CRUNCH TIME for CAP
Choosing the right tools for a richer countryside
The UK’s four Link organisations (the Joint Links) represent a suite of bodies working for the conservation, enjoyment and protection of wildlife, countryside and the marine environment. Our members practise and advocate environmentally sensitive land management and food production, and encourage respect for and enjoyment of landscapes and their features, the historic environment and biodiversity. Taken together, our members have the support of over eight million people and manage over 690,000 hectares of land.

The Joint Links have long campaigned for reform of the Common Agricultural Policy (CAP) to help deliver a thriving natural environment. In 2008, both Wildlife and Countryside Link and Scottish Environment Link published policy positions, which highlighted the need for the CAP to encourage farmers and land managers to farm with a stronger environmental focus and to adequately reward those who do so already. Northern Ireland Environment Link published its briefing on the CAP in 2011, and Wales Environment Link has also been actively working towards an environmentally focused CAP reform.

Our shared vision for the CAP to evolve into an integrated agricultural and environmental policy remains unchanged, not least because the UK continues to face environmental challenges including those driven by CAP incentives and emerging demands on land. Across Europe, soils are depleted and degraded, water is over-extracted and polluted and wildlife struggles to survive across landscapes that have lost many of the features that provide character and distinctiveness.

These challenges are not insurmountable and many farmers have demonstrated that farming productively and profitably can go hand in hand with environmental protection and good animal welfare. However, the policy tools that encourage positive land and animal management remain limited under the current CAP. Despite several significant reforms in recent decades, the CAP still contains major contradictions in the way it addresses environmental challenges. In times of economic uncertainty prioritising the environment can be challenging, but the environment is not a luxury affordable only in times of plenty.

As we enter this current round of CAP reform, the tools to drive forward more sustainable, humane and wildlife-friendly farming must be developed. It must not be hijacked by those who wish to legitimise the status quo through greenwash. The CAP must play its role in meeting UK, EU and global objectives and commitments, to halt and reverse biodiversity declines by 2020 and meet ambitious climate change targets, but this requires genuine greening.

1. Beyond the Pillars (www.wcl.org.uk/docs/link_beyond_the_pillars_11mar08.pdf) and Beyond the CAP (www.scotlink.org/files/publication/linkreports/linkreportbeyondcap.pdf)
To meet the environmental challenges we face, the CAP must be equipped with tools that will help restore and enhance the natural and historic environment, creating ecological networks at a landscape-scale to achieve multiple benefits over wide areas of countryside.

Future CAP payments should be explicitly linked to positive actions that deliver more sustainable land management. Currently, the majority of CAP funds are paid in the form of decoupled payments attached to little more than basic legal compliance. As the next CAP will continue to feature two separate sources of funding (Pillar I and Pillar II), positive action must be secured and integrated across both Pillars and through all payments.

A reformed CAP has the potential to safeguard food production and farming in the long-term. It should ensure that communities and the environment are better equipped to adapt to climate change and protect and enhance other vital ecosystem services that land managers provide. A reformed CAP should direct public investment to land managers who provide society with these environmental services. This would help correct the market failure to value and reward their provision and support the economic viability of UK farming.

The CAP must contain the tools and incentives necessary to create a sustainably farmed landscape that supports:

- Profitable farm businesses based on sustainable farming practices
- Ecologically robust landscapes and habitats where wildlife can thrive and adapt to climate change
- Improved protection and care for special or priority species, habitats, landscape features, archaeological sites and cultural heritage
- Sustainable management of soils to maintain and protect soil biota and soil health
- A sustainably managed water environment
- The long-term survival of High Nature Value and organic farming systems
- Land management and farming practices that minimise greenhouse gas emissions
- Reduction and mitigation of agricultural activity that leads to the loss of wildlife and landscape character
- Responsible public access to the countryside and enhanced links between rural and urban society
- High animal welfare standards

**CASE STUDY REBUILDING THE COUNTRYSIDE**

In Northern Ireland, the RSPB’s Futurescapes approach is delivered through a project called Rebuilding the Countryside, in the wetland landscape of Lough Beg, located within the Lough Neagh and Lough Erne basins. Over 500 hectares of contiguous wet grassland is owned and managed by farmers. Often flooded in spring and summer, it is a challenge to manage and this has led to an increase in dense rushes due to a reduction in grazing. A partnership between local farmers, the RSPB, the Department of Agriculture and Rural Development and the Northern Ireland Environment Agency has emerged to restore the areas of wet grassland for breeding waders and provide grazing opportunities for cattle. Agri-environment funding is central to making this happen, not least by utilising the knowledge and expertise of local farmers.

