High Nature Value farming in the Northern Upland Chain

A European Forum on Nature Conservation and Pastoralism report for the Northern Upland Chain Local Nature Partnership

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NORTHERN UPLAND CHAIN
Local Nature Partnership

European Forum on
Nature Conservation
and Pastoralism

High Nature Value Farming in the Northern Upland Chain

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Panorama in the Tarset Burn valley, Northumberland National Park

1. Introduction

This section introduces the concept of High Nature Value (HNV) farming, its relevance to the Northern Upland Chain Local Nature Partnership area and the rationale for this piece of work.

1.1. High Nature Value (HNV) farming

The concept of High Nature Value (HNV) farming developed in the early 1990s from a growing recognition that not all agriculture is destructive of nature. In fact, the conservation of biodiversity in Europe depends on the continuation of low-intensity farming systems across large areas of countryside. Apart from conserving wildlife, these types of farming provide a multitude of other benefits for society, including ecosystem services such as carbon storage, clean water and fire prevention, and much of the rich social fabric and character of Europe's landscapes.

The HNV concept emphasises that biodiversity conservation goals in Europe cannot be met only by protecting particular habitats or species, or designating certain areas for their management. It asserts that the first priority in the case of semi-natural pastures and meadows is to maintain farmland of environmental value in active low-intensity farming use – i.e. to maintain the farming system and prevent its abandonment or intensification.

The approach takes full account of the socio-economic realities of farming systems and puts these at the heart of conservation strategies. While it recognises the political and budgetary realities which preclude the extension of a 'nature reserve' style of management by the State or NGOs to the vast areas of semi-natural habitats which occur in many countries – farmers are the only cost-effective managers – the HNV farming concept emphatically rejects the notion that farming is somehow 'second-best'. Its perspective is that conservation of semi-natural habitats is more likely to be effective and meaningful if embedded in the cultural and socio-economic activity of the communities which created and now maintain them.

While traditional nature conservation policies have focussed more on 'protecting' discrete areas of farmland of biodiversity value, HNV farming stresses the need to maintain the beneficial farming system which provides the agronomic context in which they have survived thus far and in which they must somehow play a role in the future. Localised and comparatively small-scale agri-environment measures will not be enough to halt the decline of farmland biodiversity across large, contiguous areas of land. If they are to continue, the farming systems that maintain European biodiversity must be socially and economically viable. In most cases, this is only possible if society supports the incomes of the farmers in question in recognition of the environmental services they are providing, and that currently are not rewarded by the market.

High nature value farming was originally so-called to draw the contrast between semi-natural vegetation based systems and low biodiversity intensive systems (including those intensive systems supporting a few rare species). It does not imply, however, that there is no scope for change and that there are no choices to be made. There is a whole range of semi-natural vegetation communities, some of which are rarer than others, or support specific threatened species, or are more species-rich. Policy can ascribe a higher value to any of these features and prioritise the maintenance or creation of certain vegetation communities over others. Many of these choices are subjective and should be recognised as such, but this is not always the case – erosion of blanket peat is one example where management decisions lead to more than just a shift in plant communities.

Image: Peter McDermott under Creative Commons Licence

Figure 1. Elishaw from Tilesheds: what value does policy ascribe to such landscapes? Is the Nature Value cup half full or half empty?

1.2. The Northern Upland Chain Local Nature Partnership

The Northern Upland Chain (NUC) Local Nature Partnership (LNP) was established in 2012. It covers the four nationally-designated landscapes of Northumberland National Park (NNP), North Pennines AONB (NPAONB), Yorkshire Dales National Park (YDNP) and Nidderdale AONB (NAONB). This chain of upland Protected Areas is broken only by the 'Tyne gap' between the North Pennines and the Northumberland National Park, containing the River Tyne that drains the surrounding catchments. The NUC LNP bridges this gap (Figure 2).

The Membership of the NUC LNP includes more than 50 organisations, and is overseen by a Board of 19 representatives, drawn from the land management sector, wider business sector, health sector, statutory environmental bodies and the wider community. The LNP's objectives are to:

- conserve and enhance the natural heritage of the northern uplands, increasing their resilience and ensuring these landscapes can meet the challenges of the future;
- improve the economic and social well-being of our upland communities in ways that contribute to the conservation and enhancement of natural beauty;
- promote public understanding and enjoyment of the nature and culture of these areas, encouraging people to take action for their conservation; and
- value, sustain and promote the benefits that the NUC provides for society, including clean air and water, food, carbon storage and other services vital to the nation's health and well-being.

1.3. Rationale for and scope of this report

Semi-natural grasslands are one of the cornerstones of HNV farming and European farmland biodiversity. A number of areas within the NUC LNP area support outstanding examples of these habitats, and include:

- the majority of the UK resource of species-rich, upland hay meadows
- virtually the entire English population of black grouse
- some of the highest densities and most important populations of breeding wading birds in the UK.

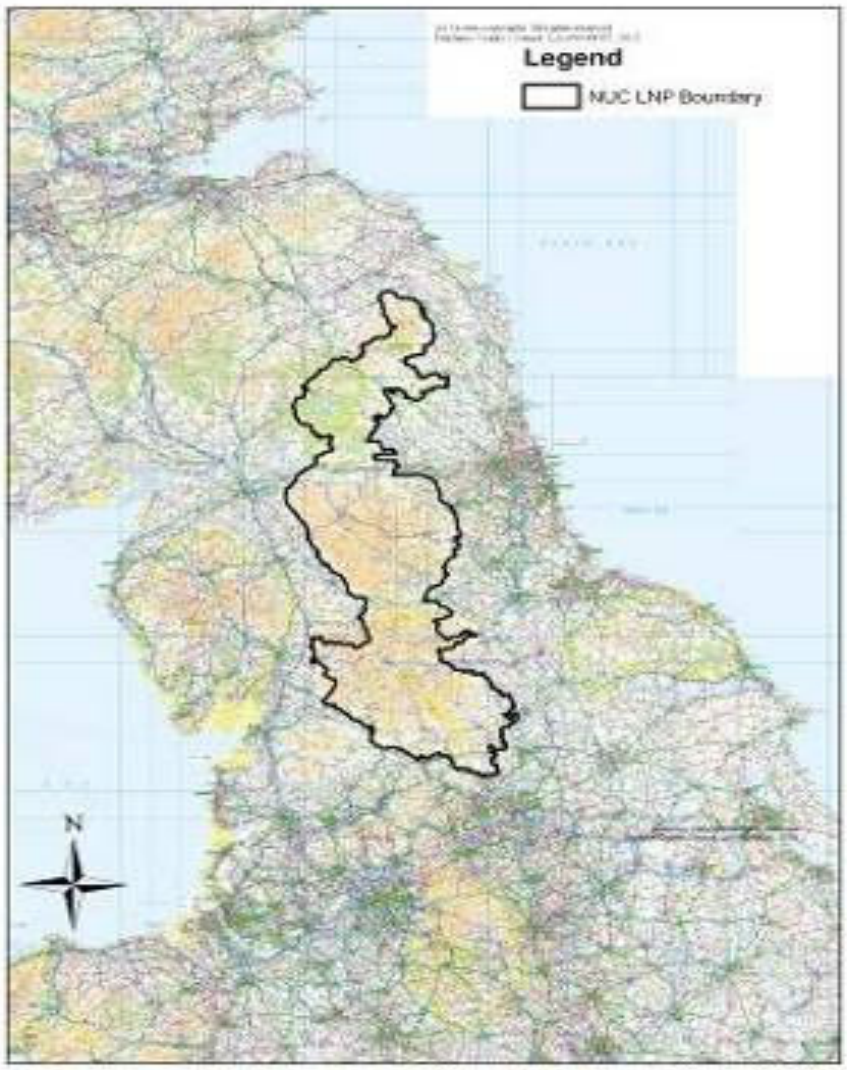

Figure 2. Area covered by the Northern Upland Chain Local Nature Partnership

This important biodiversity exists on extensively farmed, low-intensity grassland. Those who are farming these areas will also be providing other important 'public goods', including: carbon storage; soil conservation; protection of water resources; conservation of cultural heritage (features and practices) and, provision of habitat for invertebrate pollinators.

However, the LNP identified three specific concerns:

- the value to society of these farming systems is poorly appreciated, and their long-term survival is far from certain. For these systems to survive, they need to be widely recognised as valuable.
- farming in the uplands is marginal and difficult – there is a constant pressure to improve (modest) farm incomes and to modernise. Despite the many benefits these farmers deliver on behalf of society, for them, delivery of these benefits often seems like a burden.
- despite the presence of agri-environment scheme incentives since the late 1980s, there is evidence that the biodiversity value of some semi-natural habitats in the LNP is declining. If

this decline is to be halted, the knowledge and motivation of the people who farm these lands must be harnessed and supported, both socially and economically. . This project will be a first step in doing this by developing a pilot approach in a number of areas within the LNP.

To try to start to develop a new approach to supporting HNV farming in the NUC, representatives from the LNP have been collaborating since January 2013 through a HNV farming working group. The aim of this collaboration is *to build a shared vision with the farming community for safeguarding the future of extensive farming and the wildlife it supports*.

With funding from Natural England, an initial project was established. The specific objectives of the initial project were to work with, and through, four groups of local farmers to:

- Celebrate and raise awareness of the importance of extensive upland farming to nature conservation and the provision of other public goods, such as beautiful historic landscapes, production of high quality water and food, carbon storage.
- Identify and increase understanding of the threats to these extensive or 'HNV' farming systems.
- Identify opportunities for securing a long term future for these farming systems.
- Explore and test some of the approaches identified with a view to informing future land management policy and support measures including agri-environment schemes.

Four case study projects were set up, one in each of the four constituent protected areas (with the two AONB partnerships and two National Park Authorities providing additional funding and in-kind support to the projects). Each case study involved the AONB or NPA working with a group of local farmers to:

i) characterise the area in terms of:
   a. its nature value (biodiversity and wider public benefits);
   b. the status and trends in farm economies;
   c. farm management practices and land-use characteristics;

ii) through interviews/discussions with a representative sample of farmers, seek their views on key issues and opportunities in relation to improving nature value and farm economies;

iii) present the information gathered for each case study through facilitated workshops for farmers and key stakeholders to highlight knowledge gaps and further research requirements.

iv) identify potential opportunities or new approaches for securing a sustainable future for HNV farming within the LNP area.

Each case study followed this framework. However, the exact way in which each stage was delivered varied from place to place – reflecting the differing geographical scales, local circumstances and working with different farming communities.

The case study areas, their focus and the methodologies used were:

- **Nidderdale AONB** – Upper Nidderdale; desk research and farmer interviews and meeting focusing on the socio-economics of farming systems, carried out by consultants (Rural Business Research)
- **North Pennines AONB** – desk research on farming and ecosystem services throughout the AONB; farmer interviews and subsequent farmer meeting in dale heads of Teesdale, Weardale & Tynedale, all carried out by consultant (EFNCP and Cumulus Consulting)
- **Northumberland National Park** – full extent of park; four Park Authority-led workshops with farmers on farming and biodiversity issues, reported by a consultant (SRUC)

- **Yorkshire Dales National Park** – Buckden Parish, Upper Wharfedale; farmer-led group set up to determine the direction of the project, frequent farmer meetings, and a visit to the 'Dartmoor Farming Futures' project, desk study, and individual farmer interviews carried out by a consultant (Windle Beech Winthrop) and National Park Authority staff.

Detailed reports of each case study have been produced and are available from the NUC LNP website.

The aim of this final phase of the project is to:

- collate and summarise the information gathered through the four case studies into a single, concise and accessible report, including recommendations for trialling potential new approaches;
- arrange and facilitate a workshop for farmers and key stakeholders to present the findings of the studies, and seek views on the information gathered and proposed recommendations;
- produce a short summary highlighting key facts and recommendations suitable for publication and public dissemination.

To facilitate the work, the author was also provided with a range of other complementary material over and above the reports from the four case studies (see Appendix 4). All unreferenced material derives from this set of reports.

It was *not* within the remit of the contract to look into issues surrounding the other major land use on many NUC moors – grouse shooting and the associated moorland management. Nor were we asked to investigate or endorse examples of good practice from within four protected landscapes, or from elsewhere. During the course of the work, all of the partners identified potential good practice from their areas, and these are listed in Appendix 5. It would be beneficial for them to hold an internal seminar to share some of the most promising of these and discuss the challenges of others.

The Nidderdale case study report work did not contain a list of recommendations. In order to give NAONB staff an opportunity to plug this gap, and to allow all the other partners to fill any other gaps, the author made a draft synthesis of the recommendations from the other three pieces of work and asked all four partners to comment on them and add to them as they saw fit.

