



High Hopes: CLA Report on the Uplands



Country Land &
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FOREWORD

The CLA last produced a paper relevant to the fortunes of the upland areas with its 2004 document “A future for livestock grazing in England and Wales”. This was a reflection of our concerns about the particular difficulties the grazing livestock sector had suffered following the 2001 Foot and Mouth Disease epidemic.

From this disastrous low the economic fortunes of upland farming have somewhat improved, particularly with the exchange rate-induced recovery since 2008. However, the viability of much upland farming remains at best slender, and is all too frequently a negative-margin business heavily dependent for survival on public financial supports. In the six years since its last report CLA member pressure has encouraged the Association to return to this topic. We can point to five developments during this period which justify further attention. They are:

- the emergence of climate change near the top of the political agenda and a particular role for the Uplands in climate stabilisation, and delivery of the UK’s binding renewable energy targets;
- the shift in viewpoint to accept the value to society of environmental services, nowadays expressed in terms such as “Eco Systems Services” and “Public Goods”, is especially evident in the Uplands where the value of these environmental services might well be larger or much larger than the value of the conventional direct outputs of hill farming, essentially livestock, meat, milk and wool;
- the vigorous debate about the next phase in the development of the Common Agricultural Policy (CAP) post-2013 in which one element favoured by many groups is more secure support for areas and farming systems variously described as “Less Favoured” (for agriculture), “Environmentally Favoured”, or “High Nature Value”;
- changes emerging from the Coalition Government affecting institutions and planning policy in Britain; and
- the emergence of the digital divide between areas served well and served poorly with telecommunications, especially broadband internet connections and mobile phone coverage.

At the same time that the CLA set up a working group to look into the implications of these issues the Commission for Rural Communities (CRC) created its own working group which undertook a well-resourced and thorough investigation of the English Uplands. This, in itself, distracted the CLA work as the Association wanted to contribute fully to the CRC study.

The CRC Working Group assembled a good deal of expertise and consulted widely. The CLA played a full role in the CRC consultations, particularly from its affected regions (the North, Yorkshire, West Midlands and South West). Regional staff and members attended meetings with the CRC group and provided most of the material for the CLA’s written submission to the inquiry. It is very clear that the CRC Working Group took on board and agreed with a great deal of what the CLA said, and much of it is reflected in the CRC’s report entitled “High ground, high potential – a future for England’s upland communities” published in July 2010.

The CLA Upland Working Group concluded that the CRC work is essentially sound. The CRC report correctly depicts the importance of the Uplands and their strengths, weaknesses and potential. It also correctly identifies the problems faced by the Uplands. Therefore, recognising that the CLA has nothing like the resources commanded by the CRC, and that the CLA fundamentally supports most of the CRC’s conclusions and recommendations, the CLA Upland Working Group decided the best use of its resources was to produce a report for the Coalition Government to encourage it to adopt the CRC report but with the CLA’s additional views and particular emphases. The group also decided to include suitable adaptations to the approach of the new Government to the concepts of “localism” and “big society”. This paper is all the more important because it is clear the CRC may not be in existence for much longer. It will serve the function of providing the CLA’s evidence to the newly constituted Uplands unit in Defra.

CLA membership extends to England and Wales. Therefore in this paper we intend the ideas and recommendations to apply to both countries. Although the CRC report focussed only on the English Uplands the CLA suggests the broad analysis and the general policy recommendations apply equally well to Uplands in Wales. A parallel investigation of the Welsh upland scene is provided by the report of the National Assembly for Wales's Rural Development Sub-Committee which was published in April 2010. The CLA is fully aware that important aspects of policy implementation are devolved and, in some areas, especially the implementation of the CAP, quite different support schemes operate in Wales. However, the CLA's main recommendations are about principles or policies initiated at UK, or EU, level – each devolved territory has then to implement them on the ground.

With this understanding, the structure of the CLA's report reflects that of the CRC Uplands report. It has two parts. Part One summarises why the Uplands are important and the nature of their problems. Part Two offers a series of recommended measures which would help realise more of the potential of these important and beautiful parts of our countryside. We offer these ideas in the hope they can contribute to a more sustainable future for our Uplands.



A handwritten signature in black ink that reads "William Worsley". The signature is written in a cursive style with a long, sweeping horizontal stroke at the end.

William Worsley FRICS
President, CLA

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We would also like to thank the CLA regional staff who set the project rolling by their detailed collation of ideas and material for our response to the CRC inquiry into the Uplands. This report was written by the CLA London Office Land Use team.

LIST OF ABBREVIATIONS

AES	Agri-Environment Scheme
AIC	Agricultural Industries Confederation
BIS	Departments of Business, Innovation and Skills
CAP	Common Agricultural Policy
CLA	Country Land and Business Association
CLG	Communities and Local Government
CRC	Commission for Rural Communities
DECC	Department of Energy and Climate Change
DTi	Department of Trade and Industry, now BIS
EFA	Environmentally Favoured Area
EIA	Environmental Impact Assessment
EU	European Union
FERA	Food and Environment Research Agency
HMRC	Her Majesty's Revenue and Customs
HNV	High Nature Value
LEP	Local Enterprise Partnership
LFA	Less Favoured Area
NFU	National Farmers' Union
OFCOM	The communications regulator
PPS	Planning Policy Statement
R&D	Research and Development
RASE	Royal Agricultural Society of England
RDA	Regional Development Agency
RDPE	Rural Development Programme for England
SCaMP	Sustainable Catchment Management Plans
SDA	Specially Disadvantaged Area
SFP	Single Farm Payment
SPS	Single Payment Scheme
TFA	Tenant Farmers Association
UELS	Uplands Entry Level Stewardship scheme
WTO	World Trade Organisation

EXECUTIVE SUMMARY

The Uplands are immensely important to society in England and Wales because their active management, mostly by farmers and foresters, provides the vital goods and services of food, wood products, energy, cultural landscape, natural resource protection and biodiversity as well as leisure and tourism opportunities. However, many of the businesses involved in the Uplands are under threat because of low or negative financial margins in the core activity – upland livestock production. These businesses survive only because of public supports – but these financial contributions are under threat.

The Commission for Rural Communities (CRC) produced a report in July 2010¹ which convincingly documented the nature of the Uplands, their potential and the factors preventing the Uplands from achieving their potential. The CLA agrees with the broad thrust of the CRC report and most of its recommendations. This paper summarises the CRC analysis and then expands on the Commission's recommendations. The CLA also argues that the recommendations apply equally to the Uplands in Wales.

The ability of upland land management to provide a reasonable living standard is critical to the future of the Uplands. This goal will not be reached by dependence on selling agricultural products alone. Upland farming businesses have long diversified into adding value to farm products, leisure, tourism and sporting shooting. Further diversification of revenue sources must continue. The newer opportunities come from selling other ecosystem services –

renewable energy from biomass, wind and hydro; water and climate protection by storing water and carbon and by purifying water, and by providing biodiversity and cultural landscape services. The critical requirements are to develop the right frameworks for public and private payment for more of these non-market services, and to ensure that rural infrastructure and the planning system help rural economic development.

There is not a single or simple set of policy adjustments required to help realise all this potential. The CRC report shows how several government departments will have to be involved, and many distinct areas of government policy. For this reason it is argued that some overall co-ordination at ministerial level is required and an appropriate and convincing delivery structure.

The main part of this paper is a discussion of the 10 areas of policy which require attention to unleash the potential of the Uplands. We pay particular attention to four areas: the changes in the main existing support policy, the Common Agricultural Policy (CAP); ideas for bringing in new sources of finance especially for carbon and water, the need for vital infrastructure especially broadband, and, critically, changes in the planning system and its application to enable rural economic diversification and to provide affordable rural housing.

Our specific recommendations are summarised at the end of the report.

1. High ground, high potential – a future for England's upland communities. Commission for Rural Communities, July 2010.



1. THE VALUE AND POTENTIAL OF THE UPLANDS AND WHY THEY ARE STRUGGLING

1.1 Scope of the paper

This part relies heavily on the CRC report “High ground, high potential – a future for England’s upland communities”. The English upland areas the CRC considered were:

- the northern Uplands including the Pennines (with the Peak District at the southern end), the Yorkshire Dales and North Pennines, the Cumbrian Fells and the Cheviot Hills at the northernmost extreme, and the North York Moors, separated from the Dales by the Vale of York and Vale of Mowbray;
- the Uplands of the West Midlands, including the eastern edge of the Black Mountains in Herefordshire and the Shropshire Hills (the Cleve Hills, Wenlock Edge and the Long Mynd);
- the south western Uplands including Dartmoor, Exmoor, the Quantocks and Bodmin Moor.

Where we can we have added information for the equivalent upland areas in Wales.

Throughout this paper the text in italics and shaded are quotes from the CRC Uplands report.

1.2 Some key facts about the Uplands in England and Wales

The CRC report commences with a most useful summary of key facts.

- **People** – *The Uplands and upland fringes cover 17 percent of England. The Uplands in England are home to around two million people. There are proportionately fewer residents in the 20-34 age group and more in the 40+ age group than is average for England. More than 800,000 people live in the rural parts of England’s Uplands with a further 1.2 million people living in nearby urban areas.*
- **Working communities** – *Manufacturing and the wholesale and retail trade are the dominant employers in the Uplands (34 percent). Agriculture and forestry employs relatively few people (5.2 percent). However, agricultural businesses are the second most common, accounting for 16 percent of all businesses in the Uplands. Sole trader businesses represent a much greater proportion (25 percent) of businesses than in England as a whole (16 percent) and the majority (63 percent) of businesses are micro-businesses employing between one and nine people.*

- **Recreation** – *There are 40 million visitors to England’s upland National Parks each year spending £1.78 billion. Eighty-six percent of ‘open access’ land in England is in the Uplands.*
- **Food, woodlands and water** – *44 percent of total breeding ewes and 30 percent of beef cows in England are in the Uplands. Twenty-five percent of the total area of woodland is in the Uplands and 70 percent of UK drinking water is sourced from here.*
- **Climate change** – *At least 200 million tonnes of carbon are stored in peat lands in England’s Uplands.*
- **Landscapes and heritage** – *75 percent of the Uplands are designated as National Parks or Areas of Outstanding Natural Beauty (AONBs).*
- **Biodiversity and natural features** – *More than half (53 percent) of England’s Sites of Special Scientific Interest (SSSIs) are in the Uplands.*
- **Land management** –
 - *82 percent of England’s common land is in the Uplands.*
 - *16 percent of the Uplands are managed as grouse moors. According to the Moorland Association, heather moorland management and wild red grouse shooting in England bring investment in excess of £53 million a year into rural communities (predominantly in the Uplands), and in some upland areas grouse shooting has overtaken agriculture as the primary economic land use.*
 - *Grazing livestock farms provide employment for more than 13,000 people in England (including those who work part-time). Before subsidy payments and income from non-farm activities, the average LFA farm in 2008/09 made a loss of £8,347. On average 37 percent of uplands farms’ revenue comes from public payments.*
 - *25 percent of the total area of woodland in England is in the Uplands. Forest and woodland cover is approximately 12 percent of the Uplands compared with 8.1 percent of England as a whole.*

1.3 The Commission for Rural Communities analysis of strengths, weaknesses, opportunities and constraints

Two critical features of the CRC Uplands report endear it to organisations representing rural businesses.

First, precisely because the CRC is an economic and socially focussed countryside organisation it reflects the reality of rural businesses in the same rounded and complete way as the businesses see themselves. Chapter One of the CRC report deals with the **people and the communities** in which they live. Starting this way leads to considerations of incomes, living standards and employment opportunities followed by the delivery of environmental services. Naturally, CLA members warm to this approach. We appreciate the headings the CRC chose for their opening chapter, they express well the characteristics of upland people and communities, saying they:

- have a strong sense of place;
- act as custodians of the land;
- are cohesive and vibrant communities;
- are resilient; and
- are enterprising.

Second, the CRC report is positive and offers hope. It identifies that there is real potential in the Uplands; economic potential that is, for higher incomes and better living standards. This potential is not expected, particularly from growth in agricultural productivity, agricultural output or prices, although there is potential here and it should be realised. Rather, the major potential arises more from recognising and rewarding the true social value of the environmental services and social functions which are provided in the Uplands, and whose provision could greatly expand.

As well as describing the strengths of upland communities, the first chapter of the CRC report also analyses the challenges facing the Uplands and the constraints on them realising their potential. Once again, the analysis is correct in our view, the

challenges and obstacles are well indicated by the section headings of the CRC report:

- Demographic change;
- Unaffordable housing;,
- Access to services;
- Limited employment opportunities;
- Limited basic infrastructure and communications;
- Broadband and mobile communications;
- Energy and fuel supplies;
- Planning policy;
- Designation and its impact on sustainability;
- The viability of hill farming; and
- The support that is available.

