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Uplands Policy Review



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Foreword by The Rt Hon Caroline Spelman MP, Secretary of State for Environment, Food and Rural Affairs



The English uplands face all the usual challenges that characterise rural England – difficulty in accessing services, limited public transport, expensive housing and energy – which are accentuated by their terrain. But they also possess a remarkable range of assets which can provide the foundation for a bright future - strong communities where the Big Society is already much in evidence; natural resources such as water and carbon stores which need to be managed sustainably for the benefit of those outside the uplands as much as for its inhabitants; and hill farmers with generation upon generation of expertise in producing high quality food and managing some of our most treasured English landscapes.

As the Commission for Rural Communities rightly observed in their report in June 2010, the English uplands are not in crisis but nor can we afford to be complacent about their future. The uplands have often been neglected by policy makers, but this Government attaches great importance to these special places. That is why my Cabinet colleagues and I, and my whole Ministerial team in Defra, have made sure that the uplands receive the attention they deserve in all that we do.

The English uplands may sometimes be geographically remote, but the future of their communities and those of the rest of the country are closely linked. The uplands provide so much that the rest of us value: high quality food, clean drinking water and flood regulation, carbon storage, stunning landscapes and historic settlements for visitors to explore, and unique wildlife habitats. As far as my own Department is concerned, there are enormous opportunities for the uplands to contribute materially to each of Defra's overarching priorities: thriving, competitive farming businesses delivering food to the market in a sustainable way; management of ecosystem services so as to enhance the natural environment and biodiversity; and, a growing green economy that can help build resilience to climate change.

Government's role in these difficult economic times is to make sure that where public money is spent it is used wisely and makes a real difference; that the policy framework Government creates is coherent and effective; and that we mobilise the enormous skill and enthusiasm of partners across society, whether farming or other businesses, local government, statutory bodies like National Parks, or voluntary bodies such as the National Trust and the RSPB.

I am delighted that in conducting this review of policies affecting the uplands so many of these partners were willing to share their ideas and advice. I am glad too that my colleagues across Government with responsibilities so important to the uplands have been closely involved, especially those from the Departments of Culture, Media and Sport, Communities and Local Government, Business, Innovation and Skills, Energy and Climate Change, and the Cabinet Office. If we are to promote innovation and create the conditions for sustainable development in the uplands, which is our firm intent, we can do this only by working together across traditional boundaries. The commitments to action set out in this policy statement demonstrate that we mean to do just that.

A handwritten signature in black ink that reads "Caroline Spelman".

Caroline Spelman MP
Secretary of State for Environment, Food and Rural Affairs

The Government is committed to helping create a more sustainable future for the English uplands. Led by Defra but involving a wide range of interested Departments and agencies, and stakeholder bodies, the Government has examined both the challenges and opportunities facing these important areas to identify what will enable them to become more economically, socially and environmentally sustainable.

Although there is great physical, cultural and economic diversity among the different upland areas of England, hill farming, and those whose livelihoods depend on it, has a vital place in all of them. The Government wants to see hill farmers become more secure economically so that they can continue in future as both producers of food and stewards of the valuable natural resources of the uplands. The Government therefore committed, in Defra's Structural Reform Plan, "to develop affordable measures of support for hill farmers".

This statement sets out the conclusions of the Government's policy review, along with a range of actions which the Government will take, in partnership with others in the public, private and voluntary sectors, to help secure the future sustainable development of the English uplands.

Supporting England's Hill Farmers

The Government recognises that it is harder for hill farmers, who are highly dependent on livestock, to make a living out of agriculture alone than it is for farmers in the English lowlands who have a wider range of options open to them. Our intention is to support and encourage all hill farmers to improve the competitiveness of their core agricultural business.. At the same time, it is vital that hill farmers grasp the opportunities to diversify, whether as managers of the natural resources and ecosystems of the uplands, or through other business opportunities. To support this two-fold approach, we will:

- Create an "Uplands Theme" within the new delivery arrangements for the Rural Development Programme for England (RDPE) to provide targeted support to upland areas through specific schemes and/or weighting towards the uplands in national schemes. Through RDPE's Axis 1 and 3, this will support improvements in hill farmers' competitiveness, skills, professionalism, and ability to diversify.
- Ensure that funding is available within the 2007-13 RDPE to allow all farmers in the Severely Disadvantaged Area (SDA) to enter Uplands Entry Level Stewardship (Uplands ELS).
- Update the existing Uplands ELS guidance to make it even clearer what commoners need to do to ensure their applications can be processed as quickly as possible.
- Ensure that Natural England works actively with hill farmers, land managers and other stakeholders in the uplands to explore how they can best work in partnership to deliver the multiple benefits these areas can provide.
- Look for opportunities to bring about greater co-operation and networking between the various demonstration farm initiatives, including those in the uplands.
- Remove unnecessary cost burdens which may undermine the competitiveness of hill farmers, taking account of the forthcoming recommendations of the Farming Regulation Task Force.
- Ensure, longer-term, that reform of the Common Agricultural Policy post-2013 supports both the competitiveness of hill farms and makes adequate payment to secure the provision of public goods from the uplands, beyond those the market provides; and, that any future re-designation of Less Favoured Areas (LFA) fully captures the land in England that we consider to be genuinely 'naturally handicapped'.