As part of the contract, a workshop was held in Piercebridge on the 27th of February at which some 30 farmers from the four areas and a range of other partners and stakeholders were presented with the draft findings and asked to give their views on two questions:

- What practical steps should be taken to make HNV farming in the Northern Uplands more efficient and profitable?
- How can the influence of HNV farming and HNV farmers in the Northern Uplands be increased?

As an addition to the contract, the author also presented the project to the NUC LNP's Annual Forum, and the interim findings to the NUC LNP's Board — both of which met in Greta Bridge on the 11th of March.

2. HNV farmland in the Northern Upland Chain

2.1. Semi-natural pastures and meadows

Data for the whole of NNP (Figure 3) demonstrates quantitatively what is clear to the most casual observer for the whole LNP area – that the NUC is dominated by semi-natural pastures, and as such

is overwhelmingly HNV farmland. In the upland core of the LNP area, this dominance is overwhelming, as illustrated by the map of Buckden parish (Figure 4).

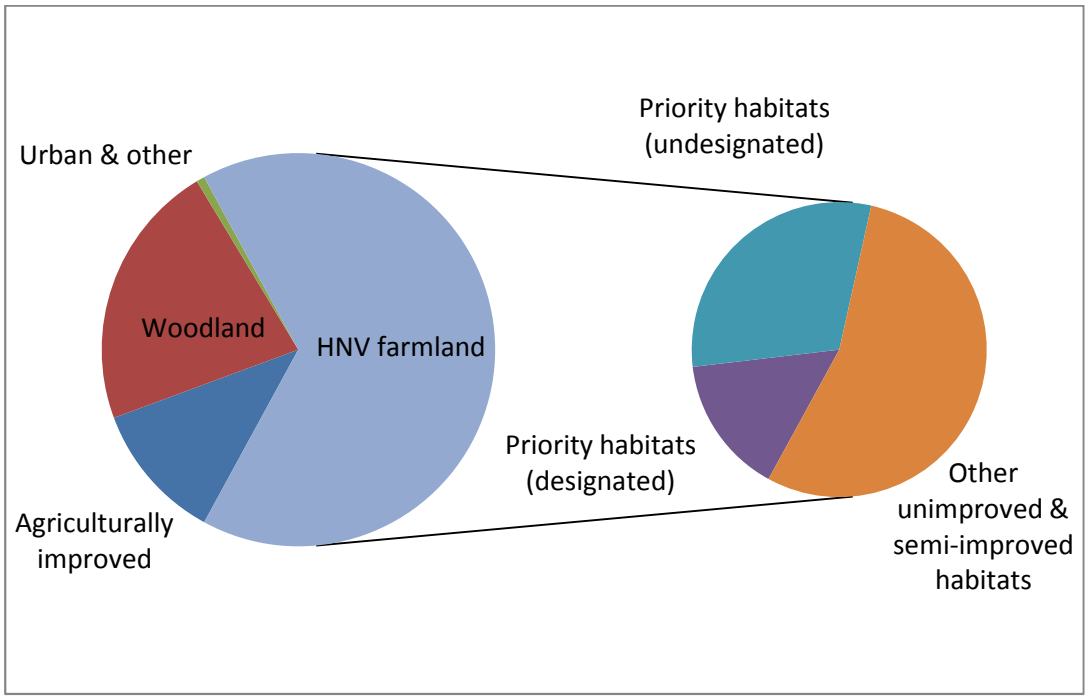

Figure 3. Land cover in Northumberland National Park

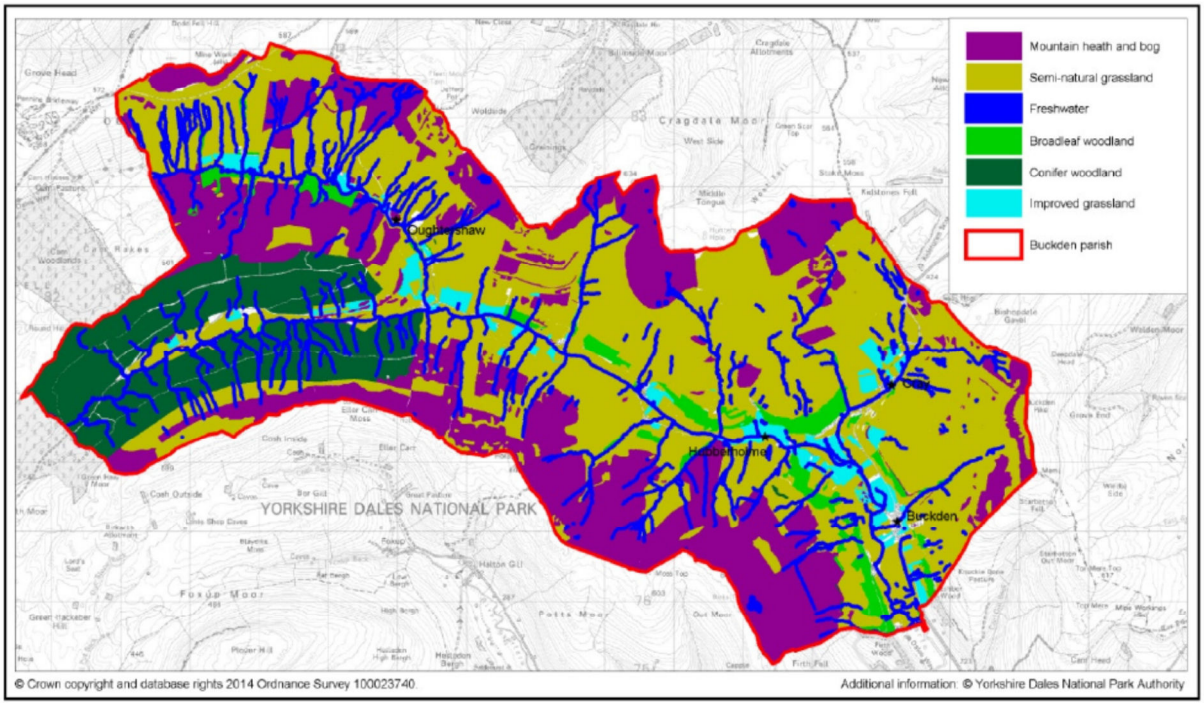

Figure 4. Land cover in Buckden parish

Figure 3 also illustrates the importance of the NUC for UK priority habitats, and a similar picture applies to those biotopes listed in Annex 1 of the EU Habitats Directive. The NUC contains significant areas of some widespread habitats, including heather moorland and blanket bog, while for some less extensive habitats – notably upland hay meadows (e.g. Figure 8, Figure 26) and limestone pavement – almost the whole of the English resource can be found in the LNP area. This importance is reflected in the large proportion of the area designated under UK and EU legislation.

Image: Peter McDermott under Creative Commons Licence

Figure 5. Thorneyburn Common in the valley of the North Tyne - a panorama dominated by non-priority semi-natural vegetation

Although the nature value of semi-natural habitats is ultimately a matter of overall biodiversity, the NUC area is also associated with a range of significant species, many of which are restricted in their wider distribution. They range from plants (including some Arctic-Alpine and hay meadow endemics) through invertebrates (whorl snails are but one example) to vertebrates. Birds as always receive special prominence; the NUC has the majority of England's black game and a high proportion of its ring ouzel and upland waders.

2.2. Ecosystem services

England is one of the first countries to undertake a detailed assessment of the services provided to the public by ecosystems. The list of services for the North Pennines can be generalised to the whole LNP area.

Provisioning services

- **Food and fibre provision**: Hill cattle and sheep are reared, with progeny sold directly and indirectly for beef and lamb. Fibre, in the form of hay/silage and wool, is also produced.
- **Timber and wood fuel provision:** Timber and wood fuel is produced from the coniferous plantations and from a proportion of the broadleaved woodland.
- **Stone and building materials provision**: Local stone and other materials are produced from small-scale quarries.
- **Renewable energy**: Wind, hydro and biomass power are generated in the area. The right technology in the right place is important.
- **Water availability (water supply):** With its high rainfall and impervious rocks, this upland block is an important catchment for the a series of major rivers, and has several large reservoirs. The area provides water for both domestic and industrial use downstream.

Regulating services

- **Climate regulation:** Peaty soils, with a high carbon content, cover a large proportion of the area, and underlie blanket bog, upland heath and mires, while humus-rich soils cover a further significant area. Appropriate management of the moorland and pasture can improve carbon capture, as can extending

woodland cover in some circumstances.

- **Regulating soil erosion:** The extensive peaty soils are prone to wind and water erosion. Sediment run-off can be reduced by ensuring good vegetative cover on blanket bog and heather moorland. In the dales, maintaining a good protective cover of vegetation, such as permanent grassland, scrub or woodland, particularly on steep gill sides and alongside watercourses, will protect soils from erosion and reduce sediment run-off.
- **Regulating water quality:** Water quality is predominantly good in the many fast-flowing streams and rivers, but there are some issues of diffuse pollution and point-source pollution from mining spoil and river gravels and from agriculture. There is also some localised discolouration of water from eroded peat with poor vegetation cover, which can be addressed by appropriate moorland management.
- **Regulating water flow (flood control):** The greatest risks from river flooding are in downstream urban locations. Improving land management practices, taking steps to reduce run-off from the land and slow the flow of floodwaters will benefit the many settlements downstream.
- **Pollination:** The extensive areas of semi-natural habitats including blanket bog, upland heathland and species-rich grasslands support large numbers of insects and provide nectar sources for pollinators.

Cultural services

- **Sense of place/inspiration**: The area provides one of the most remote and wild experiences in England, the expansive open moorlands contrasting with the more sheltered dales, with their meadows, pastures and drystone walls, villages and dispersed farmsteads all built in local stone. This distinctive landscape has a strong sense of place and cultural continuity, based on its long history of farming and mining. There are cultural associations with many writers and artists. This is recognised in the area's AONB designation
- **Sense of history**: This is portrayed in the rich time depth of historic heritage, from Bronze Age field systems to the subsistence miner-farmer landscape, with its wealth of evidence of mining activities. In particular, the area has great potential for revealing evidence of historic land uses, especially on the moorland, due to the lack of cultivation and development.
- **Tranquillity:** The area has high levels of tranquillity, with their low population, few villages and roads, a lack of development, open moorlands and quiet dales.
- **Outdoor recreation:** There are extensive areas of open access land on the moorlands, which cover a large proportion of the area. There is also a good network of rights of way, with three national trails and forests that provide a range of recreational opportunities. In addition to walking, there are a range of sites available for informal countryside recreation such as cycling, fishing, canoeing, wildlife watching, caving, eco- and geotourism and heritage tourism.
- **Field sports**: Grouse shooting in particular is a very important recreational activity in the area, both in terms of its influence and impact on land use and management as well as economically and socially.
- **Biodiversity:** The NUC area is internationally recognised as very important for arctic-alpine flora, upland moorland habitats, limestone grasslands, hay meadows, woodlands, becks and rivers, with their associated species. Significant areas are under national or international designation. The range of habitats supports some iconic birds as curlews, black grouse, ring ouzel and several raptors, which are a key attraction to visitors.
- **Geodiversity:** With its dramatic landforms, intrusions of hard Whin Sill rock, karstic scenery and long history of mineral exploitation, the NUC is internationally important for its geodiversity, and parts have been awarded UNESCO Geopark status.

Source: adapted from National England (2013) Natural Character Area Profile: 10 North Pennines

Figure 6. Ecosystem services in the NUC LNP area

2.3. Conservation challenges

While the NUC area contains a wealth of biodiversity, much of it closely linked to farming and farmed landscapes, the relationship between farming and conservation is not without significant challenges.

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Figure 7. Deepdale Gill, looking down into Langstrothdale. Delivery of ecosystem services is not limited to blanket peat and designated sites.

'Conservation Status'

Only around 33,000 ha of the 180,000 ha designated as SSSI within the four protected landscapes are currently in 'favourable' conservation status. Large areas of nationally-important habitats are covered by agri-environment contracts which include hopefully restorative actions. They therefore fall into the 'unfavourable, recovering' category of site condition. But while this ensures that Government targets and EU commitments are achieved, it does not guarantee that condition is actually improving. Indeed, some of the iconic habitats most closely dependent on farming practices – the upland hay meadows – continue to lose condition whether or not they are under detailed management measures, according to recent studies of designated sites in Teesdale[1].

Conversely, in Buckden parish, 96% of the protected SSSI upland hay meadows are in favourable condition. But this conservation of the meadows has come at a price to the farmer because it results in low value forage. This has been exacerbated by later and later mowing seasons – partly due to a late cutting date imposed by the agri-environment scheme and also successive wet summers.