Chapter Two of the CRC report goes on to describe **“the land and its natural and cultural assets”**. It uses the now fashionable ecosystem services approach to group the assets of the Uplands under three headings:

- The Uplands as providers of food, forestry and woodland, energy and water (“provisioning services”);
- The Uplands as regulators of water and climate (“regulating service”); and
- The Uplands as providers of recreation, enjoyment and cultural heritage (“cultural services”).

These facets of the Uplands are well chosen and expressed. There are, of course, some particular phrases and emphases with which landowners and managers do not agree, and the CLA would give greater emphasis to heritage, forestry and game shooting than is in the CRC report, but, fundamentally, we support the analysis of strengths, weaknesses, opportunities and constraints. The CLA will not therefore spell out the analysis and evidence again but the Association believes it is worth repeating the words of the executive summary of the CRC report.



People and communities

People are essential to the identity of the land and to its future. The landscape has been formed by centuries of human intervention and management and people remain essential to its future development.

During our Inquiry we found a strong culture of community cohesion. Many people are connected economically, socially and culturally to the land and to those who manage the land. This strong dynamic connection between land and communities is essential in realising the potential of the Uplands.

Some people within the Uplands play special roles as custodians and managers of land and the natural assets. Their skills and continued stewardship are vital to the delivery of the many highly valued public goods and market products that arise from the natural assets.

However, there are threats to this community cohesion, and to the sustainability of upland communities. We heard concerns about an ageing population and the loss of young people. While this picture is characteristic of most rural areas, we were told of particular issues around the loss of those with the knowledge and understanding of the Uplands.

A major factor affecting retention and attraction of young people and families is the cost of housing. In common with many other rural areas, high demand from incomers to areas of landscape beauty, coupled with low supply, relatively lower local wages and restrictive planning arrangements mean that little housing is available for young people and those on low wages.

We also heard concerns about difficulties accessing services. As with other sparsely populated and geographically remote areas, there has been a slow but steady decline in the number and range of services provided locally. There was clear recognition of the need for innovative and locally developed solutions to provision of public transport, education and health care.

We found evidence of a culture of initiative, enterprise and energy in business, with people developing new markets and using new technology. Many upland farming businesses and households have successfully diversified, including into non-farming enterprises and off-farm employment. This culture of initiative is demonstrated both by long-standing residents and immigrants.

But enterprise is hampered by limited employment opportunities, as many upland economies are characterised by low wages and seasonal employment. We heard that some people need two or more jobs to earn a living wage.

We also heard recurrent concerns about the absence of a basic service infrastructure, often due to the remoteness of many upland communities. In

particular, exclusion from mobile telecommunications and broadband services has a significant impact on the viability of many businesses.

Taken together these issues combine to challenge the sustainability of upland communities. Yet despite this, we found much evidence of local action and community spirit. Volunteer networks provide leadership, solve problems and provide services. These social entrepreneurs contribute to extraordinary levels of social capital in many upland communities. Local institutions and bodies such as churches continue to provide meeting points and places – the so-called social “glue”. This social interaction and community spirit remain central to the culture of the Uplands, and provide the basis for much of the entrepreneurial activity and enterprise.

The natural and cultural assets of the Uplands

Throughout our Inquiry we were made very aware of just how much the English Uplands are valued for their distinct and beautiful landscapes. This is indicated by the designation of most of the Uplands as National Parks or AONBs [Areas of Outstanding Natural Beauty], by the very high number of visitors they receive each year and by the number and membership of voluntary organisations that seek to conserve them.

Upland landscapes represent and contain important natural assets, which generate valuable public goods. Much of the Uplands are already designated for their high biodiversity value, and are home to many rare species and wildlife habitats. A high percentage of drinking water is sourced from the Uplands and the way Uplands are managed has a strong influence on river flows and flood risks. Upland peat lands store at least 200 million tonnes of carbon according to Natural England.

The Uplands also generate valuable market products and services: food and woodland products; fuel and energy; and tourism and recreation, including walking, outdoor adventure and game shooting.

Upland natural assets have both present value and future potential. There is scope, for example, to enhance upland biodiversity, sequester more carbon, supply more high-quality meat and specialist and distinctive foods, generate renewable energy, and provide recreational and tourism services that contribute to people’s health and well-being.

The importance of enhancing food security through a strong UK agriculture is recognised in Government’s food strategy, Food 2030, and in “The Coalition: our programme for government”. Farmers in the Uplands play a special role in this respect, by breeding stock for finishing in the Lowlands and by producing meat directly.

Upland landscapes are both natural and human. They are “cultural landscapes”, living history representing human intervention, human activity and values. They

have been created by centuries of human endeavour, and are maintained by continued stewardship. Settlements and communities (including their knowledge, skills, customs and traditions as well as their buildings and structures) are as much a part of the content and character of upland landscapes as are hills and valleys, rivers and lakes.

The natural assets provide a wealth of opportunity and potential but are strongly dependent on good stewardship and effective land management practices. We heard that hill farmers and land managers are central not only to the community but also to the provision of valuable public goods, for which they are inadequately recognised.

While we heard some positive stories from hill farmers, who through diversification and adaptation are running profitable businesses (often with the support of their National Park Authority), many hill farming businesses operate at the margins of financial viability, with low, or even negative, returns on labour and capital. Farm succession within families is also a commonly held concern.

There has been a marked reduction in livestock numbers as a result of de-coupling of support, the ravages of Foot and Mouth and the impact of de-stocking in response to the Single Farm Payment and to meet environmental requirements. Hill farmers currently rely heavily on the Single Farm Payment, agri-environment agreements and diversification to support their income. Many have become isolated, overwhelmed by bureaucracy and fearful for the future, particularly in relation to CAP reform and the impact on funding and their ability to continue farming and land management.

The perceived lower status of hill farming and minimal investment in relevant research, development and transfer of knowledge and skills is not consistent with the real value, contribution and potential of upland land management.

There are a number of threats to several of the valuable ecosystem services supplied by the Uplands. Recent research indicates that carbon is

being released into the atmosphere at a higher rate than previously thought. Brown water from peat soils is a growing problem in many places and a challenge to the provision of acceptable drinking water in the Uplands. The Uplands are also source areas for flooding, and inappropriate land management can appreciably increase flood risk. In the future, a warming climate, changes in precipitation or inappropriate management could convert peat lands from a carbon sink to a carbon source.

The greatest threat to these valuable assets, however, arises from a lack of recognition that these are embedded in social and economic systems – in other words, their sustainability is reliant on the sustainability of upland communities.

Looking forward, the CRC report then correctly identifies that there is not one or even a small number of policy adjustments required to help the Uplands better realise their potential. A more holistic approach necessitating coordinated changes to a range of EU, UK and more local policies is required. The CRC summarises this as follows.

Challenges facing policy and governance

The challenges currently facing upland places and communities are a result of the varying approach to policy development and implementation since the Second World War. This has resulted in often conflicting and unforeseen consequences.

The Uplands demonstrate a complex assortment of needs and unfulfilled potential. The future of the public goods and benefits they provide is interlinked with the future prosperity and sustainability of upland communities. This interdependence requires a more holistic approach to policy and governance, and empowerment of the communities so they have a greater say in effective service delivery.

Lack of leadership or vision

Our Inquiry revealed dissatisfaction with the disjointed and sometimes confusing nature of current policies affecting upland areas and communities. We heard repeated concerns that policies for sustainable



communities, housing, planning, economic development, and public service delivery demonstrate a lack of understanding of the needs of the Uplands, and of what is required to make them more sustainable in the future. Policies were criticised as “top down”, sporadic, short-term interventions. The absence of a satisfactory strategic policy framework means that policy objectives are not currently working towards common goals or outcomes for England’s diverse upland communities and places.

Policy weaknesses

We summarise the problems with the existing policy approach as:

- *non-participatory – people in the Uplands feel disempowered and distant from decisions; policy decisions are perceived as taking insufficient account of local knowledge;*
- *one-size-fits-all – policy is too centralised and unable to accommodate the complexity of the problems and the diversity of upland areas and communities. Policy is generally not customised to specific contexts or is unable to adapt to local conditions and needs;*
- *fragmented – policy is broken up between numerous agencies and sectors within an assortment of different geographical and policy designations;*
- *uninformed – current policy is all too often inadequately informed, either by local knowledge or by thorough, well-tested scientific knowledge.*

1.4 Some additional CLA emphases

The CLA agrees with this general analysis by the CRC. Furthermore, the tone of the suggestions about the way forward does seem to chime with the general approach of the Coalition Government to

decentralise, to rationalise delivery bodies, and to engage local expertise and knowledge, with which the CLA also agrees. With the important proviso of the quantum of resources available, this augurs well for finding agreement about the way forward. The CLA comments in detail on the CRC recommendations for the Uplands in Part Two, but first the Association supplements the CRC analysis with a general overview, mentioning some issues we consider merit further emphasis than that given by the CRC.

The Uplands matter to society because they are important providers of food, wood products, energy, leisure and tourism opportunities as well as delivering environmental goods and services including clean water and internationally important wildlife habitats. The Uplands occupy a significant part of the land mass of England and Wales and are 50 percent larger than the urban areas in England and more so in Wales.

The people who directly manage the bulk of the Uplands are farmers of grazing livestock, game managers and foresters. However, this group and their families make up a relatively small part of even the upland population. Nonetheless, it is the activity of these land managers which gives the Uplands their unique character. The fundamental problem of the Uplands is that the core land-based activities, grazing livestock farming and forestry have low, or unfortunately in many cases, negative financial margins. They survive only because of public supports, and these supports are under threat.

Attempts during the 20th Century to “improve” pastures and thus the productivity of farming in these areas have not solved the fundamental problem. The scope to raise revenues was insufficient and, unfortunately, some negative environmental impacts resulted. Raising farm productivity has not offered the same scope to improve living standards from farming in the Uplands as it has in the Lowlands. However, as



the general population enjoys higher incomes, more leisure time and mobility, the rural leisure and recreation sectors have steadily grown and have come to provide a further important revenue stream for the Uplands. Upland land management businesses therefore focus on production of food, forest products and what might be called fun, and, as will be discussed, fuel.

In the last two or three decades it has become increasingly recognised that land management provides, or could provide, a much wider range of services to society than simply the saleable products of farming, forestry and rural recreation. This refers particularly to a range of environmental services, which are nowadays called ecosystem services, which include “products such as food, timber products, energy and water, regulation of floods, soil erosion and disease outbreaks, and non-material benefits such as recreation in natural areas”². Ecosystem services are usually characterised as: provisioning, regulating, supporting and cultural services. These are all provided by “life on earth”, or biodiversity as it is now usually known.

The value of this conceptual framework is that it puts the marketed services such as food, timber and renewable energy into a common framework with the non-marketed, yet valued, services of the natural environment which regulate climate, water and soils and create cultural landscapes. Together all these services of the natural environment are vital for human well-being. The ecosystem services provided by the Uplands are summarised in the box on page 14.

The vast majority of the non-urban territory of England and Wales is a managed environment. We have very little natural environment unshaped by man’s activity. Most of the management is provided by farmers and foresters. So most English and Welsh ecosystem services are, and can only be, provided by farmers and foresters. This applies over the whole rural territory – but, the CLA argues it has special importance in the Uplands. These points are well acknowledged in the CRC report but CLA members felt that the particular contribution of game shooting and forestry to a range of ecosystem services were underplayed. Therefore, these general comments are followed by a section on each below.

The way the Uplands are stewarded has a big impact on the provision of ecosystem services, so the actions of farmers and other land managers are critical. Yet there are few ways for the value of many of these services to accrue to those supplying them. To put it another way, for the semi-natural ecosystems which characterise most of rural England and Wales the costs of managing the ecosystem services falls on farmers and foresters. Yet the main benefits farmers and foresters can realise is from the marketed services such as food and timber. In such circumstances it is no wonder that the non-marketed services are under-provided. Society wants them but

has few ways of paying for them. This is a classic example of market failure. It is pervasive in rural land management, but especially applies in the Uplands where the value of agricultural services is relatively low and the value of non-marketed services is particularly high. This market failure defines another way of describing the non-marketed ecosystem services, namely as “public goods”³. There are few ways for those who want these services to signal this or for the providers of them to be paid for providing them. This explains why the desired services are under-supplied – and there is accumulating evidence which suggests they are massively under-supplied.

Although we stress the scale and importance of the non-market environmental services we also fully acknowledge some very important activities which effectively find ways to pay for the management and delivery of some of the ecosystem services, especially those associated with the cultural landscape. One example is the private sector work of moorland owners who derive revenues from grouse shoots, and who, through their moorland management, deliver large by-products in the way of ecosystem services. We develop the contribution of shooting below. Another important sector of upland activity is in the provision of recreational and leisure activities and the corresponding hotel, restaurant, bed and breakfast, camping and other associated enterprises that upland farmers create.