Delivering Public Goods from the Uplands Environment

There is growing evidence of the value of the natural environment and the diverse range of benefits that it delivers to society. Our uplands are endowed with natural assets that are important for delivering a range of these valuable “ecosystem services”, including food and fibre, water regulation, carbon storage, biodiversity, renewable energy and recreational opportunities for health and wellbeing. In many cases, however, the market does not adequately repay the providers of these public goods for their services, so we need to find new ways to better capture their value and develop mechanisms for income to flow in future to those who manage these vital natural assets. We will therefore:

- Promote new ways to pay for ecosystem services (especially those related to water and carbon/peat): the Natural Environment White Paper to be published later in 2011 will provide a foundation for this, and we will hold an expert workshop later in 2011 or early 2012 to explore and review the opportunities and challenges for the use of payment for ecosystem service approaches, including in upland areas.
- Ensure that Natural England continues to work together with the Moorland Association and other stakeholder groups to establish the most appropriate moorland management regime needed to deliver multiple policy outcomes.
- Consult widely on a possible change to the legislation on the role of National Park Authorities to reflect the importance of sustainable development.
- Encourage National Park Authorities to play a more active role in facilitating local partnerships to create shared plans of action, which can deliver multiple policy outcomes from land management.
- Explore the scope for joint Defra/DCMS opportunities to support rural tourism, including in the uplands.
- Explore the scope for channelling more tourism revenue towards those who manage upland landscapes, working with organisations such as the Prince’s Countryside Fund.

By combining more efficient agricultural practices with the delivery of wider ecosystem services, hill farms will have opportunities to build and plan for a more sustainable future and communities in both the uplands and lowlands will reap the benefits.

Supporting Sustainable Upland Communities

The Government is committed to supporting and promoting rural communities everywhere by ensuring that the interests of rural people and places are reflected fairly in all policies and programmes; by enabling Local Authorities to serve the particular needs of their rural citizens through flexible and locally-relevant planning and delivery; and by empowering local communities to identify and address their issues and concerns.

The strength of England’s upland communities, deep rooted in the distinctiveness of their history and traditions, means that they have a long track record of solving problems through their own effort and initiative - a tangible example of the Big Society in action. But the Government has an important role to play as well, by monitoring the impacts of policies and initiatives in these areas and acting, where appropriate, to address any problems that arise; by gathering and publishing examples of good practice by national government, local government and civil society to celebrate achievement and inspire others; and by taking proactive steps in particular policy areas, such as the roll-out of high speed broadband, where national-level intervention is needed to secure important benefits for rural communities. We will therefore:

