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Paying for the Stewardship of the Countryside

A Greenprint for the Future of Agri-environment Schemes in England



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*A Greenprint for the Future of
Agri-environment Schemes in England*

A report on behalf of Wildlife and
Countryside Link by Janet Dwyer, Institute
for European Environmental Policy (IEEP)

July 2001

Wildlife and
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Preface

This Link study and report was first conceived in the summer of 2000 when it became apparent that the Government intended to review agri-environment schemes in England in 2001/2002. As with any forward looking project there is always the risk that circumstances change and relevance fades between conception and final report. With regard to this review circumstances have certainly changed, but the relevance to the wider debate on the future for farming and the countryside has grown dramatically.

The outbreak of foot and mouth disease (FMD) has graphically demonstrated that the future of farming, farming policies and the countryside are important not just to farmers, but also to a wide range of stakeholders with environmental, recreational, social and economic interests in the countryside. It has also highlighted that despite consuming about 40% of the total European Union budget the support offered by the Common Agricultural Policy (CAP) offers little to help farming respond to the many challenges crisis facing it. The only exception being the various measures funded under the England Rural Development Programme (ERDP), of which agri-environment schemes are a significant part. The funding available for the ERDP, however, is only a tiny fraction of the total CAP budget and woefully inadequate to meet its objectives. There is an urgent need for the Government to increase resources for the ERDP and to ensure further radical CAP reform in the longer term.

Partly in response to FMD the Government has emphasised the need to change the direction of farming. The Prime Minister called this opportunity for change ‘...the “silver lining” of the European farming crisis’¹ and gave a commitment to an independent commission to advise on a sustainable, competitive and diverse food and farming sector. We believe that agri-environment schemes are a vitally important component of sustainable and competitive farming and offer this report as a contribution from a unique alliance of wildlife and countryside NGOs to achieving that objective.

The original primary target audience for this review was the Ministry of Agriculture, Fisheries and Food (MAFF), a Government department that no longer exists. Once again, however, this significant change in circumstances only serves to reinforce the relevance of this report. In announcing the objectives of the new Department for Environment, Food and Rural Affairs (DEFRA) the Secretary of State, the Rt. Hon Margaret Beckett MP, stated that DEFRA's aim must be to enhance the quality of life through promoting:

- a better environment;

¹ The Prime Minister, Tony Blair MP. *Environment Next Steps*, 6 March 2001.

-
- thriving rural economies and communities;
 - diversity and abundance of wildlife resources;
 - a countryside for all to enjoy; and
 - sustainable and diverse farming and food industries that work together to meet the needs of customers.

Agri-environment schemes are capable of contributing to all of these aims and their significance should be of even greater importance for the new Department than they were to MAFF. We hope that DEFRA will accept this report and its ten recommendations as a starting point in conducting the Government's review and in improving the performance of agri-environment schemes for farmers, the environment and the public who fund them.

We would be very interested to receive any comments on the report or the recommendations it makes. These should be sent to the secretariat of Link, 89 Albert Embankment, London SE1 7TP.

The sponsors of the project would like to thank the contractors, Janet Dwyer of IEEP, Andrew Woodgate of Framework and Kaley Hart who worked closely with the Link project steering group to deliver this report and its findings. We are also very grateful to all of those who contributed their time and expertise to our regional and national seminars without whom this project would not have been possible.

Alastair Rutherford

Chair

Wildlife and Countryside Link Farming and Rural Development Working Group

July 2001

Ten Point Action Plan

- 1** Create a much larger, unified scheme to involve the vast majority of farmers in England and deliver a broad range of environmental benefits across the country.

Building this national scheme, the Government needs to take the following five steps:

- combine Countryside Stewardship (CS), Environmentally Sensitive Areas (ESAs) and the Farm Woodland Premium Scheme (FWPS) into a single national scheme;
 - allow for much greater local variation in payments, detailed targets and management guidance reflecting local needs and priorities, using local environmental and farming knowledge;
 - broaden the environmental focus of schemes;
 - reward the management of existing environmental value and encourage an enhanced standard of environmental management across the **whole** farm; and
 - significantly increase the budget for agri-environment schemes, through UK funding and further CAP reform.
- 2** Reform payment rate calculations to ensure that payments reflect the true costs of management and planning to achieve environmental outputs.
 - 3** Place new emphasis upon achieving area-wide benefits at a landscape scale.
 - 4** Improve the delivery of schemes and their benefits through stronger shared ownership between community, environmental and farming partners, allowing more flexibility for schemes to address local conditions.
 - 5** Make the most of the experience, enthusiasm and capacity for innovation shown by farmers who are already involved in schemes.
 - 6** Ensure integrated high-quality advice and support which works with the business needs as well as the environmental potential of each applicant or agreement holder.
 - 7** Strengthen local rural development links, recognising that agri-environment schemes need to be compatible with thriving businesses, involve local communities and work with other regional and local initiatives.
 - 8** Develop a national strategy to promote agri-environment schemes in order to raise awareness of the real benefits of the schemes and strengthen the case for their expansion.
 - 9** Strengthen the links between agri-environment schemes and other mechanisms, including regulation and cross compliance. Agri-environment schemes should stand on a foundation of environmental regulation and 'good farming practice' that protects the countryside against pollution and the destruction of valuable or irreplaceable environmental features and assets.
 - 10** Continue to press for further reform of the CAP, ending farm subsidies that cause environmental damage and increasing resources available for rural development.

Background to the Review

The Government has announced its intention to carry out a review of English agri-environment schemes in 2001-2002. In preparation for that review, Wildlife and Countryside Link (Link), with the support of English Nature, the Environment Agency and the Countryside Agency, initiated its own review to take stock of schemes and set out a vision for their future development. The findings from the Link review will feed into the Department of the Environment, Food and Rural Affairs (DEFRA) exercise and into longer-term policy development in this field.

Link ran a series of four workshops, three regional and one national, in England in the first half of 2001, involving a wide range of environmental NGOs, government agencies and farming and landowning interests. The workshops discussed the performance of current agri-environment schemes and sought to construct a vision for the future of these kinds of scheme, in England. A report was prepared from each workshop (see Appendix 1 – 4), and the regional workshop reports were made available in advance to all participants at the national workshop.

The regional workshops were focused around three broad farming types – arable systems, upland systems and lowland pastoral systems. Each followed a common format, with four group discussion sessions considering:

1. assets and issues in relation to the farmed environment;
2. participants' vision(s) for an enhanced, farm environment in arable/upland/lowland pastoral areas and their main priorities for action to achieve this vision;
3. how current schemes are working – looking at how well they deliver environmental benefits, whether payments/other financial aspects are appropriate, how well the delivery systems operate, and whether they face conflicts or opportunities in relation to other policy or external factors; and
4. what message we should give Government about what change is needed now, to develop schemes appropriately for the future.

A final sum-up/plenary discussion picked up key points from each session and developed further some critical issues that had emerged during the discussions.

The national workshop took a series of central issues that had emerged from the regional workshops and developed them further, through two working group sessions. The first half of the day was devoted to the discussion of scheme-specific or more detailed issues, while the second half covered more strategic questions including the national policy framework and the relationship between schemes and other agricultural and environmental policies. Again, the event closed with a final plenary discussion of some key common themes and concerns.

The series of workshops was well attended by a wide range of farming and environmental interests¹, and the tenor of the meetings was generally both positive and constructive. As a result, the review represents a considerable body of knowledge and informed opinion from which we can draw some important conclusions.

¹ Due to foot and mouth disease restrictions, the lowland pastoral workshop took place without any working farmers. However, farmers were able to attend the upland, arable and national workshops.

Key Findings

After over 20 years of development, agri-environment schemes in England have come of age as a potentially valuable tool for environmental benefit. They are now recognised by farming and environmental interests as an important part of the future policy framework for farming and the rural economy. In environmental terms they have already made an important contribution to the protection and rehabilitation of priority habitats and valued landscapes around the country. They can help to reward positive environmental management and should provide a useful potential source of income and interest for an increasing share of the farming and rural community.

But the current schemes are still relatively small in comparison with the range of environmental opportunities and issues to be addressed. The regional workshops highlighted continuing concerns in relation to farming change and its environmental impacts in upland, arable and lowland pastoral areas. These include neglect of features, loss of skills and labour for sensitive management, damage to water quality from soil erosion and high use of inputs, inappropriate levels of grazing in different situations, and the continuing vulnerability of our unique heritage. At the same time, each workshop identified the significant and distinctive environmental and economic assets of different areas, and it was recognised that schemes could do more to enhance these assets as well as to address pressing environmental concerns.

At present scheme agreements involve fewer than ten per cent of all farm holdings and cover a similarly small proportion of rural land. Despite increasing popularity among land managers, the benefits that the schemes are able to deliver are significantly restricted by their limited resources. This review has highlighted how a much greater level of farmer participation could achieve a significant and substantial increase in the range, scale and depth of environmental benefits that they deliver. In return, the schemes could become a more important source of income to farmers, in producing these benefits for society at large. There is a need now to move from a position where agri-environment is a minority feature in the countryside and to secure a much higher level of participation, gradually involving the majority of farms.

Limits on current scheme performance are not all simply a result of their limited financial resources. Schemes also under-perform because of the particular ways in which they are designed, promoted and delivered. Link has identified and highlighted some important changes that could address these limitations. In overview, there is an emerging consensus that future improvement requires less work determining detailed scheme prescriptions at national level. Rather, there should be more focus on how the schemes are promoted, co-ordinated and developed. This implies an increasing commitment to regional and local partnerships and flexibility in delivery, to enable the scheme(s) to meet environmental needs and opportunities more effectively.

In the wider policy context there is a clear desire to shift the emphasis of agricultural policy support from production (first pillar of the CAP) into environment and rural development (second pillar). It is essential to address the conflicts that currently exist between commodity supports and agri-environmental scheme goals, removing the incentives for farmers to produce in ways that can damage environmental assets. Stronger links are also needed between these schemes and the other 'rural development' measures of the second pillar, and a coherent strategy put in place to clarify the role of schemes alongside environmental regulation and cross-compliance.

The Government should use its forthcoming review of agri-environment schemes to enable them to play a significant and increasingly substantial role in the process of CAP reform and the development of the 'second pillar'. In turn, the time is now right to demonstrate, both to farmers and to the wider public, how these schemes can help to offer a more sustainable form of future support to the countryside.

A Ten-point Agenda for Action: A Vision for Agri-environment Schemes in England

1 The shared vision for the future generated through this review is for a much larger, unified scheme which involves the vast majority of farms in England and delivers a broad range of environmental benefits across the country.

This scheme would take a whole farm/holding approach to all applicants and offer a basic tier of payment, wherever appropriate, to reflect the adoption of generally beneficial environmental management practices across the whole farm. The budget for such a scheme would need to be significantly larger than the current funds available to existing schemes.

Some other EU countries have schemes which involve over 90% of farms. Many people would like to see similar uptake in England. It is felt that many potential environmental benefits can only be fully realised when the schemes attain a scale which can affect whole landscapes, so that the management efforts of each single agreement are not made in isolation. A step-change in uptake would increase the scope for benefiting biodiversity, landscape, water quality and the historic fabric of the countryside. It would also represent a means of engaging the majority of the farming community in a positive way, helping to deliver a better environment for the wider public.

One of the strongest criticisms of Countryside Stewardship is that because it pays only for specific management change, it tends to reward the creation of new environmental value over the management of existing value. Environmental and farming interests agree that there is now an overwhelming case for enabling schemes to reward existing good environmental management practice, particularly as future farm support moves away from production and towards environment, and in the face of many pressures on farms to neglect or abandon existing good management. But at the same time, it is very important to retain the ability of a future scheme to target more exacting management where this is critical for environmental protection and enhancement.

Thus, the preferred model for achieving the best balance between a basic tier and higher tiers would be similar to that used in the pilot Tir Cymen scheme in Wales from 1993-98 and also in some existing ESAs. In these schemes, the base tier payment for more sensitive management on all land is only made available where the applicant also agrees to put certain more valuable or vulnerable land into appropriate higher management tiers, which attract a higher payment rate. This avoids the risk that a base payment becomes an invitation to farmers to deliver 'only the minimum' and not to pursue enhanced management where this would be beneficial. Offering a whole-farm package such as this could significantly increase the scheme's ability to achieve significant benefits over a wider area, in relation to the relatively 'fixed overhead' cost of negotiating and planning

each agreement.

But unlike current schemes, the 'broad and shallow' approach in the national scheme would need to recognise and reward the real net management costs associated with the beneficial management of existing areas and features of value, as well as the general benefits of certain farming systems, where necessary (e.g. organic). Thus sensitive hedgerow management, for example, would be recognised and rewarded in proportion to the costs involved, rather than as an unpaid condition of schemes, thereby relieving the disproportionate burden on those who have retained hedges in the past. While regulations can require the retention of features, they cannot guarantee appropriate, positive management, particularly when farm incomes are under pressure.

The resource implications of such a change are significant, and are currently being worked on by a range of partners. Early findings suggest that it may take some years before such a scheme could be fully 'rolled out' across England.

In the immediate future, government needs to take five important steps to build this national scheme.

- **Combine Countryside Stewardship, Environmentally Sensitive Areas (ESAs) and the Farm Woodland Premium Scheme (FWPS) into a single national framework**, so that farmers throughout England only have to apply to one scheme through a common application and assessment process. There is strong support for this model from all sectors in the debate, but it must be achieved in conjunction with the next action point.
- **Allow for much greater local variation within the single framework**, building on the ESA concept of designing appropriate tiers and options suited to each local landscape character/natural area. Prescriptions and payment rates might be based upon the current Countryside Stewardship national list, but with the ability for additions or modifications at a local level, agreed in consultation with local environmental and farming knowledge. This is an essential step in improving scheme benefits because it would allow targets, measures and payments to reflect local needs and opportunities. For example, schemes would be able to target management for locally important Biodiversity Action Plan species or historic features and reach valuable areas where farms cannot currently afford to join schemes because the fixed payment rates do not adequately reflect local costs.
- **Broaden the current environmental focus of schemes** to embrace clear opportunities that current schemes miss. These include targeting key local biodiversity needs (particularly those in Biodiversity Action Plans); dealing more effectively with the protection and sensitive management of archaeology and historic features; and complementing resource protection (water, soil and air quality) where this goes beyond the basic requirements of good farming practice. Building these points into schemes will enhance the current objectives for landscape, wildlife and amenity, which

must remain equally important. Broader targets need to be identified at local level – ideally within a character/natural area framework – through a strategic assessment of environmental opportunities and needs, involving the full range of environmental interests as well as farming and landowning expertise and local advisory networks. The same process should also consider appropriate targets for the Woodland Grant Scheme, so that there is greater co-ordination of effort and common understanding between agri-environment and woodland scheme administrators.

- **Expand application of the ‘broad and shallow’ approach within the national scheme framework, based upon the twin concepts of rewarding the management of existing environmental value on each farm, and encouraging an enhanced standard of environmental management across its whole area.** Link suggests that this element should initially be made available to all farms in the uplands as well as targeted to a greater number of lowland areas than are covered by whole farm ESAs at present. Lowland pilots, which should cover whole landscape areas, might focus on areas: where economic factors are placing farmers under increased pressure to intensify or to cut management costs; where environmental assets are at risk; or where the need to emphasise ‘multifunctionality’ as a future strategy for the area is greatest. The regional workshops suggest that both lowland pastoral and arable farming areas should be included. Arable areas have been relatively neglected by current schemes, despite having key environmental assets (e.g. soils and archaeology), offering significant biodiversity opportunities (e.g. habitat creation for invertebrates, birds and arable weeds) and providing wider benefits for environmental sustainability (e.g. erosion control, providing alternative fuels and reducing input use).
- **Significantly increase the budget available to agri-environment schemes through UK funding and further CAP reform.**

Building the framework and substance for an all-England scheme will be a critical task. But other, equally important changes are also needed, if England’s agri-environment resources are to realise their full potential. These are set out below.

2 Reform payment rate calculations to ensure that payments reflect the true costs of management and planning, as well as covering income forgone and providing an additional incentive where necessary.