An important theme in this report, as it was in the CRC Uplands report, is therefore concerned with correcting these market failures as a way of ensuring a viable future for upland land management businesses on which the future of the Uplands depends.

Given the importance of the traditional land management activities of farming and forestry to the Uplands, and given their low economic returns and dependence on public support, a second theme of our report is the need for economic diversification in the Uplands. This is not a new message, and there has been a great deal of diversification in recent decades. However, it has to go further, as in the past, but of course without destroying the essence of what makes the Uplands the places they are.

The diversification can take the form of farming and forestry-related activities, for example food processing and marketing, exploiting the distinctiveness of localities, traditional farming methods, animal breeds, landscapes and on-farm products.

2. For a definition and account of the idea of Ecosystem services, see Defra’s National Ecosystem Assessment, [Accessed: 27.09.2010] The CLA is concerned only with the terrestrial ecosystems services. <http://uknea.unep-wcmc.org/EcosystemAssessmentConcepts/EcosystemServices/tabid/103/Default.aspx>
3. Public goods, strictly, are those which demonstrate non-rivalry in consumption and non-excludability. That is, where one person’s enjoyment of a specific good does not preclude others enjoying the same good (eg the view of a beautiful valley of flower-rich meadows), and where it is very difficult or impossible to exclude the non-payers of the good. Spontaneous markets will not provide such goods so unless they are incidentally provided they will be under-delivered. Two recent reports have examined the pervasive array of such public goods surrounding EU farm and forest lands. RISE (2009), IEEP (2010).

The general aim of such diversification is to strive to raise product quality and value added on farm and to shorten the supply chain to return more of consumer expenditure to the primary producer. Diversification also often involves leisure and recreational activities and services. It can exploit and redevelop uses for redundant farm buildings for a wide variety of more remunerative purposes. However, it is widely observed that two broad sets of constraints all too often slow down or prevent this needed economic diversification. They are the provision of vital infrastructure, the most important current such services being mobile telephone and broadband communications, and the operation of the planning system, especially in the way it deals with diversification and affordable housing.

Shooting

Game shooting, and its associated land management, is an extremely important economic activity within upland areas. It ranges from the management of common game species such as the pheasant to specialist habitat and game management as in the case of red grouse. The CLA believes that while shooting enterprises provide recreational activity for a relatively small number of people, they leave a significant economic footprint; they involve year-round employment and much of the expenditure occurs in the winter months when other visitors are scarce and they contribute significantly to biodiversity and a range of ecosystem services.

According to the Moorland Association, heather moorland management and wild red grouse shooting in England bring investment of more than £53million a year into rural communities, predominantly in the Uplands, and in some upland areas shooting has overtaken agriculture as the primary economic land use.



Shooting creates employment and has been invaluable in ensuring that younger families stay in upland areas. For example, a school in the remote rural community of Branton, Northumberland, is only well attended because of the five young gamekeepers and their families who work on a nearby upland sporting estate.

Moorland management for sporting shooting is the prime influence in the management of many of the most valuable upland habitats including important woodland and heathland areas. Many ecosystem services are delivered by the land management associated with shooting. However, this is a “free” service since the management is produced by private and not public investment.

Below are some key findings on grouse management drawn from the Public & Corporate Economic Consultants (PACEC) 2006 report “The economic and environmental value of shooting”.

- Red grouse have specific habitat requirements, which mean that they are only found in moorland areas of the UK.
- The topography and landscape of the Uplands gives driven game shooting its internationally recognised quality.
- Given the rarity of the species, and the quality of the experience, grouse shooting can command greater fees. Shooting income from grouse is generally about double the shooting income from other game such as pheasant (£130-£160 per brace plus VAT for grouse compared to £35 per bird plus VAT for pheasant).
- In the same way, a game dealer will pay around £8 for a brace of grouse compared to £1 for a brace of pheasant.
- Participants will travel considerable distances to shoot grouse, given that it is unique to parts of the UK.
- Grouse requires a range of land management interventions including the burning of moorland in pockets, heather cutting, predator control and bracken spraying.
- Shooting providers and non-providers recognise the benefits which habitat management for grouse shooting has on biodiversity.
- The burning of heather moorland is a costly aspect of land management and if shooting were no longer available to fund this management the risk of wild fires would increase, the quality of grazing would decline, and the attractiveness of the habitat for nesting waders would also decline.
- Long-term, unmanaged moorland would result in undesirable scrub land.

Forestry and woodland

Forestry covers only 12 percent of the English Uplands and while this is greater than the 8.1 percent found in the Lowlands it is still far below similar upland areas in mainland Europe where the figure is closer to 40 percent. This may be particularly because policies to date have encouraged the production of low-value material which struggles to find markets and is difficult to manage and harvest. However, forestry is seen as the third economic productive use of upland land after sheep and shooting.

As with other forms of land management, forestry and woodland provides a range of ecosystem services and further planting would produce further benefits in relation to renewable energy production, water quality and flood protection, protection of soils from erosion, and carbon sequestration, to name just a few.

The Natural England report “Vital Uplands. A 2060 vision for England's upland environment” suggests that by 2060, a quarter of the Uplands should be under woodland. Clearly this would be a major landscape change. However, while it would mean a change in the managed habitat, it could be a sustainable use of the natural resource assets of soil, air and water and would deliver important, if different, ecosystem services from those garnered from the land at present.

There are many areas within the Uplands that could support woodland capable of producing timber for material substitution and as feedstock for renewable

energy generation. However, a number of challenges would need to be overcome including reassuring landowners that there would be a market for the wood products once their investment matures, and persuading the public to accept that such a change would have a number of environmental downsides, for example, a fall in the number of breeding waders.

1.5 Summary

The upland areas in England and Wales are an important example of a living and working countryside. The people managing these harsh landscapes have shown their resilience time and time again but are now under pressure from an ageing population and economic frailty in two of the core land management functions: farming and forestry. Land management in the Uplands is vital for the delivery of many key ecosystem services, many of which cannot be replicated in other parts of the UK or even the world. With the challenges of an increasing global, and UK, population and of climate change, the Uplands could offer unique opportunities to ensure the UK is resilient against such pressures. This potential, however, will only be realised if action is taken now.

The remainder of this report will consider and add to the recommendations of the CRC Uplands Inquiry and demonstrate the actions that should be taken immediately for the future potential of the upland areas of England and Wales to be realised.





UPLANDS FACTFILE: Ecosystem Services provided by the Uplands

- **Biodiversity and natural features** – more than half (53 percent) of England's and 14 percent of Wales' Sites of Special Scientific Interest (SSSIs) are in the Uplands. It is moorland management, grazing livestock systems and woodland managers who maintain this range of habitats in upland areas.
- **Food** – 44 percent of total breeding ewes and 30 percent of beef cows in England are in the Uplands. Upland farms produce the young stock which are finished for food in lowland areas in the UK. Many native breeds of sheep and cattle are kept in the Uplands because they are best able to survive in the harsh climate, thus retaining an important genetic resource.
- **Forestry and woodlands** – new woodland would provide extra ecosystem services, for example: renewable energy production, water quality and flood protection, soil protection, and carbon sequestration.
- **Renewable energy** – the Uplands in England have the potential to be the first areas in the UK that are self-sufficient in energy (source: Natural England) because they are the wettest and windiest, have the fastest flowing rivers and streams and have important biomass resources.
- **Water** – 70 percent of all UK drinking water is sourced from the Uplands. Upland rivers and lakes are said to have a better chemical quality of water compared with the Lowlands. Land management is vital to the quality and behaviour of water in upland areas. It can reduce the risk of flooding and its role is expected to become increasingly important as the effects of climate change are seen in the Uplands.
- **Climate change** – at least 200 million tonnes of carbon are stored in peatlands in England's Uplands and 400 million tonnes in Wales' Uplands. Natural England believes "restoration of key types of degraded peatlands could deliver emissions reductions of up to 2.4 million tonnes of CO₂ per square Km per year (equivalent to 0.43 percent of the average annual carbon budget for 2008-2022 and 4.4 percent of the target annual emissions reduction), and net economic benefits after 40 years."
- **Landscapes and recreation** – 75 percent of the Uplands are designated as National Parks or Areas of Outstanding Natural Beauty (AONBs) in England and 20 percent are designated National Parks in Wales. Six of the 13 national trails in England are found in upland areas. There are 40 million visitors to England's upland National Parks each year, spending £1.78 billion. Eighty-six percent of "open access" land in England and 33 percent in Wales is in the Uplands. Visitors come to enjoy the tranquillity or challenges of the land through activities such as walking, angling, shooting and pony trekking.
- **Built heritage** – traditional farm buildings and structures like walls and earthworks are prominent and vital features in upland landscapes and form the basis for why upland landscapes are considered so beautiful and important.
- **Cultural heritage** – land managers and farmers can play a key role in conveying the history, traditions and importance of the land to visitors, through a variety of media including dialect, music and song. Pastoral commons and the hefting system are also distinctive, traditional features of upland farming systems and an important aspect of the cultural heritage.

2. ACTIONS TO HELP THE UPLANDS

In this part the CLA discusses the main actions which have been identified to deal with the difficulties of the Uplands and to enable them to realise their potential.

The structure of this section follows that of the CRC Uplands report, maintaining the same 10 section headings. First, we repeat verbatim, in italics and shaded and with the original numbering, the recommendations of the CRC. Then we explain those which we particularly support and any about which we are unconvinced. We develop most the recommendations in four areas: the future CAP supports, bringing in new sources of support, telecommunications infrastructure, and planning policy, on which we expand on the CRC ideas with our own suggestions for strengthening them. We also add a section on heritage.

At the outset in its recommendations, the CRC report is clear in its view that progress in overcoming the difficulties which prevent the Uplands realising their potential will not be made if there is not a strong coordinated impetus from the Government. The way to create such impetus, the CRC suggests, is for the Government to produce a strategy and appoint an individual with responsibility to develop and implement it. We begin with these recommendations.

2.1 A strategic overview and leadership

1: A new integrated strategy for the Uplands

The Government should develop a comprehensive and integrated strategy for England's Uplands to protect and maximise the benefits derived from the valuable national assets these areas contain. The strategy should recognise that support and investment in thriving upland communities is critical to realising the full potential of these diverse areas.

2: Strengthening leadership and momentum

The Government should appoint an individual with lead responsibility for developing and ensuring effective implementation of the new Uplands strategy. This individual should be accountable to Ministers of BIS, CLG, DECC and Defra.

The CLA agrees that the Uplands and the challenges they face are sufficiently distinctive and important that a strong political steer is needed. While acknowledging that the English and Welsh Uplands are not homogeneous and embrace a wide range of economic, environmental and social circumstances, the Association agrees that there is sufficient commonality of problems and solutions to justify a specific Uplands political focus. The CLA would go one step further and recommend that **a Defra Minister should have explicit responsibility for upland issues**

identified as such. The present parliamentary under-secretary has many, but, emphatically, not all, of the issues relevant to the Uplands in his dossiers, but Uplands are not specifically identified. They should be.

Moreover, given the importance of cross-departmental action required to deliver the policy recommendations, it will be necessary to set in place a clear mechanism to ensure better coordination across the Government.

The CLA also agrees that **an influential and persuasive figure is needed to progress Uplands strategy and to ensure the delivery over the wide range of matters** explained below. This is particularly necessary because it requires coordination across several Government departments. Since the change of Government following the 2010 General Election, it has been decided to abolish the CRC and integrate its policy advisory functions within Defra. A Deputy Director within Defra has been appointed specifically to take on the task of progressing the ideas in the CRC Uplands report and to produce an action plan in spring 2011. That review provides the opportunity to decide what, if any, institutional structure or independent Uplands "watchman", is needed to see through the actions which emerge as the agreed strategy for the Uplands.

The form and process of agreeing the strategy itself is the next question. The broad consensus that the CRC has correctly analysed the potential and problems of the Uplands and the main headings of the required actions, has resulted in a flurry of activity by a number of organisations, including this report by the CLA.

It is suggested that the CRC report plus the documents published and conclusions of events during autumn/winter 2010/11, should be shaped by the Defra Uplands unit to form the basis of an Uplands strategy or action plan.

2.2 Institutions

Rightly the CRC report indicates that the policy actions required to encourage change in the Uplands will mostly involve two Government departments in England, Defra and CLG, as well as the local authorities and the corresponding groups in the Welsh Assembly Government. The proposed general approach to decentralise and devolve, to embrace local actors and to seek and use local knowledge is one the CLA supports. It is also consistent with the Coalition Government's approach to the concepts of "big society" and "localism".

3: Empowering communities in the Uplands

3.1 CLG should take responsibility for ensuring that the recommendations of the CRC's Participation Inquiry (2008) are implemented, and in particular:

- ensure that both central and local government commit to supporting and acting upon very local community plans such as parish plans and market town plans;
- encourage local authorities to give neighbourhood budgets to local councillors for expenditure within their areas and for parish councillors to involve local residents more directly in spending decisions using participatory budgeting principles.

