom Fullick

Introduction

Given that the Minister's 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**" it is critical that the Minister is made to understand the unique challenges that the uplands face and the real disquiet that this round of CAP reform has produced. The delivery of the benefits described above is only possible if farmers remain in the hills-these are areas that have been crafted and shaped by farming over many generations.

Direct payments

The group believes that there will be no winners in this round of CAP reform, it is a case of distributing losses evenly and fairly for all parties and this paper is not about grabbing as much as we can for the hills. The group suggest the following as potential routes for future support policy to ensure long term sustainability for hill farming.

Option 1)

The levelling of the payments across lowland and SDA (non-moorland) regions with a small percentage from this levelled payment then used to supplement payments made above the moorland line. This would correct some historical injustices that saw productive land labelled as severely disadvantaged, and ensure that the loss of ELS and UELS is somewhat moderated.

Option 2)

The levelling of the payments across lowland and SDA (non-moorland) regions, with nothing extra from pillar one above the moorland line. The region above the moorland line would then be supplemented by the retention of UELS (or a similar scheme) above the moorland line only.

The group would initially suggest option one as the most appropriate route for targeting farmers and delivering the desired social, economic and environmental benefits. Option one also avoids the assumptions that option two makes regarding availability of funding, appropriate targeting and suitability of available options. Both these options are however presented as workable routes.

The commercial aspect of farming in the uplands has been under pressure for many years, and this has led to a level of reliance on support that many hill farmers consider unsustainable, yet hill farming is the only realistic way to maintain some of the country's premier environmental assets for a fraction of the cost of doing so.

There is a huge appetite in the hills and uplands to increase income from the marketplace through sustainable intensification, however in order for this to be possible the complex landscape of regulation, markets and policy need to align in a coherent fashion. Due to the very nature of the environments farmed in the hills there is a disproportionate regulatory burden on farmers, as well as the irony that whilst hill and upland farming exists at the very start of many supply chains (the nucleus flock of the stratified sheep industry, water supplies, the very environment that encourages 3.6 billion trips to the countryside every year) it also has to bear the costs of being at the very end of virtually every supply chain that feeds into it. The classic adage that a farmer "sells at wholesale, buys at retail and pays the transport each way" is more than just a cliché for the hill farmer.

Double funding

The group has expressed concern at the greening measures outlined so far, both the original measures from the commission and the alternative measures described in DEFRA's status report on direct payments published earlier in August.

The group would like reassurance from the highest level (European Commission) and in writing that the "exemption" for permanent pasture is in reality an "automatic qualification" relating to greening measures– it can't be both. We need a commitment that hill farmers will not be subject to double funding rules if through agri-environment schemes or Payments for Ecosystem Services they receive payments for measures that would otherwise be carried out under pillar one greening

The above point is CRITICAL as everything in this paper hinges on the interpretation of double funding.

Capping of payments

The group believes that some capping of payments is a sensible option, given the cutting of the budget, and would permit funds to be freed up for use in pillar two if maximum modulation is not used, or pillar one if it is. The group is however, minded that some large commons could be subject to this cap if it applies to pillars one and two so suggests that the cap applies to each pillar separately, based on experience of degressive payments and capping through the previous hill farm support scheme.

Delivery of pillar 2

Given the massively reduced funding for pillar 2, regardless of modulation, it is an accepted fact that it is unlikely we will still see the broad environmental schemes we had before. The uplands group believes that any replacement agri-environment scheme must have at its heart the recognition that it is farming that has created these landscapes, and they exist **because** of farming, not in spite of it.

The recent uplands evidence review has shown the paucity of evidence relating to management of the uplands, and farmers have in the past felt alienated and ignored when it comes to delivering the very real public benefits provided by the very environment that their knowledge and experience has created, so it is vitally important that they feel ownership of any scheme delivered through pillar two. Current opinion in the group is that the prevailing direction of NELMS is focussing too heavily on the input from NGOs, using them more as authors of the scheme than consultants as part of an integrated process taking all interests and evidence into consideration.

The group is also keen to ensure that the delivery of the Rural Development Plan for England is truly focussed on **Rural** areas, with a low cost of delivery for appropriate measures.

Active farmer

The nature of hill farming means that some areas are up to 62% tenanted, and on average across the hills and uplands 25% of farms have some form of tenancy. Pillar one has historically been the easiest pillar to target to the farmer rather than the landowner, so any scheme that such as UELS above the moorland line would have to use some form of active farmer test, preferably something as simple as buying eartags/registering movements. That said, many hill and uplands farmers graze their animals on commons, and many commons receive only 75% SFP as well as having issues with "lost hectares" due to non-claimants.

The group has raised concerns already regarding the implementation of the active farmer test on land which is "naturally kept" in a state suitable for grazing or cultivation. It is critical that any "minimum activity" includes grazing.

Conclusions

The group believes that **it is important that income loss from this round of CAP reform is distributed as fairly as possible** as an integrated policy package if the long term delivery of outputs (including food production) are to be safeguarded. Hill farmers are in a position where they are very exposed to any changes in payments received or how they are compensated for the multitude of public benefits they provide.

Fundamentally the hills and uplands are landscapes created and maintained by farming, and it is critical that there remains incentive for current farmers to stay in and future generations to enter the industry and this must be at the heart of policy that affects them-from regional payments through to agri-environment schemes. The skills, knowledge base, hefted flocks and herds that maintain the uplands have taken hundreds if not thousands of years to develop-they could not be replaced.