Lack of mutual understanding in agri-environment process

Farmers' experiences of agri-environment are often far from positive, especially if the all-important role the payments play in the farm economy is discounted. In the North Pennines study area and in Nidderdale, farmers praised some agency staff as sympathetic and aware of the needs and

[1] Starr-Keddle, R E (2014) Upper Teesdale: changes in upland hay meadow vegetation over the past twenty to thirty years - results presented from botanical surveys. Natural England Commissioned Report NECR139

constraints of farming. Others, however, were thought to display little understanding of upland farming and seemed to bring fixed attitudes and ideas and a low degree of commitment to the voluntary principle. Basing staff many miles away (in the lowlands!) and having a rapid turnover of staff were also seen as issues.

Part of the problem lies in the economics of the farm, to which we return below. However, management prescriptions do not seem to be monitored or adjusted; in some cases this results in complete failure. For example, there was one North Pennines farm where the meadows were praised at the start of ESA participation, but by the end of the scheme were considered so bad as to not to be worthy of acceptance into HLS. Such stories spread quickly, so that what should perhaps be a reasonable assumption - that the State knows best how spend public funds to deliver for the taxpayer - loses its credibility in farmers' minds.

Image: Gordon Hatton under Creative Commons Licence

Figure 8. 'Habitats', such as this meadow in Hubberholme, Wharfedale, fit within the wider economic and agronomic logic of an agricultural system

The process also seems to make farmers feel undervalued and excluded from the decision-making process, even in Nidderdale, where 80% of respondents considered agri-environment to have substantially achieved its biodiversity objectives. Agri-environment is, in essence, about managing vegetation communities – farmers may indeed prove to have lost some of the relevant skills which their forefathers possessed, but it is demeaning for the process to assume this from the start. It is

also counter-productive, since all failures then become the fault of the system in the farmer's mind – there is no sharing of responsibility for outcomes. Farmers appeared largely ill-informed of, and disengaged from, the concept of Favourable Conservation Status which the agencies are legally obliged to deliver.

It is imperative that the reasons for failure are understood. It may be, as is implied in some documents, that it results from farmers being allowed to 'get away' with too liberal a management regime. However, since the outcomes do not always benefit the farmer (e.g. infestation with rushes, creeping buttercup, soft brome….), this seems oversimplistic, to say the least.

The lack of a coherent link between setting objectives, designing management and payment structures, ongoing monitoring and adjusting management seems at the heart of the difficulties. Failure to involve the farmer as a full, responsible, partner in this chain, while administratively simpler in the short term, exacerbates the problems in the longer term.

Ecosystem services

Policy, meanwhile, claims to be moving on – 'payment for ecosystem services' is the new buzz phrase. While few of the ecosystem services outlined in Figure 6 above are wholly dependent on farmers – the influence of topography, geology and climate is incontestable, for example – the changes wrought by their management over the centuries and its influence nowadays in ensuring a continuity of supply of the services in their current form is hard to overestimate. Despite the intention of policymakers to ensure that farmers are rewarded for their services, two major challenges remain. First, how to monetise some of the value that the public gets from farming activities, over and above traditional agricultural products. Second, how to ensure that this benefit accrues to the farmers themselves (and is not immediately converted into rental values, for instance). Concrete answers from Natural England's work in the South Pennines, Bassenthwaite and SW England must be eagerly awaited[2].

Landscape scale?

One of the strengths of the NUC is that HNV farmland dominates the landscape. The result is habitats at a large scale (with room for plenty of subtle variation within) and a high degree of interconnectedness – the largest area of 'Green Infrastructure'[3] in England. Maintaining ecological and socio-economic systems at the landscape scale is an avowed aspiration of the LNP and of its constituent parties.

Despite this, policy, in practice, tends to operate at the parcel level. This creates difficulties at the farm level in terms of making the system work practically or making the economics stack up. However, at least overcoming these problems has clear benefits for the farmer concerned. In the case of landscape, the issues are rather more difficult:

- In what sense is 'managing a landscape' different from a large group of parcels within a landscape? In what sense is the blanket coverage of agri-environment in many dales *not* 'managing at a landscape scale'?
- Managing at a *farm* scale has proved difficult (but raised few concerns, given the seriousness of the issue…). In what sense is 'managing a landscape' different from managing a group of farms (and commons/stinted pastures)? Is it a phrase which shows that we imagine we can ignore the farm scale? That the only issue to be addressed is one of scale? How does it fit

[2] See Waters, R; Lusardi, J & Clarke, S (2012) Delivering the ecosystem approach on the ground – an evaluation of the upland ecosystem service pilots (Natural England Research Report 046)

[3] See European Environment Agency (2014) Spatial analysis of green infrastructure in Europe. EEA Technical Report 2/2014

with farmers' culture, aspirations and fears and how, if necessary, could these be addressed?

- The real problem at farm scale is a failure to consider the parcels of interest and their management as part of a functioning system, practically (both in terms of their 'role' and their day to day use) and economically. Is it not likely that there are equally difficult social, cultural and economic barriers to scaling up even further? And that in this case, the farmer has no imperative (his bottom line) which motivates him to ignore the poor incentives and opportunity costs of participating and take part anyway.
- If money is short, at what point does targeting start to impact on landscape scale aspirations? Consider Figure 3 once more – it lends itself to targeting limited funds, to designated sites first and then to priority habitats outwith those sites. But the landscape scale is meant to recognise the context of those habitats, as well as the connectivity of each; often that context is non-priority habitats (e.g. 55% of Buckden parish is covered by *non*-UKBAP habitats). Is the only vision for non-priority semi-natural habitat (e.g. Figure 5, Figure 7, Figure 22) that they are somehow changed through management into priority habitats?

Image: Andrew Curtis under Creative Commons Licence

Figure 9. Northumberland NP, north of Shillmoor. Is targeting on designated sites and priority habitats compatible with 'landscape scale management' aspirations in areas like this?

3. HNV farming in the Northern Upland Chain

3.1. Traditional systems and their economics

Background

Upland vegetation is sometimes characterised as being of low productivity (Figure 15), and indeed some vegetation communities – blanket bogs, for instance – are just that. However, the issue on most upland pastures is that they are highly seasonal, with but a short, if rapid, burst of growth each summer.

In the traditional farming system, this seasonal forage deficit could only be accommodated by storing some of the crop as hay or by adjusting livestock numbers seasonally by away-wintering some classes of stock (or taking stock on for the summer). A balance had somehow to be struck given the short season. The solution latterly was to dispose of the lambs and calves as stores, for fattening elsewhere. It was found at some point that crossing with the blue-faced Leicester produced excellent ewe lambs for breeding, increasing their value, but again, the need to ensure the hardiness of the main breeding flock limited the degree of crossing possible on any farm.

This basic system has relatively low costs, but offers a relatively low return, not least to the labour of the farmer and his or her family, as illustrated by data from the Nidderdale case study (Figure 10). With such low incomes, farmers can ill-afford to invest in their farm or to make provision for their retirement. Note that in Nidderdale, the average net farm income of £19,198 is not enough even to cover the imputed cost of family labour (£24,935). This figure is based on a full-time farmer working 2,400 hour/year (>46 hr/week), paid at the Agricultural Wages rates of £8.78 (£12.32 for overtime) plus National Insurance. 2,400 hours paid at the National Minimum Wage would cost £15,144 before NI, but note that 8 of the 12 Buckden farmers worked at least 85 hours/week on average, or 4,420 hr/yr!. The notional 'pay' there for the average 75 hour week was a mere £4.41. Many farms in the NUC area are tenanted and the landlord expects a decent rent; there is competition for rental from other businesses, made very complicated by the decoupling of farm support (see below).

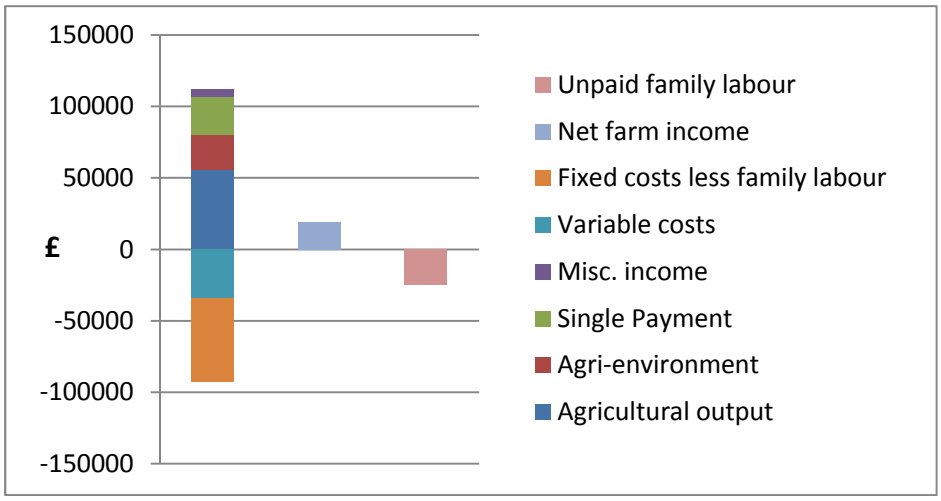

Figure 10. Nidderdale farm accounts analysis. Left hand column shows the various elements of the farm income (positive) and expenditure. Middle column shows the net income result – note that it is small in comparison to the cashflow in and out: it is very vulnerable to small percentage changes in either. It needs to provide not only the 'salary' of the farming family, but to allow for investment in the business and to make retirement provision. The final column shows the estimated cost of family labour were it to be paid at agricultural pay rates – the net income is not large enough even to cover labour costs.

Changing systems

Thus it is not surprising that many aspects of the traditional system are coming under pressure, or that this system is only one amongst many which take place on NUC farms, sometimes almost completely independently of each other.

Shortening the supply chain by fattening stock at home rather than selling as store is widely promoted as a way of retaining profits on the hill farm. However, this means a substantial increase in the farmer's costs and in his exposure to their fluctuations, since this fattening can only be achieved by buying in feeds and/or fertiliser. Fattening operations also necessitate a large investment in farm buildings, and their economic importance is such that they tend to dominate the use of the inbye — effectively separating the good land from the low-intensity system of the rest of the farm. Ironically, such capital investments are often encouraged by the restrictions of agri-environment schemes.

In parallel, farmers are trying to make an ever higher proportion of the lambs and calves for sale into a 'commercial' beast – in other words, to reduce the proportion of the crop which is pure hardy breed. While hardy sheep breeds still dominate the large hill farms, in extreme cases even farmers with hardy hill flocks are buying in replacement ewes, so that they can cross all their breeding sheep (illustrating in passing what a low value is put on even a homebred hill flock). These 'commercial' cattle and sheep breeds generally need more feeding and are less self-reliant, further increasing both variable and fixed costs. In the North Pennines, Buckden and Nidderdale, hardy hill cattle have declined significantly, though in the Yorkshire Dales more generally , good prices and agri-environment support are reportedly helping slow the decline in the number of beasts turned out to the fell each summer.

The most seemingly progressive farmers have now moved one step further in their efforts to exclude the middle-man, buying lowland farms of their own for easier fattening and wintering. These seem to be some of the most economically-successful farmers, illustrating the dominant role of the lowland farmer and finisher in the food chain – traditional upland farmers are 'price-takers' who have to sell when prices are at their lowest.

Image: Tim Cook under Creative Commons Licence

Figure 11. Agriculturally-improved fields: necessary element in extensive systems or Trojan horse for new intensive systems?

These trends, and others, seem to fulfil many of the farmer's needs – they enable him to pay a higher rent; they seem to reduce his dependency on subsidies, which fall as a proportion of farm output and they appeal to his sense of achievement, of doing thing better, of progress.

Fragile despite change?

Unfortunately, the picture is not as rosy as it might initially seem. Though the hill farm is completely at the mercy of both input and output prices, at least under the traditional system its rather limited production is based overwhelmingly on the farm's own ('free') forage resources. The 'commercial' farm, in contrast, is much more vulnerable to the costs of inputs, and competes in the market with those who can get those same inputs at cheaper prices and take stock to market at lower cost. The harsh climate of the hills (Figure 23) means that livestock needs longer periods of housing, especially less hardy 'commercial' beasts – housing which has to be paid for year in, year out, irrespective of the market conditions. And while output certainly rises, the farm risks taking on expenditures which are higher than the increased output, so that the apparent reduction of dependence on subsidy can often be little more than that – apparent. Exposure to risk also often increases – to the fluctuations of variable cost and output prices, a 'modern' system adds substantial ongoing fixed costs.

And after all this, the hourly return to family labour frequently remains pathetically low, given the turnover. Farms struggling to retain children as successors illustrate the problem – trying to substitute *paid* labour is debilitating for those businesses precisely because the farmer's drawings are so paltry.