Executive Summary

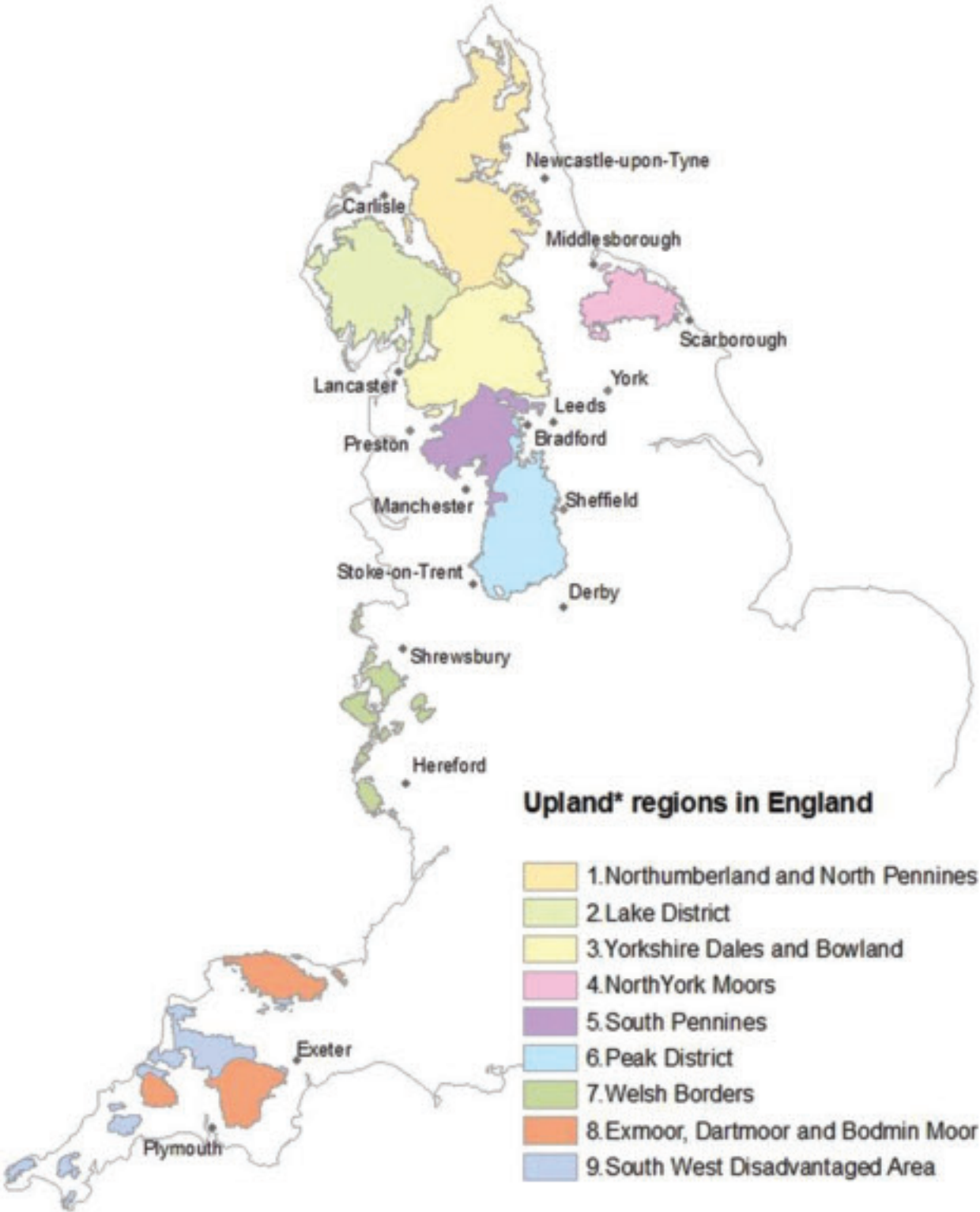
- Create a rural Community Broadband Fund expected to be worth up to £20m and to be jointly funded by Broadband Delivery UK (BDUK) and Defra (using RDPE European funds)
- Work to ensure the success of the rural broadband pilots and apply the lessons learned as high-speed broadband is rolled out to the rest of the country.
- Assess Ofcom's reports on the coverage of mobile telephone and broadband networks in rural areas and, where appropriate, consider possible further action to eliminate enduring "not spots".
- Ensure that the new freedoms and opportunities created for local authorities and communities by the Localism Bill are fully and fairly applied in upland areas.
- Ensure that upland businesses can benefit from the new business support arrangements being introduced across the country.
- Ensure that national policies promote the survival and, where possible, expansion of existing rural services, and work with local authorities and civil society partners to create the conditions in which entrepreneurs and communities can set up new services for rural communities.
- Ensure that upland households and communities are able to benefit from the extensive range of energy efficiency and fuel poverty schemes in order to reduce their heating bills and take control of their own energy needs.

Driving and Monitoring Change

The Government is clear that the uplands have often been marginalised by policy-makers, that their potential and diversity have not always been properly recognised, and that their interests have not always been taken fully into account in policies and programmes. We are determined to change this for the benefit of upland communities and the country as a whole. The needs and potential of the uplands will in future be properly reflected in national- and local-level policy-making and delivery, not through a grand national strategy, but by:

- Defra Ministers actively promoting the needs and potential of upland areas as part of their wider role as champions of rural communities.
- A strengthened Rural Communities Policy Unit in Defra providing an uplands focal point for Government as a whole, and taking on responsibility for co-ordinating the Government's interests in the uplands across all the policy areas covered in this Statement.
- Maintaining a sound evidence base for future policy making by supporting further research into upland issues and regularly publish key uplands data and indicators.

Fig. 1 Map of Less Favoured Areas



* The uplands are contained within the Less Favoured Areas (LFAs) boundaries. LFAs were established in 1975 as a means to provide support to mountainous and hill farming areas but were later widened to include other disadvantaged areas.