3.2 Relevant local authorities should be encouraged by CLG to pilot new approaches that enable local authorities and communities to work together in upland areas to agree objectives, allocate resources and achieve strategic goals. One of the models which might be piloted in an upland area could be the Multi Area Agreement (MAA) or similar. And CLG should extend the scope of its Total Place pilots to an upland location, providing a valuable opportunity to explore both the potential for a more integrated, place-based approach to public sector provision, and the opportunities for strengthening voluntary, community and social enterprise activities in upland communities.

3.3 Defra should enhance the role and value of the National Park Authorities by increasing their statutory responsibilities to give equal priority and status to foster the economic and social well being of local communities alongside the existing statutory purposes set out in section 61 of the Environment Act 1995.

3.4 Local planning authorities should be required to demonstrate that they have given material consideration to properly constituted parish plans and other local consultative strategies.

Regarding 3.1 and 3.2, the CRC report was drafted before it was clear that the Regional Development Agencies (RDAs) in England were to be abolished and that new Local Enterprise Partnerships (LEPs) are to take over their responsibilities for planning, housing, transport and infrastructure projects. All these issues are essential for rural businesses. Our particular concern is how these new bodies will exercise their functions so as to promote and protect the economic concerns of the countryside in general and the Uplands in particular.

Rural businesses in the Uplands are just as interested in the intended functions of the LEPs as are their urban counterparts. At the top level, upland businesses want to participate in the strategic leadership in their areas and to help set out the local economic priorities.

The deep-rooted inadequacies of the current planning system are probably a bigger concern for small-scale upland businesses than for urban businesses. After all, if an urban business wishes to expand, it can either build an extension or find larger alternative premises nearby. In rural areas, because of the restrictions imposed by the planning system, both of these options can often be almost entirely ruled out.

As such **it is essential that the concerns of upland businesses are recognised within the new LEP structure.** LEPs have the potential to decide matters that have a direct impact on the rural economy. Whatever form the new LEP network takes, it is important that the interests of the Uplands economy are properly embraced. For practical purposes, the CLA regards this as the overriding consideration. If a LEP covers, to any significant extent, any rural or Uplands area, there must be overt and adequate means for the concerns of such an area to be represented to the partnership.





The Board of every RDA included at least one named director who was there to represent rural concerns. The CLA sees no reason why the situation should be any different with LEPs. As will hopefully be apparent from what has been said already, it would be inappropriate for appointees to be exclusively focused on farming. While farming is an essential part of the Uplands economy, its economic output is comparatively small. The important point is that the rural representative has a good and practical understanding of and sympathy with land-based and rural business in the broadest sense of the phrase.

On recommendation 3.3, **the CLA strongly agrees with the CRC recommendation to include “economy” within the remit of National Parks and Areas of Outstanding Natural Beauty.** The Environment Act 1995 gave new duties to National Park Authorities and stated: “A National Park authority shall seek to foster the economic and social well-being of local communities within the National Park...”⁴.

However, this duty only relates to the authorities’ pursuit of their core purposes of conserving natural beauty and promoting the enjoyment of their area. There is no stand-alone duty to promote economic and social well-being. But if Uplands communities in national parks are to be truly sustainable, there needs to be.

At present, many CLA members in rural upland areas have reported that planning proposals to foster the economic development of businesses, and employment for local communities, are often refused by their local National Park Authority. There is a need for economic consideration to become a key consideration of every National Park Authority since this is a fundamental pillar of sustainable development missing from the remit of these bodies. The CLA believes this should be incorporated without the need for enhancing the National Park Authorities’ powers and that local communities should be able to hold National Parks to account where sufficient consideration has not been given to the economics of a proposal.

4. Environment Act 1995, s62, (11A) (1).

On recommendation 3.4, the CLA suggests that it is important that **the Government clarifies on which issues it will listen to Parish and Market Town Plans.** If these are clear, local people will know on which such issues they can meaningfully engage and this will encourage participation.

Beyond the question of empowering communities, the CLA argues that planning guidance in upland areas must work with the grain of rural business, not against it. Restrictive policies, designed to protect the special landscapes that make up the Uplands, are in danger of smothering the enterprise that can help maintain and preserve them. We take up the planning guidance issues in detail in Section 2.9 below and, in particular, we point to three specific areas where planning policy has failed:

- farm diversification and rural economic development proposals;
- rural affordable housing; and
- renewable energy.

2.3 The contribution of the CAP

4: The contribution of the CAP: A new approach to funding

4.1 *Current funding mechanisms will not unlock the potential of the Uplands and, as part of the CAP reform in 2013 and 2020, Defra and its agencies (and the EU) should develop a new approach to rewarding farmers for managing national assets in harmony with developing businesses and market enterprises.*

4.2 *Defra should broaden its concept of “income foregone” to include the full costs of the farmer staying in business, in line with some other EU countries.*

4.3 *To reflect the contribution of upland communities to public benefits, Defra should ensure that the menu of measures under axes 3 and 4 should be broadened to enhance investment in and support for social sustainability of communities in upland areas.*

4.4 *Delivery bodies with Less Favoured Areas within their jurisdiction should review the extent to which RDPE funding is sufficiently accessible to upland farms and rural businesses (especially those relating to enterprise investment and rural business support).*

First, the CLA will deal with the contribution of the CAP in a general way. The CLA agrees that the CAP reforms to be agreed in the next three years for implementation from 2014 should pay particular attention to the challenges of farming and land management in Europe’s marginal areas. This report is, of course, concerned with one very important category of such marginal areas, the Uplands.

The resource available for upland farming support under the CAP will be determined by the high-level decisions about the EU budget and the reforms of the

CAP. The debates leading to these decisions are now launched with the publication of the Commission's Review of the EU budget, published on 19 October 2010, and its communication on the CAP towards 2020, published on 18 November 2010. To the extent that the CAP reforms for 2014 to 2020 move in the direction of focussing more attention on payments for public environmental and social goods, this might be expected to result in a larger share of support accruing to the areas which can supply such services, including, of course, the Uplands.

The CLA agrees with the CRC that **a radical rethink of the way upland farms are supported by the CAP is needed**. The first challenge is to agree definitions and characteristics of these areas. This is a complex matter. In EU regulations the concept of Less Favoured Areas (LFAs) is deep seated. LFAs, in turn, are classified into Mountainous and Other LFAs, and, in Britain, Disadvantaged Areas and Severely Disadvantaged Areas. The demarcation of the LFA has included an element of political judgment as well as objective measurement. A large effort is underway to try to define specific natural handicaps for agriculture on more objectively measurable physical, biological and climatic features. However, this approach still labours under the negative and unhelpful concepts of natural handicap for agriculture and the idea of compensating farmers for such handicap. This has always been an economically irrational approach not followed in any other area of economic life.

For many years environmental organisations have been working on the more positive concept of looking at what these areas are good at, and they have coined the term High Nature Value (HNV) farming systems⁵. In principle the concept is based on characteristics of the farming systems of individual farms and the presence and absence of certain features or practices, sward management, stocking rates and so on. Another way of approaching the identification of these marginal farming areas is to define the areas which are at risk of land abandonment⁶. Most Member States have marginal areas where the land use is dominated by low-intensity livestock grazing activities with low economic returns where it is felt that a significant reduction of management would bring about undesirable loss in ecosystem services. This signals the need for policy intervention.

The CLA has suggested that the negative LFA approach is reversed: instead of characterising these areas in terms of the activities for which they are at a disadvantage, we should focus instead on what these areas are good at producing and use terminology such as Environmentally Favoured Areas (EFAs). This EFA approach would embrace all the ecosystem services such land could provide,

which of course includes their vital contribution to food production and animal breeding as well as the wide range of other ecosystem services outlined on page 14 of this report.

Within England, the switch in payments in Less Favoured Areas from Hill Farm Allowance to the Uplands Entry Level Stewardship (UELS) scheme in 2009 is an explicit acknowledgement of this switch from compensating for agricultural disadvantage to paying for environmental services. However, this principle is far from being widely accepted yet across the whole UK or the whole EU.

A recent report by Defra's Food and Environment Research Agency (FERA) and Newcastle University⁷ has reported that 76 percent of all respondents to the "willingness to pay" survey on Environmental Stewardship recorded that they would be willing to pay for Environmental Stewardship schemes to support the continued delivery of wildlife and landscape goods and services. In other words, society recognises the important role that land managers play in delivering environmental goods and services. Respondents rated Uplands and Uplands fringe landscapes as the second most important that they would be willing to pay to support through Environmental Stewardship (after mixed landscapes in the South-East). The report concluded that for every £1 spent through the schemes, society enjoyed wildlife, landscape and carbon benefits of £3.27. This figure could be much higher if other key objectives of the scheme relating to water quality, flood protection, genetic conservation and recreation were also economically valued.

The post-2013 CAP Reform is a golden opportunity to put into practice these more comprehensive and positive ways of defining Europe's marginal areas and the policy support mechanisms which operate within them.

To develop recommendation 4.2 of the CRC's report, we must stand back and examine the complex system of farm supports available in these marginal areas. The largest receipts are from the (Pillar 1) Single Payment Scheme (SPS), which in England are gravitating towards regional average area payments for the three regions SDA Moorlands, SDA Uplands outside the Moorlands, and the Lowlands. Successively higher payments per hectare are paid as we move from Moorlands to Uplands to Lowlands reflecting the previous levels of support to farming in these regions and their agricultural productivity. On top of the SPS payments are (Pillar 2) LFA payments which are now given explicitly as environmental payments through the Uplands Entry Level Stewardship scheme. In addition some upland farms are enrolled in the (also Pillar 2) Higher Level

5. The most thorough attempt to define and map the areas which can be classed as High Nature Value is contained in Paracchini *et al* (2008), published by the European Commission's Joint Research Centre.

6. The European Commission's DG Agri and DG Joint Research Centre are currently conducting research on the definition and measurement of areas at risk from land abandonment.

7. The Food and Environmental Research Agency and Newcastle University (July 2010). Estimating the Wildlife and Landscape Benefits of Environmental Stewardship.

Stewardship scheme or its predecessors the Countryside Stewardship Scheme or Environmentally Sensitive Areas. In some other Member States the support is further complicated by partially or fully coupled payments for certain classes of livestock and, more recently, Specific Supports payments through the use of Article 68 of the SPS regulation.

It is suggested that the system of supports to the Uplands should be streamlined. In the consultation for the post-2013 CAP Reform many organisations, including the CLA, have suggested consolidating the LFA payments into the core basic Pillar 1 supports to make a clearer, simpler, more stable and enduring contractual payment for these farms which are vital to maintain the grazing livestock farming in the Uplands so they can provide the wide range of ecosystem services including, of course, food. In doing so, it is further suggested that these payments could usefully have other characteristics of current Pillar 2 supports – namely they are paid on a multi-annual (say five-year or seven-year) contractual basis. This has the capacity both to offer greater certainty and stability and more simplicity for both farmers and administration. The details are critical, of course, but the CLA suggests that we must first have the debate about the desirability and acceptability of such a switch in supports.

As is flagged up with the CRC report, a critical element in getting the right level of payments for the services provided by farmers in the Uplands requires a reinterpretation of the income forgone concept. If this is based on the income forgone from such farmers de-intensifying their farming businesses (to provide more environmental service) then the amount payable is miserably small and will not be sufficient to keep the farmers in these areas providing the services. **Therefore the correct income forgone for scaling support in the Uplands should be reinterpreted in line with the economists' concept of opportunity cost, which is the income from the best alternative. This would generally be an occupation away from upland farming.** Whether this is calculated using some suitably adjusted non-farming wages, or using a measure of full cost as suggested by the CRC, is a matter of practicality and detailed discussion. A critical feature is that the rationale for the combined Single Payment and LFA payment must fit into EU regulations and the WTO rules on Green Box payments, on which these regulations are based.

One other issue requiring further development concerns the operation of multi-annual environment schemes on common land and on land subject to grazing agreements and short-term tenancies. The respective rights and responsibilities of livestock-keepers and of landowners are complex, especially on common land. There are numerous ways in which they are arranged, and great variations in working

practices in different regions. **The key principles for multi-annual schemes on common land or land subject to grazing agreements are: such land should not be excluded from schemes where environmental services are paid for; that there is a fair sharing out of the rewards according to the efforts, responsibilities and risks borne by those involved; Government should not attempt to be prescriptive about these matters; and any difficulties should be resolved close to the ground by the parties involved.**

Regarding the CRC report's recommendation 4.3, the CLA agrees that a broadening of measures to encourage economic diversification and to help ensure rural service provision does not lag other regions is highly desirable.

2.4 Attracting new sources of financing

5: Developing markets for carbon and water

5.1 Defra should establish a long-term land management policy to mitigate carbon loss, particularly in relation to peatlands management. This policy should be informed by the knowledge and capacity that various research programmes have developed in this area.