The value of the environmental services delivered by agreements is independent of farming profits, but the current system fails to recognise this sufficiently because ‘profit forgone’ represents such a significant proportion of the payments. Also, many capital payments in the existing schemes are too low to enable each agreement to realise its environmental potential because they don’t reflect the true costs of the work involved, in each local area. Payments should also recognise that for each agreement, the applicant will incur costs throughout the lifetime of the agreement, planning, monitoring and delivering environmental outputs, as well as dealing with paperwork and securing appropriate

advice or training. These costs can prove an obstacle to effective scheme performance and discourage farmers from seeking enhanced benefits, where opportunities arise. Farmers' enthusiasm for the schemes' environmental goals will be strengthened if they feel they will be rewarded for extra effort put into sound planning and management.

3 Place new emphasis upon achieving area-wide benefits, at a landscape scale.

There is a need to move beyond the 'single holding' focus for scheme agreements and find new ways to encourage multiple applications from neighbouring farms, or those with linked environmental assets. This could entail more active promotional work by Government and partners in particular areas or initiatives, or new incentives such as bonus payments for 'joined-up' or collective applications. If more significant blocks of land within a local area can be encouraged to adopt environmental management, the environmental benefits can be broader (e.g. addressing whole river catchment issues), more profound (e.g. supporting the entire local population of certain important species), and more coherent (e.g. maintaining the historic character and local distinctiveness of areas). Some ESAs and local 'special projects' under Countryside Stewardship have promoted this concept already, but the approach needs to be developed more widely.

4 Improve the delivery of schemes and their benefits through stronger shared ownership between community, environmental and farming partners, allowing more flexibility for schemes to address local conditions.

This means building strong local networks of environmental and farming partners, to help inform the way that schemes are developed and targets identified and pursued, and to become involved in monitoring and improving scheme performance.

Experience from some ESAs and Countryside Stewardship special projects demonstrates that farmers can contribute considerable knowledge of the best ways to manage their own land, whilst environmental experts can help identify exactly what outcomes should be possible, given local conditions and assets. Also, local historical, archaeological, wildlife and countryside groups can provide strong links to the local community. Strong partnerships will develop trust between farmers, partners and scheme funders which should gradually enable agreements to place more emphasis upon end results, allowing more flexibility for farms to adjust day-to-day management to respond to local conditions. Devoting time and effort to build these partnerships will demand increased administrative resources in the short term, but it represents a critical investment which should reap greater benefits and some potentially significant savings, in the longer term, through improved co-ordination of efforts and enhanced efficiency in delivery.

Shared ownership and quality delivery are a major concern to all those who have a stake in the outcome of agri-environmental schemes and yet they are perhaps the most frequently cited failings of the existing schemes. Many organisations and individuals currently play a role in

promoting, explaining, overseeing, advising on or collecting data in relation to the schemes. But their efforts are not often well co-ordinated and there is widespread suspicion that this leads to inefficiency and duplication of effort.

Public and private interests need to work much more closely and co-operatively at local level, and to adopt co-ordinated advisory and facilitation approaches to promote and explain schemes: with 'first-stop shop' generalist advice providers, linked to more specialist support where necessary. Good examples of locally integrated, partnership working exist in many areas:

- The Suffolk Coasts and Heaths – a joint agency initiative;
- the DEFRA upland pilots in Bodmin and Bowland;
- several of the National Parks, led by Park Authority staff and partners;
- some national agency initiatives such as in the High Weald Land Management Initiative led by the Countryside Agency.

The co-ordinated and accessible ways of working developed in these projects should be built into the delivery systems for future agri-environment schemes throughout England.

5 Make the most of the experience, enthusiasm and capacity for innovation shown by farmers who are already involved in schemes.

As the current schemes have grown and developed, more and more farmers have become involved in helping to deliver their objectives. These people, particularly those who have now held agreements for five years or more, represent an important reservoir of knowledge and experience about how to manage land for a variety of environmental benefits, and how to make it work for the farm business. Many of these farmers remain enthusiastic about the aims of the schemes and committed to their survival and expansion.

An increased emphasis upon defining scheme outputs rather than management prescriptions, providing 'tools not rules', as described earlier, can help to foster innovation and develop new methods of land and feature management among different agreement holders. In addition, providing ways to involve farmers in monitoring and recording scheme progress can also bring benefits as agreements develop and are reviewed. Finally, experienced agri-environment scheme farmers could play a valuable role in encouraging others into schemes and helping them achieve environmental goals once they have joined. In the agency/NGO Grazing Animals Project, for example, a farmer from Cumbria is paid by the project to promote conservation grazing both on and off farm, linking conservation sites with farm businesses to deliver economic and environmental sustainability. Agri-environment schemes need to devise appropriate mechanisms and incentives to encourage and recognise these kinds of farmer involvement in future.

6 Ensure integrated, high quality advice and support that works with the business needs as well as the environmental potential of each applicant or agreement holder.

This should include high quality advice and information from scheme administrators and project officers, as well as appropriate support and assistance from local partners.

Farmers and local environmental experts agree that the quality of advice, support and administrative efficiency in the current schemes, particularly Countryside Stewardship, is lower than needed if the public is to get the best environmental outcomes in return for the money devoted to the schemes. The need for good quality support and efficient administration will grow as scheme uptake increases, particularly as they begin to move beyond the 'early adopters' and attract a broader cross-section of the farming industry. Good quality advice is not simply an 'administrative overhead' – it is an essential part of ensuring the environmental output of schemes.

Good quality advice and support serves two purposes: firstly, to ensure that schemes do not fail to achieve their environmental potential due to inadequate skills and knowledge in devising and delivering against agreements; and secondly, to encourage land managers to see their agreements as a legitimate and core part of their business operations. In addressing the first aim, there needs to be a deliberate policy of achieving a good balance of multidisciplinary expertise in the deployment and training of advisers and project officers, and in their functioning as multi-disciplinary teams. In pursuit of the second aim, it should increasingly be 'the norm' for applicants to join a scheme as part of an integrated business and environment plan for their holding, and for progress within the scheme to be reviewed in both environmental and economic terms alongside regular business reviews. This will require joined-up advisory services to be provided at local level through strong public-private partnerships, using available expertise in all the relevant disciplines. Different advice providers, as well as farmers and other agreement holders, may well have training needs which should be addressed as part of this process (see the next point).

7 Strengthen local rural development links.

Recognising the need for environmental management to be compatible with thriving businesses, schemes should identify and foster opportunities for local market links between agri-environment scheme holders and food, wood product, tourism or craft retail enterprises.

This issue has been highlighted in the regional workshops, during this time of particular crisis for many farming communities. It is vitally important to integrate agri-environment processes much more closely at local level with other schemes under the England Rural Development Programme (ERDP), as well as Regional Development Agency and other local government or agency schemes and initiatives. Support for environmental management has a part to play in helping farmers build a more diverse and more sustainable future for their businesses. The socio-economic benefits of schemes can be important for local economies and

communities. But these can only be realised effectively if linked to appropriate training, added-value, marketing and/or diversification initiatives. Government should build on the many existing examples of good practice in joined-up planning and delivery (as mentioned above), to ensure that they can survive and to encourage other areas to follow suit in making these options more readily accessible. In addition, it should prepare and implement an action plan for enhanced integration of the various rural development funding streams in England.

8 Develop a national strategy to promote agri-environment schemes in order to raise awareness of the real benefits of the schemes and strengthen the case for their expansion.

Agri-environment schemes are public funded, and yet public awareness about them and their potential to deliver real benefits is very low. They also have a low profile among those mainly non-agricultural policy makers who make high-level decisions about the best use of public funds.

Environmental and farming interests believe that the public would appreciate the results of schemes and would generally support the case for their expansion. Greater public awareness of agri-environment schemes and their goals would also help to promote a more positive public image of farming as a whole. It would demonstrate how many farmers are keen to contribute towards protecting the countryside and thereby help to meet the government's broader objectives for agriculture. In time, as more people became aware of what schemes were doing in their own local area and were able to benefit from the environmental and amenity services provided, farmers' role as custodians of the countryside would be re-affirmed. Schemes also provide wider quality of life benefits and underpin the contribution of tourism and leisure to the rural and national economy.

There are many opportunities now available to government to promote and publicise these schemes more widely. Enhanced use of IT facilities, as well as closer working with other partners at local and regional level, will offer more scope for developing promotional and public information initiatives and facilities. These deserve more serious consideration and investment than they have received from those responsible for the schemes to date. In addition, the existing access element in schemes, including the special 'educational access' option under Countryside Stewardship, could be developed with the specific purpose of helping to raise public awareness as well as enhancing public enjoyment of the countryside.

9 Strengthen the links between agri-environment schemes and other mechanisms, including regulation and cross compliance.

Agri-environment schemes provide public money to reward farmers for producing environmental goods from which we can all benefit. But they should work alongside a basic standard of 'good farming practice' which protects the countryside against serious pollution and the destruction of valuable environmental features and assets. To help ensure basic standards of responsible environmental practice, effective regulations are needed, and other mechanisms which require farmers to be aware of,

and work with, environmental considerations. Cross-compliance is one potentially powerful way to give a message that certain standard practices are a basic requirement for all farming, and environmental impact assessment can be used to guard against significant damage to precious environmental assets. But government needs to be more explicit in identifying what 'basic standards' for agriculture should be, in relation to different farm types or different geographical locations, so that it can ensure adequate measures, such as these, to promote widespread adherence. This would help to clarify the appropriate focus of agri-environment schemes in delivering goods and services that go beyond the basic standard.

10 Continue to press for further reform of the CAP, ending farm subsidies that cause environmental damage and increasing resources available for rural development.

Agri-environment schemes currently suffer because other parts of the CAP provide incentives for farmers to do precisely the opposite to what they are seeking to do. Where upland landscapes need lower levels and better management of grazing, agri-environment schemes have to compete against headage payments which continue to encourage farms to keep high numbers of sheep. Arable area payments under the CAP effectively subsidise the single greatest source of piecemeal damage to irreplaceable archaeological sites, and encourage cropping on some land which might better be used to extend valued and fragmented habitats like lowland heath, semi-natural woodland or chalk grassland, or to protect buried archaeological features. It is therefore essential that other elements of the CAP should be reformed in order to remove these direct conflicts.

In the short-term, the UK must meet its requirements under the Agenda 2000 agreement in relation to 'ensuring environmental protection' in respect of direct payments (Article 3 of Regulation 1259/1999). This means that it will need to consider how to improve the application of cross-compliance so that these supports do not undermine agri-environment goals. There is a need to reduce and/or remove certain 'first pillar' production support measures altogether and use resources instead to strengthen the second pillar, including agri-environment schemes.

Appendix 1: Arable Systems Workshop, Wimpole Hall, 14 February 2001

Note: These are a simple, typed record of the main sessions on the day, each involving small-group discussions and the use of flipcharts and cards to record information and ideas. The points noted are views expressed, not necessarily tested facts.

Key messages from each session

1. Assets and issues/problems

- Arable areas have significant environmental value already – landscape, historical features, biodiversity, access opportunities, soils, water, air. They also have considerable potential for more assets – e.g. through habitat restoration, extensification, creation of new features. What remains in these areas that is irreplaceable must not be further diminished.
- Current pressures are too great on these farming systems and their assets, e.g. from high input use (fertilisers, chemicals, machinery), economic signals (weak Euro, high input costs, poor marketing), declining farm labour and skills, population growth – development and access. But arable areas are near to people – they deserve more attention from schemes than they have had in the past.

2. Visions for arable systems

- A step change is needed in the cover and approach of environmentally sensitive arable farming – getting all farms involved.
- More engagement with the public, and a more democratic, inclusive process for setting agri-environment agendas, is needed.
- More partnership, with shared goals, learning culture and more local flexibility.
- Real incentives should be paid for real environmental work/value.
- More awareness is needed among farmers of environmental issues and more skills in environmental management techniques.

3. Assessment of current agri-environment schemes

Finance:

- budgets are too small, capital payments too low;

-
- there is a real need to reward existing good practice and we must find an alternative to income forgone as the basis of payment rates;
 - schemes should recognise investment/learning costs to participants;
 - there should be more scope for local co-funding of schemes/scheme goals.

Practice:

- schemes are too prescriptive and have insufficient emphasis upon in-field management;
- there is a lack of sufficient breadth of advice (e.g. re basic resources and archaeology), schemes need to do more to bridge the divide between farmers and experts. There has been a lack of continuity among project officers because they are overworked and underpaid;
- 10 years is probably too long a commitment for scheme agreements.

Social aspects:

- schemes can deliver social benefits as a bonus;
- there is too much public ignorance of what they produce;
- schemes may be too exclusive – only those with time and money can get them.

Environmental:

- schemes only deal with bits of land – they need to link up at landscape scale;
- there is currently no middle-way between highly targeted payment schemes and regulation/Codes of Good Agricultural Practice (CoGAPs) – we need something broad and shallow, an easy way in to environmental management;
- schemes have too segregated an approach to management systems and practice – links are needed between farms and farming systems;
- learning loops are needed to help feed back the lessons of best practice, etc from existing agreements;
- the potential benefits for soil, water, air are incidental – are we missing opportunities?

4. Priority points for AESs in future (not in order of importance)

1. We need a continuing, significant funding increase so that new elements do not compromise existing areas of positive achievement, but add to them.

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2. We need a step change with these schemes in arable areas – go out to get everyone involved, all farms can contribute to the environment and should be encouraged to do so.
 3. Schemes need to value the environmental assets more explicitly – pay more for more valuable assets, rather than income forgone, pay for maintaining good practice/assets, build in an element of performance related pay to schemes.
 4. Keep any scheme simple – but this mustn't mean a narrow straitjacket. Arable areas need a workable, flexible but holistic approach, focussed on outputs, easy entry, with not too much paperwork. A menu approach is good but arable schemes need more broad objectives and targets including non-BAP species, soil, water, air, archaeology.
 5. Devolve scheme objectives, guidance and 'prescription', payments, to a more local level which is more appropriate for seeking scale effects. Involve Regional Planning Groups and farmers and the public in this process, try to achieve better spatial links between agreements and avoid inappropriate local applications (e.g. grass margins where rare arable weeds grow).
 6. *Integration* – there needs to be better integrated thinking between agencies, voluntary sector, government departments and other stakeholders. Integrate schemes' environmental objectives with other RDR objectives, and integrate more with forestry/woodlands. Build schemes into farm business planning frameworks, via audit, farm planning, identifying management needs for farmers, as well as changes in practice.
 7. Identify more scheme outputs that will generate multiple environmental benefits in an *arable* context, e.g. headlands, lapwing plots, beetle banks, set-aside management, whole-field low input practices, rotational fallow, winter cover.
 8. Involve farmers more in scheme design and oversight, give more advice and follow-through/continuity, more learning systems built into schemes, more monitoring 'on the job' by participants, feedback loops for learning lessons and applying them, development of innovation/challenge funding mechanisms to reward innovation.
 9. Build stronger market/consumer links to sustain environmental practices and raise public awareness of schemes and their benefits.

Session 1: assets and problems of arable farming systems

This session aimed to list and group the main problems and assets identified by participants.

Assets

Social/economic:

- tourism/access potential;
- public support for and emotional links to the countryside;
- new markets/opportunitites from globalisation;
- productivity;
- new entrants to land market (non-farming background);
- land managers care for their farms – conservation interest;
- game interest – cover, areas;
- skill and knowledge base – farmers and advisers;
- rural and local employment.

Land-based/fixed assets:

- micro-diversity of horticultural areas;
- traditional and modern buildings, archaeology;
- arable farmland as a habitat in its own right, and with potential, primary habitat for open landscape fauna and arable plants, crop variety/diversity, including non-food crops;
- marginal areas are an asset – with potential for semi-natural reversion, remnant pockets of species, small woodlands (uneconomic to remove);
- air, soils and water resource, carbon sequestration, water harvesting;
- potential to restore arable in all-grass areas;
- beautiful places, special and distinctive landscapes e.g. fens, patchwork landscapes, dykes/ditches, hedgerows, other remaining landscape features.