Issues for consideration

There are a number of issues arising. The first is whether these agronomic innovations have a positive or negative effect on biodiversity; it is hard to see how they are positive, though that does not mean that they are deleterious.

A second issue is whether they make the HNV aspects of the system (or the HNV system, as we might say in cases where the farm is beginning to lose its unifying logic), more economically viable and resilient. It is very hard to see how they do. In many ways they make the farm more vulnerable – to prices, to the bank, to the availability of labour, and so forth. And in so far as intensification *does* make economic sense, it merely serves to further undermine the extensive system which uses and manages the semi-natural landscape. A policy framework where the microeconomics push the farmer into increasing dependence on a system other than the desired extensive one, and moreover one in which he is still under a substantial macroeconomic disadvantage, seems short-sighted at very least and gives completely the wrong signals.

On the other note, the economics of the intensive alternatives are themselves so poor that making the extensive system more attractive should not be that difficult or that costly. The trouble is that not all farmers can change course quickly. That is one of the weaknesses of the machinery and farm building-dependent intensive system, which locks in an attendant system, at the risk of bankruptcy. But, in principle, such a change is at least imaginable and should be actively imagined by both farmers and policy makers.

Efforts to support non-agricultural diversification and other land-based revenue-generating activity need also to be considered in this context – a key question is what effect do they have on the viability of the HNV farming, as well as of the wider farming or rural economy? These two are *not* the same thing, while an unspoken assumption of cross-subsidy from the former to the latter once more contains the seeds of its own destruction. There is no 'coupling' mechanism which can ensure that the 'surplus' from diversification activity or from work in the wider economy is ploughed into unviable farming activities just isn't there – the family is better off just not farming. And it is

surely not right for taxpayers to ask farmers to deliver services for rewards which would probably be unlawful in any paid employment.

Image: Oliver Dixon under Creative Commons Licence

Figure 12. A 'support' framework in which loss-making farmers pay rent to inactive landlords claiming both direct payments and agri-environment is neither politically nor economically sustainable

HNV and profitable – a radical vision?

As recently as the 1950s, European farming, even on the better land, was dominated by systems with considerable nature value – even arable crops were produced primarily on mixed farms with a significant proportion of grassland; purchases of agrochemicals were minimal and of fertiliser and feedstuffs quite limited. In other words, at least *some* HNV farms were profitable and were regarded with respect and admiration by the farming community.

The rapid industrialisation of much of agriculture and the huge growth in international trade, especially in feedstuffs, since that time has completely transformed the situation. Most HNV farms are by now economically small (Figure 13) – too physically small, or on soils that are too poor or in climates that are too harsh to provide the profit needed to repay intensification. HNV farms are the ones who missed out on the opportunities of science and technology – marginalised and seemingly backward. Thus the feeling amongst traditional hill farmers that they are at the bottom of the pile – the 'poor neighbour' as a farmer said in Alwinton - is based not just on their undoubted economic weakness, but on a perception, bred by agricultural education, the agricultural press and even agricultural shows, that they are somehow poor farmers in the wider sense. 'Being a HNV farmer is good, but seems to come at a price', as a North Pennines farmer put it.

Intensification is thus seen not only as the route to be increased profitability but also to being a better farmer, one worthy of respect in the agricultural community. While the constraints on hill land are such that intensification does not have the desired economic result, with farms who intensify often still ending up unprofitable if the North Pennines sample is to be believed, the idea

which the LNP wants to promote – that *HNV* farming can and should be profitable – is something truly radical in the current economic context.

A North Pennines farmer summed up the situation: ''*We can respond to the [wider] pressures [on farm economies in the Dales] by getting bigger, but then we end up with ranching and having to compromise on the environment. Or we can increase our stock numbers and buy in more stuff, and that also involves compromises on the environment. The way I see it, if we want something else, there's no alternative but to pay for it.*'

Profitable HNV farming is thus something which goes against today's economic currents and will not happen 'naturally' – it will require a lot of positive action, and the temptations of 'easy wins' through intensification (whose costs to society are not paid by the farmer) will still be there. The Coquetdale meeting noted how keen EBLEX was to spend money in the area — but it would not be on HNV farming but on the production of protein crops! As a farmer in the North Pennines observed, 'I'm cynical as to whether these schemes have achieved anything – *farmers just used the money to buy round bales*.'

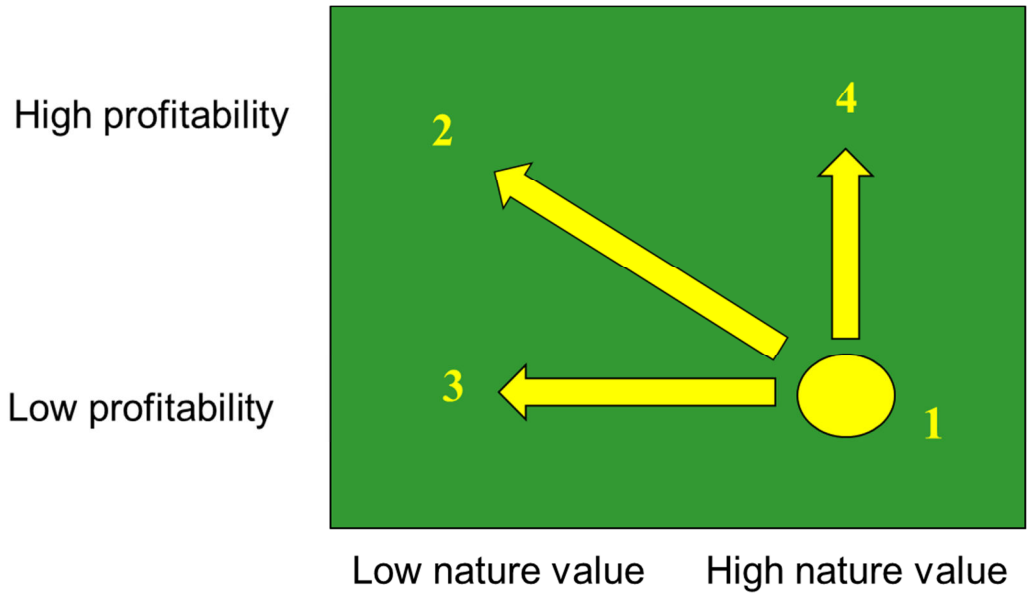

Figure 13. Most HNV farms have low profitability - a small 'economic size' (1). The normal route to higher profitability is to intensify (2), although the disadvantages of remote farms with poor land often results in low profitability despite intensification (3). Being highly profitable and *HNV (4) is a real challenge when macroeconomic pressures favour the intensive farm.*

3.2. Decoupled CAP support

Active farmers at a disadvantage

The economic context in which hill farming is asked to deliver public goods is, therefore, one of inherent lack of viability with the present framework. 80% of Nidderdale respondents thought they would have to give up if the existing agri-environment payments were to be lost. And it is against such a background that Common Agricultural Policy (CAP) support was decoupled from production – one in which essentially *all* hill farms use a substantial proportion of those payments to subsidise what would otherwise be a loss-making farming enterprise. It should also be clear that were those payments to be accessible without incurring the costs of farming, the *inactive* could afford to pay a higher rent that the active.

Decoupled payments are not payments without *any* conditions, of course. Agri-environment schemes put numerous detailed requirements on participants – too many and too detailed, some farmers might say! Nevertheless, the link between the managing party and the claiming party is not very tight. It is difficult for it to be so, as trying to imagine formulating the distinction between an 'active' livestock farmer who brings in contractors to do his hay and an 'inactive' farmer who only makes hay using contractors, without being able to mention the livestock in the rules readily illustrates.

Meanwhile, direct payments give the inactive claimant a very easy ride (easier than for the active, who has to attend to movement records, ear tags and the like), requiring little more in practice than adherence to an ill-defined and poorly-tested rule on 'undergrazing' and the encroachment of 'unwanted vegetation'.

The issue is not only one of the decoupling of activity from receipt of the payment, but of breaking the link between potential penalties for inactivity from *this* year's payment to some indeterminate date in the future. Claimants only need to show that land could be brought back into agriculture within one year, which is hardly difficult to do for a parcel of hill land. This turns active farmers from the central players in the subsidy system into some sort of supporting extras, who can be brought on occasionally as and when necessary. Whereas arrangements between the active and inactive were possible under headage payments (arrangements by which claimed sheep were managed by a third party for the lamb crop, for example), they still required an intimate connection with the activity and a consideration of the needs of the active party. Nowadays, claims by the inactive require few such concessions.

Decoupling can inadvertently have a negative impact on the active farmer, whose ability to compete in the market for land is diminished by the costs of his agricultural activities, in at least two significant ways:

- It increases the rental price of land. In England, the landowner knows exactly what the claimant can receive per hectare, and that only minimal expenditure is necessary in order to secure some of those payments at least. It was reported that recently tenancy rents had indeed begun to approach the Single Payment Scheme (SPS) rate.
- It reduces the willingness of landowners to release land without some sort of encumbrance. The landowner himself has become a potential competitor for that land – he can now claim while allowing an active farmer to use the ground. We came across examples where the inactive farmer claimed all the subsidies *and* charged a rent.

The issues are very difficult indeed – to avoid being a lawyer's or accountant's charter, any solution must offer benefits to the *inactive*, unpalatable as that might be.

The logic of agri-environment payments

The irony with agri-environment is that it *does* aspire to achieve something, not just income support for the farmer. The traditional English (and UK) approach has been to attempt to achieve conservation gains for particular habitats or species at the field scale. EU rules, aimed at preventing a backdoor subsidy for production, limit the payments to the income foregone or additional costs incurred as a result of the commitments entered into.

The trouble with this approach is that, in the case of HNV hill farming, the *system* into which each parcel fits is *itself* unviable without support. The costs of making hay a few weeks later than usual are additional to the underlying net costs of the upland beef system within which that haymaking has its logic.

What are the *real* costs of a seasonal grazing regime for an area of moorland? The traditional agri-environment approach would assume a profitable farming system where a grazing break implies some income foregone. But perhaps a more honest view would be that, since the whole farming activity is inherently *unviable* at present, it is actually the grazing for the rest of the year which is the real additional cost to the claimant. In other words, it is what the farmer *does* that we value, albeit in a modified way, and want to reward.

Unfortunately, having aspired to achieve something, the current schemes seem poorly designed to ensure that the objectives are fulfilled. Output-based schemes centring on the presence of certain species, and especially on the (re-)appearance of certain species, would be lotteries where results would be beyond the control of both participants and agencies. Output-based schemes based on certain pasture or meadow characteristics, on the other hand, should speak to the farmer's strengths and put him on a more equal footing with the scheme administrators.

Image: Christopher Hilton under Creative Commons Licence

Figure 14. What are the additional costs and income foregone for managing this wet pasture in Northumberland NP? Those of a few weeks' loss of forage or those of the grazing it at all under an uneconomic beef or sheep system?

3.3. Social aspects

The case studies threw up many issues which, while often economic in terms of the mechanism through which they make themselves felt, involve wider relationships within the family and community.

Succession and retirement

Within the farming family, the big challenge is to manage the transfer between generations. For this to happen as smoothly as possible requires a lot of things to come together. The farm needs to be available and, where relevant, at a rent which reflects the economics of the system. The young entrants need to be engaged and interested and preferably skilled and trained. They need an income and wider job opportunities which allow them and their partner to raise a family and access to a range of facilities and services. Either they or the outgoing farmers need a house in which to live and the outgoers need the wherewithal to finance their retirement.

HNV hill farms and their communities fall short in almost all of these. Farms are difficult to get and rents rise beyond what the system can justify. Parents find it difficult to pay any wages to their young successors, further adding to centrifugal pressures on the young, ever eager to leave home at the best of times. What today's young people would consider the basic infrastructure for social networking – mobile phone coverage and reasonable broadband speeds – is often lacking. Training schemes are intermittent. House prices are high and mortgages costly on low local salaries. Saving for their pension is not a high priority for farmers who often lack the means even to invest in their business. The result is that the farming operation has to work towards the day of outgoing (leading to the perception of farmers as short-term thinkers). Inadequate retirement income leads to an unwillingness to leave the farmhouse, to sell or lease the land, to transfer agri-environment commitments or direct payment entitlements (see above).