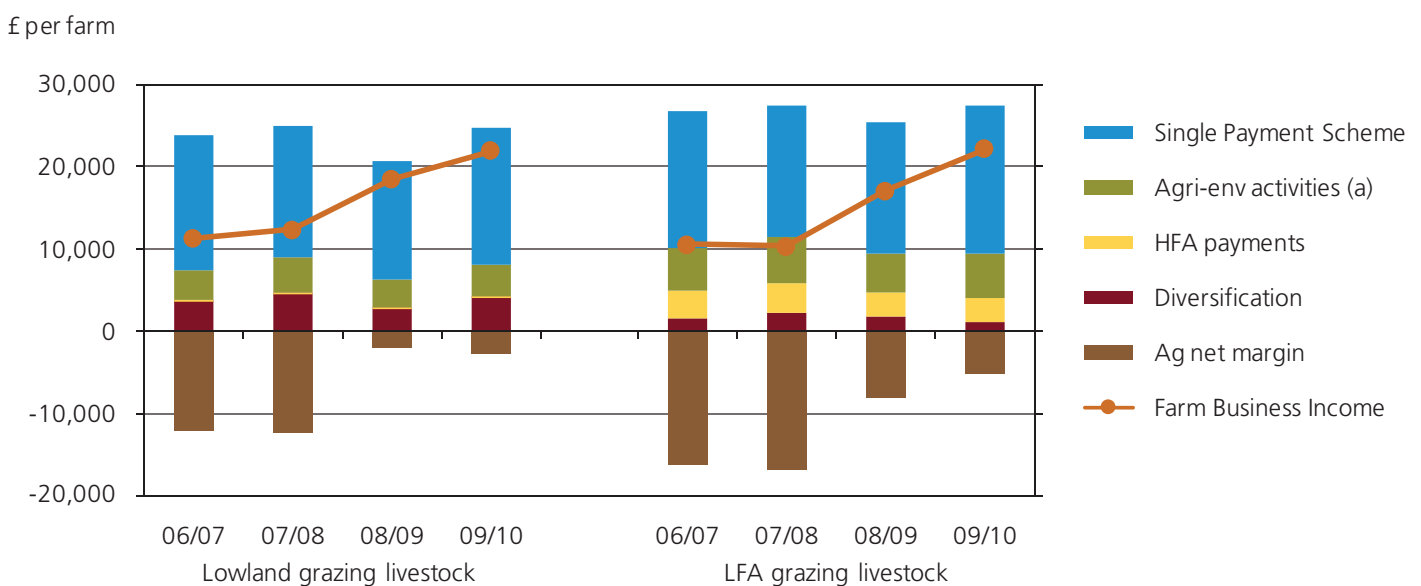
1. The English uplands are nationally and internationally important for the value of their landscapes, biodiversity, agriculture, archaeology, cultural and natural resources, and the recreational opportunities they provide for health and wellbeing. The uplands face all the challenges that characterise much of rural England, such as a lack of ready access to services (including transport and broadband) and affordability of housing and energy. They also contain some of England's most deep-rooted communities whose history and traditions are inseparable from the natural environment on which they depend. Longer-term, the uplands will need to deal with all the risks and opportunities presented by the degree of climate change that the world is already locked into. These are places whose unique natural and human endowments provide real opportunities to build a more sustainable future. With these challenges and opportunities in mind, the Government has reviewed policy affecting the English uplands in order to identify the framework that is needed to enable them to become more economically, socially and environmentally sustainable.
2. A number of respected bodies have contributed to the debate about the challenges and opportunities facing the English uplands, notably the Commission for Rural Communities (CRC) in its informative and valuable report *High Ground, High Potential* (June 2010), Natural England in *Vital Uplands – a 2060 Vision for England's Uplands* (November 2009) and most recently, the Efra Select Committee in the report of their Inquiry into Farming in the Uplands. The Government welcomes these, as well as the contributions to discussion and practical action made by organisations such as the Country Land and Business Association, the National Trust, the participants in the St George's House, Windsor consultation of December 2010, and the Prince of Wales's Rural Action Programme.
3. The uplands are of crucial importance to the successful achievement of the commitments made in each area of Defra's Structural Reform Plan (SRP):
 - i. *Support and develop British farming and encourage sustainable food production*
 - ii. *Help to enhance the environment and biodiversity to improve quality of life*
 - iii. *Support a strong and sustainable green economy, resilient to climate change*
4. There is a very wide variety of land uses in the English uplands, providing a diverse range of ecosystem services: food, wood and energy, water regulation, climate regulation through carbon storage and sequestration, biodiversity and natural features, and recreational opportunities. Hill farming is common to the successful management of many of these and is therefore integral to the future sustainability of the uplands. That is why the Government outlined its intention, in the SRP, "to develop affordable measures of support for hill farmers".
5. Hill farming is an important contributor to the national livestock industry by providing breeding and finishing stock to lowland farming systems and, through appropriate land management practices, it can also contribute to a wide range of the public benefits mentioned above. Hill farmers also need to play their part in reducing greenhouse gas emissions, on which the Government welcomes the farming industry's efforts to develop a Greenhouse Gas Action Plan.

6. To achieve the optimum balance, hill farming will need to be an economically competitive form of agriculture with sustainable land use and management recognised, encouraged and rewarded. That is why, as this policy statement sets out, we are ensuring that a wide toolkit of measures is in place which supports both productive hill farming and environmental objectives. For instance, we are working to make all strands of Environmental Stewardship more effective, while ensuring as part of this that there continues to be sufficient flexibility to avoid disproportionate impacts on farm business profitability.
7. Although there is no statutory definition of the English uplands, for the purposes of this policy review, the Government has adopted the definition of land categorised as “Less Favoured Areas (LFA)” – a European designation used for areas with natural and socio-economic disadvantages which in the UK largely corresponds to areas of uplands farming systems. The nine upland regions based on this categorisation are described (from an agricultural perspective) and mapped geographically in Defra’s 2009 Farm Practices Survey Statistical Notice on the Uplands and other LFAs (see Fig. 1 on page 7).

What are the challenges?