5.2 DECC should set out the steps necessary to develop effective carbon markets and ensure that future reward for land carbon management comes through the market.

5.3 Defra and its agencies should use good practice (such as SCaMP⁸ and catchment sensitive farming) to develop models for public-private investment that secures multiple objectives in upland catchments, maintains water quality, reduces flood risk and potentially provides income for hill farmers and land managers.



8. SCaMP refers to Sustainable Catchment Management Plans.

The CLA agrees that carbon and water management offer great potential. The question is how this potential can be realised.

On balance, the interests of land managers are threatened by climate change which makes crop and animal production more difficult and subject to increased frequency of extreme events, such as drought, floods, early frost and high winds, and greater incursion of plant and animal disease. So, even if climate change could marginally improve conditions for farming in the Uplands, any such benefits are far outweighed by disadvantages elsewhere. Therefore, the CLA supports efforts to contain climate change.

The land-based contributions to such efforts are (i) to contribute to reducing Greenhouse Gas (GHG) emissions, (ii) to store carbon in soils and trees, (iii) to help energy substitution by producing land-based renewable energy and (iv) to help material substitution by enabling greater use of timber and its products to replace more GHG-emitting building materials.

The Uplands potentially have a great deal to offer climate and water regulation. Indeed, these two areas offer the greatest prospect of trying to lever private finance into these areas to reduce the dependence on public supports. The renewable energy and forestry contributions are taken up in section 2.6 below.

Peat management is complex. The stock of carbon stored in peatland is a massive environmental asset. If the appropriate management techniques to increase this stock even marginally can be agreed, this could be a significant part of the land-based contribution to moderating climate change. It is vital that progress is made to evaluate the stock and validate the appropriate management to ensure it increases. Peat can also be an emitter, in other words a source, of carbon dioxide. Which of these states, carbon source or carbon sink, prevails depends largely on the condition of the peatland and the way it is managed. Peatland can also be a source or a sink of methane and a source of nitrous oxide, both more powerful greenhouse gases than carbon dioxide. The greatest single impact that increases the release of greenhouse gases is from drainage which reduces the water table and anaerobic conditions.

The Low Carbon Transition Plan

The introduction of the Climate Change Act in 2008 saw climate change increasingly dominating Government policy in all areas by setting legally binding targets for emissions reduction of at least 80 percent by 2050. Rural land use accounts for just 7.4 percent of the UK's total Greenhouse Gas emissions and is very different from other sectors of the economy where the principal Greenhouse Gas is CO₂. For agricultural systems, methane and nitrous oxide are the greatest concern. The natural cycles involved are complex and are not as easily measured as emissions of CO₂ from the burning of fossil fuels.

Under the Low Carbon Transition Plan all major Government departments have been allocated a carbon budget for their respective areas of the UK economy and Defra has this responsibility for agriculture and land management. Defra's climate change plan sets out how the sector will contribute to cutting nationwide emissions by 18 percent on 2008 levels by 2020 (this is equivalent to a 34 percent reduction on 1990 levels) as well as the wider challenge for the natural environment in adapting to a changing climate.

The challenge for agriculture and land management has been set at cutting emissions for England at three million tonnes of CO₂ equivalent per year by the third budget period, (2018-2020), which is a saving of 11 percent. This is to be achieved through a voluntary approach using efficiency savings. The CLA, AIC and NFU are developing a voluntary framework for the industry (the Greenhouse Gas Action Plan) and delivery partners to try to meet the target and avoid further regulation. The industry is naturally keen to agree with Government a regulatory framework which enables it to make the maximum contribution to climate stabilisation by optimally exploiting the land-based opportunities for carbon sequestration, essentially soil management and afforestation, and exploiting the opportunities to enable energy substitution and material substitution. There is, in particular, big potential in woodland planting and forestry particularly in the budget periods post 2020.

Upland land owners and managers can reduce their agricultural emissions by more efficient use of fossil



fuels, by improving livestock breeding and feeding systems, reassessing their land management and land use change decisions, optimising their use of inorganic nitrogen fertiliser and considering the use of anaerobic digestion for manures. Given the dominance of grazing livestock production in upland agriculture, and the importance given to the hardy breeds of sheep and cattle in the Uplands, there could be a tension between the pressure to raise productivity of livestock to reduce GHG emissions per unit of production, and the opposing pressure to maintain traditional breeds and low-intensity systems to satisfy marketing and biodiversity goals. The Uplands are also vulnerable to changing sentiments about red meat consumption, which arise from concerns about water use – health as well as GHG emissions.

Realising the potential

There is a long-term hope that carbon management could attract resources to the Uplands through private sector investment via the carbon market. Projects that deliver Greenhouse Gas benefits have the potential to earn “carbon credits” that can be traded. Companies can decide to purchase credits from carbon reduction projects to help them meet corporate carbon targets after they have firstly taken action to reduce their own emissions as much as possible.

In theory, peatland restoration projects in England have the potential to generate carbon credits for the Greenhouse Gas benefits they deliver. This could, therefore, represent a new source of funding for restoration if companies were prepared to purchase credits from domestic peat carbon projects. For this to be viable, investors need confidence that a specific restoration project would deliver additional quantifiable Greenhouse Gas benefits to determine the number of credits (in tonnes of CO₂-equivalent) that would be generated.

Currently, more data and information is needed to set the baselines and allow restoration projects to be considered with confidence. Work underway may allow this to be achieved over the next few years. However, there are also regulatory barriers blocking potential private sector investment. At present, if a company decides to purchase credits from carbon reduction projects to count towards its voluntary corporate targets, then those projects should be accredited by the Government’s Quality Assurance Scheme for Carbon-Offsetting.

The Quality Assurance scheme only currently allows for carbon credits that are generated from projects occurring in countries that do not have mandatory emission reduction targets. This is to avoid the risk of “double counting”, where the benefits from a project would effectively be “sold” twice. Therefore, to date, carbon reduction projects delivered in the UK cannot earn tradable carbon credits on the voluntary offset market. Companies are, however, free to invest in

carbon reduction projects in the UK as long as they are not described as “offsets” or used to generate tradable carbon credits.

The key is to develop the demand so that companies can finance carbon reduction projects in the UK **without** the need to take ownership of a tradable carbon credit. Companies may therefore welcome the opportunity to invest in tree planting and peatland restoration projects in England if they can be confident that these projects will deliver quantifiable greenhouse gas benefits, although it must be made clear that they will not be able to earn tradable carbon credits from their investments.

The key actions required to enable upland managers to benefit from emerging carbon markets are:

- **launch the Woodland Carbon code but with the Forestry Commission being mandated to take responsibility for auditing projects;**
- **make significant new woodland planting in the Uplands a mainstay of uplands policy;**
- **review the EIA process so that woodland planting is generally considered to be a good thing so that projects are not subject to expensive and protracted EIA processes;**
- **develop new environmental stewardship measures that allow the money already being allocated to open upland habitat to be used for woodland creation;**
- **develop a code for peat with the appropriate verification procedure and responsible verification agency such as Natural England.**

Ecosystem Services and CAP

The thinking and structures created in the development of a carbon market may then unlock potential for developing similar markets for other ecosystem services deliverable by land managers. In this way, a more integrated approach offers the possibility of achieving a number of objectives as well as climate stabilisation. This framework still needs further development by the CLA and the Government.

The continued evolution of the CAP and Environmental Stewardship will have to embrace climate stabilisation. This offers opportunities to set up agreements that help maintain peat – reducing GHGs – and improve conservation and water quality. In the short-term this is likely to be the main income stream.

Management schemes supported by water companies which improve water colour also have a beneficial impact on GHG reduction. The work done by United Utilities in the North West (SCaMP) has had some excellent results and other water companies are now looking at how they could implement similar schemes.

Upland water management

The management of upland water and peat are closely linked and the management activities that are carried out in many cases have dual benefits. Improving the water retention in upland peat areas reduces the GHG emissions and diffuse pollution as well as slowing the speed at which water runs off into rivers and streams, thus reducing discoloured water. It is essential that water and peat are managed in an integrated way.

This usually involves measures like reducing stocking density to increase vegetative cover and blocking grips and often means that different management systems have to be adopted and that alternative income streams are essential to offset losses.

The continued support through Environmental Stewardship and the development of schemes like SCaMP by other water companies is crucial to helping to develop and maintain sustainable businesses for the Uplands.

2.5 Assisting the core activity – hill farming

6: Securing the future for hill farming

6.1 Given the fundamental changes and the provisional budget allocations for the Upland Entry Level Scheme, Defra should review uptake and initial impacts of the scheme by 2012.

6.2 Decisions on stocking rates should be made locally to reflect the distinctive needs of each place, local climate and the balance of public goods appropriate for particular areas. We are recommending a rapid review of the policy and its effects – informed by whatever monitoring evidence and scientific evidence is now available – to understand more about what is happening on the ground.

6.3 Farming lead bodies, including NFU, TFA and CLA should work with Government to develop proposals, and facilitate good practice in ensuring the succession of upland farms.

6.4 In order to address the R & D deficit relating to sustainability of the Uplands, Research Councils UK and other relevant stakeholders should target key themes and then build capacity through partnerships, pool scarce resources and facilitate greater knowledge transfer across relevant research projects.

6.5 At least one land-based college should use its hill farming resources to improve and promote apprenticeships, training, and livestock improvement and land management programmes. This should include field trial work and the development of learning materials for wider application.

6.6 RDPE funding should be used to develop a series of commercial demonstration farms to promote

good practice across a range of disciplines including implementation of agri-environment schemes, soil and livestock management, alternative forage crops, stocking rates and grazing management regimes.

6.7 Because of the dependence on four-wheel drive vehicles to carry out work in the difficult terrain of the Uplands, we recommend that manufacturers and HMRC clarify and publicise the criteria for reduced taxation, including which vehicles qualify.

This section is an eclectic group of recommendations with which the CLA broadly agrees and has little to add.

The very nature of the recommendations for hill farming indicates that it is the market that determines the returns from this core activity which characterises the Uplands. An important economic factor well out of the control of farmers is the Euro/pound sterling exchange rate. The strengthening of the Euro since 2007, which has waned somewhat in the last year, has been one of the most important reasons why livestock returns have improved recently, although most livestock production still needs public support to survive.

The CLA has long said that Uplands Entry Level Stewardship is not able to reverse the economic and social challenges being seen in England's upland areas. As reported in section 2.3, the current use of income foregone is insufficient for calculating the value of the non-marketable ecosystem services.

The CLA agrees with the CRC report's recommendation 6.2 to utilise local knowledge in determining stocking densities. The Association hears concerns from many members who are concerned that such low stocking rates are often required in agri-environment schemes resulting in an increase of scrub and bracken, frequently leading to the detriment of landscape character and quality of some habitats. Indeed, the complete removal of stock at particular times of the year can also lead to animal health problems.

On the CRC report's recommendation 6.3, the issue of succession is complex. However, the CLA suggests that by far the most important factor on whether successors or new entrants are available to come into upland land management is whether it provides the prospect of reasonable living standards. The thrust of the CRC report, with which we agree, is that for most upland farming businesses this goal will not be reached by dependence on selling agricultural products alone. It requires the right frameworks for public and private payment for more of the non-market ecosystem services and the freedom to exploit opportunities for economic diversification. Beyond these economic considerations, affordable housing is probably the next most important consideration and, after this, the CLA acknowledges that careful arrangement in environmental service provision



schemes and in tenancy agreements are necessary to ensure that environmental provision and diversification opportunities are available to tenants.

The CRC report's recommendations 6.4 and 6.5 on research and development and then on knowledge transfer are applicable to all aspects of farming, but no less so to the Uplands. The supply chain for research and development (R&D) and for knowledge transfer to farms is indeed broken, as has been diagnosed by the RASE for agriculture generally. It is vital that the Uplands are not forgotten as we seek remedies. The CLA pointed out specific needs for R&D with respect to carbon management in section 2.4 above.

For mainstream livestock farming as practised in the Uplands, there are mixed and contradictory messages about the direction agriculture should be taking. From one side, low-intensity, traditional grazing systems are praised for their contribution to biodiversity and cultural landscapes, and transforming low-grade land with few alternative uses into high quality food products; yet from another side, it is observed that these systems produce higher GHG emissions per tonne of product compared to more controlled and intensive livestock systems.

Does society want the productivity of traditional livestock systems to constantly improve? The CLA suggests that no part of farming can afford to stand back from technical progress. Livestock genetics and nutrition, animal health and disease control, and pasture management cannot stand still, not least because neither the economy nor the climate is standing still. All systems of livestock production have a place, and **it is vital there is a reinvigoration of research and development to help provide the genotypes and efficient upland farming systems best suited to the objectives of all styles of farming.** A particular problem exists with R&D for relatively unprofitable hill farming sectors because there is little commercial incentive for this research to be done.