Techniques:

- GM crops potential;
- water management;
- environmental auditing (eg LEAF, EMMA);
- managed countryside;

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- increased organic systems;
 - quality assurance schemes;
 - integrated crop management;
 - multifunctionality.

Policy:

- well-managed set-aside;
- no incentive to increase arable area;
- increasing agri-environment funds.

Problems

Farming systems:

- intensive farming, simplification of systems, loss of mixed farming;
- restructuring, increased contract farming (loss of interest in land);
- 'cleaner' crops – less weedy;
- declining profitability, declining incomes – lack of security, reduced investment;
- constraints to diversification – lack of livestock, direct marketing difficult (e.g. beet, cereals);
- difficulty of stockless organic systems;
- rotations declining – lack of spring crops, increased autumn crops.

Loss of diversity:

- cropped area is currently a poor habitat, fragmentation of other (non-crop) habitats;
- declining biodiversity, farmland birds, species decline, degraded habitat, habitat loss, insufficient uncropped areas, poorly managed;
- uniformity;
- damage to archaeology/history;
- loss of landscape, history diversity, poor field boundary management.

Basic resources/input damage, climate change:

- decline in quality and availability of water;

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- diffuse pollution from pesticides, phosphate, nitrate, soil erosion and manure;
 - soil compaction, erosion, loss of organic matter;
 - increased/high fossil fuel use;
 - climate change – wetter winters and drier summers, soil damage, other effects;
 - large scale pollution – e.g. outdoor pigs, new enterprises;
 - high fertiliser and pesticide use.

Market signals:

- undue big-business influence;
- demand for cheap food;
- increased supermarket pressure;
- striving for money;
- conflicting pressures;
- missed opportunity of assurance schemes.

Access and development pressures:

- access pressure on uncultivated land;
- inappropriate conversion of traditional barns;
- cars on rural roads;
- urban development pressures.

Social capital:

- lack of environmental education (farmers and lay people);
- lack of young entrants/farmers/advisers/farm workers;
- loss of rural/local infrastructure and economies;
- declining pool of skills and knowledge – fewer people involved;
- loss of labour;
- fragmentation of people (social isolation).

Perceptions/awareness:

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- divide between residents and land users;
 - fear of weeds, ignorance of wildlife/sustainable farming among farmers;
 - conflicting values;
 - negative public perception of conventional farming;
 - lack of recognition that policy is the problem, not farmers.

Central policy issues:

- lack of integration in MAFF/government;
- regulation hinders innovation;
- lack of funds for environmental work, no proper reward for public services – no market or recognition, net cost to farmer in agri-environment schemes, funding does not match demand from land managers;
- lack of basic info on biodiversity/ measuring what is important;
- no coherent voice and policy;
- not complying with CoGAPs, no link of Codes to payments;
- EU hygiene regulations – e.g. no spilt grain.

Session 2: visions for arable systems

Participants were asked to set out what their vision for arable systems was, in twenty years time: what would it be like? What would they see/hear/ smell/ experience differently to now?

Farming:

- sustainable production, all farmers using IFM, more farmers using min-till, high standards of farm and environment management (cropped and uncropped land), extensive systems – less waste, less pollution, more arable plants and invertebrates;
- more mixed farming and greater diversity of crops and animals, more livestock, 10-20% organic farmed;
- less economic risk, fair return to farmer;
- farm buildings – productive and sensible uses, better designed agricultural buildings;
- less pollution – reduced fuel consumption, energy efficient farming;

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- greater use of crops for other conservation – e.g. thatching.

Environment:

- diverse, distinct landscapes, reinforce distinctive and local characteristics e.g. fens vs claylands, open landscapes where appropriate. Babbling brooks, woolly hedges, cowpats not fertilisers, colourful fields and patchworks, obvious seasons;
- diverse wildlife, more wildlife, common and rare, birds, corncrakes, kites, bird song, sparrowhawks without worry. Plant diversity on land and in streams, standing seed heads, woods, hedgerows and margins/buffers, more diversity of habitats, more butterflies/arable broadleaved weeds, more farmland biodiversity, healthy farmland ecosystems in cropped areas (e.g. more birds) and uncropped areas (increase cover), habitat creation;
- clean rivers, healthy fisheries, better water quality, longer streams, more otters;
- no barbed wire, smaller fields;
- smell of bean fields in flower, ripe cereals, healthy crops, smell more manure on arable land;
- archaeological sites being used to deliver other environmental benefits, and visible;
- reduce the externalities – pollution, using technology, sustainable resource use – reduced soil erosion;
- baseline of environmental standards;
- managed features – more field boundaries more hedgerows, more hedgerow trees and woodland, green lanes and cycle routes;
- farm buildings used, spilt grain, sparrows, stock straw;
- more crop diversity – more crops, weeds, clover and sanfoin.

Socio-economic:

- more people in farming – retain skills, stewardship of countryside, viable rural communities;
- greater countryside appreciation and understanding by public, issue on curricula e.g. citizenship – seeing more children in countryside;
- more and enhanced public access, walking, clear/clean paths, people enjoying appropriate access;
- no traffic, better transport – more green, peace and tranquility, less light pollution;

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- fewer suicides, happier farmers, greater fulfillment/hope – higher quality of life, reduced stress in farmers and others;
 - more people on farms – working in groups to solve problems;
 - more understanding of cultural landscapes;
 - restoring a knowledge of land/a link to land/feel for soil, etc;
 - better food quality – people understand link to sustainable farming, more local marketing/locally sourced food, more farmers co-ops, greater sale of quality local foods;
 - more farmers and people in countryside – schools, pubs, shops.

Policy/political process:

- support farming goods, penalise bads, maximise environmental, social and farming potential, less production linked subsidy, more money for agri-environment;
- more integrated views and policy awareness – government, community, voluntary and farmers, more joined up thought re environmental benefits, work to develop common goals between farmers, environmental groups, public;
- get the system/process in place to deliver goals, turn the vision into political action;
- give farmers recognition for what they do well;
- involve the public more in informed debate;
- increase and improve arable stewardship;
- more local delivery of schemes;
- better farmer education.

Session 3: issues for current agri-environmental schemes in arable areas

Participants were asked to comment, in groups, on five main categories of issue, in relation to the general issue of 'How well are the current schemes working?'

Financial issues

- *Scale of resources* – there is a significant need to increase access to resources for all farmers. The size of overall pot is too small – not big enough to meet demand from farmers/public, especially for arable/dairy farms and the east of England. More money is needed

for this – EU money, with CAP reform and degressivity, local co-funding, modulation and matched treasury co-funding (spread this pattern to all EU).

- *Basis of payment* – there is a fundamental problem that we are compensating for profits forgone rather than paying positively for environmental goods. The value of the environmental service provided is independent of farming profits, but the current system fails to recognise this (e.g. arable field margin payments recently reduced under CS). Payments should be based on environmental outputs.
- *'Hidden costs'* – schemes are so complex and time consuming that the 'joining fee' is too high, as well as the first year start-up work/initial financial load. It puts many off, leading to a form of 'social exclusion' of smaller/poorer farmers. It costs a lot to secure successful applications (more an issue for CS/OFS than ESAs), and there is no reimbursement of agents' fees for unsuccessful applicants.
- *Unfairness* – failure to reward existing good practice – tendency to reward re-creation more than protection and maintenance of what's already there and good.
- *Payment rates* – CS/OFS incentives are fixed nationally, thus fail to take account of regional economics of farming. Many incentives are not high enough – annual payments cover income forgone but not the 'hassle factor' of time invested. Capital payments are way too low, leading to a large net cost. The time lag between assessment of work done and final payment, also costs money. There are disparities between payment levels in ESAs and CS.

Practical issues

- *Support* – lack of continuity of project officers, lack of ongoing project support. Needs a one stop shop focused on users needs and not MAFF's needs. More staff on ground needed. Farmers face dilemmas in how to use manpower, and fear lots of work to prepare an application, then rejection.
- *Rigidity of design* – inflexibility of scheme and prescriptions, perhaps ten years is too long for agreements? (Not all agreed with this). Flexibility – schemes aren't sufficiently responsive to feedback on what's happening to the land under agreement. Prescriptions need to be more flexible to accommodate experience (if not working), precise biological objectives, geographical differences (e.g. heavy/light soil), esp CS. Not enough flexibility in prescriptions, derogation problems. No incentive for management innovation – too much reliance on prescriptions rather than setting goals and requiring farmers to find the best way of delivering them. Local design of schemes to deliver local priorities could be more innovative and meet local biodiversity needs e.g. for rare arable plants on isolated sites. Need to respond to local needs – MAFF is not the expert.

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- *Administration* – favours larger holdings, bureaucracy of schemes – awful maps, busy time of year for deadlines, needs more simplicity of rules, efficiency of delivery. Need MAFF changes in attitude at regional level – greater partnership.
 - *Land management* – needs to ensure native provenance of grassland, hedgerow and woodland species, needs better management plans for implementation and compliance. Unrealistic cross-compliance requirements are a disincentive to participate. Needs more attention to in-field management rather than margins or non-cropped habitat: it may not cost so much (e.g. as arable CS). Doesn't acknowledge existing good practice/organic systems. ESAs/CS sometimes make inappropriate application of options e.g. arable to grassland. Must have good existing biological information on which to base agreements – further survey is needed, and better use of existing survey data (eg from BAPs/National Biodiversity Network).

Social issues

- The schemes are not intended to bring social benefits, environmental objectives are a priority, social benefits are a bonus. There is an incidental delivery of jobs, increased honeypot access is created.
- The schemes can help retain and increase the management skills base, and increase environmental awareness, as well as contribute to increased quality of life. This potential needs developing apace.
- Social exclusion of some farmers is an issue with respect to the accessibility of schemes.
- It can be difficult finding and training people who want to do the practical maintenance work (e.g. hedge-laying, walling, scrub clearance). Agricultural colleges are aimed at farm managers and farming theory, not targeting the practical level of farm work. Need to change the perception and status of this work from 'peasant labour'.
- Schemes should promote better learning through monitoring, monitoring attitudes as well as biodiversity – public and farmers.
- There is widespread public lack of awareness of benefits – what, where, value, etc.
- To promote more farmer responsibility schemes should be more tailored to individual farms.
- Auditing needs to be a positive tool for farmers.
- There is a lack of farmer understanding of some environmental management issues – farmers need to recognise when they need specialist advice.

Policy issues and conflicts

- At European level there is a conflict between production support and environmental support, objectives and funding conflict. Inappropriate balance between subsidies and agri-environment funds, at present. AAPS freezes cropland – conflicts with agri-environment objectives.
- At local level there can be confusion over: who funds what? – e.g. CS/ESA overlap, NNRs, etc.
- Better evidence of the environmental benefits of schemes is needed. Currently there is too much focus on measuring process and prescription, rather than outputs. Also, there is far too little assessment of scheme benefits and failures, so it is difficult to learn from mistakes and successes and to improve schemes.
- Any soil/water/air benefits are generated by default, not design.
- EU auditing discourages flexibility, innovation, risk-taking, integration of schemes e.g. environment/AAPS, joined up thinking.
- More scope for schemes to learn from other countries – Landcare and CTEs.
- Better management standards are needed in the Organic Farming Scheme.

Gaps in schemes

- *Content* – need more for in-field crop management, and more focus on woodland management. Lack of support for maintenance of already good features e.g. field margins – good farmers are penalised or under-rewarded.
- *Links/integration* – more link to markets – ideally local, linked to scale, CS/ESA logos? Need more linking across schemes - better integration eg with forestry, between mechanisms and organisations (EA/MAFF).
- *Coverage* – need to roll out arable stewardship concept to whole country. Need for a basic scheme, widely applicable – get 10% management on 90% of land (at present 90% on 10%). There is a sheer lack of penetration – too few farmers involved: 11% holdings, 9% land. Schemes are too exclusive, take up is restricted to more committed owners. No middle tier scheme between basic codes and special AESs. We need a broader shallow scheme to reach more farmers.
- *Local conditions* – national prescriptions are too ‘hit and miss’ – regional problem/legacy of centralised decision making – lack of distinctiveness.

Session 4: aspirations for future agri-environment policy

Participant groups were asked to set out main aspirations for future schemes, including priorities for action to achieve these aspirations.

Wider policy – significant CAP reform is needed to move production support to agri-environment. The CAP should pay for environmental features on farmland, not commodities. It should also pay a real incentive to provide, rather than compensation for income forgone. Agri-environment schemes should be built on top of a stronger baseline of farming standards – e.g. using regulations, CoGAPs, cross-compliance. Schemes need more global savvy and political clout from the farm to the WTO.

Coverage – schemes need more opportunity to affect bigger areas – more funding, more mechanisms to encourage wide take-up. Schemes should be available to all farmers and land managers. Schemes should reward the maintenance of existing features. Farmers should be paid for the features they have, supporting and rewarding existing good environmental practice. Schemes should incorporate more cross-compliance e.g. compulsory training and a requirement to avoid pollution.

Accessibility – schemes should include more investment in education, involve more farmer consultation, be supported by good and continuing advice to farmers throughout life of agreements (e.g. possibly through agronomists, etc). Advisory support needs to be either better provided by the public sector or farmers need more help with the costs of employing private advice. They need bureaucratic simplicity, simpler entrance – shorter, small scale application processes, front loaded payments to help longer-term schemes (hassle factor), and be cheaper to administer. They must remain voluntary and should be made breakable at five years.

Regional tailoring – incentives should be more focused on local character with a regional approach to setting objectives/guidelines/payments. They should be flexible to meet local objectives for the environment and farmers, ensuring appropriate management – ensure that particular species and features do not slip through the net. Outcomes are critical: how outcomes are achieved must be flexible enough to meet local needs. Scheme goals should reflect local environmental and agricultural problems and assets, at landscape scale.

Output-focused – schemes should set clear objectives rather than prescriptions, with payments focused on environmental results. There should be better targeting of biodiversity in payments, but available everywhere. They should encourage management innovation e.g. through bonus payments – 10% of the scheme budget could be reserved for innovative or experimental approaches. They could have new approaches to payments e.g. requiring a minimum area in semi-natural habitat. Staff involved in scheme delivery should be given the time and space to ‘think new’ about improved ways to deliver scheme goals.

Holistic – contain all agri-environment aid within a single scheme, including organic farming. Have a menu based scheme which should be more holistic, supporting a) basic environmental management, b) special sites c) restoration and creation. Distinguish between the need to conserve fixed, non-renewable resources and opportunity to recreate/regenerate those lost or in decline. Include goals for water, soils, air as well as landscape, history, biodiversity and public enjoyment. There should be a whole farm approach in all schemes, and even a whole-area approach where possible. All farmers should be paid for a whole farm audit and action plan (could be based upon a modified IACS form). Plans should be integrated with farm business planning so that management solutions embrace more options than simply agri-environment payments.

New focus on in-field management – make provision for new arable management options: conservation headlands, whole field input restrictions, wild bird cover, winter stubble, fallow, lapwing/plant plots, reduced input schemes – having first identified archaeological sites. Schemes should make set aside achieve environmental benefits.

Payment rates – must be increased for capital works.

Integration – there needs to be better integrated thinking between agencies, voluntary sector, government departments and other stakeholders. Integrate schemes' environmental objectives with other RDR objectives, e.g. offer training for farmers in opportunities for business development (how to make money out of the environment). Link schemes to farm product marketing initiatives. Integrate agri-environment scheme agreements with other land management initiatives e.g. across-farm links (upland-lowland, river catchments, woodland grants). Maximise the social benefits of schemes – for employment creation, skills retention, wider community benefits.

Awareness – scheme aims and performance need to be promoted much more effectively to the general public.

Monitoring – ensure adequate monitoring in terms of environmental results e.g. on biodiversity, rather than on compliance alone. Build farmers more into the process of monitoring, feedback and scheme improvement – existing agreement holders represent a huge learning resource that should be tapped into more effectively.

Appendix 2: Upland Farming Systems Workshop, Malham Tarn Field Study Centre, 21 February 2001

Note: These are a simple, typed record of the main sessions on the day, each involving small-group discussions and the use of flipcharts and cards to record information and ideas.

Session 1: assets and problems of upland farming systems

This session aimed to list and group the main problems and assets identified by participants.