To quote the Buckden study: *One of the main concerns identified in the study, when discussing the issues surrounding succession planning, was land tenure. Those farmers with a Farm Business Tenancy (FBT) Agreement or a post 11 July 1984 Tenancy have no statutory rights of succession. This means that negotiations with the landlord is essential at an early stage and will involve some concessions in the terms of the Tenancy. With the long term nature of hill farming and often low returns the idea of the next generation taking on the holding on a short term FBT at a market rent was unanimously identified as being a major concern. Retirement was also seen as a major barrier to succession. Some farmers on Agricultural Holdings Act tenancies felt that they could not afford to retire and had not been able to make provision for retirement during their farming career. This contrasted with those farmers on FBTs who were forced to make provisions for retirement due to the lack of security.*

Image: Les Hull under Creative Commons Licence

Figure 15. Who wants to marry a farmer? Social viability means addressing the aspirations and self-image of both young farmers and their partners

Common land and related issues

In the previous section, we considered the additional transaction costs which would probably need to be considered if a 'landscape scale approach' to delivering policy objectives is to work. What are these costs? They reflect the time and effort needed to build up trust between the various farmers, to negotiate between them, to police the agreement so that they all feel secure, to put in place some mechanism to ensure the partners against default by their weakest member. In a 'landscape' of individual farms, these costs are unlikely to be negligible, but at least each farmer has sole responsibility for his part of that landscape and it should be possible to locate fault and to some extent to insulate the blameless from any sanctions.

How much greater then are the difficulties and transaction costs on common land and analogous areas, such as stinted pastures linked to fixed-term tenancies. Here the graziers all use the *same* land. Moreover, the landlord is usually not a disengaged party, but also involved in management – traditionally heather burning for grouse, for example, but maybe also taking an interest in ditch blocking or tree planting.

In some instances in the case studies, the transaction costs seemed to have been too high for the parties to come together to access support payments. In others, transaction costs were seemingly relatively low – agreements had apparently been reached. But the agreements were in fact the result of unequal power relationships – the transaction costs had in effect been transferred out of the negotiation by the landlord and the State and made into real costs for the graziers, whose opinions and needs were not fully taken into account. In some cases this seems to have happened even when the applicant was nominally the graziers' association.

Independent advice

It is a bit of a truism that nothing much changes in hill farming, and indeed the basic facts of life of the traditional system are rather fixed. However the reality for the hill farmer is that almost everything has in fact changed in the last 40 years or so – the paperwork; the logic and form of support; the availability of apparently active alternative approaches; the nature of the competition for land and so on. A farmer who doesn't apparently succumb to change nevertheless finds that the context in which he operates has altered massively.

Farmers also find themselves as the weak party in a set of unequal negotiations with which, realistically, they have little choice but to engage – with Defra and the RPA; with Natural England; with their landlord and so on. Land-based transactions – not only tenancies but perhaps even more so short-term arrangements – seem to pose particular problems without any obvious solutions from Government. In some countries, honest broker land banks are involved in drawing up most such contracts. Why not in the NUC?

All of this means that independent advice, locally-delivered and at reasonable cost, is essential. Advice structures do exist in some areas – and both the Northumberland and the Yorkshire Dales National Park Authorities provide free advice on some issues. But why is availability so patchy and what could be done to address that? Are there some issues or circumstances where transaction costs are such as to put advice out of reach of the average farmer? Examples might include non-scheme issues with no quick payback, common land questions needing unusual amounts of discussion or smaller or remoter farms.

Working together

Although farmers have a wry scepticism of their own capacity for collaboration, there are actually a number of examples within the LNP area where this has happened successfully. There is, for example, a Farmers' Network in operation in the Yorkshire Dales and in Cumbria. In some areas it is

apparently very successful, in some areas not. As always, having a person with the right skills and personality to run it locally emerged as being crucial in explaining this variability. How best to ensure that the best people come forward and are supported in such roles and how to replace them if they perform poorly is a real dilemma, given that such posts are often poorly paid or voluntary. The question deserves honest and open discussion between community groups and potential funders.

Speaking as one

Although there are subtle differences between and within the four main constituent units of the NUC LNP area, the message from the reports and from the farmers' meetings was that the set of problems they face is in essence a common one, one which is indeed largely shared with other upland areas. Given this, the lack of a common voice in speaking to Government and the general public is keenly felt. National farming organisations are by their very nature coalitions – power within them reflects the wider power relationships within farming. In other words, hill farming is pretty much at the bottom of the pecking order. Even at a local level, there is rarely a body with which agencies, including the AONB and National Park authorities, can discuss issues which arise, let alone one which is truly representative of hill farmers in any meaningful sense.

Engaging with others, whether overtly politically or in a wider awareness-raising sense is not however something which comes naturally. The capacity to do so needs to be developed over a lead-up period. Upland farmers need confidence not only to speak publicly – something which bodies like the YFC encourage them to do – but to relate to the audience by understanding the audience's perspectives, its needs, its legal duties, its terminology and so on.

Policy-related engagement also brings its own peculiar requirements – it is not only highly technical, but has a strict and sometimes rapidly-moving timetable. Expecting a busy farmer to be on top of this is expecting too much; some support infrastructure would be essential. Keeping such efforts truly grass-roots based is a real challenge.

Image: Ian Greig under Creative Commons Licence

Figure 16. Buckden Rake

4. Recommendations for action

4.1. Empowering HNV farmers

It is essential to ***maintain the momentum gained and the expectations raised*** in the four case studies and subsequent workshop event to avoid further disillusionment in the NUC farming community.

There is a clear call for a ***formal network of farmers***, within which they can collaborate on specifically HNV farming issues in the NUC, and through which they can liaise and cooperate with others (including hill farmers in other regions) and engage with non-farmers. While any development must grow from the grassroots, the role of the LNP in raising capacity, in facilitation and in providing some early fruits of success cannot be overstated. This might well be done, as in the Yorkshire Dales case study, through third parties who already have the farmers' trust. In the medium term the challenge is not to end up with farmers doing everything themselves – that is unrealistic. Rather it is to give them the confidence to engage experts and delegate to others without losing overall control of the process and only when it suits them to do so. In the interim, there needs to be a sensitively-navigated period when farmers are enabled to achieve some of their goals while at the same time travelling up their steep learning curve. Achieving this without some resources would seem next to impossible.

While the start-up phase poses special challenges, the longer term sustainability model needs serious consideration from the beginning. Different approaches from various parts of the country should be evaluated, with farmers themselves being involved – speaking to their counterparts to get a warts-and-all picture. Examples of different models might include local government facilitation (e.g. Cotswolds), largely public-funded but given out to contract (e.g. Argyll) and wholly farmer-led (e.g. South-west). Issues of viability and of effectiveness should be given equal thought, taking both a long time perspective and the need for wider integration as appropriate (whether regionally; nationally; at the UK scale or at EU scale) into account.

A number of the questions below would need in practice to be addressed by this farmer's group, but for convenience are enumerated separately.

4.2. Addressing immediate issues

A relatively small number of issues concerning the current CAP reform require to be addressed urgently and irrespective of whether a farmers' organisation has been set up - this will necessitate careful diplomacy by the LNP, but is unavoidable due to the externally-set implementation timetable.

4.2.1. Basic payment rates

The future ***Basic Payment rate for land above the Moorland Line*** is a key one for HNV farmers and one with even more potency now that Upland Entry Level Stewardship (itself a replacement for variously-titled Less Favoured Area support schemes) is to disappear. Ministers are said to be sympathetic, but reluctant to act in the face of any opposition from the NFU. The strongest possible representations need to be made from upland areas before the deadline for notifying the Commission in late summer.

4.2.2. Identifying and/or rewarding active farming

While it is difficult to avoid the 'leaching' of payments from the active to the inactive, not least in to land rental values, having no rules at all to try to prevent it seems hardly the best way to secure value for money for the taxpayer.

Unfortunately, Defra not only finds it difficult to think of lawful ways of achieving this goal, it seems to disagree in principle with *any* link to activity, even at the most minimal of levels. Any strong representations which are made aiming to ***focus payments on the active farmer*** must therefore address the question of market distortion and be set at the minimum needed to achieve the objectives in question. Fortunately, the economics of hill farming management should make such arguments easier – many of the costs have substantial *dis*economies at the small scale, so that requiring *any* activity will deter tokenism. For example, the cost of gathering a hill means that keeping a token number of ewes is financial madness; similarly, defending a heft against encroachers using a token flock will prove impossible.

Irrespective of Defra's attitude, it seems clear that active farmer rules are not the sole solution. Efforts should be entered into immediately to discuss with land agents and other relevant professionals and with farmer and landowner representatives how to ***adjust other aspects of wider policy in order to better align the receipt of payments with real costs*** in delivering public goods (including, it was suggested at the workshop, not only other scheme rules, but things like the tax treatment of landlords).

4.2.3. Setting scheme rules and payment rates

The LNP again faces a rather difficult task. It is clear that many farmers and some other members would like a whole new approach centred on collaboration and greater farmer empowerment and responsibility (see below). It seems equally clear that the innovative approach of the Dartmoor Farming Futures project will not happen automatically in this next programming period. If the LNP wants to develop this kind of approach, farmers will need to come together as a group akin to the South West Uplands Federation. This will require governance and financial support. The LNP should investigate how the Dartmoor Farming Futures blueprint can be adapted to cover individual holdings or groups of holdings so as to start to move the balance of control of agri-environment implementation more towards the farmer.

Any ***input into NELMS consultation***, for example, then has the difficult task of giving a meaningful input into what is essentially a centrally-planned prescription-based approach on behalf of a group of people who really don't want such a thing.

The issue of ***payment rates*** is crucial. It is vital for the farmer that they are a fair and adequate reflection of not just his increased costs and/or decreased output, but of any increased risk. Payment rates are sadly even more important in practice even than the official objectives of the measure. It is, therefore, essential to engage with the process of developing them. But since they are at the heart of the audit process, they are also intimately tied to the ***intervention logic*** – the justification which underlies the payment calculation - and the nature and potential for flexibility of the commitments the farmer must enter into. *Why* is the payment needed (in terms that the Regulation recognises) and what exactly is being paid for? This is where a move from the parcel scale to considerations of the farm system and landscape has to start. Interestingly, some Cheviot farmers would be happy to see all direct payments moved into agri-environment.

The opportunities to ***increase the intervention rate for some investment aids,*** in cases where they directly complement the needs of HNV systems – for example to meet regulatory requirements – should be urgently investigated before the RDP is finalised. Where these capital works are made necessary by agri-environment undertakings, there is a case for interest payments to be included in the payment calculations.

Walling is a rather totemic issue. The lack of Community co-financing means that supporting it is regarded by Government as offering low value for money. However, walls are clearly very important for the image of many parts of the NUC, for farmers' pride in their landscape and to their sense of the value the state puts on the farmed landscape. These issues need to be frankly addressed with

farmers, and a mutually-agreeable compromise way forward adopted. Bracken encroachment has a similar resonance in areas like Coquetdale and North Tynedale.

Other aspects of the RDP currently under development could be potentially useful – representations to incorporate them should be considered; in the absence of national-scale implementation, the possibilities to use them locally or regionally should at least remain open. They include the advisory service, policies for new entrants and retirement, skills development, support for diversification and for rural infrastructure and services and the implementation of LEADER (see Appendix 3 for a full list of possible measures).

4.3. Building trust and understanding

4.3.1. With conservation agencies

Achieving a ***more mutual and collaborative relationship between farmers and conservation agencies*** must be at the heart of any attempt to make HNV farming more viable – if the positive link between agriculture and biodiversity implied in the phrase is to be more than a convenient platitude.

The process involves ***building both trust and understanding*** – something which is rather lacking at the minute. One side or other must take the initiative; LNP partners must not be found wanting – the Cheviot meeting recognised that they were better at working together now. Time must be taken to learn from each other, possibly without making any apparent immediate progress on the underlying aspirations of the various parties, be they conservation status or the farm bottom line. This takes a certain confidence, personally for farmers and both professionally and in terms of management support in the case of agencies with tight budgets and the need to secure quantifiable outcomes.

Andy Stephenson, Creative Commons Licence

Figure 17. Upper Teesdale SSSI is unusual in England in containing both fell and inbye land – an ideal venue for building understanding?

Given the need to recognise organisational priorities, it is likely that such a process will start in designated areas. Those areas which cover whole farms or whole landscapes would seem to offer the best returns on effort and to give the best chance of addressing one of the underlying issues: the lack of a farm systems-level understanding and approach. As an example, Upper Teesdale SAC (Figure 17, Figure 21) covers whole farms, including all the inbye land and fell – it might be easier to justify working on whole farm questions there than on Cornriggs Meadows which, as the name implies, covers little more than the hayfields within much larger farm units.

There is a lack of understanding from both sides. Both sides need to be aware that the other doesn't always grasp even the areas where the other lacks understanding! Waiting passively to be told things is unlikely to work; the concerns of the other need to be actively explored. In this context, it may be that an honest broker is necessary. EFNCP itself took this role recently in Connemara, where the two sides could hardly speak without tempers fraying. Things are not that bad in the NUC, but a catalyst which allows the reaction to take place at lower temperatures might still be worthwhile.