8. There is considerable variety between the different upland landscapes of England, with the moors of the south west having a quite different character from, for instance, the Peak District or the north Pennines. But common to all the uplands is the role which has been played by agricultural activity in shaping the landscape, with hill farmers managing these areas predominantly through sheep and cattle grazing. Some upland regions also feature particular tenure and land-management systems (e.g. Commoning and grouse moor management) which add to the complexity of their farming systems. Defra has undertaken a significant amount of research on the uplands under the umbrella of the Agricultural Change and Environment Observatory, which reveals that hill farming is facing a range of pressures and that a reduction or significant change to the nature of upland agriculture could have a major impact on what upland landscapes look like in the future, as well as the benefits they deliver. Such change will not necessarily be negative: changes to hill farming could lead to improvements in the delivery of certain environmental benefits.
9. Incomes on English upland farms have on average, been consistently lower than those of lowland farms, due mainly to the higher proportion of grazing livestock (i.e. beef and sheep) farms in the uplands. These farms, whether located in uplands or lowlands, tend to have lower incomes than farm types more common in the lowlands, such as dairy, cereals and general cropping farms.
10. While remoteness, climate, soil and topography can certainly exacerbate the challenges of farming in the uplands, a major factor is the economics of grazing livestock farming in general, the farming type that, because of these factors, is most prevalent in the English uplands.
11. Grazing livestock farming is currently almost always uneconomic without public payments. Figure 2, below, shows the breakdown of income from business activities and subsidy for both lowland and upland grazing livestock farms. Lowland grazing livestock farms share the same difficult economic circumstances, although typically make slightly less of a loss on their agricultural activities and have greater scope for diversification income.

Figure 2: Breakdown of income sources for lowland and upland grazing livestock farms in England for the latest four years. (Length of column indicates the contribution from each source). Farm Business Income shows the gross income from each of these sources, including the contribution of agriculture, which on average has a negative net margin or income.



Source: Farm Business Survey

12. Without support from the Single Payment Scheme (and the former Hill Farm Allowance), many upland farmers would, at current (or recent) input and output prices be making a loss on average on their farm business activities.
13. Diversification opportunities have been more limited in the uplands due to the sparse population and, for a number of areas, greater distances to large population centres. Defra's Farm Business Survey data highlights that LFA farms have the lowest proportion of diversified activity: 37% of LFA grazing livestock farms undertook some form of diversification in 2009/10, compared to 50% across all farms; and, that the contribution of these diversified activities to farm business income was 5%. The survey highlighted that over half of upland farmers with no current diversified activity felt there was either no scope or they had no plans to diversify, and a further significant group had never thought about diversifying (28% of those with no current on-farm enterprise and 43% of those with no current off-farm enterprise or income). There is, however, an increased tendency in the uplands towards supplementing farm income with off-farm employment – whether on the part of the farmer or spouse – reducing the time available for further on-farm diversification.
14. For Single Payment Scheme purposes, England is divided into three regions: English moorland within the Severely Disadvantaged Areas (SDA); English SDA non-moorland; and, English non-SDA. Upland SDAs are disadvantaged relative to non-SDA land due to a number of factors: higher altitude, harsher climate with a shorter growing season, low soil fertility, difficult topography, and remoteness.
15. When the Single Payment Scheme was introduced in 2005, and following consultation with the farming industry, the Government decided that, in order to limit the redistributive effects of the new scheme, the SPS funding within each of the three regions would be kept broadly the same as existed under the old production-linked subsidy schemes. Moorland farms, typically having lower production levels than lowland farms, previously received lower subsidy payments, which the current per hectare payment rate reflects.
16. Analysis of the Defra Farm Business Survey shows that for specialist sheep farms located in severely disadvantaged areas (SDAs) in England, it is possible – but by no means universal – for hill farmers to make some profit even when the Single Payment is excluded from the calculation. In 2009/10 this was achieved by farmers who were in the top 25% for agricultural income (i.e. profit from the agricultural part of the business). Farms who were in the top 25% for agri-environment payments also managed to achieve this, as did farms that were in the top 25% for diversification. Specialist sheep farms in the SDA fared better than specialist beef farms and mixed cattle and sheep farms.
17. However, when ranked by agricultural income (i.e. profit from the agricultural part of the business), there was a very wide variation in the profit from agriculture. For the highest performing 25% the profit from agriculture was £61/ha, compared with -£183/ha for the lowest performing 25% (these figures exclude SPS). Those farms in the top performing quartile were larger (217ha vs. 55ha) and had lower stocking densities (0.5 vs. 0.8 LU/ha) but larger breeding flock sizes (712 vs. 279 ewes). Diversification income was relatively low for both groups (£6 to £7/ha).
18. The higher performers had a higher lambing percentage per ewe, and sold more finished lambs than stores and at a higher price than those in the low performing group. Their income per ewe from selling breeding stock down the stratified pyramid is also almost 50% higher. These two factors more than offset the lost output for store lambs and higher ewe replacement costs resulting in an overall enterprise output per ewe of £50 more than the low performers. The high performers also seemed to keep their variable and fixed costs better under control.

Supporting England's Hill Farmers

What we will do

19. The Government is committed to supporting English farming to become more competitive and productive in a sustainable way, which in the uplands means helping less successful hill farms to improve their competitiveness towards the level of the most successful. This is likely to include taking steps towards a more viable business model in which sustainable levels of food production are balanced with improved, outcome focussed, environmental management for which farmers are properly rewarded, as well as a willingness to diversify wherever other rural-based business opportunities arise.
20. We welcome the action being taken by the farming industry itself through various initiatives to address the particular issues facing hill farmers. A good example is the levy-funded Better Returns Programme (BRP) delivered by Eblex which aims to improve the physical and financial performance of cattle and sheep enterprises through various projects. This is targeted at producers throughout England – including those in the LFAs where 44% of breeding sheep and 31% of beef cows¹ are located.
21. One useful Eblex initiative associated with the BRP was the setting up of a National Progressive Group in each sector (beef and sheep) in 2010. The 45 members in each group are younger, more progressive farmers whose main business is livestock production. They share, for example, good practice on grassland technology, improved genetics, and business management. The next step will be to roll out the concept regionally: one of the intended groups will be an uplands beef and sheep group, preceded by an uplands conference in summer 2011.