**CASE STUDY THE PUMLUMON PROJECT**

The Pumlumon Project is led by the Montgomeryshire Wildlife Trust, pioneering an upland economy built around wildlife, ecology and long-term sustainability across 40,000 hectares of the Cambrian Mountain range in mid Wales. It aims to demonstrate the viability of new, more sustainable business models for farmers, forestry owners and tourism businesses. A suite of land management actions tailored to local conditions (ditch-blocking, tree-planting, alteration of grazing regimes and grazing species) are being piloted across several landowners’ holdings as well as those of the Wildlife Trusts. These actions are designed to improve water quality, reduce peak run-off in storm events, safeguard carbon, increase biodiversity and engage local communities. Currently there are 11 ecosystem and habitat restoration projects underway. Although Pumlumon is currently funded through charitable funds and landfill tax, the most suitable delivery mechanism to achieve the ecosystems approach should be through CAP funding.

3. Ecosystem and environmental services include the provision of food, biodiversity regulation of water, soil and air quality, as well as cultural services such as beautiful landscapes.
The CAP toolkit: what’s needed

**Effective Agri-environment Schemes with a Bigger Slice of the Budget**

Agri-environment schemes receive a proportion of CAP funding through rural development measures in Pillar II. These support farming practices which deliver benefits for wildlife, landscape character, resource protection, public access and the historic environment. This enables farmers to manage their land in a more sustainable and wildlife-friendly way and provide the means to safeguard and enhance priority species and habitats on farmland. Wildlife has been the primary focus of many schemes and they have delivered clear and tangible benefits for key species. The character of many of Europe’s most treasured landscapes has been maintained and enhanced through such schemes, which form the green backbone of the CAP.

However, Pillar II, through which CAP funds for agri-environment schemes are channelled, receives less than 25 per cent of the CAP budget and has to pay for a range of other rural development measures.

To date, each UK country has chosen to commit a significant proportion of Pillar II expenditure to agri-environment schemes. UK countries have increased this funding by applying ‘modulation’ (a process whereby funds are shifted from the pot of direct payment money under Pillar I into Pillar II). However, this money is still insufficient to successfully achieve the UK and EU’s conservation commitments.

It has been estimated that £1–3 billion would be required each year to meet publicly defined environmental objectives through agri-environment schemes in the UK. This is considerably more than the UK has ever received for Pillar II per year but is comparable to the amount spent on direct payments in the UK annually – payments which are not focused on delivering higher environmental quality.

The UK has consistently received a disproportionately low share of rural development funding and this must be corrected. Adequate finance must be made available if the UK is to meet its 2020 biodiversity targets, improve ecological connectivity across the landscape and help equip our wildlife and people to respond to a changing climate.

Funding mechanisms that provide the flexibility to transfer funds from Pillar I to Pillar II must be retained to ensure that the UK can generate extra revenue if the rural development allocation from the EU budget continues to fall far short of the required amount.

**Case Study: Normanton Down**

Normanton Down lies within the Stonehenge World Heritage Site in Wiltshire. It comprises 46 hectares of former arable land which is being reverted to species-rich chalk grassland through the ‘classic’ Countryside Stewardship agri-environment scheme in England. The RSPB is adding value to this scheme by working with the farmer through a nature reserve agreement to manage two fallow plots for nesting stone-curlwes, sourcing species-rich ‘green hay’ and wildflower seed to diversify the grassland. As well as enhancing the landscape character, the reversion is helping to preserve nationally important historic barrow monuments and restore ancient grassland, which will be grazed by livestock. The diversity of wildflowers, and invertebrates, is gradually increasing, with the ancient flora of the barrows beginning to spread and recolonise the landscape. Wild thyme, salad burnet and dropwort are all making a comeback and the sensitive grazing of the barrow monuments has meant their distinctive shape is now much clearer to visitors.