While recognising that both sides want to achieve a holistic view of HNV farming systems, the process will probably have to start with ***separate 'learn about farming' activities for agency staff and 'learn about conservation' activities for farmers***. Learning about farming should come first. Something like the Hill Farming Training courses programme developed by the Foundation for Common Land and piloted in Cumbria and on Dartmoor should be extended into the NUC. These courses, aimed at conservation and environmental agencies and allied NGOs, are run by farmers on their farm, with background materials provided by professionals. They aim to give the participants a real taste of hill farming and its issues in the most practical of contexts. As a by-product, they bring the farmer and agency officer together for a long period in an informal way rather than in the context of scheme negotiations, penalties or permissions.

Image: Rebecca Barrett

Figure 18. A Teesdale meadow illustrates the lack of mutual understanding – it is a sad example of a 'low sward and small crop' or an exemplary field in favourable conservation status?

In parallel, a start should be made on explaining the imperatives of conservation agencies to farmers – what their obligations are and more importantly what they mean in practice in real habitats in real fields, with real plants and animal species.

This process should be seen as an opportunity to reflect further on objectives in ecosystems where there is huge variation, where different features naturally compete with each other for predominance and where dynamism and perturbations are facts of life – what flexibility do these imply and how to implement that flexibility to benefit the viability of the whole system, while still adhering to the legal obligations and ensuring that they are achieved? For example, can an upland hay meadow be in favourable conservation status *and* productive? If so, why should a farmer have to live with a low productivity sward (e.g. Figure 18)?

The ideal would be for this reflection to be carried out in the open and fully involving farmers – it should be possible to make a good start at least. The obvious places to try first would be parcels where there has been significant undesirable change from the conservation *and* farming perspective, moving on to ones where there has been undesirable change from the farmer's point of view only and leaving the most inflammatory ones where conservation is seen as having benefitted on the back of the farmer until last.

Image: Andrew Curtis under Creative Commons Licence

Figure 19. Marshy grassland east of Greenlee Lough

One product of these two work streams should be a set of agreed and understood ***farm and field level indicators***. These should be used *locally* to set a baseline and then to monitor, evaluate and feed back on policy within the lifetime of the actions rather than when it is too late to change them. These should be indicators relevant to the HNV farming system, which follow Einstein's dictum of being as simple as possible, but no simpler. Numbers of participants in schemes, that measure so

beloved of RDP writers, clearly breaches this rule, for example. Indicators used currently for condition monitoring are certainly relevant (though used in a way consistent with a paradigm of dynamic variability), but they should be transparent to farmers – the problem is not the use of Latin names, but that farmers don't know what some of these species look like! But to these should be added agronomic and agricultural economic indicators which reflect directly on the viability and resilience of the management system.

Consideration should be given to developing these indicators within a wider ***scenario modelling exercise***, on the one hand plotting the forward trajectory of current trends and drawing policy conclusions and on the other working back from an agreed policy vision of the future to see what steps are needed to achieve it.

4.3.2. With policy makers

In the farmers' meetings there was some scepticism about the effectiveness of lobbying. Perhaps this, in part, reflects the failure to ***raise awareness and understanding independent of urgent policy debates***. To do so takes time, is not just reactive to current policy initiatives (and thus fighting what are often predetermined positions) and engages with delivering the policy needs of the policy maker and addresses their concerns and fears. As an example of the latter, farmers need to show how auditors can be kept happy under any proposal they make, or how the Treasury can be convinced that any action provides good value for money.

Image: John Topping under Creative Commons Licence

Figure 20. Scar House, upper Wharfedale

Strong consideration should be given to taking a contracyclical approach – understanding which is needed during the *next* CAP reform process should be built up now, when the last one is only just completed, for instance. Such an approach also allows the discussion of desired outcomes and the

impediments to reaching them outwith the straightjacket of having to respond to specific regulatory proposals or scheme rules, which tend immediately to develop their own internal imperatives and constraints.

Target audiences include key civil servants, regionally, in London and in Brussels. They include local politicians – MPs and MEPs – and those who are key players in the wider debate – ministers and their shadows, members of parliamentary committees or backbench groups. Crossing the divide between policy makers and the public are things like working groups, advisory panels, committees of enquiry – HNV farmers are usually onlookers, they need to be sitting on these ad hoc groups.

Using current buzz phrases well and showing what they mean in practice is very important; avoiding old clichés equally so. But ***understanding and using technical concepts appropriately*** is also a key skill, especially with civil servants. Showing how things can be done lawfully and in an administratively-achievable way would help to address their concerns. This implies some training for farmers and some technical support to apprise them of developments in the policy field – if farmers are to address the medium-term policy horizon before the policy discussions reach the white paper stage, this implies some personal links to key individuals, not just reading published material. Consideration should be given to how this could be done and funded.

4.3.3. With the wider public

The wider public are perceived as being largely ignorant of HNV farming and poorly informed as to how it links to wider questions – the buying choices they make and the sound bites of politicians, to take two examples. In the various meetings, a wide range of gaps in understanding were identified:

- The day to day needs of farms (a simple case would be awareness by dog owners not only of stock management issues, but of their wider responsibilities for biosecurity questions)
- Food quality and provenance issues, simply but honestly presented, but with a solid evidence base which is scientifically and quantitatively robust.
- Putting flesh on the bones of 'ecosystems services' – the science, their costs, drawing lessons, making them real and immediate to the public.

Trevor Littlewood, Creative Commons Licence

Figure 21. Upper Teesdale

The whole question needs to be addressed as a marketing issue. What is the product? Is it just a set of messages or also something people are buying? Who is the target market? Is it a niche or a mass market? What are their needs and their aspirations? How does buying into this product address them? What informs their decisions as consumers and what do we say to best influence those choices? Who are our competitors? What are our unique selling points and their weaknesses? How do we best and most efficiently take our message to our audience? Are there 'first adopters' we

particularly want to take on our product? Are there things we want to tell people are *not* true? It would be a good idea to have ***a PR strategy for HNV farming in the NUC*** so as to focus efforts and maximise the return on what will undoubtedly be small expenditures.

Some of the issues require a great deal of technical knowledge from farmers – not only of what evidence is out there, but to be able to question and evaluate that material. In the case of ecosystem services, how should farmers engage with and move the debate on from the current focus on peatlands, afforestation and overgrazing? What are their alternative messages; how can they be both subtler and compete with an equal footing with the current over-simple 'solutions'? This will undoubtedly involve farmers having the confidence to question their own assumptions – is a shed-finished lamb from the hills really better than a grass-finished one from the lowlands; how do simple claims about 'food miles' reflect the greenhouse gas emissions of lorries travelling across England compared to ships sailing from New Zealand? All of this requires capacity and support.

The young are a key audience, as Nidderdale farmers pointed out - attitudes formed at an early age inform tomorrow's consumption decisions. Efforts should be made to engage with schools locally and regionally, perhaps learning from the urban/rural school twinning programme run by North York Moors Leader. The LNP could investigate how to influence the curriculum and to better inform teachers.

Image: Peter McDermott under Creative Commons Licence

Figure 22. Upper Coquetdale - very nice, and...? What is the HNV farming message, who is the audience and how are they best reached?

Reaching the public can be done in many ways. Many of the partners in the LNP have experience of farm walks and open days – what are the lessons learned; how good are they at transmitting lessons and how good do they need to be (maybe feeling positive about farming is enough?). Some Leader groups have taken on specific awareness-raising projects – Why Farming Matters in Kent, for example, which has its own website as well as activities on the ground. Cumbria Hills and Dales Leader funded a 'creative documentary' of upland farming called Landkeepers. Although not

specifically farming-related, Norfolk Coast and Broads Leader funded information leaflets with environmental messages about the local landscape specifically for use in tourist establishments.

Dealing with the mainstream media requires a special set of skills, but sympathetic insiders could make things easy – there should be a concerted effort to find such people and to develop attractive, interesting stories.

The 'message' of HNV farming is about raising the profile of both market-related agricultural activity and of the ancillary public goods which benefit society and for which there is no well-functioning market. Farmers in all the Northumberland meetings pointed out the need for sensitivity when allocating both responsibilities and funding for awareness-raising – while public servants are generally getting paid for what they do and public information projects receive large sums of money, it is often assumed that farmers will do things for nothing, even when there is little or no direct benefit to them.

4.4. Addressing viability

4.4.1. Understanding the system

Central to ensuring the viability of a vital and adaptable HNV farming is ***building an understanding of the system's microeconomics and its variability and of its macroeconomic context***. In other words, not only how the farming system works internally – income, fixed costs, variable costs, profit and so forth – but the framework of markets, resource and finance allocation and the like in which not only it but the other systems with which it competes operates.

Andrew Smith under Creative Commons Licence

Figure 23. The macroeconomic climate is set by policy, not nature

Current treatments generally fail to address even the microeconomics at the system level and sometimes even treat the supposed microeconomics of *parcel*-scale management in a way which is unhelpful or inaccurate. Without a meaningful understanding of how things work – why policy signals result in particular choices and why those choices have knock-on consequences elsewhere on the farm – it is little wonder that support mechanisms have unintended results. Whether or not national government has this understanding, it is vital that local actors, especially farmers, both understand and communicate them clearly.

The wider macro-economic questions – why HNV farming is less viable than intensive farming, even on remote hill farms dominated by semi-natural vegetation, for example — are just assumed to be 'how things are'. In fact they also are the consequence of policy decisions. Wider awareness-raising and policy shaping actions must be informed by an understanding of these relationships. The links with any scenario-building exercise (see above) should be clear.

The calculations should take account of the full lifetime cost of the farming system. This includes not only the need for a living wage today, but the necessity for a reasonable return on capital employed and for providing funds for additional investment in the business and, crucially, to secure a home and an income in retirement.

4.4.2. Designing on-farm actions

Seemingly more immediately urgent is the need to design on-farm actions, but it is only with an understanding of the system's interconnectedness that this can hope to be done effectively. When it comes to designing actions, it is widely agreed that changes are needed to both how decisions are made and to the content of those decisions.

Decision-making should be as collaborative as possible, with the farmer treated not only as a skilled implementer or someone who should have some 'ownership' of the measures, but as someone whose knowledge is integral to designing strategies to deliver agreed outcomes. The farmer's needs have themselves to be integrated if those outcomes are to reflect the alleged dependency of public policy delivery on his farming system.

In the case of commons, stinted pastures and some tenancies, collaboration will involve more than two parties – at very least a landlord and in some cases a multiplicity of graziers. Agreements should be equitable and workable – something which involves additional effort and cost. Similar considerations apply to efforts to create added landscape-scale value.

As for the content, the understanding built between agencies and farmers, both as individuals and as a group, should be reflected in a new ***flexible and output-orientated approach to measures, which meets multiple policy aims***. The link to monitoring and evaluation indicators (discussed above) would be clear and, by extension, would thereby be transparent to the farmer. It would still be essential for the farmer to enter into commitments, but these would be subject to constant re-evaluation, within the timescale of the agreement. The farmer's group could be involved not just in design but implementation. *All* the relevant lessons from the Dartmoor Farming Futures project should be taken on board – the weaknesses as well as the strengths.

The challenge is even greater if the avowed desire of Government to target payments at the delivery of ecosystem services is to be addressed. LNP stakeholders should ***take an active interest in the design of a payment for ecosystems services policy.*** Again, actual examples, linking to the scenarios and to case studies of farm systems and their economics, are essential tools for 'keeping it real'.

Image: Oliver Dixon under Creative Commons Licence

Figure 24. Moorlands often involve more than one manager such as multiple commoners and sporting landlords

4.4.3. Calculating payments

Having understood the system and its economics, the ***overall support needs of a HNV farm*** can be calculated. This does not necessarily imply that HNV farms have to offer full time employment, but at least that the work they *do* offer is adequately rewarded. This assessment, along with suggestions as to how best to target payments to support the system's most desirable aspects most efficiently and to avoid unintended consequences, should inform attempts to influence policy.

Within this overall framework, it should be possible to ***calculate a suite of appropriate payments*** for the particular detailed measures which have just been designed to be compatible with the system at farm and landscape scale. The technical difficulties associated with pinning down such payments within a new flexible context in a way which would satisfy auditors should not be underestimated.

Payments should reflect actual costs and be paid to the one incurring those costs. The costs of an inherently loss-making activity should include a payment for labour at least meeting the minimum wage regulations. They should be flexible enough to include extra transaction costs, for example in collective or collaborative agreements.

The complexities of arriving with confidence at such arrangements and the potential difficulties of implementing them, at least initially, are such that some of this needs to be piloted on real farms but on a modest scale – the LNP should press to be the host location of any such pilot exercise.