Assets

Farming:

- historic context of farming, distinctive upland breeds, sheep;
- farmers with deep amount of experience in land management, knowledgeable workforce, community with skills;
- silage (for animal health & income);
- use and re-use of existing buildings.

Opportunities:

- niche food production, desire to create new markets (unique selling points);
- opportunities for diversification – huge unexploited potential – making more of environmental assets;
- resource for education/learning;
- developing consensus that change is needed – it is growing; economic downturn has created new means for survival;
- inward investment (to upland areas);
- fisheries;
- economic value of land;

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- food production resource.

Tourism:

- boost to economy;
- free amenity;
- visitor income for the community;
- national park.

Landscape/wildlife:

- semi-natural habitat – moorland, wetlands, managed habitats, specific unique habitats;
- birds, mammals, wildlife, woodlands, flower-rich hay meadows;
- scale of habitats and their potential;
- existing landscape value – beautiful landscape, strong traditional environment;
- caves and limestone features, rivers and ghylls, dry stone walls, hedgelines.

(Ecological) interconnectedness:

- extensive management;
- floodplains.

Heritage:

- holistic, cultural and historical landscape (grounding);
- unique and visible archaeology ('dead') – Roman, etc;
- traditional buildings.

Community:

- tightly knit villages, unique historic environment (still living!);
- strong community identity, local (sub-regional) identity.

Quality of life:

- we value clean water, clean air;
- peace and tranquillity, isolation – ability to be out of bustle;
- wide-open spaces in a crowded, managed, island;

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- lovely walking country.

Problems

Land management:

- the unique heritage is highly vulnerable;
- too much grazing and need for better management in woodlands;
- moorland drainage – peat erosion, run-off;
- undergrazing and under-management of Moorland (North York Moors);
- high numbers of animals elsewhere – overgrazing (Yorkshire Dales, Peak, Long Mynd);
- poor commons management;
- management for ‘Clean Water’ imposes restrictions;
- riverbank erosion – stock/high run off;
- high cost of looking after the landscape, in time and money, lack of resources for maintenance, maintaining the walls, habitats require looking after;
- weed increase (thistles, rushes).

Biodiversity:

- production-led farming can compromise these assets (easily?);
- loss of livestock diversity and traditional breeds;
- switch to silage (loss of biodiversity);
- agricultural changes have diminished unique habitats;
- increasing input use;
- rabbits and crows threaten biodiversity;
- plantation woodlands – conifers.

Limits on farming/communities:

- landscapes difficult to farm, limited viability – few farming options, historic farming types;
- fossilisation of built environment;
- weather problems – stock suffer, climate change effects;

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- lack of facility for product finishing and direct markets: for a hill farm, no direct link to consumer;
 - limited market options (inaccessibility);
 - common land neighbour problems.

Sustainability:

- are uplands sustainable? – economically and environmentally;
- exploitation of resources (quarries);
- erosion of tracks and paths by visitors, over-use of areas, tourist pressure/user pressure, traffic increase.

Farming change:

- modern agriculture 'hardware' intrusive/damaging or fatal to historic environment;
- farm enlargement means fewer people to manage the landscape;
- downturn in farming economy, decreasing agricultural incomes;
- new money not necessarily going into farming;
- depopulation and lack of labour, fewer people employed on farms, risk of loss of skilled workforce, management skills base lacking in certain areas;
- lack of nearby employment alternatives;
- increasing age of farmers (low recruitment);
- small milk herds disappearing.

Community pressures:

- isolation, poor public transport, services closing down;
- declining community, no affordable housing, lack of low-cost housing for young people;
- economy over-reliant on agriculture;
- ageing population, no renewal of communities – young people leaving;
- gentrification – you see expensive cars everywhere;
- confidence and aspiration under pressure in agricultural community.

Policy and knowledge:

- no holistic approach to policy, complex designations;
- schemes have 'blanket' prescriptions - not always best for local area;
- little public support for subsidy;
- complex policy offered by a plethora of agencies;
- definition and use of term 'overgrazing' is a problem – conflicting views;
- potential conflict between environmental interests wanting different things;
- entrenched attitudes: knowledge is the key – it is in short supply and what there is doesn't flow well;
- lack of understanding of the countryside by townies – dog walkers and farmers conflict;
- conflict between headage payments and environmental payments, also objectives of HFA versus Agri-environment Schemes.

Session 2: a vision for upland farming systems, and priorities for urgent action

Participants were asked to set out what their vision for upland systems was, in twenty years time: what would it be like? What would they see/hear/smell/experience differently to now? They were then asked to highlight 5 priorities for action in relation to achieving the vision.

Vision for the future

- *A balanced system:* the farming environment combined in balance with the natural, sustainable farming systems delivering good quality food, landscape, wildlife, heritage and recreation. Cattle/balance of livestock, mixed systems.
- *A working landscape:* fundamentally working, with viable farm succession/continuing management, giving good rewards to farmers.
- *A healthy and diverse environment:* same landscape in some valleys /dales already protected/well managed. Appropriate density of features – walls, meadows, woods, farming units, buildings, intact networks of field boundaries and buildings (traditional), renovation of dry stone walls/barns. Varied colour fields/moor, textures, some damp, more brown/other, less bright green, but green in valley bottom, heather on the tops where appropriate (not everywhere),

some wilder areas.

- *Integrated resource protection*: connection of river and floodplain management.
- *Biodiversity*: haymeadows and wetlands, more variety on moorland – shrubs/heather etc, wildlife and habitat diversity. More woodland in right places, managed environmental woodland (native, not conifers). More birds (lapwings, migratory), hearing the corncrake.
- *Reversal of damage* to habitats (restoration), cessation of damaging operations.
- *An understood landscape*, better urban/visitor understanding, increased awareness by people of environment and farm management – behaviour change.
- *Viable communities*: healthy (land-based) agricultural/rural community, schools, sympathetic new buildings for farm use and habitation.
- *Continued visitor use* with appropriate management, fewer cars/car parks, no motorbikes, open space, universally accessible.

Priorities for urgent action

- *Build common goals and integrated working*: clarity of purpose and direction, substantive discussion between bodies – stakeholders – less ‘card’ holding, confirmed common purpose.
- *Remove conflict within CAP*: integration of elements of subsidy and policy objectives, integrate mainstream and agri-environment policies, more environmental conditions on main support payments (not a consensus on this), take away the incentive to stock too highly – switch away from head-linked subsidy and divert the money to environmental management.
- *More bottom-up scheme design*: using local knowledge, understanding and bringing in people to benefit directly, stronger Brussels input from us, accumulation of existing knowledge (learning from our experience). Flexible, objective-led schemes, tailored to local needs, developed at local scale, e.g. a catchment base, longevity of grant schemes.
- *Better delivery and support*: one stop shop for payments, single entry point. Simplification of delivery. Increased ease of access. Agri-environment available to ALL farmers. Smartness of use – accessibility to all. Good quality, integrated farm business and environmental advice available to all, better access to services.
- *Changed philosophy/rationale/awareness*: environmental farming can supply a good living – payment is not for lost food production – should be for environmental farming, incentives for ‘positive’ management, maintenance of existing features should be rewarded,

more rewards for existing good environment practice (good walls, good farm management). Make farming respected and valued for what it is doing and has achieved, educate consumers.

- *Improve rural development links:* raising awareness/training, keep enough people in the area – young people with skills, give better access to rural development money for more farmers e.g. capital grants for restructuring to manage environment.

Session 3: are current agri-environment schemes working?

Participants were asked to comment, in groups, on five main categories of issue, in relation to the general issue of 'How well are the current schemes working?'

Delivering environmental benefits?

- ESAs – not really delivering: maintain environment/landcover – but perpetuate sub-optimal management, so there is still some decline in quality. The scheme is dated now – it needs to develop. Not enough land is in enhancement tiers/there are not enough enhancement options in ESAs. Too much money is devoted to the lower tier, tier 1 ESA is better at preventing abandonment than positive delivery of benefits. There can be marked benefits from higher tiers of ESAs. Pennine Dales ESA is not whole-farm so there is lost potential for benefit on the moorland. ESAs are too dependent on the individual project officers, less flexible than CS, delivering poorer environmental outcomes. Do they deliver for some habitats? (big question mark) e.g. hay meadow. They are not delivering a holistic approach, addressing the full range of habitats. ESAs have delivered some destocking overall but this can simply change the grazing pressure points: prescriptions may mismatch with environmental areas of value on moorland. There is inadequate treatment of the water environment in ESAs.
- CS – more positive: the scheme is a very good potential tool, the flexibility of the menu is good and the emphasis is upon enhancement. However, it doesn't get whole farms in, everywhere, and there is inflexible local application which leads to 'cherry picking' of only a few sites across upland landscapes. This in turn means only localised benefits. The entry criteria are too stringent and constrained, it doesn't cater for small strips of land, thus has achieved limited success overall.
- Differing objectives – are they wholly divergent? CS/ESA.
- We do not have enough evidence to demonstrate environmental benefits. There is some funding available for this kind of study under CS, but not ESAs.
- The environmental benefits of the Organic Farming Scheme in the

uplands are very limited.

- All scheme goals are too narrow – they don't really deal with waste management, energy use, basic resource protection.
- The schemes are not a solution in themselves, but a 'finger in the dyke', a step in the right direction, a first step while we sort out the bigger issues about sustainable upland farming.

Day to day operation

- Too many agencies are running too many schemes. You should be able to have one scheme on one farm. Differing objectives between CS and ESAs can be a problem.
- Schemes need simplification, forms are complex, interpretation of scheme conditions is difficult. There has been an escalation of bureaucracy. Too much paperwork – several schemes have been added on top of other grants/claim systems (e.g. for IACS).
- CS doesn't reflect local circumstances sufficiently in its prescriptions (e.g. for grassland management).
- The quality of service by MAFF is terrible in CS, with delayed administration and variable project officer quality.
- Access to advice is poor and sometimes the quality of advice is also poor. Advisory services keep changing their names, which is confusing (ADAS/FRCA/RDS...). Schemes need to provide free farm visits for environmental advice. Insufficient follow up is a big issue: not seeing people enough, and not at the right time of year; more hand-holding and encouragement is needed. There is not enough emphasis on why the agreement requires certain actions. For CS, there is a limited number of experienced project officers due to a lack of continuity and high staff turnover. Overworked project officers is an issue for both CS and ESAs.
- There is lack of trust of MAFF and this has a knock-on effect to FRCA. The local farming knowledge of administrators needs to be improved – encouraging arrangements so that more 'farmers advise farmers'. There are currently not enough opportunities for farmers /agencies to learn from each other, as agreements develop.
- There is a need for more common data bases between relevant agencies/offices, including better map information. There is a need to increase MAFF trust in sharing information so that they can make data available to all advisors/agencies with an interest.

Payments

- Delayed payment can cause cash flow problems, e.g. for walling.
- In the uplands CS can be a net cost to farmers: the relative payment rates don't reflect the input of farmer in time/cost (especially in

uplands, lack of management time leads to high opportunity cost), they relate too much just to the value of arable land (thus are biased against uplands). The CS grassland payments are too low, generally.

- Profit foregone is a negative way to pay: it also leads to lack of assurance/security – scheme rewards fall as farm income falls. Payments should link to environment value rather than income forgone.
- In ESAs some farms get a big cheque for delivering little extra.
- There is a lack of flexibility in capital payments e.g. walling: payments don't take account of local variations in costs. Some capital payments don't cover costs e.g. fencing, walling.
- Payments aren't high enough for work on small sites. You need a large area in a scheme to get one man's living. What happens if you don't have enough land?
- There is a marked difference in payment rates between ESAs (good), and CS (poor) – payments must reflect regional variation, and tailor payments to relative gains.
- Payments are not adequate for maintenance e.g. walls, other environmental features. Schemes should pay good farmers for what they've always done: the philosophy must change.
- There is not enough incentive for enhancement actions.
- Payments for structural investment are needed, to make the environmental management possible (e.g. like in Objective 5b schemes).

Social interaction

- Schemes need more linking of environmental and business benefits/ non-environmental objectives.
- Schemes have given people an income safety net but this is constrained.
- Schemes can create inequalities across boundaries, geographical limitations lead to hostility (including between the targeted/ non-targeted areas under CS). There is lots of hard feeling re ESA boundaries cutting through farms/communities – seen as unfair. CS doesn't reach everyone, which is not good.
- There is little interaction with local communities, and little knowledge of the work benefits of schemes within local communities.
- ESAs may be supporting farmers more fully, while CS can give rise to social issues – not really supporting farmers' livelihood in the same way as ESAs.

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- Schemes put money into the local economy and have positive impacts on local employment, which would be more if there was more money. They create more employment – sub-contractors, can keep more people on farms.
 - Stewardship can be a contributory factor in labour force reduction on some farms, though (through shifting from general agriculture labour to focus on specific tasks, e.g. dry stone walling).
 - If farmers are farming environmentally why should they not be given enough funds to support part-time jobs, thus open up new development possibilities for the business.
 - The schemes can promote improved understanding between farmers and other groups, which generates positive comment about farming/environment.
 - Those involved are positive about schemes: farmers want to stay as livestock breeders but most can accept park keeping alongside this.
 - Poor policing – some agreement holders get away with poor practice.
 - Mistrust/problems accepting visitors, visitors don't understand issues – irresponsible access is a continuing issue in relation to some agreements.

Gaps/overlaps

- Schemes are not universally accessible.
- There is a possibility of multiple grants on same land (MAFF and non-MAFF?).
- Gaps in scheme coverage: more specific biodiversity targets, limestone pavements, calcareous flushes, rivers.
- Schemes need to consider what is of value on each farm – broader targets are needed, but keep the scheme simple and flexible, and develop joint understanding with farmer.
- CS has most things covered for biodiversity except maybe reintroducing cropping, introducing non/low intervention management across the whole farm.
- More reward for 'heritage' could be valuable – e.g. Herdwick sheep (local breeds) or those best suited to environment: this could mean new breeds/stock types too.
- ESAs could benefit from some CS elements.
- There are inconsistencies in ESA boundaries.
- Farmers want long term certainty that schemes will still pay, but

shorter-term breaks for individual agreements (5 year).

- Public/others need certainty that the benefits bought over several years will be maintained longer-term, beyond the agreement lifetime. There is a need to keep management of the assets viable.
- Schemes have evolved over time – this should continue, and speed up, in future.
- There is conflict between the HFA stocking incentive and ESA destocking incentive.
- Upland farms are still losing money, despite the schemes.

Session 4: priority actions

Participant groups were asked to set out priorities for action to achieve their aspirations for future agri-environment schemes in the uplands.

- Pursue greater understanding between farmers and general public. Future schemes must be more transparent to the public.
- Have an integrated, holistic approach to the whole of rural development – ensure sustainable family businesses, economically viable farming, reward good stewardship.
- Have one scheme with different tiers but including regional variations: one contact point through which both farmers and agencies communicate, a review of application windows to tie in with regional variations in workload i.e. avoid upland lambing time. Simple and unified: one scheme is all that is needed. Rationalise existing schemes into one holistic framework with modules/choices, reflecting shared objectives of all stakeholders, all-inclusive (open to all farmers) and pursuing environmental and social goals together. Base payments on environmental gains but with provision for rewarding existing environmental management, and special provision to protect small farm units. Have a requirement for a whole farm plan, and offer support for sympathetic development of modern farm buildings.
- Have economic viability as a core philosophy in order to encourage farmers to engage with the scheme – payments are often only 75% of real costs and the net costs are being borne by farmers. Bear in mind employment impacts – walling contractors/fencers etc should be able to afford to operate within the environment. Also, this creates positive 'knock-on' effects in the local economy. Link schemes into training to provide well trained 'people on the ground' to provide wallers/fencing contractors etc. Have an holistic approach to the knowledge base in an area, plus cash for gaps – to ensure that a scheme actually delivers benefits to an area, not degradation of the landscape.