**Case Study: Hope Farm**

Hope Farm is a 181 hectare arable farm in Cambridgeshire, bought by the RSPB in 2000. It is run as a commercial enterprise (not a nature reserve) to trial and advocate new farmland management techniques that help farmland birds and other wildlife. Through the use of Entry Level Stewardship options, including pollen and nectar mixes and skylark plots (open to all farmers in England), the farm has seen a phenomenal 201 per cent increase in farmland bird numbers. Floristic diversity has also increased with 168 species recorded in 2009 (including the nationally scarce broad-leaved spurge) compared with 103 in 2000. Hope Farm demonstrates that increases in wildlife can be easily delivered alongside highly productive farming.

**Case Study: Gowy and Mersey Washlands**

Gowy and Mersey Washlands, Cheshire, is a partnership project with local landowners, businesses and communities, with help from NGOs, Government agencies and farming representatives. It aims to restore, recreate and reconnect a network of wetland habitats providing ecosystem services in conjunction with high quality nature conservation resources of benefit to local people, the environment and the economy.

To date, new Higher Level Stewardship agri-environment agreements are restoring 311 hectares of floodplain grazing marsh and improving the condition of species-rich meadows. Traditional livestock are in demand throughout this area which helps landowners achieve their agri-environment options. Outcomes have included raising water levels and managing the extensive ditch systems for key species such as lapwings and water voles.

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7. The total value of direct payments to farmers was £3.6 billion in 2009.
8. Cited in House of Commons Library: Social Indicators research Paper 11/05. 18 January 2011
Farming systems cases the desired outcome is a continuation of 'costs incurred' can be inappropriate as in most "old" EU member States, are biased towards high-output farming systems. Because HNV farms often receive little or no support from current CAP payments, despite covering up to 80 million hectares across the EU. Direct payments, which are still mainly allocated on an historical basis in most ‘old’ EU Member States, are biased towards high-output farming systems. Because HNV farms are often small in size they can fall below the size threshold for payments and so receive nothing. Many of the UK’s upland farms would be classified as HNV as would many of Scotland’s crofting systems.

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**LIFE SUPPORT FOR HIGH NATURE VALUE FARMING SYSTEMS**

High Nature Value (HNV) farming systems are inherently high in wildlife value, and also produce other environmental benefits including carbon storage, sources of clean water and they maintain landscapes that help wildlife adapt to climate change.

Typically they are low-intensity farming systems, with a high proportion of land in, or close to, a ‘semi-natural’ state, such as orchards, hay-meadows and permanent pasture that are not heavily fertilised or regularly re-sown. Many of the UK’s upland farms would be classified as HNV as would many of Scotland’s crofting systems.

Urgent solutions are needed to support the economic viability of these environmentally beneficial farming systems to ensure they can continue to exist. HNV farms need targeted economic support that is linked to the continuation of well-defined land management practices and the delivery of environmental public goods. An area-based payment, using Pillar I funding, would be most appropriate. The tools which could be used for this purpose include National Envelopes to ring-fence a percentage of Pillar I funds to support certain farming sectors or systems. A top-up payment could also be introduced to divert a proportion of direct payments to reward the sensitive management of highly biodiverse habitats, particularly species-rich permanent pasture.

While Less Favoured Area/Natural Handicap Area payments exist, they must provide improved delivery of public goods. These areas should move beyond the current approach of being paid on the basis of location to rewarding farmers for the environmental public goods they provide. This could be achieved by developing farm-level eligibility criteria and required land management prescriptions. The decision in England to move away from automatic Less Favoured Area payments to specific agri-environment schemes was an important step towards attaching environmental conditionality to this form of CAP support. However, this scheme still requires improvement to deliver clear environmental benefits.