Image: Chris Heaton under Creative Commons Licence

Figure 25. Cultural landscape of semi-natural vegetation and traditional stone structures

4.4.4. Succession and retirement

There needs to be a joined-up ***support strategy for succession and retirement,*** informed by the quantified needs assessment referred to above. It might involve incentives for retirement or for preparing for retirement. It could also mean help for new entrants and potential entrants. As such, there would be links to education and vocational training. It might propose and promote innovative approaches to tenure – incentives to create longer tenancies or partnership mechanisms.

The discussions need to take into account the realities of policy, especially of support payments, bearing in mind the principle of fair reward for active management. But they also need to be realistic about hill farming. Nidderdale farmers were risk-averse and this was a key element of their survival strategy – one had a 'no borrowing' policy. However, it is assumed that young entrants will borrow to the hilt, despite the vulnerability of the system to changes in subsidies, rising input prices and the vagaries of the market for what is still at heart a bulk product.

One might nevertheless ask why such a strategy is needed for what are autonomous private businesses? On the one hand, the law has always set the boundaries for tenancy matters – the range of tenancy arrangements currently available are the result of policy decisions. Secondly, agricultural and associated policies have long intervened in hill farming in an attempt to deliver a range of objectives, but in doing so have both created perverted unintended consequences and failed to ensure that farmers' rewards for delivering public goods are sufficient to overcome them.

4.4.5. Advice, facilitation and training

Empowering farmers means giving them confidence to ask for assistance and then to deal with confidence with advisors and facilitators. It has been noted how uneven the provision of such services are across the LNP area – the importance of advice is such that it cannot be assumed that the market will fill any gap. In Buckden, the National Trust had provided some free advice to its

tenants. The LNP should ***assess where advice provision is weak and formulate a strategy for plugging any gaps*** – is it in particular areas (e.g. remote communities) or for specific types of holdings (e.g. commons) or for certain topics (e.g. when not connected to schemes) – and why provision seems adequate in other areas. On the basis of that knowledge, an assessment can be made of whether and where any public intervention might be needed, including state aided-funding.

Experience in Scotland, which still has an advisory service which is in principle national in coverage, gives pointers to the problems and to the possible costs of addressing them. The author[4] showed how extensive farming areas are under-serviced by the SRUC advisory service, compared to intensive areas, despite Scottish Government support to subsidise such advice (one advisor per 326 potential clients in the Crofting Counties and per 180 in the rest of Scotland, for example). However the total costs and the extra spending which would be needed to make up the deficit is modest (a total cost of approximately £70k per annum per fully-funded additional advisor); in reality the overall advisory service is funded by a mix of private (i.e. farmer) and public monies.

Image: Rebecca Barrett

Figure 26. The well-managed meadow should have both an ecological and an agricultural value

Specifically-targeted advice has also been provided in Wales, this time wholly at public expense and aimed at commons, helping graziers to set up commoners' associations and to access agri-environment schemes.

Facilitation is a similar service for multiple stakeholders – people needing land and those with land available for use or lords of the manor and commoners, for example. In most cases, such

[4] Jones, G (2012) Supporting common grazing through agri-environment -lessons from an *ex post* evaluation

relationships are unequal - overcoming these inequalities might be beneficial for attaining policy goals but often pose significant transaction costs.

Training relevant to HNV farming systems is also needed, whether on the job through apprenticeships or through courses of various durations. In Northumberland, the assumption that the National Park Authority would be a major facilitator of this kind of training provision no doubt reflects well on their past involvement in this field.

4.4.6. Collaboration between farming businesses

Collaboration has the potential to give farmers economies of scale and the bargaining power a larger operation has when buying and selling. And while some may find that addressing a small niche as individual farms is the best way to add value to their product, collaboration also offers marketing benefits, offering a more dependable supply to consumers and providing a critical mass on which to support a brand and marketing operations. While not part of the English tradition, farmer groups in other countries are a vehicle for training and farm advice – at the very least, encouraging and feeding into such initiatives would surely not be beyond NUC farmers?

The long-term solution to empowering farmers is to make their businesses financially rewarding. They can then make a rational decision about whether or not collaborating makes sense, and in which circumstances. However, the current situation is that their businesses are far from profitable in their own right – overcoming the transaction costs of cooperation, and especially of *starting* to collaborate, can feel like just another way of eating into farm income. There is a potential role for public intervention to ***help initiate collaboration opportunities*** and overcome the start-up challenges.

Having said that, there *are* examples of collaboration, notably the Farmers' Network which operates in the Yorkshire Dales. Anecdotal evidence suggests that this works really well in some areas and not so well in others. The first step should be to find out why this is the case and whether small amounts of investment could remove temporary obstacles or pump prime similar activity in other areas. The National Trust is also encouraging collaboration in some of the study areas. Farmers in areas lacking collaborative structures should be encouraged to find out how the Farmer Network and its finances work in practice and to seek advice from organisations with experience in this field, such as SOAS and WOAS.

It is important for the LNP to realise, however, that the macroeconomic context is such that collaboration, just like other ways of increasing net income, will provide a pressure for *intensification* and a further weakening of the HNV system per se. Increasing net farm income is an understandable priority – the obvious and apparently simplest ways of doing so are often to use more bought-in feeds, more fertiliser, more 'commercial' breeds, more capital-intensive machinery and buildings; agricultural education both validates and promotes such approaches and many farmers take pride in the greener field, the bigger tractor and the higher price in the ring. The current market, where environmental costs are largely external to the farm's economy, does not provide a panacea which can turn around the fortunes of HNV farming – it is at the heart of its problems.

It should be noted also that while the larger scale which collaboration brings is beneficial in terms of reducing unit costs, spreading expenses across a wider group and creating a critical mass of product, there is always an underlying creative tension with individual action. Lamb prices are low in the autumn because *everyone* sells at that time – a farmer (or producer group) who can distinguish his product from the crowd and create a niche market will benefit financially, but this advantage depends on most of his competitors *not* being innovative. Addressing the fundamental handicaps of hill lamb production overall requires a somewhat different approach.

4.4.7. Wider community aspects

Similar caveats must be made in the context of community infrastructure and social viability – solving such questions does not ensure a future for HNV farming, but, on the other hand, its future is very black unless HNV farming families are part of vibrant, socially-attractive rural areas. This point was made strongly in the North Tyne meeting.

There are opportunities for general infrastructure improvements and opportunities to push for them and to encourage innovative ways of delivering them should not be passed by. A slow internet service was mentioned in a number of areas and was a particular concern in Nidderdale, for example. However, very few of such infrastructure issues are within the gift of the LNP members *per se*, but involve other departments of central and local government (transport, education, health and social care, housing and so on) and the decisions of private utility companies.

One key factor which *is* within the remit of at least some of the LNP partners is the planning process. This was not the focus of any of the studies, but it is also clear from remarks made during the project that these is some unease amongst farmers that they are disadvantaged by the operation of the planning system. Whether this is more the case than in other areas is not something on which we can comment - ***a better dialogue in developing and communicating of planning policies and explaining planning decisions*** seems warranted, but perhaps this is not a particular weakness of NUC planning authorities. Planning authorities should in any case monitor themselves to make sure that the planning policies being developed explicitly support HNV farming businesses and to make sure that they are implemented positively; there is a role for best practice sharing within the LNP.

Partners are also likely to form a substantial minority, possibly a majority, on many LEADER groups, putting them in a position to push for a holistic vision which promotes HNV farming and to direct funding towards specific applications likely to take that process forward.

LNP members also have experience in applying for external money – where this is not counter to the funding rules, they have an opportunity to give vital assistance to organisations representing farmers and their communities in this regard – potentially a very good way of leveraging their limited resources.

4.5. Summary of recommendations

- Maintain momentum of the project
- Support and/or facilitate the creation of a NUC-wide farmer forum
- In the short term (current CAP discussions):
    - Input into Moorland Basic Payment discussions
    - Input into NELMS consultation
    - Input into measure design and payment rate discussions
    - Support any way of increasing intervention rates for capital works which promote better environmental outcomes
    - Look again at possible approaches to totemic issues of walling and bracken encroachment in Pennines and Northumberland respectively
- Build a more mutual and collaborative relationship between farmers and conservation agencies, based on trust and understanding
- Organise and/or support separate 'learn about farming' activities for agency staff and 'learn about conservation' activities for farmers
- Design and implement farm and field level indicators to monitor and evaluate policy
- Describe a positive vision and the possible negative results of more 'business as usual' through a scenario-building exercise

- Avoid a 'fire-fighting' approach to dealing with policy makers through a continuous process of engagement and awareness-raising – setting the policy agenda, not just responding to it
- Work to ensure that policy input uses technical policy concepts correctly, timeously and to the appropriate audience – address the civil servants' concerns
- Develop a PR strategy for HNV farming in the NUC
- Ensure policy input is based on an understanding of HNV system microeconomics and of its macroeconomic context
- Make process of designing on-farm measures as collaborative as possible, at both policy and individual farm levels
- Ensure flexible and output-orientated approach to measures, which meets multiple policy aims
- Be involved in developing a workable payment for ecosystem services policy
- Based on a full needs assessment of HNV farming systems, set out the intervention logic for a range of support measures and calculate the associated payment rates. Take into account farm (system) and landscape scales.
- Design mechanisms which tie payments as tightly as possible to the active farmer who incurs the costs
- Promote the integration of *non*-payment issues which impact on HNV systems into the policy mix (e.g. questions relating to tenure)
- Support the development of a strategy for farm succession and retirement
- Assess advisory provision for any gaps or weaknesses and work to address these
- Support farmer collaboration where it is compatible with HNV objectives
- Promote a better dialogue in planning process

Appendix 1 – summary of recommendations from the 4 original reports

Local	Building trust	Create local farmers' forum
	Building trust	Training of conservation professionals by farmers
	Building trust	Building bridges on understanding Favourable Conservation Status (and non-bird biodiversity)
	Building trust	Raising the positive profile of farming, incl. through farm open days
	Strengthening farming communities	Encouraging collaboration; buying co-ops or machinery rings, collaboration in marketing or livestock finishing, or land banking – acting as an independent matchmaker to free up access to land, not least for new entrants.
	Strengthening farming communities	Planning process: better dialogue, e.g. on farm building conversion; proactive outreach on what *could* be allowed/supported; better management of 'bad news'
	Strengthening farming communities	Supporting vermin control initiatives
Local, in national framework	Building trust	Delivering Favourable Conservation Status through collaboration and farmer involvement, building on experience of Dartmoor Farming Futures and preferably at the landscape scale
	Independent advice provision	Ensure basic provision in cases of market failure/weakness. Provide whole farm type planning.
	Independent advice provision	Woodfuel chain strengthening, with strong advice element at least initially
	Informing national policy	Developing quantified case studies at system and field level, which can be used as a basis for monitoring and evaluation
	Informing national policy	Preparing for future Payment for Ecosystem Services schemes
National	Improving policy	Rewarding activity by asking for it and then reflecting in payments the real costs, including labour and transaction costs e.g. on common land, and knock-on effects within farming system
	Improving policy	Disincentivising inactivity for slipper farmers in all types of schemes
	Improving policy	Improving agri-environment to better deliver multiple benefits, with farmer involvement, if possible through single integrated scheme, preferably incentivising landscape scale action
	Improving policy	Supporting walling and field barns in agri-environment
	Improving policy	Improving other rural development policy – influence national framework for advisory service
	Improving policy	Improving other rural development policy – strategy for retaining young people and farm succession and training of young farmers
	Improving policy	Improving other rural development policy – broadband, mobile phone and other modern infrastructure
	Improving policy	Improving other rural development policy – improving support/environment for diversification

Appendix 2 – summary from stakeholder meeting round tables

How can the influence of HNV farming & farmers in the Northern Uplands be increased?

- Make concerted effort on raising Basic Payment rate for moorland
  - NUC LNP should submit a letter to the consultation by 21st March deadline
- Engage with NELMS consultation
- Group of farmers working together
  - to discuss and agree key issues to take to NE, with farmers taking the lead
  - to deliver schemes
- Collaborate with similar areas in *long term* relationship
  - In England (a national uplands federation?)
  - Transnationally
  - Need to get start-up funding for collaboration, and to work to *next* CAP
- Bring English & EU bureaucrats onto farms
- Influence local MPs at least by direct discussion
- Increase PR (as opposed to lobbying..?)
  - Highlight meat quality & provenance (slow grown, science-based claims on quality) Get levy boards to do more.
  - Highlight ecosystem services, with aim of getting paid for them
  - Tackle mainstream media
  - Get onto influential panels
- Increase opportunities for getting farming into schools and pupils and teachers onto farms (National Curriculum)

Practical steps to make HNV farming in the Northern Uplands more efficient & profitable?