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- Have the ability to review the process of scheme delivery with some flexibility to project officers – to allow alterations of stocking rates, haymaking dates, payment rates at individual farm level. Have a ‘simple’ approach... reduce their complexity, from the farmer’s perspective: eg a base payment to all farmers then tiered payments for positive management. Have a clear link from the farmer through the project officer (advisor) to the decision maker: by the project officer having a flexible (but with defined parameters) guide within which to work. Have a more regional approach within a general country wide scheme, because:
 - (i) stocking rates are prescribed wrong in some areas (e.g. maximum is too low);
 - (ii) walling costs change from area to area;
 - (iii) yields vary from one side of the dale to the other – it depends on the sun.
 - The scheme should be available to all farmers in uplands (or LFA?) – with options covering whole farms. It should aim to promote quality (sustainable) agriculture achieving environmental objectives (ERDP made to work to fund structural changes). It should merge positive elements of ESA and CS into a new scheme available to all and supporting maintenance of good practice as well as enhancement. Field advice should aim to ensure that high quality land goes into higher tiers; with more flexibility or options over the land. Payments should be based (largely) on management of the environment assets (rather than income foregone).
 - Have greater involvement of local farmers and other land managers in scheme management as well as opportunity for comment/input from wider community. Relate this to some regional local flexibility in scheme delivery, and provide an ‘appropriate’ free advisory service to farmers before and during schemes, and accessible training (agencies to work together on this). Link schemes with more publicity and education to the public about the interaction between environment and farming/land management. Include capital grants (up to 100%) for improving infrastructure (restructuring) such as new buildings for ‘sustainable’ agriculture and environment projects (e.g. waste management), with the rate related to environmental benefits – e.g. cattle sheds can be 90-100% environmental gain.
 - Need to review/consider the practicalities of such a new enhanced package – how many viable farms will redirection of the existing support and AES’s buy? Is there still a need for a retirement package for those who will not survive?
 - A future agri-environmental scheme should be integrated with social and economic objectives for upland areas. This requires new structures – complementary working achieves more! Devolved budgets and decision making are also needed. Schemes must service local needs and requirements, to develop a sense of ownership

among agreement holders, deliver local needs, raise awareness of local assets/needs. But the scheme should also deliver national/international objectives, to help justify public resources.

- A future scheme must have more realistic payment levels to promote long-term economic viability and better uptake. We need whole-farm, better resourced schemes. A future scheme should be on a whole farm basis, to maximise opportunities, value for money and avoid 'halo' effects within farms.
- Schemes should formalise information transfer farmer/adviser and vice versa, increasing both party's understanding prior to the uptake of an agreement as well as promoting evolution and renewal of scheme goals and achievements over time. They should utilise skills of farmer much more than at present, to give two-way continuous support and contact.
- A future scheme should support wider environment benefits e.g. flood/erosion control, greening energy use on farms, etc. It should promote more wildlife.
- The future scheme should make more use of IT and mapping to aid delivery and monitoring. It should include training/awareness raising activity (for public/NGO's/farmers), and have mechanisms to encourage local flexibility/innovation
- To promote best value for money and cost-effective delivery, the scheme should seek environmental benefits direct from farmers (not via livestock payments [costs]). It should draw down all CAP and AES funding into one pot; supporting a base/core payment for good husbandry and basic environmental benefits, then increasing payments with increasing environmental and social benefits. It should offer payments for ongoing protection and positive management. Farmers should have some 'ownership' but as part of a partnership involving joint funding from different sources (including SRB, LEADER, Objective 2).

Session 5: final discussion

JD led a final discussion aimed at fleshing out some of the potential conflicts or refinements in relation to the priorities identified above.

How to keep a single comprehensive scheme simple?

Are we talking about ESA and CS combined? – no, we need a unified rural development scheme pursuing environmental, social and economic objectives. All farmers should be able to get a sustainable income by delivering environmental objectives appropriate to local areas. Every farmer should be able to get involved.

There should be a single package/point of delivery to the land manager, even if the money comes from different pots. The reduction of farming

on the hills and redirection of management towards providing environmental/social services should benefit lowland farmers too, as the uplands extensify output.

Regionalisation

What is needed is a multi-choice system by region. MAFF should delegate scheme funding to local/regional government offices. Each should have a menu showing what is available and how much will be paid for it. Ideally the decision should be related to more discussion with local people, but working within a national framework. Like ERDP, a basic national scheme could have 'chapters' to reflect regional needs: a national framework, with regional tiers and more local variations.

You should find the right scale for devolving schemes by researching how well CS works around the country, to highlight how frequently variations are needed.

One participant questioned the approach: are variations best geographically determined, or by income, environment, farm economy? (e.g. should schemes be differentiated by farm type rather than by location?).

Payments for advice/training/promotion etc – how to avoid new spend simply looking like increased admin overheads?

MAFF should see administrative objectives as a legitimate purpose of investment in cost-effective environmental outcomes. Knowledge is a vital precursor to any successful scheme. This should be recognised. Also, AES need to be able to demonstrate environmental outputs (transparency) – this has a cost associated with it.

Use the wider RDR budget to pay farmers to train – this investment is supported by VTS.

Offer supplementary payments to farmers to do extra things, as part of the scheme menu (e.g. payments for training, advice, planning work etc). Schemes could pay farmers (existing agreement holders) to be advisers to others joining schemes. It is okay to pay farmers to help farmers; e.g. farming and environment meetings funded.

If the schemes are more streamlined/integrated and easy to enter, you already remove some of the middlemen – you can pay more directly to farmers and still save money. The extra money to help farmers needs to replace lost HFA payments. Environmental benefits will happen if they come with real economic benefits – a need for coupled advice is clear.

An enhanced environmental advisory service could be paid for by combining existing agencies' services. Also, current knowledge is not shared efficiently between agencies (but improving, with GIS etc) – MAFF needs to develop the rural portal to improve this aspect of scheme efficiency.

Appendix 3: Lowland Pastoral Workshop, Exeter, 5 March 2001

Note: These are a simple, typed record of the main sessions on the day, each involving small-group discussions and the use of flipcharts and cards to record information and ideas. The points recorded reflect the range of views expressed, not facts, and not necessarily a consensus.

Session 1: assets and problems of pastoral farming systems

This session aimed to list and group the main problems and assets identified by participants

Assets

Access and tourism:

- tourism benefits;
- value for public access and enjoyment.

Pollution/resource protection:

- permanent land cover is good for resource protection;
- low-intensity systems are good for soil protection (many stock systems are, except dairy);
- relatively low input use – good for water quality;
- environmental asset: a public service which needs managing – soil, water, air.

Awareness and education:

- increasing awareness of need for policy change;
- valued assets.

Landscape:

- scale of landscape mosaic;
- landscape attractiveness, beauty;

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- major contribution to cultural landscapes, parkland, downland;
 - landscape diversity;
 - hedges and features, hedged landscapes;
 - water-based landscapes;
 - seeing livestock on the land.

Built environment:

- archaeological protection;
- vernacular buildings;
- historic and cultural diversity.

Policy:

- agri-environment schemes are a lifeline for livestock systems in lowlands;
- farmer involvement in AES has been successful e.g. Bodmin, Bowland.

Market place:

- marketing value in semi-natural habitats;
- local trade opportunities;
- local distinctiveness, quality distinctive food;
- potential for strong links to consumers;
- very important contribution to market towns/local economies.

Human capital:

- link with community;
- open attitudes and an ability to change;
- hobby farmers are receptive to wildlife interest/management;
- small, family owned businesses;
- resource of skills, knowledge 'human capital';
- uses more labour than arable systems – gives employment and cultural value.

Farming Systems:

- more mixed systems than elsewhere, many more opportunities for mixed farming;
- inter-relationship with upland systems;
- use of ditches and hedges – these still have value in stock/mixed systems.

Biodiversity:

- vital for semi-natural habitat management;
- wildlife – habitats and species;
- livestock is a huge asset for biodiversity;
- remnant woodland on marginal land.

Problems

Pollution:

- dairy farming – a major water pollution risk;
- increased stock numbers/concentration on less land leads to significant pollution problems;
- intensive/high-input livestock systems;
- maize and silage production can cause pollution – e.g. soil erosion, high input use;
- pollution from farm waste and sheep chemicals;
- switch from farm yard manure to slurry production, on farms – greater environmental risk.

Policy:

- centralised agricultural policy imposes policy constraints – there is a need to mainstream sustainable agriculture;
- increased pressure as a knock-on effect from poorly planned support policies – leads to skewed prices and perverse effects on land management;
- long term environmental changes are vulnerable to short term threats from policy change;
- agricultural education doesn't include wildlife – not sensitive/integrated;

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- there is a need to involve farmers in policy change;
 - domestic markets have a dependency on artificially cheap food;
 - there are insufficient agri-environment incentives, and a lack of flexibility in agri-environment schemes;
 - rewards for conservation are based on income forgone.

Market Place:

- the current foot and mouth outbreak is related to longer distance between producers and markets – increased simplification of outputs/knowledge about outputs;
- farmers are divorced from the marketplace, because links have been lost e.g. milk rounds, local abattoirs;
- lack of local abattoirs/infrastructure.

Income:

- very low incomes in these farming systems;
- value of farm-gate output is too low.

Simplification of farming systems:

- amalgamation of holdings, selling off land, splitting houses from land;
- polarisation of systems, and further intensification;
- increasing intensity of grassland management;
- livestock monoculture, increased use of non-native breeds of animal;
- changing industry;
- indistinct, mass commodity production.

Understanding and Awareness:

- pressures of access on urban fringe (dogs);
- myth of ‘cheap food’ – it wouldn’t be cheap if environmental damage were costed;
- farmers have negative attitudes to change;
- lack of public understanding – of the true cost of food, also lack of awareness of countryside;
- simplistic perception that ‘green is beautiful’.

Skills Gap:

- lack of skills among hobby farmers;
- lack of co-operative working;
- loss of diverse management skills;
- decline in numbers of farmers;
- high labour demand for environmental management and stock farming is a problem.

Wildlife:

- overgrazing on some areas e.g. commons;
- neglect of grazing in some semi-natural areas;
- decline in wildlife numbers and diversity;
- neglected woodlands.

Session 2: a vision for pastoral farming systems, and priorities for urgent action

Participants were asked to set out what their vision for pastoral systems was, in twenty years time: what would it be like? What would they see/hear/smell/experience differently to now? They were then asked to highlight 5 priorities for action in relation to achieving the vision.

Vision for the Future

Environmental assets: more wildlife and biodiversity, joined up landscape and biodiversity, healthy soils and water. No further decline in high value areas (landscape, wildlife, etc). All BAP targets met, more birds, flowers, butterflies and plants, and the knowledge that ecosystems are robust, not threatened or degenerating. Woodland management integrated into wider land management. Retain and enhance pastoral landscapes – hedges, features e.g. orchards, archaeology. An enhanced physical function – deliberately enhanced features, pollution free.

Sustainable mixed farming – environmentally, socially and economically: more mixed farming where appropriate, with diversity of livestock, native breeds. Skilled land managers, still producing food but integrated with other benefits. Farmers rewarded adequately for the environmental benefits they provide. Not necessarily all full time farmers – a range of enterprise sizes, but improved quality of life. Farms moving beyond food production into energy crops, access, landscape, habitat – performance related pay for these. Integration of benefits e.g. biodiversity and training. Human diversity: a vision of a dynamic, living and working

countryside.

Markets and local economy: local high quality food and understanding by consumers of why this is important. Better local infrastructure – markets, processing units, people. Stronger regionalism and linking biodiversity and environmental benefits with food markets. Vertical and horizontal integration into a dynamic economy based on local market towns connected to a rural hinterland. Stronger product links between producers and consumers. A viable rural economy.

Public enjoyment: accessible countryside.

Attitudes/awareness: a strong sense of history – continuity through change. Better knowledge of environmental needs and assets at local level, everywhere. Farmers once again trusted and respected for good stewardship. A managed landscape with people involved – strengthened culture and sense of place. Better engagement of local communities in land management and the decision making process. A less isolated farming community – with each other, as well as with customers and the local community. An enhanced social function for these farms – supporting the rural workforce, more fully explained to visitors.

MAFF embracing the new agenda (like the Forestry Commission) – for multipurpose, diverse outputs.

Five priorities for action

Scheme resources: put more money into more sustainable land management and farming, from diverse sources. Ensure a good and fair reward for sustainable management. Give more agri-environment money to farmers. Involve dairy farmers. Reward farmers for delivering goods, products and services, not income forgone.

Support: provide much better facilitation, support, training, to increase value for money. Encourage co-operative working and establishment of a first stop shop advisory service. Empower local people and specialists, to increase their knowledge and their role in policy making.

Rural policy: design more integrated agriculture/environment/people policy support structures, much broader than agri-environment, embracing woodlands and social and welfare policies. Achieve better integration between AES and other RDR schemes within the context of declining commodity support, using modulation. Better integration will deliver better value for money. Integrate beyond ERDP too, e.g. with RDA programmes. Reform CAP to allow farmers to get off the global competitive treadmill. Integrated rural policy should replace CAP.

Environmental standards: protect and enhance what we've already got – don't lose any more. Use cross-compliance to support baseline standards, strictly enforced, especially in relation to soils, water and air, and the CoGAPs. Raising environmental standards.

Markets/consumption trends/awareness: Retain or re-create local food economy and stronger local scheme identity on top of a basic agri-

environment scheme. Build strong market links – food maintaining local distinctiveness. Increase farmer awareness and understanding of public needs and expectations. Achieve greater public empathy with land, systems and culture. Educate consumers. Market the environment and develop a consumer-driven corporate responsibility for environmental goods. Educate consumers to understand that ‘cheap food’ equals poor quality environment/benefits. Increase regulation of the market place – to remove the arm lock on producers.

Session 3: are current agri-environment schemes working?

Participants were asked to comment, in groups, on five main categories of issue, in relation to the general issue of ‘How well are the current schemes working?’

Delivering environmental benefits?

- schemes have been around for over 10 years but only cover 7% of England – limited results so far. Not enough land is in schemes – leading to a fragmented uptake, lack of linking up. CS and some ESAs don’t take whole landscapes. Restoring whole landscapes is practically difficult. Poor geographical coverage, hit and miss results;
- for each agreement, what happens after 10 years? – short-termism of environmental benefits created;
- don’t give a broad enough consideration of all assets and opportunities on the farm – need a whole farm plan approach. Money is not directed flexibly;
- insufficient tailoring to specific site needs – blanket/standard prescriptions are used too often. Benefits are variable according to prescriptions – they should change as knowledge increases. Lack of options. Biodiversity is losing out to multiple objective schemes;
- schemes are not appropriate for resource protection;
- poor monitoring makes the question hard to answer;
- insufficient local decision making on schemes;
- insufficient protection for wetland management, floodplains, haymeadows, mixed farming and moorland/heathland habitats;
- schemes do not attract dairy farms;
- they are too bureaucratic and the benefits are marginal;
- could be more effective if better supported by ecological survey data.

ESAs:

- maintain status quo, is this a benefit?;
- conservation plans are positive;
- they target the complexity of landscape, but not sure if they deliver on biodiversity;
- too broad and shallow: ESA tier 1 gives little gain;
- at best schemes offer protection, not recognising environmental potential e.g. Somerset levels;
- lack of flexibility especially affects ESAs.

CS:

- small scale impacts, targeting good for orchards, etc, misses dairy farms;
- under-funding, no money available for already sound environmental management;
- too selective;
- variable benefits according to land type – due to payment rate effects. Doesn't benefit people with existing high value environments. Localised enhancement.

Financial issues

Overall design:

- profit/income forgone is not a good basis for payment;
- no financial link to food markets;
- not convinced they give value for money;
- not big enough budget: high quality schemes cost more – higher admin costs, too;
- lack of competitiveness of schemes cf mainstream support – e.g. the milk quota scheme, OTMS work against agri-environment goals. Payment levels are too low to attract productive land;
- no reward for existing good practice;
- need more incentive for whole farm cross compliance;
- not attractive enough to encourage larger connected areas into scheme.