Therefore, without collective efforts by farmers or support from the public purse or philanthropy, there is a danger of a progressive widening of the rates of productivity improvement between marginal farming areas and the more fertile areas.

The CLA also supports the proposal that training should be made available to encourage young people to live and work in upland areas. "Leadership Plus" is an example of such an initiative which offered one-year apprenticeships on farms in Cumbria.

A missing area not flagged as a recommendation in the CRC report concerns raising the quality and value-added of livestock products from upland farms. There is a constant need to encourage and help upland farming strive for high-quality, regionally and locally distinct breeds and products and to develop new routes to market which shorten the food chain and seek to get more value-added back to the primary producer. One critical component of the livestock product food chain is the abattoir. Without small and medium-sized abattoirs the chain is broken and the future of livestock put at risk. **It is vital that the charging for Meat Hygiene Services is proportionate for the scale of operation of abattoirs.** The regulation of abattoirs, and especially the arrangements for paying for meat hygiene services, are matters of crucial concern to the survival of upland farming. This matter goes beyond the scope of the present paper but it must not be overlooked in the constellation of factors required to ensure a thriving upland livestock sector.

The general policy levers for improving productivity and marketing are found through assistance available in the CAP Pillar 2, Axis 1 which contains measures for raising quality, and encouraging producer and marketing groups. Demonstration projects and dissemination of best practice are important components of this too.

2.6 Renewable energy and forestry

7: Encouraging enterprise in new green growth areas

7.1 DECC and CLG should require local authorities to complete an audit of the opportunities for renewable energy to stimulate new enterprise and ensure opportunities for added value are not missed.

7.2 BIS should ensure that specialist advice to develop new green businesses and enterprise is available and accessible across England's Uplands.

7.3 BIS and DECC should ensure that programmes and incentives are offered to local businesses and social entrepreneurs within upland communities and that the economic benefits are enjoyed first and foremost by the local communities.

7.4 In any future plans for afforestation in the Uplands, the Forestry Commission should promote and demonstrate full consideration of local social and economic benefits.

The CLA agrees with these recommendations that the Government's Department of Business (BIS) and Department of Energy and Climate Change (DECC) must make explicit plans to ensure that renewable energy and green growth opportunities to which Uplands can contribute are fully exploited.

In the case of renewable energy, there needs to be clear recognition that well-designed farm-scale renewables of all kinds are no more damaging than the traditional buildings that frame the landscape. Appropriately designed smaller wind turbines, solar, small-scale hydro, biomass heat and CHP and Anaerobic Digesters should all be welcomed, rather than obstructed by the planning process. Our specific recommendations on this are in the planning section below.

The CLA argues that with the right national support – including increasing the Feed-In Tariff for anaerobic digestion and the early introduction of the proposed Renewable Heat Incentive – the critical remaining requirement for local entrepreneurs to drive forward the green agenda in the Uplands is a supportive local planning policy. The Uplands are abundantly endowed with the renewable resources of wind, water and biomass, and with finance from national schemes such as the Feed-In Tariff and the Renewable Heat Incentive; it is largely inappropriate planning, inadequate local electrical grids and environmental regulation that are holding the sector back.

As has been widely recognised, the green energy agenda offers the potential for job creation and maintenance of farming employment in diversified businesses. For example, the 2004 DTi report Renewable Supply Chain Gap Analysis estimates that every megawatt of biomass heat capacity installed will support 20 new jobs. In particular, the role of the proposed renewable heat incentive is key to driving

employment opportunities in sustainable woodfuel supply from existing upland woods, as well as delivering a market-based incentive for better woodland management.

However, this benefit will not be realised without a supportive planning regime that permits the development of a woodfuel supply chain, including the availability of affordable housing. Another missing component is the final section of the infrastructure provision for renewable energy development in the Uplands – that of weak and poor provision of electricity networks. The CLA has long argued that the capital costs of the reformation of district networks in order to accommodate small-scale local distributed energy generation cannot be laid at the door of the small and medium-sized enterprises that invest in such schemes.

A small generator can be required to meet the entire cost of upgrading a local supply to be able to connect, in many cases making such proposals wholly uneconomic. This is not solely an issue arising in the Uplands, but is particularly apparent there owing to the poor current provision of district networks. The CLA therefore recommends that **the basis of charging for network upgrades necessary for smaller scale renewables and to deliver a smart grid should be reviewed.**

Forestry

The CRC report and its recommendations included some forestry issues, but the CLA suggests that there is more which should be said about the important contribution and potential of the forestry sector in the Uplands. We therefore include this section on forestry.

A consensus seems to be emerging that the forest area should improve. However, we must learn the lessons from the past that it would be inappropriate to plant new woods on the upland peat areas or areas that already deliver more ecosystem services than new woodland. But there are many more areas that could support woodland capable of producing timber for both material substitution and as feedstock for renewable energy generation.

The Natural England document "Vital Uplands. A 2060 vision for England's upland environment" suggests that by 2060 25 percent of the Uplands should be covered by woodland. Clearly this would be a major landscape change. However, while it would mean a change in the managed habitat, it could be a sustainable use of the natural resource assets of soil, air and water and would deliver important, if different, ecosystem services.

The real question concerns the incentives which could conceivably be put in place which would induce voluntary decisions by private landowners to bring about this scale of change. The CLA would, of course, strenuously resist any regulatory or compulsory approach. One obvious route would be



to make current agri-environment scheme funding available for woodland creation and management as well as for grazing and maintenance of open habitats. This clearly depends on public funds and these are likely to be scarce for a number of years. The other general option is to bring in private sector inducements through the framework of carbon and/or biodiversity trading and offsetting systems.

If the aspirations for more woodlands in the Uplands, or anywhere else for that matter, are to become a reality it will be necessary to put together credible business models that demonstrate their long-term financial viability. Even relatively small-scale afforestation projects could be subject to Environmental Impact Assessment (EIA) and these could rapidly become so complex and costly that they become a significant disincentive to land use change. To prevent this, it will be necessary to establish some baseline criteria as to when an EIA is required to release as much land as possible.

In considering new woodland planting and the management of existing woodland, it is important that owners are allowed and encouraged to grow the high-value material that the market wants. There is little point in continuing policies that result in the production of low-value material which struggles to find markets and is difficult to manage and harvest.

2.7 Raising aspirations

8: Raising aspirations: supporting development of communities

8.1 Cabinet Office should ensure that proper account is taken of the needs and potential of upland communities when developing and delivering the Government's Big Society Programme. In particular, the arrangements for the voluntary and community

sector should be replaced with committed and reliable measures.

8.2 BIS should provide support to existing and emergent industries in the Uplands, with advice, training programmes and knowledge sharing fora, focused on new and traditional skills and businesses, which reflect the business profile and potential of the Uplands. Wherever possible this should be informed by experience of living and working in the Uplands. Mentoring schemes would be particularly important to encourage innovation and provide inspiration.

The CLA endorses the critical need for advice, training and knowledge-sharing. It is clear from the CRC's report, and the CLA's comments on it, that what society wants from upland land management has grown enormously in complexity. Citizens seek a complex mix of private and public goods and services. These goods and services are based on biological processes. They are location specific and highly dependent on uncontrollable natural conditions. **There is need for an efficiently organised and accessible knowledge base and advisory input.**

It is clear that the UK is not going to return to a nationally funded advisory service to assist the necessary knowledge provision. The extension provision to the land-based sector is currently done through a bewildering mix of industry, government, commercial and charitable bodies.

The land-based industry contribution comes from self-help by farmers, the efforts of large estates, the representative organisations in farming, and the levy bodies farmers pay for under the Agricultural and Horticultural Development Board. The commercial advisory effort is based around the input supply industries (for machinery, fertilisers, crop protection, animal health products), and professional services (agronomists, finance, accountancy, law and land

agents), plus input merchants and first stage processors and some retailers. The Government's input comes from local staff of its delivery agencies (Rural Payments Agency, Environment Agency, Natural England and Countryside Council for Wales) and local authorities. The charitable inputs come from the Farming and Wildlife Advisory Group (FWAG) and numerous voluntary organisations. Merely listing this disparate group of organisations is enough to indicate that a coherent, comprehensive, easily available knowledge base is unlikely to exist. This is a big issue which, of course, applies to land management generally and not just in the Uplands. It deserves more attention.

2.8 Improving rural services

9: Improving rural services: broadband and mobile telephone communications

9.1 BIS and Defra (through Broadband Delivery UK) should support the development of creative solutions to deliver NGA (Next Generation Access) to upland areas, including support for more community broadband schemes, and promoting good practice.

9.2 BIS should agree a set of proposals with OFCOM to provide universal coverage of mobile phone services.

9.3 BIS should agree to use a framework agreement so that public investment (e.g. through schools) may be used to support better broadband connectivity and speed for local communities and businesses.

It is encouraging that the CRC report gives such prominence to the issue of broadband. The CLA recognises that it is fundamental for all businesses in the UK to have access to an adequate and cost-effective broadband connection and good mobile telephone coverage. Indeed, broadband should be regarded as a universal utility (along with water, electricity and telephone connections) in providing an essential service to the public. However, the CLA believes that fibre optic technology is unlikely to be available in the Uplands until 2025 because of the restrictive costs to the infrastructure provider. This means more should be done to ensure other technologies such as wireless and satellite are available as a cost-effective approach to providing broadband to upland areas.

In addition, mobile phone coverage in upland areas lags far behind that in the Lowlands and in urban centres. It must be incumbent upon the industry to ensure that all upland areas have access to third generation (3G) networks both to provide an adequate mobile phone signal and to exploit the opportunities available through mobile broadband.



To achieve this objective the CLA believes that:

- legislation should be introduced to create a Universal Service Obligation of at least two megabits per second (2Mb/ps), with the capacity to increase in due course;
- BIS, and other government departments, should put in place a framework that allows rural business to be able to piggy-back the public sector broadband infrastructure that would rural-proof rural areas for the introduction of superfast broadband;
- OFCOM, in agreement with mobile phone service operators, should put in place a legal framework to ensure universal coverage;
- further consideration must be given by the Government to ensure widespread coverage of 3G technology to provide effective mobile telephony;
- the Government should introduce a UK-wide system of community broadband grants (with particular focus on upland areas), using part of the digital switchover under-spend, to underpin community broadband schemes; and
- the Government and industry should adopt the Rural Broadband Partnership as the single mechanism to aggregate demand and help inform the public as to the importance of superfast broadband to both the economy and society.

2.9 Planning to enable sustainable upland communities

10: Planning for sustainable upland communities

CLG should:

10.1 Give clear guidance that affordable housing and homes for “live-work” are fundamental to the sustainability of upland communities and to their management of the cultural and natural heritage.

10.2 Provide advice that makes clear to local planning authorities and the Planning Inspectorate that more affordable housing must be approved in the wider public interest, and ensure that development plans and housing strategies reflect this imperative.

10.3 Ensure a greater role for communities in approving small schemes of affordable housing without formal planning consent where this need is established in parish plans.

10.4 Encourage public bodies that own land in the Uplands (e.g. Forestry Commission, National Parks, Ministry of Defence) to make sites available for affordable housing provision at low cost, where these can contribute toward meeting needs.

10.5 Ensure that the Homes and Communities Agency makes sufficient finance available to build affordable housing in the Uplands, and engages with upland organisations, landowners and parish councils – through its “Single Conversation” – in order to properly address issues such as higher design and development costs and the scarcity of development sites. Where such costs are higher because of the wider public interest then these costs should be met from general taxation.

10.6 Press for council tax revenue generated through the charge on second homes to be used to support affordable rural housing.

The CLA is gratified that the CRC report stresses the importance of getting the right planning framework for sustainable housing and businesses. Such a framework would recognise the necessity for highly diversified land-based businesses in the upland economy. Of course, the right framework is only the first step; sympathetic interpretation on the ground is then vital. For this it is necessary that those operating the planning system understand the fragile nature of upland businesses and the need for them to diversify – precisely to be in place to protect the environment.

Thus the CLA strongly endorses the CRC’s recommendations on planning. However, the Association would go further and suggests a number of ways in which the recommendations should be strengthened. The CLA supports the above six recommendations which are mostly concerned with affordable rural housing. However, the CLA has teased out the relevant planning and rural affordable housing issues relevant to development in the Uplands under the following five headings:

- National Planning Framework.
- Planning policy for rural housing (PPS3).
- Fiscal incentives for affordable rural housing.
- Vexatious village green applications and affordable housing.
- Renewable energy and planning.

The CLA acknowledges that many of these planning and housing matters are equally applicable outside the upland areas, but suggests they are of **particular importance** to the Uplands.

2.9.1 National Planning Framework

At the time of writing, the Coalition Government is still laying out its ideas for the reformed planning system. The CLA’s understanding is that there will be a National Planning Framework and Local Development Plans within which are new Neighbourhood Plans. On the understanding that the proposed National Planning Framework (NPF) will be built on the existing national Planning Policy Statements (PPSs), the CLA suggests that there are important modifications needed to some of these statements to help energise rural areas, and especially the upland areas. These refer to:

- planning policy for rural economic development;
- location of development;
- types of development; and
- disproportionate information.