¹ England 2009 June Survey data

22. The Government's approach therefore has two main elements. First, we will support and encourage hill farmers to become more efficient and effective in their core agricultural business. While we recognise that farming in the uplands is more challenging than lowland farming, there are successful hill farms that are able to develop and in some cases, expand. We want their success, skills and expertise to be mirrored across the uplands.
23. Second, we will promote the substantial benefits that farming in the uplands can bring to the wider community and the natural environment, and investigate the potential routes for returning some of the income generated to those who manage the land. In addition to tourism, there will be new opportunities for hill farmers to work with other service providers – specifically for water, carbon and energy – to unlock the potential of the upland's natural assets. Hill farmers already deliver many wider of these public goods; a key challenge for the future will be to ensure they are adequately rewarded for doing so, so that the provision of public goods, alongside food production, comes to be regarded as a core element of future sustainable hill farming sector.
24. By combining more efficient agricultural practices with the delivery of wider ecosystem services, hill farms will have new opportunities to build and plan for a sustainable future.

Government action to improve competitiveness and rural economic opportunity

What is happening now?

25. The Rural Development Programme, England (RDPE) (co-funded through the European Agricultural Fund for Rural Development) is the principal publicly-funded vehicle for improving the competitiveness of the agriculture and forestry sectors; safeguarding and enhancing the rural environment; fostering competitive and sustainable rural businesses and thriving rural communities. It is built around 4 'Axes' or objectives:
 - a. Axis 1 – improving the competitiveness of the agricultural and forestry sector;
 - b. Axis 2 – improving the environment and the countryside;
 - c. Axis 3 – quality of life in rural areas and diversification of the rural economy;
 - d. Axis 4 (sometimes included in Axis 3) – the bottom up, community-led 'Leader' approach to delivering Axis 3 outcomes.
26. Delivery of the Rural Development Programme for England (RDPE) socio-economic elements – Axes 1, 3 and 4 – is currently the responsibility of the Regional Development Agencies (RDAs).
27. Six RDAs have upland areas within their boundary – South West England Development Agency, North West Regional Development Agency, One North East, East Midlands Development Agency, Yorkshire Forward and Advantage West Midlands. They all administer a range of schemes under the RDPE that are either specifically targeted on, or cover wider issues that have a particular resonance with, the needs of the uplands. Budget allocations to those RDAs include a weighting to take account of the proportion of land designated as Severely Disadvantaged.
28. Axis 1 includes: vocational training, knowledge transfer and information; modernisation of agricultural holdings, development of new products, processes and technologies; and support for infrastructure development and adaptation.
29. Axis 3 includes: farm diversification into non-agricultural activities; development of micro-businesses, provision of basic services, tourism activities, village renewal; conservation of rural heritage and training.

Supporting England's Hill Farmers

30. The Leader Approach (Axis 4) within the Programme is focused on community-led delivery based on local decision-making by community partnerships known as Local Action Groups (LAGs); which operate in geographically defined rural areas. This uses a "bottom-up" approach, allowing local community groups and key local players to design and implement packages which will support businesses, maximise training and skills development and provide opportunities in their local areas. Each group identifies the local priorities for action and then draws upon Programme funds to support local projects that address the identified priorities. The majority of LAGs deliver benefits through Axis 3 activity, although some (notably in the North West) deliver across both Axes 1&3.
31. The following are examples of existing RDPE funded activity that has benefitted hill farmers:
- East Midlands RDA – RDPE investment has enabled a small upland based abattoir to be retained and improved.
 - South West England RDA – Providing grants to enable adding value to agricultural produce. Two specific projects have been approved in Dartmoor and Exmoor to add value to meat products.
 - Yorkshire Forward – 10 upland dairy farms have successfully bid for support (totalling £500k to the end of 2011) for restructuring to deliver Animal Health and Welfare benefits above standard practice.
 - North West RDA – £122,100 funding for a 3 year project to establish a business which creates a link between local food producers and consumers by providing a local food delivery service via a local hub. This includes producers from all of Cumbria, including Upland areas.
 - Advantage West Midlands – Rural tourism marketing and sustainable tourism projects