Specific elements:

- need conversion payments to recognise long term investment in changed systems;
- capital grants are too low at present. It can be difficult for farmers to find % match funding. Agreement holders required to 50% fund some capital works – the intention of drawing in extra funding doesn't work;
- ESA/organic blocks to entry (double funding issue);
- insufficient help for different breeds;
- need higher level of payments for important habitats and more differential;
- needs more finance directed to the protection of non-special as well as special areas;
- needs more admin support, but risk of too much money on admin, less to farmer;
- inability to fund diffuse pollution misses out on issues farmers are already obliged to provide;
- consider tapering payments.

Practical

- Schemes are too complex and time consuming in relation to administration. There is a confusing array of schemes. Different schemes are administered separately. CS is not available in ESAs. Complex agreements, linkage to IACS/MAFF practices are cumbersome. Link/integrate the various schemes.
- Better first stop shop services are needed – a national approach and coverage, with local delivery. Farmers don't fully understand what is wanted – more follow-through support and monitoring are needed. Better integration/partnerships farmers/experts are needed. Some technical issues still need better solutions e.g. how to create downland. This may relate to lack of money, skills, and/or equipment. Facilitation assistance for agreement holders is not enough, training levels for project officers are inadequate.
- Schemes need more local determination, greater flexibility with public and guidelines. They should target habitats rather than prescriptive stocking rates, grazing times of year, etc. They should use farmers' husbandry skills and knowledge and reward these, too. Reward good stewardship. The best agreements are where the project officer has 'adapted' prescriptions to local conditions.

Social

- Schemes can provide additional, consequential social benefits
- Can be an income lifeline for non-intensive farmers.
- Have improved the public perception of farming.
- Create employment – contractors, advisers, consultants. Positive local labour and skills are supported by CS – e.g. hedge laying, woodland management. There are potential contracting opportunities for part-time farmers, but skills availability is a problem – for hedging and walling, especially.
- Still need better public awareness of why these things are needed, and real consumer benefit. Create a stronger, integrated quality assurance link to environment – consumer-producer link.
- Don't address rural decline enough? There is little connection to social cohesion.
- Public access opportunities remain under-developed – problems of advertising access, reluctance of farmers to take these options up.
- Need payments to help facilitation and co-operation, to build social capital.

Policy, gaps and overlaps

- Schemes are only just starting to be integrated with the rural economy.
- Funding constraints are a major gap in that they limit coverage.
- Schemes need much better extension and far more advice to be available.
- resource management is ignored e.g. flood plains, farm effluent management – resource protection and enhancement needs both money and advice.
- Schemes conflict with livestock supports – this gives mixed messages to farmers about what is needed. Also conflict between agri-environment and other supports – e.g. flax.
- Targeting issue – as the scheme budget increases, the logic for targeting diminishes.
- The length of agreements puts off some – five year renewal might make sense (others disagreed).
- Policies are set too distant from local needs – design systems to meet local needs, locally.

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- WTO conflicts with environmental goals.
 - Policies ignore conflicting market trends – supermarkets pricing policies, etc. The supermarkets have considerable power and resources, which policies should actively harness.
 - There is nothing for dairy – eg more sensitive management of (intensive) temporary grassland. Need to promote increased mixed cropping, encouraging spring crops, need to accept ‘boring pasture’ into CS – there is a lack of basic entry level schemes for these kinds of land.
 - They are competing schemes in people’s minds, if not in reality (CS/ESA/OFS).

Session 4: priority actions

Participant groups were asked to set out priorities for action to achieve their aspirations for future agri-environment schemes in pastoral farming areas.

Note: not all participants would have agreed with all detailed points, but there was consensus on the main themes under which most of these have been grouped.

In future all AES should demonstrate integration with the bigger farm picture and wider strategic picture. Build co-ownership of schemes across government departments and from national to local levels, see them as an integral part of ERDP, not a bit on its own. Create an ‘England farming strategy’ like that developed for forestry: the process of drawing up the strategy will be very important. All AESs should integrate better with other regional schemes to strengthen community and social impacts. The overall aim should be that all AESs are integrated in a rural policy support umbrella – a single rural support scheme. They need a national framework, allowance for regional distinctiveness, and with local targeting. Scheme design should be based on partnership input – from environmentalists, farmers and consumers, to develop farmer ownership, empathy, understanding all round.

In the longer term, CAP must be reformed to bring about a reversal of the balance of payments for production versus rural development. AES should be the primary support stream for farmers (commodity support should be targeted within AES, not vice versa).

Schemes should:

- use public money to buy environmental goods the market can’t deliver;
- protect basic environmental resources i.e. with CoGAPs that bite and cross compliance and legislation. Include basic compliance with environmental standards;
- be based upon clearly defined, measurable environmental benefits –

i.e. costed externalities both positive and negative. A points system could be used to indicate benefits – including rewarding existing good practice;

- integrate BAP targets – this is essential;
- be financially rewarding, geographically available and appropriate to each farm system – perhaps linked through IACS?;
- link high environmental management to markets and business skills;
- be open to all farmers, and available at a basic level across England;
- simplify application and monitoring – use IACS and IT to simplify, have all-year open application windows.

Each farm agreement should include:

- legal requirements e.g. farm waste plans, LERAPs;
- marketing skills and business opportunities i.e. co-op membership, conservation labelling;
- funding for farm waste plans, etc identified in agreement;
- a holistic view based on a whole farm plan. The whole farm must be put into AES, or at least the whole farm must be assessed for its environmental resources.

Schemes should have adequate resources to implement them properly and provide available and accessible facilitation i.e. a very well trained extension service, staff-advisers, training and back up from specialists, farmer training and advice, too. Training needs to be an integral part of AESs to help farmers fulfil their contracts. They should also provide support with demonstration farms like LEAF farms. They need local co-ordinators for tapping a much broader range/sources of advice and support – including the private sector and farmers themselves, as well as the wider community.

This requires capacity building and facilitation by (technical) experts, bringing policy development back to the local level. Schemes should involve local groups and communities in reviews and annual targeting – devolution ‘big time’, in accordance with a local plan, linked to a national farming strategy via local landscape assessments. These should be developed in partnership with local authorities. Partnerships are vital – starting from local people.

Schemes must be more sensitive to local and regional needs and conditions. Tailor all scheme payments and prescriptions at an appropriate, more local level e.g. flood plain grassland by catchment area, within the context of a regional programme. Develop an environmental vision for dairy areas/systems and mixed farming. There should be local targeting of prescriptions to local recognisable features, and a local/regional steering group to decide targeting, monitoring and

delivery.

Promote group applications, link up the wider countryside. Schemes should seek wherever possible to join farms together – they should publicise information to allow this and to empower local groups, including producer support groups. They could offer enhanced payments for collective applications which cover a geographic land type. More grouped agreements will increase landscape benefits, promote collaboration (learning from each others' expertise), economies of scale in environmental management, and broader political support at local level.

Individual farms should get payment for environmental gain, but aim for independence long term. Payments should be public benefit driven – consider performance related pay. Have an entry level payment to secure buy-in and provide a link to a whole holding audit, accessible to all. Could be linked to CoGAPs and broad environmental assets e.g. habitats. Aim for sustainable land management – use the same sustainability tests as for other RDP schemes.

Payment should not be based on profits forgone, it must be competitive but reward farms fully for opportunity costs etc – income forgone and capital, PLUS. They should pay on environmental outcomes – using BAP and LRDP targets to define these. They should pay conversion costs for a limited period and switch to maintenance payments afterwards.

Agreements should be based on the total potential and current environmental value of the farm as highlighted in a whole farm audit, and with a proportion to be implemented through a whole farm plan. The whole farm audit should be environment and business combined, and what to implement on the farm should be discussed and agreed with the farmer. The whole farm plan should embrace business/conservation/EIA/resource enhancement/marketing and processing/social – and ideally be individually costed.

- Increase public awareness at national and local levels, e.g. on animal passports you could add environmental credentials, too.
- AESs should find ways to bring dairy farming into schemes – one way may be to offer one-off payments at the outset to compensate for downsizing followed by annual payments which make it adequately attractive.
- Schemes should encourage rare breeds/native breeds e.g. Shropshire sheep because they don't eat trees.
- They should stop farmers changing land use at the end of the agreement term (How?).

Improved scheme monitoring is needed. Farmers should receive training to enable them to note the presence/absence of key BAP species on all farms. Advisers should make an annual check on all farms, with a follow-up specialist survey on a percentage of farms – including all farms with key species.

Session 5: final discussion

JD led a final discussion aimed at fleshing out some of the potential conflicts or refinements in relation to the priorities identified above.

Public benefits and how to measure them (as an alternative to income forgone)

- We must reward wider social and environmental benefits e.g. carbon fixing, flood prevention, clean water.
- You could use a point system to evaluate benefits.
- Benefits may be things that the public doesn't immediately recognise. This requires more public debate/info/awareness. (You could produce publicly-accessible maps on a website). This almost needs an England wide strategy like that produced for woodlands/forestry.
- The present culture of MAFF is a block, although improving now.
- Landscape character units could be used to develop this strategy.
- Empowerment: there are good examples in urban regeneration which need translating for agriculture; third world techniques could also be valuable – e.g. rural appraisal.
- We need to move away from paying for income forgone, but mustn't simply allocate a standard price to all environmental goods – this would be simplistic.
- We need to allow a market mechanism to set payment rates for grants (experience of this exists). For instance, you could ask farmers: if we paid £20 per hectare, what/how much would you deliver?
- Management costs and biodiversity outputs should be key concepts behind payment rates.

Reconciling the need for better facilitation/advice against excessive scheme 'overheads'

- Payment for facilitation support etc should require fewer scheme specialists, more generalist advisers with an overview.
- Some free advice is not counted, at present.
- MAFF schemes seem to have a high overhead – MAFF should relax its desire to control its schemes.
- AESs need better financial resourcing anyhow – this should be seen as an investment, not an overhead. We need to resource a much better extension service.

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- Schemes deliver others' agendas too, so others should be willing to contribute finance towards them.
 - There is a longstanding problem of getting core funding for NGOs from MAFF.
 - We need to up-skill/empower farmers more, use their skills and interest, collate and share experiences from different schemes – this will be more cost-effective and better than using outside advice all the time.

Do we need tough regulation or will goodwill work?

- Regulation is negative because it sets up an 'us and them' situation.
- We may need a combination of stick (rules), support/advice and carrot (money).
- We should shift the cost-benefit balance in schemes and policies generally to give more benefit.
- This discussion highlights the need for good extension services to pave the way for changes in standards.
- Any improved standards need to be part of a major 'change management strategy' for the industry.

Appendix 4: National Agri-environment Workshop, DETR, 25 April 2001

This provides a note of the discussions during the day including views expressed and conclusions reached by a variety of small working groups. These views do not necessarily represent a consensus position for all participants.

Introduction to the day

Alastair Rutherford, CPRE and chair of the WCL agriculture working group, explained the context for the exercise and emphasised that it was an early chance to feed ideas into the government review of agri-environment schemes (AESs) in England. The National Workshop aimed to take the conclusions from three contrasting regional/farming systems workshops and to analyse and develop them further, adding a national, strategic perspective where necessary. Participants had been invited to contribute their particular expertise and the aim was to work constructively together to add new insights to some of the key issues identified. Outputs from the workshops would comprise a full report of all four events and a summary analysis of their findings, as well as a shorter Wildlife and Countryside Link 'Vision' for the future of Agri-Environment Schemes in England. Participants could also use their own experience of the workshops to inform their separate contributions to the MAFF review, later in the year.

In the current context of Foot and Mouth Disease, the exercise had a heightened sense of concern for the farming community and of the major choices now being faced by many affected producers. However, the focus for the day was also very much on the longer term future beyond FMD and upon how to use AESs to maximum effect, in that context.

Review of the main issues from the three regional workshops

General observations

- All meetings were well-attended and constructive - participants came ready to work together in a positive spirit, and discussions were wide-ranging.
- Different levels of familiarity/complexity were demonstrated, between workshops: the upland workshop brought together the greatest concentration of longstanding experience with schemes, the arable one illustrated the lack of impact that schemes have yet had

among local farming/environment interests, the lowland pastoral one demonstrated the great complexity and variety of farming systems and environmental and social issues that schemes encounter in these areas.

- All workshops established a degree of consensus about what is needed, between farming and environmental interests, and there were strong similarities of message between the three workshops.
- In sum, they presented a positive view of the agri-environment scheme mechanism as a means to help integrate environmental management into farm practice.
- However, they also agreed that there is much potential still to be realised, with these schemes; and lots more to be done, from an environmental perspective.
- There was a feeling among a fair number of participants that the forthcoming MAFF review should represent a 'coming of age' for these schemes, and possibly time for a step-change in their scale and scope.
- Generally there was much less focus on the 'nuts and bolts' structure of schemes, and a much greater concern re the delivery process – e.g. how? who? when? – in relation to delivering schemes, and 'what with?' or how the schemes should relate to the wider context for their activity. The message seemed to be:

'if you get the right way of working, the detail can easily be sorted out at the appropriate level'.

The issues for the day's workshop groups were then outlined, prior to the first session.

Morning workshops: specific issues for schemes

1. Increasing the environmental benefits from schemes

Issue from the regional workshops

Current AESs are not sufficiently focussed on certain key environmental issues. These include BAP species and habitats, natural resources (i.e. soil and water), archaeology, woodlands, geological conservation and marine.

Questions to address

- a) Should these issues be addressed by AESs and if so, how?
- b) How would we set objectives and targets in order to measure and,

therefore, monitor these issues?

- c) What do we do if there are competing objectives?

Working group report

Principles:

- the core of schemes should be safeguarding the irreplaceable;
- they need better integration with other measures;
- they need broader planning framework/strategic environmental assessment;
- there is a need for local/regional objectives and priorities.

Key elements – these enhanced benefits should come from a much stronger regionalisation of schemes. This would be linked to:

- targeted outputs and outcomes;
- a whole farm approach;
- a widening of environmental indicators of performance;
- scheme flexibility driven by a strategic environmental assessment of each farm prior to drawing up the agreement and management prescriptions/payments.

The outcome – should be:

- more holistic;
- more integrated;
- more flexible;
- more sensitive to local and regional character.

2. The basis of payment

Issue from the regional workshops

Income forgone is an inappropriate basis for payments.

Questions to address

- a) On what other basis could payments be formulated?
- b) What regulations need changing?
- c) What can be done within existing regulatory frameworks?

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- d) Who would be the 'winners' and 'losers' if the basis for payments moved away from income forgone?

Working group report

The current payment rates are perceived as wrong:

- the fact that they can go down over time involves farmer risk, and gives out a message of long-term low-income returns from this work;
- there is a philosophical objection – payment rates are not reflecting environmental value against any sort of independent scale, especially in relation to previous stewards who often get paid less than those who agree to reverse past bad practices.

BUT choices for farmers will always be linked to market conditions for agricultural outputs, and the explicit monetary valuation of environmental benefits is contentious.

Options for improving the system: a) work with the current system; or b) seek radical change.

Option A: current system

- Introduce more regional flexibility into payment rates to overcome problems in areas where the national calculation leads to a payment rate which doesn't reflect local management costs sufficiently.
- Make use of geographical targeting to enable certain tiers to pay more generously, where conditions merit this.
- Increase emphasis upon the other two elements of the payment calculation 'menu' in the Regulation, especially management costs, but also the max 20% incentive.
- Consider new payment mechanisms – a bonus payment for landscape-scale scheme entry, payment rates which recognise fixed as well as variable costs, the use of tendering to get agreements.
- Ensure that schemes have a payment 'floor' for where there are prospects of long-term, low-incomes from agriculture.
- Increase payment differentials to encourage increased environmental performance by progressing 'up the tiers', within an agreement.
- Where you don't change payment rates to attract greater uptake, agree to give more 'favourable consideration' to scheme applications of a particular 'priority' type.

Option B: more radical

- Do not move to payment rates wholly based on environmental valuation – this would be too contentious – but the relative

environmental ‘valuation’ of certain aspects/assets may have a role in e.g. justifying the overall budget for schemes, and ranking elements against one another.

- Weight some aspect of the payment (e.g. the incentive) based on relative environmental priorities in the region concerned.
- Seek a change to the Regulation – recognise that income forgone is likely to remain an element in farmers’ considerations about whether or not to apply, but this need not mean that it should define the whole basis of payment. The schemes are paying for a public service, not merely compensating. However, there is a 20% constraint on the incentive element at present, which may relate to WTO rather than EU rules, and there could be budget issues if rates, or the broad approach to setting rates, were not somehow standardised at EU level.