Planning policy for rural economic development

Within the general Planning Policy Statement 4 “Planning for sustainable economic growth”, a section, EC6, deals specifically with rural economic development. The very existence of this policy with its focus on economic activity in rural areas is welcomed by the CLA.

However, although PPS4 is supposed to promote sustainable economic growth, and the need to take a balanced approach to the concept of sustainable development in decision-making, this seems to fall down when it comes to rural development. EC6 gives the appearance of promoting economic development in rural areas, but these objectives are then severely restricted by some illogical and undefined policy wording. For example⁹, about the “need to protect the countryside for its intrinsic character and beauty....” and “strictly controlling development in open countryside”. Those who wish to prevent development, even where it is beneficial, leap upon these phrases. They perpetuate the narrow and perverse attitude to the concept of sustainable development which has prevailed for many years, in other words, that environmental factors predominate and economic and social considerations are secondary.

9. In paragraph EC6.1.



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There continues to be a resistance to accept that the rural economy – agriculture and diversification – underpins the provision of environmental goods and services. If these economic activities are not viable, then it will result in a degrading environment.

Furthermore, this misunderstanding prevails in the draft planning policy statement for a Natural and Healthy Environment which fails to reflect the fact that the rural economy, and agriculture in particular, underpins the environmental pillar of sustainable development. Without land management and the means to pay for it, there will be a degraded and impoverished environment, green infrastructure and biodiversity. Fortunately, there are counter examples where planning authorities do understand the connection between the rural economy and environment.

One such example is provided by Exmoor National Park Planning Authority and its plans for Cutcombe Livestock Market and associated mixed housing provision. This example shows that the assumption that development inevitably damages “intrinsic character and beauty” and “needs to be strictly controlled in open countryside” is ill-founded. The key is good design and scale, not resistance to development, and this is just as relevant in the more remote landscapes.

To deal with this problem, the CLA recommends the following simple statement as the appropriate guidance¹⁰:

“Existing planning policies will normally operate to protect open countryside from economic development that is inappropriate.”

Similarly when it comes to the criteria to decide specific rural economic developments, the CLA suggests that statement number EC12 should be enhanced with more specific advice:

“that the grounds for refusing such planning applications must identify the relevant reasons for refusal and why the balance between the three pillars of sustainable development (economic, social, environmental) requires approval or refusal.”

Location of development

Other parts of PPS4¹¹ continue to push economic development into, and adjacent to, local service centres or on the edge of towns without recognising that most farms are not located in, or adjacent to, local service centres or towns. This largely consigns remote rural areas to unjustifiable economic decline. This satisfies the needs of only a limited proportion of the rural population, forces up travel-to-work times and distances, and increases the need for new homes in towns, leading to more greenfield developments. What this means is that if development is proposed in the countryside, outside a settlement boundary, there is, usually, a presumption against development. This frequently happens regardless of how beneficial the development may be to the long-term sustainability of that particular rural business, and the associated rural community and its needs for jobs, services and homes. The outcome is to concentrate all rural economic development in local service centres or adjacent to them. It ignores cases where the economic development may well be justifiable in remoter rural areas and does nothing to give special help to the upland areas where concerns over farm incomes and farm poverty are increasing.

The CLA’s recommendation is that the policy¹² should be redrafted to remove the prohibition on economic development proposals in open countryside rural areas. Redrafting should reflect the reality of where appropriate economic development actually takes place, i.e. in the countryside and usually in existing farm yards.

10. Replacing EC6.1 and EC6.2(a) in the current wording of PPS4.

11. Specifically, EC6.2(b) and EC12.1(d).

12. EC6.2(b).

Types of development

The CLA is concerned that current policy¹³ only supports the conversion and reuse of existing buildings, and also that development adjacent to settlements is more appropriate apparently than development in remoter rural areas. There is also no specific mention of the need for new buildings for new agricultural enterprises. It is not sensible to ossify rural businesses in the Uplands in this way.

The CLA therefore recommends that these statements should be redrafted to take account of the need for new buildings in all rural areas for agricultural purposes, and diversification proposals for new and existing enterprises.

Disproportionate information demands to accompany planning applications

There continue to be ever-increasing demands from planning authorities for information to support planning applications for rural economic development proposals. Even existing businesses wishing to expand have to demonstrate viability of that existing business. Case studies can be provided to illustrate this problem.

Planning applications should be judged against policy and nowhere at national or local level can the CLA find any policy that justifies the levels of investigation as demonstrated in our case studies. These matters could be clarified by the Department of Communities and Local Government, possible in a letter from the Chief Planning Officer. Otherwise, the CLA suggests Practice Guidance would be useful.

2.9.2 Planning policy for rural housing

Given the attractiveness of the Uplands for second homes and holiday homes and the consequential dire shortage of affordable rural housing, both for young couples and retiring people, the CLA puts considerable emphasis on confronting the housing shortage through a more enlightened planning policy. The CLA suggests this demands changes to national planning policy for rural housing on five matters:

- retirement dwellings;
- incremental growth of villages and settlements;
- incentivising landowner action;
- mixed communities and rural exception sites; and
- cross-subsidy on rural exception sites.

Retirement dwellings

The planning policy statement on Sustainable Development in Rural Areas (PPS7) has an Annex which deals with agricultural, forestry and other occupational dwellings. This **Annex A should be redrafted to allow the building of retirement dwellings on farms for retiring farmers, and also the excellent policy statement contained in the Welsh guidance¹⁴ for new dwellings on land and non land-based rural businesses should be incorporated into English planning policy for rural housing.**

Incremental growth of villages and settlements

Planning policy¹⁵ should encourage local housing need in rural areas to be met as close to the origin of that need as possible through the organic and incremental growth of villages and settlements. This would include applying flexibility to the village envelope where this is necessary to sustain a particular rural community.

Incentivising landowner action

The CLA suggests that **planning policy statements on rural housing should encourage landowners to fund, build and manage affordable housing provided on their own land, subject to suitable agreements in respect of location, design, occupancy, and fair rents.** Community Right to Build, while an important tool, should not be used to prevent landowners from providing their own homes.

Mixed communities and rural exception site policy

The current planning policy statement makes reference of the need “to create sustainable, inclusive, mixed communities in all areas, both urban and rural”¹⁶. Mixed communities are defined in these terms:

“A mixed community is one where members of all income groups live alongside each other in an attractive and safe environment, with access to decent public services, a range of quality housing, good schools, transport, retail, leisure and economic opportunities.”

While the amount of development in rural settlements will be on a much smaller scale than in urban areas, this does not mean that rural communities should not have the same ambitions for mixed communities in rural areas. Unfortunately, the Rural Exception Site policy¹⁷ in the housing statement does not provide for mixed communities in rural areas. Instead, it provides solely for affordable housing for rent. **The Rural Exception Site policy must be changed to allow those sites of an appropriate size to include the mixed community idea that currently prevails in urban areas.**

13. As reflected in EC6.2(c) and EC12.1(d).

14. The relevant statement is contained in the Welsh Government's Technical Advice Note 6: Planning for Sustainable Rural Communities <http://wales.gov.uk/docs/desh/policy/100722tan6en.pdf>

15. PPS3.

16. PPS3 paragraph 9.

17. PPS3 paragraph 30



Cross-subsidy on rural exception sites

Affordable housing in villages and settlements is not currently economically viable unless the land is made available at prices significantly below market value. The subsidy that makes affordable housing viable can come from traditional low or zero rents subsidised by the landowner, or through Homes and Communities Agency and local authority social housing grants. Unfortunately, the current sources of financial support have been significantly reduced and, in any event, come nowhere near meeting the need for affordable rural housing.

Help for attracting additional funding for the provision of affordable rural housing should be given by removing the prohibition of the use of cross-subsidy on rural exception sites. This would allow landowners to provide appropriately scaled and well-designed developments of mixed housing types on a rural exception site where the proceeds of the open-market housing, or rents from the shared-equity housing, can be used to subsidise the building of the affordable housing for rent. This would, of course, be subject to housing needs surveys and appropriate rent levels.

2.9.3 Fiscal incentives for affordable rural housing

To expand the provision of housing within rural areas, consideration should be given to the creation of a more liberal direct and indirect taxation regime which facilitates, rather than hinders or prevents, a landowner from providing this much-needed resource. The CLA's submission to the Affordable Rural Housing Commission in 2006 included fiscal incentives to encourage landowners to provide more land for affordable rural housing. These three proposals are set out below:

- deferral of Inheritance Tax in respect of affordable housing and social housing;

- Income Tax and Capital Gains Tax relief for the cost of investment in affordable housing; and
- income from letting affordable housing taxed on a "trading" basis.

Deferral of Inheritance Tax in respect of affordable housing and social housing

Property transferred on death (or in some cases during the transferor's lifetime) attracts inheritance tax at up to 40 percent of the value of the estate (above a threshold amount). Partial or complete reliefs apply, including those in respect of transfers of qualifying business property or agricultural property. Despite the positive benefits of these reliefs, which we endorse, this can deter landowners from releasing property for affordable housing since, upon their death, their successors would face an immediate inheritance tax charge in respect of this element of their transferred property.

The CLA acknowledges that the recent change to inheritance tax laws has added some relief in this area. However, the introduction of a deferral relief in respect of (suitably defined) shared-equity housing, social housing or housing, subject to a local occupancy condition, would encourage existing landowners to develop or bring into use this housing on their estates even more.

The tax charge would not be permanently extinguished but rather would be deferred until such time as the property is no longer used for affordable or social housing (similar to the system of conditional exemption for heritage property), thus preventing the successor from immediately disposing of the property on the open market. The benefit of such a relief in encouraging affordable housing would be highest in rural areas where housing associations tend to be least effective. This mechanism would therefore be an effective complement to the existing policy tools on affordable housing.

Income Tax and Capital Gains Tax relief for the cost of investment in affordable housing

Existing income tax law provides for tax relief (up to a limit) for investment in the shares of qualifying companies under the Enterprise Investment Scheme. Broadly, these are small or medium-sized, unlisted trading companies in which the investor's capital is at significant risk. The purpose of the relief is to incentivise investment in these entrepreneurial businesses. A refund of tax of up to 20 percent of the investment (maximum investment: £500,000) is provided.

In addition, provided certain conditions (such as a holding period) have been met, gains made on the subsequent disposal of qualifying shares are exempt from Capital Gains Tax. Gains made on other assets can be "rolled over" if the proceeds are invested in shares qualifying for the relief.

A similar scheme could be introduced for investments in qualifying affordable housing – encompassing Income Tax relief for the funds invested, exemption from Capital Gains Tax on disposal, and deferral of capital gains on rolled over proceeds.

Income from letting affordable housing taxed on a "trading" basis

Currently, income from UK land and buildings is generally subject to special restrictive taxation rules and assessed separately from other income (for example, trading or employment income). However, where income is received from a "furnished holiday letting", these restrictions are relaxed and:

- the income is treated for tax purposes as though it were ordinary trading income;
- tax relief for losses set against other income in the current year, as well as against future income from the trade;
- tax depreciation is made available for plant and machinery used in the affordable housing business; and
- assets used are eligible for reliefs such as capital gains holdover relief and the new entrepreneurs' relief.

This regime could be extended to income from affordable housing (suitably defined) so as to promote private investment in such housing.

In summary, consideration should be given to a further conditional exemption from Capital Gains Tax and Inheritance Tax to an estate providing affordable housing, a disposal or transfer of which would otherwise crystallise a tax charge when passing from a current owner to whomever. Conditional exemption in such circumstances would enable the continued provision of affordable housing across the generations and would not be reduced by the need to fund capital taxes.

2.9.4 Vexatious village green applications and affordable housing

Legislation in the form of The Commons Act 2006 allows the registration of pieces of land as "village greens". This legislation is being used spuriously to prevent rural housing development. There is undoubtedly a strong social argument that land that has an established use for leisure should be protected from encroachment, and preserved as a place of enjoyment for the community as a whole. Unfortunately, numerous housing developments, including those for affordable rural housing on rural exception sites, are being significantly delayed by vexatious applications to register "village greens". These applications often emerge after planning permission has been obtained. Often people who object to any development close to them are using this tactic.

The problem is felt particularly on rural exception sites. By their very nature, these schemes are time-consuming and long-winded as it is necessary to provide housing needs surveys, to consult other parties, and to search for a willing landowner to sell suitable land at the right price, all of which takes time. All this effort by a landowner, parish council, housing association, rural housing enabler and local authority can be easily frustrated by a village green application.