- Agri-environment:
  - More flexibility in agri-environment prescriptions where they shown not to have worked
  - Delivery of mutually-agreed outcomes
  - More support for walls
  - More support for cattle
  - Proper reward, incl all farmer's costs
  - Need to pilot some new approaches
- Support active HNV farmers (and *only* active farmers)
- More joined up thinking (put the environment in socio-economic context)
- Better understanding of farm economics and *variability* in it, address best practice with livestock as part of improving performance
- Encourage new blood
  - Succession planning
  - Longer-term tenancies (perhaps with tax incentives)
  - Partnership farms
  - Retirement incentives
- Encourage renewables, insulation…
- Support appropriate investments in holdings (and an intervention rate which reflects realities of tenancies)
- Get more money from visitors or channel it better to HNV farming – local tax?
- Collaborative buying
- Long-term approach to advisory system for upland farmers

Appendix 3 – summary of possible EAFRD measures

For each possible measure, the relevant article(s) of Regulation (EU) 1305/2013 is given. Ones with high potential significance for HNV farms are highlighted; others may nonetheless be highly relevant for the communities of which those farms form part.

Article 14. Knowledge transfer and information actions *(i.e. training)*

Article 15. Advisory services, farm management and farm relief services

Article 16. Quality schemes for agricultural products and foodstuffs

Article 17. Investments in physical assets

Article 18. Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions

Article 19. **Farm and business development** *(includes help for young entrants and to establish non-agricultural enterprises)*

Article 20. Basic services and village renewal in rural areas

Article 21. Investments in forest area development and improvement of the viability of forests

Article 22. Afforestation and creation of woodland

Article 23. Establishment of agroforestry systems

Article 24. Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events

Article 25. Investments improving the resilience and environmental value of forest ecosystems

Article 26. Investments in forestry technologies and in processing, in mobilising and in the marketing of forest products

Article 27. **Setting -up of producer groups and organisations**

Article 28. **Agri-environment-climate**

Article 29. Organic farming

Article 30. Natura 2000 and Water Framework Directive payments *(note – covers additional costs and income foregone arising from actions/restrictions which are <u>mandatory</u> for farmers)*

Article 31. **Payments to areas facing natural or other specific constraints** *(successor to former LFA measure)*

Article 33. Animal welfare

Article 34. Forest-environmental and climate services and forest conservation

Article 35. Co-operation *(in a wide range of contexts)*

Articles 36-39. Risk management etc. *(insurance, etc.)*

Articles 42-44. LEADER

Appendix 4 – list of background material used

The four case study area reports:

Hall, C; Philips, S; Atterton, J; McCracken, D & Carter, N (2014) Farmer views on nature conservation and farming in Northumberland National Park: Report by SRUC to the Northumberland National Park Authority.

Jones, G; Silcock, P; Brunyee, J & Pring, J (2013). North Pennines AONB High Nature Value Farming Research: A report for the North Pennines AONB Partnership by EFNCP & Cumulus Consultants

Keep, H & Akrigg, J (2014) High Nature Value Farming in the Yorkshire Dales: Buckden Parish Case Study by Yorkshire Dales National Park Authority and Windle Beech Winthrop

Lewis, M; Bonner, J & Riley, M (2013) High Nature Value Farming in the Northern Upland Chain: Nidderdale AONB Agricultural Economy 2013/14. Report by RBR to the Nidderdale AONB Partnership

Additional material made available:

Northumberland National Park

Northumberland National Park (2013) State of the National Park Report 2012-2013

Northumberland National Park (2014) Natural Environment Vision 2014-2035 – Consultation Document

Northumberland National Park (in press) Farm Survey 2012 – report by Newcastle University Centre for Rural Economy

SRUC (unpublished) Notes from Cheviot farmers' meeting

SRUC (unpublished) Notes from Coquetdale farmers' meeting

SRUS (unpublished) Notes from Hadrian's Wall area farmers' meeting

SRUC (unpublished) Notes from North Tyne farmers' meeting

North Pennines AONB

See reference list in case study report

Yorkshire Dales National Park

None

Nidderdale AONB

Nidderdale AONB (2013) Ecosystem services produced by land management in Upper Nidderdale – Nidderdale AONB summary report

Appendix 5 - Examples of good practice from within the LNP area, as provided by the staff of the four designated areas

- Northumberland Farming Officer uses sabbatical time to work on farms within the National Park
- Northumberland Farming Officers wherever possible discuss the conservation status and condition assessments of areas on a farm with both the staff from Natural England and the farmer out on site on the farm to try and give the farmer a better understanding of the conservation assessment and relevant indicators, and Natural England staff a better understanding of the practical land management and the farmer's knowledge of the site, which often covers a long time span over every season
- Northumberland NP helps farmers who want to host events or open days on their farm to do so by promoting the event and contributing e.g. by assisting with a guided walk around the farm; identifying wildflowers and pollinators in the meadows etc.
- Northumberland National Park Authority's Farming Team provides free one to one and group advice to all farmers within the National Park. This includes undertaking Stewardship work, Catchment Sensitive Farming, Woodland Grant Scheme, NNPA grants and other grant applications for free. They also help farmers through the planning process with their colleagues in the planning team.
- NNPA provides ongoing support for agri-environment scheme holders including assistance with capital claims and amendments. Rolling programme of reviewing agri-environment agreements with the agreement holder and negotiating any desirable amendments with Natural England.
- Northumberland NP holds regular consultation meetings with farmers from across the National Park to obtain their views. Also undertakes a comprehensive Farm Survey of a representative sample of all farms every 10 years. This survey looks in depth at the economics of the farms as well as social and environmental issues.
- NNP runs projects with local farmers, vets, researchers, Environment Agency etc on topical issues such as parasite control. Funded upgrades of dipping facilities
- Northumberland NP works with local Universities and colleges to bring students out onto farms in the National Park so that the students can learn directly from the farmers, National Park staff and other organisations about farming and the environment.
- Northumberland NP takes interested farmers on visits to other areas in this country to exchange ideas on farming, environment and diversification.
- NNP set up and facilitate groups of farmers and landowners to manage feral goats in the Cheviots.
- NNP instigates and helps facilitate work with local farmers, landowners and local police to clamp down on illegal off-road vehicle use within the National Park.
- In the past NNP have published books on hill farming, put info on visitor guide, walks leaflets, website etc. to inform public about hill farming and its importance to NNP.
- Northumberland has worked with several groups of farmers e.g. Galloway Society, various groups wanting to co-operatively market lamb; North Tyne fuel buying co-op; also assisted with collaborative work on renewable energy on farms; try and facilitate closer working between tenant farmers and landlords; funded the purchase of security marking kit for farms in the National Park to try and prevent farm thefts; ran a drystone walling training programme; ran a traineeship project to give young people wanting to work in upland farming some of the skills through working on a number of different farms in the National Park as well as participating in some college-based training; currently looking to assist farmers wishing to work together on farmland bird conservation.

- NNPA Farming Team help farmers and landowners through the planning process with colleagues in the organisation's planning dept. This includes providing pre-application advice. Supporting small-scale renewable energy on farms.
- NNPA ran a predator control for conservationists course with the Game & Wildlife Conservation Trust. Supported experiment on Otterburn Ranges into the effects of predator control on ground nesting birds. Often explain to members of the public about the benefits of legal predator control.
- NNPA Supporting community events including local agricultural shows both financially and by participating in various ways
- NNPA Working with individual farms to produce farm resilience plans to help farmers adapt to climate change predictions
- NNPA trying to influence targeting of agri-environment schemes so that all farms in NNP can access them, including the higher level/mid and upper tier (or whatever it ends up being called in the new scheme).
- NNPA Funding and facilitating collaborative heather burning with local land managers and the Fire & Rescue Service to enable heather burning to be carried out safely for conservation and farm management benefits
- NNPA brokering flood management work with local farmers, landowners and Gov agencies including EA, Nat Eng, County Council
- NNPA trialling techniques which it is hoped will provide practical solutions to climate change issues including drought and flooding through the Cheviot Futures Project see www.cheviotfutures.co.uk
- Northumberland National Park Authority's Farming Team provides free one to one and group advice to all farmers within the National Park. This includes undertaking Stewardship work, Catchment Sensitive Farming, Woodland Grant Scheme, NNPA grants and other grant applications for free. Wherever possible this is done at the landscape scale. Farming Officers also help farmers and landowners through the planning process with our colleagues in our planning team.
- NNPA Regularly hosting visits with influential Ministers and civil servants out in the NP to show them examples of the work we have been doing with farmers in NNP. Wherever possible involve farmers and landowners in these visits.
- Representing the views of NNPA and Northumberland National Park farmers in relevant Government consultations including the current discussions on CAP reform and the new Environmental Land Management Scheme.
- NNPA's Sustainable Hill Tracks Project trialling environmentally sensitive techniques for managing hill tracks needed for viable agriculture, forestry, sporting management of the uplands.
- Hosting and actively participating in Northumberland Uplands LEADER Local Action Group to help it fund initiatives that support upland farming in NNP.
- NNPA involved with NEFRAN the North East Farming Advisory Network that directly engages with Ministers and other influential organisations to try and benefit rural businesses and communities. Engaging with the relatively new, but influential organisations such as the LNP and LEP to try and influence them to benefit the rural economy of NNP.
- NPAs have called for subsidy payments to go to active farmers, but to make sure that landowners wanting to undertake conservation measures for example through destocking an area are not disadvantaged.
- Northumberland National Park's Upland Farming Traineeship
- NNPA trying to facilitate broadband provision to whole of NNP, including trialling potential alternative solutions where it would appear that terrestrial broadband will not be feasible or too costly.
- NNPA developing Rural Growth Hubs.

- In Nidderdale Farm Conservation Adviser employed to give free on farm advice for ELS, UELS, HLS, CSF, EWGS etc. and complete grant applications for free, 8 years in post developed good working relationships with landowners.
- In Nidderdale, employment of FWAG officer with 15 years upland farming experience which is on -going with interaction when on farm during discussions.
- In Nidderdale, explanation of surveys and condition assessment when undertaken on farms on a 1 to 1 basis. Land owner can provide a history of the site to give insight as to how the condition has been attained.
- In Nidderdale, AONB events calendar has on farm and moorland events for the public. Friends of Nidderdale AONB have Farm Conservation Award, Yorkshire Agricultural Society Tye Trophy (FWAG) conservation award covering Northumberland, Durham & Yorkshire. All promoted at shows and in press. HLF project includes promote enjoyment and understanding by public
- In Nidderdale, Yorkshire Dales Farmer Network is very strong in the study area and collaborates in buying, training and events. Work together with CSF and other events and promotion. Need funding to continue support YDFN staff.
- In Nidderdale, provide on -site consultation by AONB manager
- In Nidderdale, rabbit control events planned through CSF programme to reduce soil erosion and habitat damage due to rabbit infestations. CSF only run until spring 2015.
- In Nidderdale, HLF project to help achieve landscape scale improvements for habitat, heritage, above and beyond HLS prescriptions.(Looking at management soil status and drainage in meadows where negative condition has been allowed to develop due to lack of input through misinterpretation of prescriptions.
- In Nidderdale, farmers have provided time and farms to discuss issues with local and national policy makers
- In Nidderdale, farm building survey has highlighted the need for on-going support for restoration of buildings no longer economical to repair
- In Nidderdale, heritage skills training, apprenticeship schemes through HLF project, volunteering (drystone walling etc.)
- Dales Advisory Group – local farmers, large estates, NE, CLA, YDNP. Lapsed in 2007 but will be restarted this year. Initially formed to provide feedback on the 2003 agri-environment review, HFA to UELS, CROW and other policy matters.
- Yorkshire Dales Farmer Network has small scale machinery rings – Lower Swaledale and Chapel Le Dale. Swaledale Sheep breeders Association link with Marks and Spencer – farmers working collaboratively to supply lamb.
- YDNPA farm building design guide
- In YDNP, small scale grey squirrel control undertaken within the Red Squirrel reserve in Upper Wensleydale by interested people. Two year rabbit control contract undertaken over two SSSI/SAC areas – Ingleborough & Malham/Arncliffe as part of the Limestone Country Project. Very successful at the time in reducing rabbit numbers and improving condition of limestone grassland habitat.
- In YDNP, Yorwoods have partnered the development of the woodfuel renewable energy market in the region.
- Share farming example within YDNP – Tony Shepherd and John Henderson, St Helens Farm, Eshton
- Mobile phone coverage increasing within NPs – network providers prioritising this. Local community broadband schemes – Upper Wharfedale and Fibre Optic Garden in Dentdale