**CASE STUDY: MACHAIR**

The Western Isles are a chain of small islands off the north-west coast of Scotland and contain over a third of the world’s machair (calcareous grassland areas which are also cultivated for fodder) – a priority habitat designated under the EC Habitats Directive. The machair is cultivated for grass and corn fodder for cattle and sheep and its biodiversity value is a direct result of traditional crofting methods. Key species such as corn bunting and corncockle depend on this unique and diverse management regime.

Without continued crofting, the machair would lose its biodiversity value. Currently a LIFE+ project aims to maintain the machair’s value through supporting beneficial agricultural management, but there is an urgent need for the CAP to adapt and support these vital crofting systems.

**CASE STUDY: HAY TIME**

In the North Pennines Area of Outstanding Natural Beauty, the Hay Time project aims to enhance and restore upland hay-meadows, one of the rarest grassland types in the UK. These meadows were previously destroyed through unsustainable farming practices, and recent surveys suggest less than 900 hectares currently exist. This collaborative project undertakes surveys where ‘donor’ and ‘receptor’ sites are identified and matched. Special machinery is then used to harvest seed from species-rich meadows and to transplant them to sites that have lost their species. Agri-environment schemes such as Higher Level Stewardship are central to the operation of this project, which is an excellent example of CAP funding being used to protect, restore and extend a precious natural resource.

**CASE STUDY: PONTBREN FARMS**

The Pontbren Group, North Powys, started as three farms, primarily to restore hedgerows and shelterbelts and has now expanded into a catchment scheme covering almost 1000 hectares. The group wanted to combine elements of woodland and landscape management, marketing and cost reduction through better resource management. This did not fit within a standard agri-environment scheme so they sought different funding including the CAP’s LEADER fund. By demonstrating the positive environmental impacts, Pontbren has now become an agri-environment scheme tailored to its particular catchment, combined with co-operative marketing projects and is run from the bottom-up.

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The CAP toolkit: what’s needed

CRoss-ComPlianCe RequiRements that addRess the Risks and Can PaCk a PunCh

Cross-compliance conditions contain aspects of existing legislation set at the EU level and ‘Good Agricultural and Environmental Condition’ (GAEC) requirements that Member States have considerable flexibility in setting. When cross-compliance was introduced as part of the 2003 CAP reform, expectations were high that the system would, when rolled out across member States in 2005, secure tangible benefits for the natural environment. Its introduction was also significant because it acknowledged that delivery of environmental and other public benefits from farmers and land managers was a reasonable expectation in return for publicly funded direct payments. However, cross-compliance has failed to meet its potential and its shortcomings are numerous.

The failings of cross-compliance

- A lack of clear farm-level obligations for farmers prevent land managers from delivering positive change
- Too few farm-level inspections take place – just one per cent of direct payment recipients are subject to checks each year
- The penalty regime fails to apply sanctions (i.e. a reduction to that year’s payment) which are proportionate to the severity of the infringement
- Sanctions do not require the reversal of any environmental damage caused
- Cross-compliance requirements are not applied across all CAP payments
- Cross-compliance does not cover all the relevant animal welfare laws and is not adequately enforced in relation to those laws it covers
- Eligibility criteria for direct payments have driven some farmers within the UK, and the wider EU, to remove environmentally beneficial landscape features to retain their eligibility for payments

The 2008 ‘Health Check’ of the CAP missed an opportunity to address some of the failings of cross-compliance and instead weakened it. Articles from the Birds Directive were removed and a new measure which gave Member States the ability to mitigate the loss of set-aside through cross-compliance was made optional. As a result this was ignored in almost all Member States.

Worryingly, there are calls across the UK for a further scaling back of cross-compliance requirements.9 This is in direct conflict with society’s expectations from farming, and the desire to see an environmental return from the millions of pounds that taxpayers invest through the CAP each year. It will also undermine the UK’s commitments on biodiversity, landscape character, resource protection and climate change.

The cross-compliance system must be improved and strengthened. There are areas where procedures could be simplified, but the risks of over-simplifying processes must be fully understood, and mitigation measures put in place, as part of the reform process.

It is vital that cross-compliance meets legal requirements (including key, but currently absent, aspects of the Birds and Habitats Directives and animal welfare legislation) as well as measures under GAEC which can be tailored to specific issues within a Member State.