3. Schemes need increased resources

Issue from the regional workshops

Increased resources need to be channelled into AESs, to ensure increased coverage of schemes, better support and advice and to allow for higher payments for capital works and for specific land uses such as grassland.

Questions to address

- a) How can increased spend be justified (to Government, public ...), especially if it appears as increased administrative costs (ie for extra flexibility at the local level)?
- b) What actions are needed for resources to be increased and at what level? [i.e. EU/Treasury?]
- c) Increasing resources will necessitate increased national co-funding - can more flexibility be introduced to allow contributions from a wider variety of sources?
- d) In the short-term there is likely to be an under-spend in the agri-environment budget due to FMD – how could this best be utilised?

Working group report

Increased resources for these schemes would lead to higher admin costs for CAP spending overall – this is a serious issue: the mainstream CAP involves 100,000 farmers, with a 1-2% admin overhead on the main commodity regime support mechanisms. In AES (CS and ESAs) there are currently 20,000 farmers, and the admin overhead is at 20-30% of total spend.

This implies that if we scale up schemes, we have to simplify them – there will be a cost-benefit trade-off, in this. Countryside Stewardship is a ‘Rolls Royce’ of a scheme – do we need a mini too?

It would be possible to use more farmer self assessment, to reduce scheme admin costs. The entry costs are particularly high, perhaps 2/3 of total admin costs.

One could separate admin and advice, so that the latter was accounted for separately, but we should beware how the Public Accounts Committee would view this, and a part-privatisation of the 'administration' to the farmer might not actually be cheaper than doing certain tasks in-house in the public sector. Perhaps better IT delivery of certain elements of schemes might help.

To build the case for more money for schemes – we should justify with 'quality of life capital' techniques and concepts. There is currently a public perception that if you just stop paying farmers, the countryside will all be fine: policy makers need to address this incorrect perception.

In relation to convincing Government and HM Treasury – it can be hard to know the economic value of good ideas. We must justify the cost in relation to the full duration of agreements and the eventual pay-off. The group agreed that degressivity in mainstream CAP reform would leave us all better off, from an environmental point of view.

You might aim to justify AES spending by comparison with recent estimates of the external costs of conventional agriculture, but you could have problems demonstrating that schemes can actually deliver against the elements which produce the greatest costs, in these studies (e.g. air quality effects are a major cost).

To achieve increased resources:

- *action*: make progressive and signalled change to the CAP. But beware the dependency model: agri-environment schemes are not simply designed to keep farmers farming. Developing 'recyclable money' would help – using more project based, investment-style schemes to achieve enhanced environmental management, not just ongoing support payments ad infinitum. An important aim of the Rural Development Regulation should be to make farmers more robust and less dependent on subsidy, in the longer term;
- *addressing the potential for local funding*: we should not be seeking funds to add to MAFF's CAP budget. There is a need to concentrate on getting global activities to work in **parallel** with CAP/agri-environment resources. This needs clear partnership and planning locally: to achieve complementarity in the application of different resources to achieve shared goals.

4. How much would rewarding existing value change the way that schemes work – what would be the implications?

Issue from the regional workshops

Outside ESAs, current AESs only reward farmers for achieving additional environmental benefit, rather than for managing existing value, to the disadvantage of those farmers who have always farmed in an

environmentally sensitive way.

Questions to address

- a) How would you justify payments for managing existing value?
- b) Would this be a good use of money?
- c) What problems could there be with this approach, and how could they be solved? (e.g. measuring a baseline, putting a value on an environmental asset ...)

Working group report

No-one dissents from the proposition that schemes should reward existing value. The problem is different for different farm types and parts of the country. You need discretion to decide what is worth paying for, in each context.

You could link payments to a defined level of farming intensity and system – some farmers would already be there, others would need to de-intensify, to qualify.

(We must invest more in monitoring the environmental outcomes of schemes.)

Justification for rewarding existing good practice:

- meeting society's targets and objectives e.g. BAP and EU targets (ultimately global);
- landscape quality can be seen as a positive contribution to GDP;
- much existing value can be impossible/difficult to re-create;
- there is a need to address social/structural issues on farms, to reward good stewards.

There is a spectrum of approaches to addressing payment for existing good practice/assets:

- some physical environmental criteria can be measured and valued (e.g. value of avoiding pollution = clean up costs);
- some systems e.g. spring cropping act as a proxy for delivery of environmental value – conservation headlands in arable land management are another example.

Option A:

Stick with the current scheme framework and make it work for existing value – change attitudes, identify priorities, do some quantification of environmental benefits, think about resource allocation consequences, look for examples of best practice in protecting existing value.

Current payments are based on income forgone, capital costs and incentive but payment should be grounded essentially in costs to the land manager of delivery. It requires flexible programmes, well run, well-funded with clear priorities. There is some evidence this is already happening but there are clearly some problems.

Option B:

More fundamental rethink of rationale away from income forgone.

But environmental values assigned by different interests will differ sometimes. One could make more use of the market (a bidding process) to deliver specific environmental targets. In essence, we want certain things and we should buy them on their value: it is therefore essential to introduce a market mechanism. There is a spectrum of environmental valuation from 'do-able' to 'not do-able' e.g. valuation of water catchments' various functions, to valuation of different aspects of biodiversity.

Schemes should adopt a whole farm mix and match approach focusing on systems and conditions. A whole farm approach would act as a proxy for environmental delivery e.g. extensive compared with normal conditions so specify what you want, and pay whoever will deliver. Can also apply cross-compliance conditions and/or develop a whole farm package. ICM, organic, other defined 'quality' assurance systems may all have a role to play. The aim would be to look at the cost to the taxpayer/income to the farmer across the whole farm, trading off some losses in some areas against gains in others, to make sound business and environmental sense for both sides to the contract.

The focus should be on defining appropriate farm systems, not detailed prescriptions, to deliver benefits. We should pay for environmental outcomes, then outputs, systems and practices, in that order of priority. We should leave the market to set the prices for some things, and use more (price) negotiated contracts to deliver specific objectives. One could set the boundaries for negotiation through resource allocation decisions, a priori. There will be a need to change psychology re the value of old versus new assets. We should not fight shy of the need to ensure long-term commitment to producing or maintaining environmental assets: this is important.

Is this a good use of money? We believe yes. We must justify it and use the money wisely.

Justification:

- meeting the objectives and targets of society and public bodies through intervening in farming/land management;
- society has clear and getting clearer view that farmers should deliver high environmental standards. There is not a perfect system of priorities but many local, regional, national and international targets exist e.g. BAP;

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- landscape and land management has direct economic values to society/community in terms of e.g. tourism, house values, etc. These contribute way beyond the direct costs of payment schemes. Land management provides the essential backdrop to tourism, our national identity, etc as brought into focus by FMD;
 - existing environmental assets are often difficult to re-create, especially conservation and archaeology, cultural landscapes, complex farm systems and natural complexity;
 - some argue that there is a case to intervene in the structure of farms/land ownership etc – that is contested. Contentious issue – it may be linked to skills retention. There is a consensus about the potential environmental risks of rapid change, though, which could be a case for intervention in structural change.

5. Delivery concerns

Issue from the regional workshops

Inconsistent quality of advice and support provided to farmers in agri-environment schemes as a result of varying skill levels amongst project officers, overly complex administration and application deadlines that don't reflect the timing of farming activities.

Questions to address

- a) How can the quality of advice, support, skills and administration be improved?
- b) What would be needed to achieve this? [i.e. different structures/devolution of decision-making etc etc.]
- c) How could farmers become more involved in this process?
- d) How can the extra costs that this will entail be justified?

Working group report

Quality of delivery – this is a concern for many schemes. If we want to move in future from 10% takeup to 100% takeup, it becomes even more critical. Delivery concerns affect both the apparent simplicity of schemes and their local implementation, as well as the accessibility of schemes.

A first stop shop is supported, but not a single provider – you can't get everything you want from just one person/service. Free advice is needed, this was agreed, but farmers want a choice of advisers.

Advice – comes from advisers who are often specialists, they may need interpreters (who could be other farmers), one could use members' clubs to help with this, as well as newsletters, farmer meetings, etc.

Concept of 'information push and pull': farmers pull info when they have a specific need, public sector pushes information when it wants to

achieve widespread change.

push = general promotion, pull = specific information.

Some, more than at present could be provided by IT.

How should advisers be selected? One could give farmers money/ vouchers to spend on advice, or give direct funding to advisory services, to provide. It seems sensible to use existing advice paths including bank managers, accountants, agronomists, land agents, environmental specialists. There is a need to integrate farmers' business and environmental objectives at farm level.

Perhaps government should set performance criteria for advice providers but there could be an issue about who should be the judge, and whether farmers themselves should have more of a say in what actually matters, for good advice. A professional qualification might be valuable for some kinds of adviser. What qualifications are needed? Or is experience more important?

Advice needs include information and support pertaining to getting into a scheme, as well as making the scheme pay, and making the scheme deliver for the environment, over time.

A specialist adviser probably only needs 1-2 visits during the scheme lifetime, while a more generalist local 'facilitator' could be the regular contact. Facilitators should be locally based, working on a long term basis (to provide greater familiarity and trust/understanding), and should be able to work flexi hours on advice, in return for a small fee or at least reimbursal of expenses.

For farmer training – need to ensure feedback from their experience with schemes.

Advice should work in two directions and include feedback from farmers operating schemes.

Policy development should, too – it needs to get early farmer involvement in scheme review and design, this will require local implementation and the explicit design of systems for feedback of experience, as schemes develop.

Schemes could make more use of self-evaluation by farmers, helping each other with training needs and allowing them to improve the scheme results, over time. More resources will be needed for higher delivery of standards set and met, public interests met. Through this there will be increased farmer gains, boosting local employment and finances for the environment. And in general, as schemes expand, there will be knock-on benefits in terms of environmental delivery and increased opportunities for market links.

6. Promotion and public awareness concerns

Issue from the regional workshops

There is a widespread lack of awareness amongst the general public about the value of the countryside and the true cost of food.

Questions to address

- a) How can market links be developed to heighten public awareness of the benefits of schemes in relation to the food and products that they buy?
- b) What are the barriers to the successful development/impact of improved market links and how could they be overcome?
- c) What methods could be used to better promote the environmental, economic, social and cultural benefits of AESs to the general public to ensure their support? [i.e. web-site/publications/public access etc]

Working group report

The public does value the countryside but this does not mean they understand the value of agri-environment schemes in relation to the landscape. How can they be provided with a means to support the farming methods advocated? Farmers are generally perceived as asset-stripping; so one needs to define concepts of sustainable and non-sustainable farming, to address this perception. There is a potential marketing problem in that agri-environment currently only deals with 7% of farm land, so it can only have a minor impact.

It is felt that 'agri-environment' is not particularly attractive as a term, to consumers: it sounds vaguely industrial. Stewardship is a better word – more accurate and consumer/public friendly.

There is a conceptual and important difference between 'commodity' and 'food', in relation to farm production. Many farmers still produce commodities – these have no direct link with individual consumers; thus the scope for sending messages through the marketing chain is limited. Often it is those farmers producing raw materials/commodities (e.g. hill farms) who produce the most environmental benefit. Conclusions: there is a problem with the question set, here.

There is a proliferation of farm produce assurance schemes, this can be confusing for consumers. Also, many of these don't incorporate any real environmental standards – they mainly focus on food safety/quality notions.

This still leaves the question of how to get consumers to pay for the view that they want to see.

Restricted access to schemes is a problem – many more farmers would like to join schemes but can't because of the limited budget. Does this

mean they would therefore be denied any related 'quality' label, too?

The true cost of countryside management is an issue which many consumers don't understand. However, most would recognise the value of landscape and its diversity around the country: this suggests that regional/local branding could be more persuasive than a generalised environmental management label.

Marketing – can we learn from successful examples of organic marketing?

One could envisage a sustainable stewardship certification scheme, with the possibility of a CS logo/badge. But it might be more productive to focus on regional assurance schemes - this enables them to be linked into the significant purchasing power of the tourism industry, sending messages about preserving local diversity – but each based on some kind of national template for scheme-related products.

Afternoon workshops: strategic issues to address

1. The call for a single scheme

Issue from the regional workshop

Current AESs need to evolve to meet the evolving demands of farming, farmers and consumers. ESAs are thought to be 'too weak' and CSS 'too selective' in their reach and impact. The idea of a single scheme, available to all farmers with tiered payments and regional and/or local variations has been proposed by all local workshops.

Questions to address

- a) Is this a desirable framework?
- b) How would one deal with the 'broad and shallow' demand of such a scheme?
- c) How could the ESA problem of achieving protection but little enhanced environmental benefit be avoided?
- d) How could you engender larger-scale benefits or novel approaches to achieving environmental benefits?
- e) Where would this scheme fit in relation to environmental regulation, COGAP, cross-compliance, Quality Assurance Standards etc
- f) How can local variation be accommodated without too much bureaucracy?

Reports from two separate working groups

Yes – a single scheme with regional variations is a desirable framework.

We need a complex scheme with good advice to steer farmers, with a basic level of entry.

There should be a preliminary requirement for a whole farm plan, and then the required level of advice will increase with the complexity of the individual agreement. To achieve basic level entry you could use straight agronomic advisers to promote and sign people up to the scheme, etc but they would need to be trained to do this.

In building a more truly nationwide scheme:

- more management/tier options for some farm types are needed e.g. dairy farms.
- there is a need for joint business and environment advice.

The Tir Gofal scheme model avoids the ‘tier 1 ESA problem’ because it is whole farm and discretionary – to get the whole farm base payment you have to agree to enter land into higher tiers where necessary.

Which elements of farm management could be delivered through cross compliance or codes of practice, rather than scheme payments?

There is a need to avoid stifling innovation, in the way schemes are designed: they need to become less prescriptive.

The base area payment could be modulated according to the management burden associated with the resources in the base tier (e.g. length of hedgerows to manage, rather than simply area of land involved).

Larger scale benefits from schemes are easier to achieve with a scheme like ESAs but the fixed payment rates are a problem even here. Building on the ESA approach there is a need to modify the CS targeting process towards achieving a more unified ‘vision map’ for each area.

In relation to advice, the use of non MAFF/RDS project staff may also be possible and beneficial at local level, e.g. the bat project already established, using specialist NGO input rather than FRCA people.

Farmers could help administer the scheme by devising new methods for achieving desired outcomes.

However, there will still need to be a big increase in funding to cope with a broader entry scheme. It would need to have some scoring criteria for applications, but would probably be largely first come first served because you would not have the time/money to give as detailed scrutiny as CS currently does, to all applications.

Currently, ESAs need flexible payments to allow rates to be targeted to

local conditions.

There is a need for more proactive recruitment into schemes, in certain areas where there are priority environmental issues to be addressed.

To deal with the broad and shallow demand it would need a simplification of a 'base tier' entry procedure, but such simplification is better done at the local level i.e. by individual landscape unit. This would also help achieve landscape-scale benefits via cumulative effects upon a common objective.

Cross-compliance/regulation is also essential as base level standard, below/alongside the base tier. The higher tiers of the scheme would offer the bells and whistles.

Regional variation: working at landscape unit scale means that costs and design would all be determined locally, which implies more administration costs nationally, but there should then be great savings in delivery admin, since this would all be local, too.

Is it a single scheme we want or a first stop shop?

One scheme – will need variety in it, ie. broad and shallow must be a regionally tailored broad and shallow. The single scheme needs to be flexible at local and regional scale.

CS is 'highly engineered' – the base level of a new single scheme would be very important, but there is no consistent ESA model, at present. A simple broad and shallow scheme becomes more important as more farms are recruited.

Should they have to have a minimum habitat quota, as part of the base tier? There has been a previous proposal for a very simple scheme based upon this kind of model, designed as a self certification scheme with some external policing, where farmers would qualify for the base payment if they had a sufficient area/proportion of the farm in 'environmental' cover, e.g. field margins, semi-natural habitat on farm. It could be simply based on IACS + GIS, and map features and areas of relevance. One would have to require no habitat loss, under the scheme.