What we will do

32. Delivery of RDPE benefits for the remainder of the RDPE Programme period (2007-2013) has to be seen in the context of two particularly challenges: the pressure on the remaining Programme budget, and the changes to delivery of the socio-economic elements of Axis 1, 3 and 4 arising from the abolition of Regional Development Agencies (RDAs), announced in May 2010. Agri-environment schemes within Axis 2 will continue to be delivered by Natural England, who are working with the Forestry Commission to join these up with the FC administered Woodland Grant Scheme component of Axis 2. Delivery of the socio-economic elements of the RDPE, currently undertaken by the Regional Development Agencies, will transfer into core Defra with a stronger degree of national consistency. Defra is working both with our existing delivery bodies and with other Government Departments to ensure that arrangements continue to be in place for the future delivery of the Programme, and to ensure the smooth transition from RDAs to the new delivery arrangements. Up to date information about the future of the programme and funding opportunities is available via the RDPE Network website – www.rdpenetwork.org.uk
33. Changes in the delivery arrangements for RDPE later in 2011 do, however, present an opportunity to strengthen support for upland communities, particularly hill farmers. **The Government will create an "Uplands Theme" within RDPE to provide targeted support to upland areas through specific schemes and/or weighting towards uplands in national schemes. There will be a strong focus on skills, where we will move towards nationally consistent delivery. Flexibility over priorities will remain to allow individual delivery areas to be responsive to local needs. A particular focus on wider business development skills will help farmers identify and tap in to potential opportunities, rather than focus solely on traditional hill farming skills.**

34. Pressures on the remaining Programme budget will mean that future funding will need to be targeted to ensure the Programme obtains benefits in areas that are identified as priorities. Defra is working with existing delivery bodies to ensure that commitments which have been legally entered into will continue to be funded. Discussions are also continuing to identify the activities to which remaining funding should be directed or activities that should continue to be offered. That will include a high priority for activity in the uplands and where upland communities will be a major beneficiary.
35. For example, under **Axis 1**, hill farming enterprises (e.g. sheep, suckler beef, dairy) can benefit from support for a number of activities initiated by the RDAs in their respective LFAs, which include:
- Hill farm improvement initiatives subject to appropriate business planning such as innovative capital investments, animal health and welfare improvement programmes and schemes to improve the use of resources and nutrient management.
 - Improving the efficiency in the processing and marketing of primary agricultural products.
 - Business improvement activities such as training in business planning and monitoring of physical and financial business performance.
 - Hill farming skills training.
 - Knowledge transfer networks and activities disseminating knowledge on nutrient management, animal health and welfare and resource efficiency.

Northumberland uplands – Cheviot Futures

Phase 1 Cheviot Futures is developing and delivering a number of demonstration projects that address the impacts of a changing climate on rural businesses and communities in North Northumberland and the Borders. The demonstration projects will look at simple techniques and actions that will help farmers and land managers adapt to the effects of increased flooding, increased run-off carrying soil and pollutants, drought and reduced river flows, wildfire, storm damage, wind erosion, extreme temperatures, and combinations of weather impacting on grouse, sheep and salmon.

The funding, £127,000 from the RDPE out of a total of some £317,000, will be spent on a communications package and associated work. This will consist of a website, interpretation boards and leaflets and the incorporation of new technology (audio tools, DVD's, Bluetooth devices) at two key sites (Fenton Centre and Ingram Visitor Centre) to communicate with varied audiences in North Northumberland.

36. Under **Axis 2**, farm businesses can also access funding for delivery of a variety of environmental outcomes, for example:
- Existing Agri-environment schemes will continue until the agreements expire (e.g. Countryside Stewardship, ESA, ELS, HLS).
 - Transitional payments for agri-environment scheme pioneers will be made until recipients are eligible under the new Uplands ELS.
 - Uplands ELS is now in place and attracting high levels of interest (see below).
37. Under **Axis 3** there are provisions for pump priming diversification activities such as the expansion or establishment of new farm shops, developing added value products e.g. ice cream, small-scale on-farm abattoirs or the development of farm-based tourism facilities.

Supporting England's Hill Farmers

Leader approach

38. The Leader approach is an important element of the delivery mechanism under RDPE. Various initiatives have evolved under Leader in most of the LFA RDA regions. Collaborative activities by Local Action Groups include training: for instance, a group of farmers formed a limited company to deliver the Yorkshire Moors Agricultural Apprenticeship Scheme. This involves work placements on upland farms and apprenticeships in livestock production, including numeracy and literacy skills. As RDPE is brought into core Defra later in 2011 there will be new opportunities to disseminate examples of good practice throughout the English LFAs.
39. The RDPE therefore has, and will continue to have a crucial role to play in helping to create the conditions in which hill farmers in particular and upland communities in general can take full advantage of the range of economic and environmental opportunities available to them.

Increasing professionalism through skills development

40. Skills development in the uplands, as in other sectors of agriculture, is best led by farmers and farm workers themselves, who are best placed to determine their own skills needs and can help to facilitate skills development. The Government is committed to helping with the successful implementation of the industry-led *AgriSkills Strategy: Towards a New Professionalism*, which is helping agricultural businesses develop their skills base.
41. Building the professionalism of upland farming will lead to individual business improvement and help maintain a more thriving and competitive upland farming sector. This is the best way of attracting new entrants into the sector and retaining those already working there: supported by rewarding and structured career paths. The Government is committed to continuing to work with the members of the Agri-Skills Forum to help develop the skills base of hill farmers. Increasing the uptake of agricultural apprenticeships from its relatively low base is an important part of this.
42. The Government is working closely with bodies such as Lantra, the National Farmers Union (NFU), Landex, the National Federation of Young Farmers Clubs (NFYFC) and the Agriculture and Horticulture Development Board (AHDB) to help boost the numbers taking an apprenticeship in agriculture (see text box below). We will explore the scope for hill farm apprenticeships to form part of the uplands theme of the RDPE (see paragraph 33 above).