Eligibility rules for direct payments must be addressed to end the perverse environmental consequences which have arisen from inappropriate interpretation. In several Member States this has resulted in the destruction of environmentally beneficial wooded and scrubby farmland habitats so that the land meets eligibility criteria and receives direct payments. This must be changed. All farmland and landscape features under positive environmental management should be presumed eligible for direct payments, whatever the vegetation type.

Cross-compliance conditions must be robustly implemented, with clear guidance and support for farmers. It should be properly enforced through simple but significantly increased checks, and breaches must also be treated seriously and proportionately.

New tools

Although the 2014–2020 CAP will continue to have two separate Pillars, there are clear expectations from society, along with assurances from decision-makers from all Member States and political institutions that the next CAP will need to be greener. There are several opportunities to use the current and future CAP to achieve this objective and to make changes to current rules which would drive more sustainable land management across the EU. It is vital that any new greening measures deliver genuine environmental benefits on the ground.

NATIONAL ENVELOPES
Many Member States have already used National Envelopes to provide additional income support to livestock farms or for food quality improvement initiatives. Despite the ability to divert Pillar I funds to types of farming that are particularly important for the environment through this approach, or to support activities which deliver environmental benefit, this option has largely been ignored.

If National Envelopes are included in the next CAP, they must be fully utilised to support farming systems which deliver high levels of environmental benefit. One key target could be improved support for livestock farms or for food quality improvement that deliver high levels of environmental benefit.

TOP-UP PAYMENTS
Top-up payments are another potential tool for ring-fencing Pillar I funds and could be used for very specific farming issues such as protecting and maintaining semi-natural permanent pasture, Natura 2000 areas and as optional support payments for Less Favoured Areas.
Top-up payments must contain explicit eligibility criteria and management requirements to ensure that only farms which are delivering high levels of environmental benefit receive public support. In the case of permanent pasture, only truly permanent, biodiversity and carbon-rich pasture should receive targeted support. These pastures deliver multiple environmental benefits such as carbon storage, adding to landscape character, habitat provision and water management. Re-seeded and intensively managed grassland, which does not deliver these benefits to the same extent, should not be eligible for such support.

An area payment for farms in Natura 2000 areas should be developed, and could play an extremely valuable role in making HNV farming more economically viable. It is again critical that such a payment is conditional on meeting key management prescriptions to maintain the ecological characteristics of the area.

The Commission has suggested several options that could be incorporated into these ‘greening’ requirements, including Ecological Focus Areas, permanent pasture protection and crop diversity. Of the options proposed, Ecological Focus Areas appear to have the greatest potential to deliver environmental benefits, if implemented appropriately.

We suggest that a percentage of the farm area should be managed for biodiversity and wider environmental protection and enhancement. This could include areas of uncropped arable land, woodland buffers, over-winter stubbles, landscape features and extensively managed farmland (such as extensively grazed permanent pasture or traditional orchards). Additional management of this area would be supported through the use of improved agri-environment schemes.

Another way to improve the overall environmental delivery of the CAP would be to make participation into agri-environment schemes a precondition of receiving direct payments. The economic incentive to retain direct payments would drive a significant proportion of those farmers and land managers not yet signed up to a scheme to apply. It will be vital that adequate funding is made available to ensure all farmers are able to enter an agri-environment scheme.

**CASE STUDY**

**WORKING WETLANDS**

Working Wetlands is a collaborative landscape-scale project run by Devon Wildlife Trust in partnership with statutory agencies, Devon County Council, NGOs, South West Water, local landowners and farmers. The project aims to restore Culm grasslands and important farmland habitats, re-connecting wildlife-rich ‘hotspots’ to rebuild the Living Landscape. Culm grasslands are internationally important and they are home to some of the nation’s most threatened wildlife. The three priority areas cover 65,000 hectares of farmland, where funds from Entry Level and Higher Level Stewardship schemes are critical to restoring robust ecosystems. To date, in excess of 1400 hectares of wet grasslands have been brought into sensitive management and over 80 hectares recreated from former sitka spruce plantation. By targeting wetland ecosystems, this seven year project will deliver cleaner water, healthier soils, and will alleviate the impacts of floods and drought. Agri-environment funds play a huge part in making this project successful.
Further steps