ESA problem: not sure it is a problem – paying for protection is very important. The argument that tier 1 ESA is low value for money ignores the opportunity cost of protecting existing management e.g. Hereford river valleys, Lincs grazing marsh, where land outside the ESAs is still being lost to intensification. The issue is only a significant problem where resources are very limited. It should be accepted that enhancement comes with higher tiers.

ESAs must be very locally designed: the newer ESAs are much better in this respect. Also, farmer participation in design is essential. At national scale, landscape character areas/natural areas should be the unit for designing the basic tier element of the scheme. In relation to ESAs – the non-competitive element is good, it is good at targeting issues at local level, the 'peer group' effect of focusing on a local area is good, and

project officer liaison is greater and higher quality than under CS.

These are all good points which should not be lost, in future. Local farmer participation is needed, in future schemes. We shouldn't dismantle existing ESAs – the local partnerships already established in these areas are already running it better than we could. Instead, we should look to use the same approach more widely, e.g. applying it to all natural areas across the country.

You also need whole farm plans, to ensure large scale benefits – landscape planning – groups of farms within one area. The UK should look at EU wide schemes – some make more use of self imposed regulation.

A single scheme cannot be the same as CS – CS is needed/ designed to tackle the top end of the pyramid. We need one scheme with variety to cover all areas. Regional planning will differentiate areas that require differing CS rules.

CS is currently not getting maximum environmental benefit – because it is too specifically focused on predetermined environmental goods rather than allowing a holistic review of opportunities in relation to each farm.

Under a scheme with an environmental baseline, farmers would sign up to basic criteria. This must be practical – maybe it should use self certification more in delivery and in encouraging environmental benefits from agreements.

Is good mapping a barrier to a single scheme available everywhere? Farm maps are currently available to farmers through IACS. Schemes could use these, but there would be a need for more ecologists to map the additional features and areas of interest that IACS would not pick up. Should use existing GIS material as far as possible.

We need to shift away from one farm scheme design to whole area scheme design – need to secure united farmers' plan across each area. This might be promoted by offering linked applications extra points in the targeting/assessment process. It is a great concept to link applications, but we aren't sure how best to achieve it in practice.

A future scheme would need proactive management to encourage targetting at specific objectives. Farmers should help administer certain aspects of scheme delivery e.g. as with the 'landcare' initiative in Australia. They need 'tools not rules' in these schemes. A future scheme should have something for everyone, but there will be major demand issues. A first come, first served approach to applicants will probably be necessary.

A national scheme available to everyone would need a very big increase in resources, compared to what is currently envisaged for agri-environment in England. Higher payments would be needed in many areas.

Use of Project Officers can be valuable – e.g. cirl bunting for CS in

Devon. The exercise was resource intensive, but you can use other organisations besides MAFF/RDS to provide particular support, in some cases.

Cross compliance could perhaps deliver the 'entry level' we are considering here. In the short-term, we may not have funds for wide entry level AES. Codes of practice, basic standards, are all subject to different views on what level should be sought. We need an agreed vision of what the 'basic standard' should be.

2. Integration with other parts of the ERDP

Issue from the regional workshops

AESs need to be better integrated with other rural development measures. In particular there is a real need and demand for investment in training, skills, whole farm plans, farm audit, relief services and business development, as well as to recognise the positive social and economic contribution of AESs to the community.

Questions to address

- a) How integrated should we aim to be?
 - i. Do we want to create a new structure that fully integrates AESs with the other elements in the ERDP?
 - ii. Would it be sufficient to change the ways of working within the existing structure to ensure that there is sufficient read across between the various schemes?
- b) Depending on the answer to a), what would we need to do to achieve this?
- c) Given the feedback from the local workshops, can we go further in the uplands than in other areas/farming systems?

Working group report

Integration:

- in relation to RDR principles, this should mean total awareness, understanding by all partners of a shared vision for the programme, so that each separate organisation 'buys in' to its objectives;
- in relation to the mechanisms of ERDP it should mean good collaboration between schemes, co-operation and common objectives.

We should avoid conflicting requirements between different bits of the programme, but each element doesn't have to deliver everything.

There is a need to recognise the full variety of relevant players in the policy game and their needs.

To achieve implementation/execution of integration – you need an integrated delivery service, based upon whole farm assessment/audit. This should identify important assets (business and environment) and issues, and provide basic pointers to likely/promising schemes for farms to apply to.

We need to promote better local collaboration, so that schemes go beyond single farms, that mature schemes can develop further – e.g. having cross-farm agreements.

There is also a need for better collaboration between ERDP and other non-ERDP services in rural areas. And for more farmer feedback into the process.

3. Recognising and benefiting from shared ownership

Issue from the regional workshops

Schemes need to demonstrate greater shared ownership by DEFRA and RDS, in partnership with farmers, local communities and with different agencies.

Questions to address

- a) What current examples of partnership working can serve as examples of best practice for AESs?
- b) What are the barriers to greater shared ownership and how can these be overcome?
- c) What would we need to do to empower local people / farmers / specialists to enable them to input into policymaking and scheme performance?

Working group report

There are good examples:

Shared ownership is needed between landlord and tenant – partners need to work in the same direction. In landlord-tenant relationships, we need a clearer basis for judging rents where AESs are involved. The National Trust is beginning to understand these issues on its estates.

The Bowland initiative is a good example, on a trial basis, of a pilot project where advice is given to integrate farm business and agri-environment planning. It is based on a farm business audit. Shared ownership is fostered through a steering group involving all the different local agencies. It balances the different priorities of the agencies in order to get best results. The priority is to get the best environmental management on each holding – you need to persuade the partners that it is for ‘the greater good’.

The Arable Stewardship pilots and Countryside Agency’s Land Management Initiatives may also involve useful examples of good

partnership working.

We need AESs to be delivered broadly alongside the other RDP schemes. Details of integrated delivery and support should be agreed and implemented locally – like with ESAs. It needs to involve close working with National Parks, Local Authorities, FWAG and others.

At the detailed level of implementation more should be done to involve the local community. Is there enough local community involvement in current schemes – e.g. bridging the urban/rural divide?

The group concludes there are not many e.g. of good practice other than those which exist only on a trial basis, and most of these are in upland situations. However, there are lots of examples of partners working together – agencies generally work collaboratively quite well, but we are not sure how effective this is. And the engagement of the local community is much more difficult to achieve.

CS can bring farmers and communities together; for example, in Cornwall river corridor partnerships; in relation to common grazings; and in historic park restoration work.

You need to consider appropriate levels for partnerships/integration: across ERDP, between all agencies at strategic level and at the point of delivery. At the local level it is a more difficult issue to tackle – how to involve the local people – and will be more resource intensive. Agencies and other public sector bodies can aim to create the seed-bed for community partnerships, giving leadership to encourage groups to come together.

Successful partnerships generally have a unique focus – so that people feel they can't afford not to be part of this initiative – a kind of peer pressure. Are the agencies presenting this image? Sometimes there are sectoral/local patterns where agencies are trying to work together.

Farmer-farmer links in AES-type partnerships are generally weak, but felt to be quite good in ESAs.

Barriers to shared ownership:

There are key differences between 'deliberation' versus 'decision' in relation to schemes and the allocation of scarce resources – achieving shared ownership of the latter is more problematic due to issues of accountability and the legal framework, and the perception that schemes involve 'someone else's money'. Thus it may be more productive to aim to maximise partnership at the deliberation stage, where the strategic issues about scheme deployment are determined. We may need a transition mechanism from current practices to greater shared ownership, working from shared aspirations to clear criteria for decision making, setting broad parameters and working from an informed viewpoint.

Partnerships need clear objectives to define what the land should be used for – agreed by government and its agencies together. The emphasis is

shifting from food to environmental benefit. To some extent this is a non-competitive process, unlike the production focus. The public wants an opportunity to change the system – you have to address public requirements from schemes. This also means there is a need to tell people what is happening, with current schemes. There are clear resource costs for capacity building, but these are very important issues for future schemes to address.

One way to increase transparency is to devolve decisions to local level. To date, Government has been the driver for schemes, this may not be so in future. Sometimes, with the current system, there is too much knowledge on paper and not enough time to use it in practice. We could foster more exchange of information and know-how between farmers and the wider population. Agencies also need to show how schemes relate to the core farm business. We need to foster locally compatible production systems that are in keeping with the local environment and the wishes of the public.

You could consider new incentive mechanisms to foster links e.g. a £500 bonus for CS if an applicant has consulted the parish council in drawing up their scheme. HLF uses some similar mechanisms.

You need to develop and speak the same language – e.g. holding more participatory local meetings. Need to develop a shared language and understanding and put resources into developing this – which could be very intensive. Be prepared to put time and energy into shared working and make it rewarding.

Scheme performance – farmers could become more involved in monitoring their own performance, but this requires much stronger trust – two way, between administrators and farmers: moving from a culture of blame to one of partnership.

4. Relationship with the rest of CAP, and with environmental policy

Issue from the regional workshops

Agri-environment schemes do not operate in isolation from wider agricultural and environmental policies and many of the issues being discussed and their solutions require further reform of the CAP. In particular there are conflicts with current commodity support payments.

Questions to address

- a) What is our ultimate/long-term goal for reform of the CAP?
- b) What should be the relationship between environmental regulation, CAP support and AESs?
- c) What are the key areas, sectors or instruments in need of reform to ensure that our future direction for AESs can be achieved?
- d) How do these areas need to change?

Reports from two separate working groups

Ultimately/long term, the CAP should support farming and the rural economy, through sustainable agriculture which delivers public goods that depend on effective land management.

The role of CAP and environmental regulation:

- the perverse incentives need to be removed (e.g. some CAP payments /rules which work against environmental management/ sustainability);
- payments should be conditional on a certain standard of responsible practice (QA);
- there is an 'upside down triangle' of advice, incentives – government and market, and regulation at the base, underpinning it all.

Design: the scheme must be regionally dependent.

'Spoilers' – examples of negative current policy impacts on agri-environment schemes include milk quotas and the OTMS.

There are limits to what can be achieved through CAP alone – e.g. environmental costs of livestock transport are outwith the CAP mechanisms but are relevant to our interests.

In establishing new schemes/arrangements, a few principles should be applied to the nature of change: it should be deliberate and precautionary; and it should provide a safety net to support short term pain and avoid impact damage resulting from that.

The required CAP change is a move from coupled to decoupled payments (i.e. no obligation to produce). We could change over time, to allow adjustment, or go quick and offer special aid to assist investment in the new set-up.

We need a global environmental standard to limit exporting our environmental problems.

Could this be voluntary? Not considered viable. Nor WTO? Will the market provide?

There is a continuum of agricultural practice in relation to environmental impact, from bad to good, with 'Good Agricultural Practice' somewhere in the middle. Farmers need help to move along the line, this requires a culture change, and farmers and consumers education. Perhaps a certificate to farm should be required?

For environmental bads – we should regulate, tax, cross-comply.

For environmental goods – we can develop markets or subsidise, as in payment schemes.

The long term goal should be to move from market support to payment for public goods, aiming also for: market driven; local markets; a sustainable rural economy; competitive (so happy to rely on imports where necessary); and local market education – for consumers and farmers – about the environment.

Final wrap-up session

The day has developed some clear areas of consensus and progress. With respect to consensus we seem to agree on the desirability of moving to a single national framework for these schemes, with regional/local variation in prescriptions/targets/payments, as necessary. We also seem to agree with the regional workshops that schemes can deliver more than they currently do, and that there is scope for improving delivery, resources and ways of working together in order to enhance their performance.

We have made some valuable progress in a few key areas, such as:

- how to ‘overcome’ the strong income-forgone link, in payment calculations;
- how we can build the case for increased scheme funds; and
- how a larger scheme can truly deliver a much larger scale of benefits, in future.

Some further issues to discuss, arising from the day’s deliberations:

- 1) how to build/establish trust, in making schemes cost-effective: what are the benefits?;
- 2) effectively, scheme devolution has been strongly called for: what are the risks?;
- 3) what should be our priorities for managing the current short-term changes in the farming sector as a result of crises and low incomes?;
- 4) are we ready (in this review) to build a scheme which explicitly seeks 100% uptake?

1. On trust

- CAP processes foster distrust, and involve high costs of bureaucracy to both farmers and administrators.
- The relationship between MAFF, farmers and environmental interests is now much closer – this should enable us to develop new ways of working to reflect this greater trust.
- Farmers are now seen more widely as part of the solution to environmental needs.

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- AESs are evolving continuously – this emphasises the need to use trusted local project officers who can apply schemes using local flexibility and knowledge.

2. On priorities for managing change

- Many pilot integrated delivery projects are being lost as Objective 5b funding ends – we need to continue to fund them, and to roll these models out more widely across England.
- We need a short term strategy – in advance of AES review, for FMD affected farmers.
- The development plan process and local communities should be brought more into the policy making process for AESs, at regional and local levels.

3. Are we ready for 100% uptake?

- We must move closer to this at next review. FMD areas could be good areas to pilot a 100% uptake model. But we need also to make better use of existing resources in schemes.

4. On devolution

- The risk of fragmentation of achievements is small, because national frameworks exist now e.g. BAP process, character/natural areas, protected area networks, etc, which provide the overarching context or steer for local level activity. Improved communications technology now supports devolution within a common national framework.
- We need to take account of distant problems to local areas e.g. estuarine pollution.
- We need to unify/coordinate non-MAFF funding of advice to farmers.
- Local project officers must engage with the big picture, not ‘go native’ too much – this needs some strategic direction/guidance from above.
- Devolution could lead to hundreds of different payment rates – this is very complex if you look at it from the top, although simple at the local level. Reporting/recording burdens could become very onerous for the central administration, if devolution went this far.

Other issues raised:

- AESs are still all linked with farm production, even though they apparently qualify as ‘green box’ under WTO. If the schemes enlarge, there could be issues to tackle in WTO because they would have a clear effect upon production costs.

Glossary of Terms

AAPS	Arable Area Payment Scheme
ADAS	Agricultural Development Advisory Service
AES	Agri-environment Schemes
BAP	Biodiversity Action Plan
CA	Countryside Agency
CAP	Common Agricultural Policy
CoGAP	Code of Good Agricultural Practice
CS	Countryside Stewardship
CTEs	CTEs Contrats Territoriaux d'Exploitation (<i>French</i>)
DEFRA	Department for the Environment, Food and Rural Affairs (<i>established June 2001</i>)
EA	Environment Agency
EIA	Environmental Impact Assessment
EMMA	An environmental audit similar to LEAF
EN	English Nature
ERDP	England Rural Development Plan
ESA	Environmentally Sensitive Areas
FMD	Foot and Mouth Disease
FRCA	Farming and Rural Conservation Agency (<i>became RDS in April 2001</i>)
FWAG	Farming and Wildlife Advisory Group
FWPS	Farm Woodland Premium Scheme
GDP	Gross Domestic Product
GIS	Geographic Information Systems
HFA	Hill Farming Allowance
HLF	Heritage Lottery Fund
IACS	Integrated Administrative Control System
ICM	Integrated Crop Management
LEADER	An EU initiative aimed at supporting local rural development initiatives
LEAF	Linking Environment and Farming (Environmental Audit)
LERAPS	Local Environmental Risk Assessment for Pesticides
LFA	Less Favoured Areas
LRDP	Local Rural Development Plan
MAFF	Ministry of Agriculture, Fisheries and Food (<i>became part of DEFRA, June 2001</i>)
NGO	Non-Governmental Organisation
NNR	National Nature Reserve
Objective 2	Areas facing structural difficulties (<i>an EU designation, part of the Structural Funds and eligible for funding under the ERDF – European Regional Development Fund</i>)
OFS	Organic Farming Scheme
OTMS	Over Thirty Months Scheme
QA	Quality Assurance
RDR	Rural Development Regulations
RDS	Rural Development Service (<i>was FRCA until April 2001</i>)
SRB	Single Regeneration Budget
VTS	Vocational Training Scheme
WTO	World Trade Organisation