The CLA has no desire to prevent legitimate village green applications, but there is a need to amend current regulations to prevent misuse of the Commons Act 2006 regulations. We suggest the Government looks again at whether **the village green application process should be linked in to consultation at planning application stage, thereby making it time-limited and allowing all issues to be dealt with at the same time:**

- to prevent applications being registered after a planning application has been approved;
- to set firm and sensible time frames for applications to be determined; and
- to close the current loophole that allows for land to be registered bit by bit.

2.9.5 Renewable energy and planning

The CLA is concerned that National Park Authorities, in particular, are resistant to renewable energy at all scales in the Uplands. The Association argues that the Uplands, particularly given the resources they possess, should be allowed to play their full part in delivering the challenging targets agreed by the Government in response to the EU Renewable Energy Directive.

The CLA does not suggest that very large-scale wind turbines are appropriate, but there are a plethora of alternatives – including, but not limited to, farm-scale wind turbines, hydro power, anaerobic digestion and

biomass heat – which should all be welcomed in planning policy. **Therefore we recommend that national planning policy should encourage supportive local policies for the delivery of farm and woodland scale renewable energy proposals.**

The National Planning Framework should make it clear that the Uplands and National Parks have their part to play in delivery of renewables, and require local planning authorities to include supportive policies in local plans. Moreover, **the proposed non-domestic permitted development rights for renewables should be introduced as soon as is possible to ensure the burden of planning is removed in the Uplands** (outside National Parks and conservation areas) in accordance with the final report of the Department of Communities and Local's "Small-scale renewables and low-carbon technology non-domestic permitted development review". This should be subject to confirmation that the proposed 18-metre height limit for wind turbines should refer to hub height.

2.10 Cultural heritage in the Uplands

Finally, because of importance of cultural heritage to the Uplands, the CLA adds some comments and ideas on heritage to supplement the remarks made by the CRC report.

Cultural heritage is a vital issue in upland areas, and a key case of market failure. There is a great deal of it, for example a high proportion of surviving archaeology is in the Uplands, and there are very

large numbers of traditional farm buildings, stone walls and other field boundaries, and much (often unrecorded) mining and industrial heritage, alongside less visible forms of heritage like music or dialect. Heritage is a vital contributor to landscape significance, usually the most important contributor alongside the landforms and land uses.

Importantly, heritage is a primary driver of tourism, which underpins much of the income of upland areas. It also matters greatly to upland inhabitants and to visitors: in the EFTEC uplands survey for Defra in 2006, for example, cultural heritage emerged as the most valued of public goods, ahead of biodiversity objectives.

The problem

But heritage is also very expensive to maintain. Mostly, other than residential heritage, it is redundant, and has no use. And however much it underpins local tourism income, it does not usually provide those actually responsible for its maintenance with the income needed to pay for that, and for reasons amply covered in the CRC report their other income is usually too low to cross-subsidise heritage.

Most upland heritage is thus at risk. Disinvestment and dereliction are widespread. Traditional farm buildings, mostly redundant, are the largest single category of buildings at risk. They, and other heritage structures and monuments which have even less potential to generate a financial return, face a highly uncertain future.



Solutions

Heritage is a key example of a public good, and of market failure, of the kind seen elsewhere in this report. Almost no other public funding is available, and it is obvious that most of it cannot survive unless public policy addresses the problem.

- (a) Individual philanthropy – **cross-subsidising heritage** from farming or other income – is seldom sufficient, simply because of the lack of income detailed in the CRC report.
- (b) **Income support**, through the SFP or UELS, though not targeted specifically at heritage, is likely to be beneficial.
- (c) A promising and partly market-based solution is **conversion and re-use**. This is not a panacea for all heritage, because generally only buildings are suitable for re-use, and of these many are too remote, or too sensitive. But there are widespread opportunities for viable long-term re-use as dwellings (open market, affordable, or for retiring farmers), holiday cottages, workshops, village or farm shops, and so on. A key – but soluble – barrier is poor planning practice, for example proposals dismissed as “unsustainable” merely because they are “outside the village envelope” or “not on a bus route”, or rendered non-viable by being loaded with extra costs like disproportionate archaeological surveys or recording.
- (d) Where re-use is a good long-term solution but repair costs are too high for viability, **capital subsidy** under the RDPE has worked very effectively.
- (e) Where re-use is not practicable, the primary tool needs to be **targeted payments**, under the well-established agri-environment schemes (AES).
- (f) There is scope to **reduce the cost of capital works** under AES, in line with the policy of continuous improvement of these schemes. Capital funding under AES tends to require formal, consultant team-based procurement, with often disproportionately detailed planning and recording. In contrast, upland heritage was built and maintained in a low-key way by people with those specific skills, and borrowing from that approach would allow a greater amount of work to be done for each pound of funding.

Proven outcomes

The “natural” and cultural elements of landscape are indivisible, and mutually supportive, and managing them in an integrated way has been a feature of UK AES from their inception, generating multiple wins and making them “brand leaders” in the EU. Heritage outcomes are widely acknowledged as one of the most successful elements of AES so far. For example¹⁸:

- 24 percent of **stone walls** in England are maintained under AES, and three percent have been restored in the last 10 years;
- AES delivered a 78 percent improvement in condition and a reduction in risk for 1,515 **scheduled monuments** on East Midlands farmland in 2005–2007;
- Prevention of the dereliction and loss of a significant proportion of **rural historic buildings**, 14,000 of which have been repaired under AES. Survey work found that buildings would not have been restored in the absence of AES funding in 92 percent of cases;
- in the Lake District and Pennine Dales ESAs, an investigation into the repair of **traditional farm buildings** over a 10-year period was able to show clear benefits, not only for the individual features, but also for the wider landscape; and
- AES delivered more than 12,000 beneficial management options in **parkland and other designed landscapes**.

Summary of key recommendations for upland heritage

- **the changes to the planning system spelt out in section 2.9 above and the changes advocated in the Penfold Review, must be implemented and, where this does not increase the viability of Uplands through conversion and re-use, the highly effective capital subsidy via the RDPE is used; and**
- **for heritage incapable of re-use, Agri-Environment Schemes should be refined and used, with a strengthening of heritage objectives.**

18. The main source for these figures is Agri-environment schemes in England 2009: A review of results and effectiveness, Natural England.

RECOMMENDATIONS

To facilitate economic development and the retention of upland communities, the CLA believes the following set of actions are necessary.

2.1 A strategic overview and leadership

The CLA recommends that:

- a Defra Minister should have explicit responsibility for upland areas;
- an influential and persuasive figure is needed to progress upland strategy and ensure the delivery over a wide range of matters; and
- the CRC report, as well as the documents published and conclusions of events during autumn/winter 2010-2011, should be shaped by the Defra Uplands unit to form the basis of an Uplands strategy or action plan.

2.2 Institutions

The CLA recommends that:

- the concerns of upland businesses are recognised within the new LEP structure;
- “the economy” is considered within the remit of National Parks and Areas of Outstanding Natural Beauty; and
- the Government clarifies on which issues it will listen to Parish and Market Town Plans.

2.3 The contribution of the CAP

The CLA recommends that:

- a radical rethink takes place on the way upland farms are supported by the CAP;
- the negative LFA approach is reversed, so instead of characterising these areas in terms of the activities for which they are at a disadvantage, the focus would be on what they are good at producing, using terminology such as Environmentally Favoured Areas (EFAs);
- the system of supports to the Uplands should be streamlined. In the consultation for the post-2013 CAP Reform many organisations, including the CLA, suggested consolidating the LFA payments into the core basic Pillar 1 supports to make a clearer, simpler, more stable and enduring contractual payment for these farms; to maintain grazing livestock farming in the Uplands;

- the correct “income forgone” for scaling support in the Uplands should be reinterpreted in line with the economic concept of opportunity cost, which is the income from the best alternative. This would generally be an occupation away from upland farming; and
- the key principles for multi-annual schemes on common land or land subject to grazing agreements are: such land should not be excluded from schemes where environmental services are paid for; that there is a fair sharing out of the rewards according to the efforts, responsibilities and risks borne by those involved; Government should not attempt to be prescriptive about these matters; and any difficulties should be resolved close to the ground by the parties involved.

2.4 Attracting new sources of financing

The CLA recommends that:

- the Government helps to attract new “environmental markets” to the Uplands through climate and water regulation to encourage private finance into upland areas and reduce the dependence on public supports;
- the key actions to enable upland managers to benefit from emerging carbon markets are:
 - o launching the Woodland Carbon Code, with the Forestry Commission required to take responsibility for auditing projects;
 - o making significant new woodland planting in the Uplands a mainstay of Uplands policy;
 - o reviewing Environmental Impact Assessments so that woodland planting is not delayed by this expensive and protracted process;
 - o developing new environmental stewardship measures that allow the money already being allocated to open upland habitat to be used for woodland creation; and
 - o developing a code for peat with the appropriate verification procedure administered by a verification agency such as Natural England.

2.5 Assisting the core activity – hill farming

The CLA recommends that:

- there is a reinvigoration of research and development to help provide the genotypes and efficient upland farming systems best suited to all types of upland farming; and
- the charging for Meat Hygiene Services is proportionate to the scale of operation of abattoirs.

2.6 Renewable energy and forestry

The CLA recommends that:

- the basis of charging for network upgrades necessary for smaller scale renewables and to deliver a smart grid should be reviewed.

Other recommendations on renewable energy are summarised in section 2.9 on planning below. Recommendations on forestry are grouped in section 2.4 on new sources of finance above.

2.7 Raising aspirations

The CLA recommends that:

- there should be an efficiently organised and accessible knowledge base and advisory input.

2.8 Improving rural services

The CLA recommends that to improve telecommunications provision in the Uplands there should be:

- legislation to introduce a Universal Service Obligation of at least two megabits per second;
- a framework that allows rural business to piggy-back on the public sector broadband infrastructure;
- a legal framework, created by Ofcom in agreement with mobile phone service operators, to ensure universal coverage;
- 3G technology to provide effective mobile telephony;
- a UK-wide system of community broadband grants using part of the digital switchover under-spend; and
- a Rural Broadband Partnership, including Government and the industry, to aggregate demand and help inform the public as to the importance of superfast broadband to the economy and society.

2.9 Planning for sustainable upland communities

The CLA recommends that planning issues facing the Uplands are addressed in the following ways.

Planning Policy Statement 4: Planning for Sustainable Economic Growth should be changed as follows.

- In EC6.1/6.2(a), replace the current wording with: “Existing planning policies will normally operate to protect open countryside from economic development that is inappropriate”.
- In EC12, enhance with the wording, “that the grounds for refusing such planning applications must identify the relevant reasons for refusal and why the balance between the three pillars of sustainable development (economic, social, environmental) requires approval or refusal”.
- In EC12, a redraft is needed to remove the prohibition on economic development proposals in open countryside rural areas. The new wording should reflect the reality of where appropriate economic development takes place, i.e. in the countryside and usually in existing farmyards.

Planning Policy Statement 3: Housing should be changed as follows.

- Annex A should be redrafted to allow the building of retirement dwellings on farms for retiring farmers, and also to allow the excellent policy statement contained in the Welsh guidance¹⁹ for new dwellings on land and non land-based rural businesses to be incorporated into English planning policy for rural housing.

Planning Policy Statement 3: Housing should be changed as follows.

- Planning policy²⁰ should encourage local housing need in rural areas to be met as close to the origin of that need as possible through the organic and incremental growth of villages and settlements.
- Planning policy statements on rural housing should encourage landowners to fund, build and manage affordable housing provided on their own land, subject to suitable agreements in respect of location, design, occupancy and fair rents.
- The Rural Exception Site policy must allow those sites of an appropriate size to include the mixed community idea that currently prevails in urban areas.
- Help for attracting additional funding for the provision of affordable rural housing should be given by removing the prohibition of the use of cross-subsidy on rural exception sites.

19. The relevant statement is contained in the Welsh Government's Technical Advice Note 6: Planning for Sustainable Rural Communities <http://wales.gov.uk/docs/desh/policy/100722tan6en.pdf>.

20. PPS3

- To expand the provision of housing within rural areas, consideration should be given to the creation of a more liberal direct and indirect taxation regime which facilitates, rather than hinders or prevents, a landowner from providing this much-needed resource; and
- The village green application process should be linked in to consultation at planning application stage, making it time-limited and allowing all issues to be dealt with at the same time.

The following changes are needed in respect of Renewable Energy.

- National planning policy should encourage supportive local policies for the delivery of farm and woodland scale renewable energy proposals.
- The proposed non-domestic permitted development rights for renewables should be introduced as soon as possible to ensure the burden of planning is removed in the Uplands.

2.10 Cultural heritage in the Uplands

The CLA recommends that:

- the changes to the planning system spelt out in section 2.9 above and the changes advocated in the Penfold Review, must be implemented and, where this does not increase the viability of Uplands through conversion and re-use, the highly effective capital subsidy via the RDPE is used; and
- for heritage incapable of re-use, Agri-Environment Schemes should be refined and used, with a strengthening of heritage objectives.

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