WIDER RURAL DEVELOPMENT
There is a clear case for CAP support for wider rural development measures where these underpin the delivery of environmental services on farmland. Potential measures could include providing support for local and artisan food producers, related small-scale infrastructure such as livestock handling facilities and promotion of local environmentally based tourism. Measures that would work counter to environmental delivery (which could include unsustainable investments in competitive measures) or that represent a misuse of Pillar II money (such as risk management payments) must not be included in Rural Development Programmes.

FARM ADVISORY SERVICES AND I.T.
Advisory services are a key tool to support farmers and land managers to adopt the most appropriate and beneficial land management options on their farm and are particularly important for the more targeted agri-environment schemes. However, it is clear that the availability of specialist advice is limited and needs to be increased.

Objective, agronomically and environmentally sound advice should be provided to farmers at the required scale and format. Face to face support is important for targeted farm-level work; other means such as online resources and even text alerts can be beneficial. Support is required to facilitate cooperation between landowners to achieve landscape-scale working and large-scale benefits for habitat creation and resource protection.

Well-functioning IT services underpin implementation of measures within the CAP, from properly mapping field parcels and features necessary for cross-compliance inspections, to targeting the right agri-environment options at farm and landscape levels. All farmers should have access to adequate mapping resources to enable them to identify the environmental and landscape features they need to protect to receive any public support. The supply of environmental maps (with guidance and advice) should underpin cross-compliance requirements and agri-environment scheme targeting. As the responsibility for funding CAP-related IT infrastructure rests with each Member State, it is critical that sufficient funding is allocated and that implementation (which is devolved to each UK administration) is efficient and effective.

CASE STUDY
GRAZING FOR WILDLIFE
The Grazing for Wildlife Project is a partnership initiative with the Hampshire and Isle of Wight Wildlife Trust, the Ministry of Defence and livestock owners. It is reintroducing livestock onto some of the most important areas for wildlife in the country. This form of management is improving the heathland for wildlife and bringing landscapes back to life. The project hopes to improve the local economy for farmers and businesses by creating a link for local food trading. It aims to connect valuable habitats with farmers, food production and the consumer. Some of the meat from these local graziers has been successfully marketed through the Southern Co-operative supermarkets and local farm shops, highlighting the importance and benefits of locally sourced food for the local economy, the environment and the community. At present, the project relies heavily upon the Higher Level Stewardship scheme to deliver these objectives.
The Joint Links believe that public support for farming must encompass UK and EU commitments on the environment, wildlife, landscape and climate change. Any payment, whether from the EU or national administrations, must be consistent with protecting our valued places and wildlife as part of viable productive farm businesses. We therefore urge the UK Government to make our 10 key outcomes, outlined above, the basis of its negotiating position with EU partners on the future of the CAP. By integrating and fully utilising the measures in our toolkit, we believe the CAP will be able to deliver much more for the environment.

Environmental requirements in cross-compliance must be strengthened and new tools introduced where necessary so that the CAP can make further progress towards farming practices becoming more sustainable.

Agri-environment schemes, underpinned by strong cross-compliance requirements, must continue to play a key role but need substantially more funding. More support needs to be targeted to High Nature Value farming, and tools to achieve this must be fully explored.

The recently published UK National Ecosystem Assessment has made it clear that:

“The benefits we derive from the natural world and its constituent ecosystems are critically important to human well-being and economic prosperity but are consistently undervalued in economic analysis and decision making... Actions taken and decisions made now will have consequences far into the future for ecosystems, ecosystem services and human well-being.”

The Joint Links’ vision for CAP reform, which directs public investment to farmers and land managers who provide society with environmental services, would be a clear step toward recognising the value of the natural environment and help to create vibrant rural communities and a farming sector that delivers greater environmental benefits far into the future.

Conclusion

10. UK National Ecosystem Assessment report, Synthesis of the Key Findings (p7 and p13)