One North East – Uplands Farming Trainee (UFT) Scheme

The UFT Scheme was adopted to address a number of complementary needs in the Northumberland National Park area, including supporting the development of young agricultural workers to stem the potential loss of the next generation of farmers, and the consequent impact on rural communities.

The aim of the Upland Farming Traineeship is to provide an opportunity for people to learn upland farming skills, which are at present in danger of being lost in this area, and to start the process of providing a future generation of people with a strong motivation to succeed in farming the Northumberland Uplands, while at the same time ensuring the continuation of sustainable land management in the Northumberland uplands. In doing so, the project contributes towards the long-term health and sustainability of rural communities themselves.

Knowledge Transfer and demonstrating best practice

43. A number of demonstration farms or sites funded by both the public and private sector, including retailers, already exist across the country. The Taylor Review (*Science for a new age of agriculture*) proposed making use of existing commercial farms rather than creating new facilities.
44. A good example of demonstration farms, including a few in the uplands, is the Linking Environment and Farming (LEAF) network of demonstration farms. 'Beacon' farms are also being set up under the Campaign for the Farmed Environment, to demonstrate Campaign activities in practice – there are currently around 40 beacon farms across the Campaign's 22 target counties.

Engaging hard to reach hill farms through Monitor Farms.

Cragg Top Farm is a 500 acres livestock farm in Langleydale near Barnard Castle has become a 'Monitor Farm' and a centre of excellence for local hill and upland farmers. The Monitor farm idea is modelled on a successful programme introduced in New Zealand to improve farming competitiveness.

The project is overseen by industry-led partners with an interest in upland agriculture, which is funded by LandSkills North East as part of the Rural Development Programme for England. The project aims to help farmers develop their businesses and improve the levels of profitability on the host farm (Cragg Top Farm) as well as on those farms that get involved in the project.

To ensure that all farmers had the option to benefit from the project, local partners were fully involved in the development of the programme and an open day was held to introduce the farm and outline the aims and objectives in more detail. Throughout the duration of the project there has been series of discussion forums, both on- and off-site, covering issues such as farm business competitiveness, nutrient management and animal health and welfare, with the ultimate aim of improving the profitability and viability of livestock farms.

Monitor Farm meetings are open to all farmers and a steering group has been set up not only to give guidance to Cragg Top Farm but also to decide on the areas where other farmers want to gain further knowledge and skills.

Interest in the on-farm events has been very high. An original target of attracting at least 30 farmers per event has been far exceeded with between 50 to over 100 people attending, demonstrating that this approach has been a very useful way to reach out to hill farmers.

45. The Government recognises that demonstration farms have a valuable role to play in helping farmers receive practical advice and guidance, and that "farmer to farmer" dialogue is an important feature. At present, the connections between different demonstration farm initiatives are not as good as they could be and, in response to the Taylor Review suggestion that the Government should use/promote them more, we will look for opportunities to bring about greater cooperation and networking between the various demonstration farm initiatives, including those in the uplands. **We will also look at the use of such farms in the wider context of advice to farmers, as part of our SRP goal to support and develop British farming.**
46. Locally based farmer-led initiatives to help knowledge transfer are already successfully helping the industry to share good practice on farm management for ecosystem services; for example the 'Flora of the Fells' project in Cumbria.
47. The Government is also considering the possible development of demonstration farms to showcase measures to adapt to the impacts of climate change. Examples of best practice in upland farming are those currently promoted by National Park Authorities; Water Company-led schemes (e.g. SCaMP, led by United Utilities); and one of Defra's recently started Demonstration Test Catchments in Cumbria (River Eden).

Supporting England's Hill Farmers

48. An early examination of this issue has shown that individuals and organisations running demonstration farms would welcome better strategic engagement with Defra. Work is underway to establish what use demonstration farms can be and what they do, how effective they are in engendering behaviour change, whether the existing networks offer reasonable quality, what additional Government activity is required (e.g. incentivising, providing information), and whether there is an opportunity for engaging more with demonstration farms in achieving policy objectives.

Moving up the value chain

49. As noted in paragraph 18, above, the better performing sheep farms sell more finished lambs than stores. There are also opportunities to develop new niche markets to add value to livestock products produced in the uplands under the EU Protected Food Names Scheme, which incorporates Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) and Traditional Specialities Guaranteed (TSG) products. For example, Beacon Fell Traditional Lancashire Cheese already has PDO status and Lakeland Herdwick Lamb, West Country Beef and West Country Lamb are awaiting final PGI clearance from the EU. This is another way for hill farmers and associated meat and dairy businesses to add value to their products and improve their profit margins.

Reducing the burden of regulation

50. Farmers have often expressed concern that regulatory controls on the identification and movement reporting of cattle and sheep are confusing and unnecessarily burdensome. Sheep farmers also currently have to implement the changes associated with the introduction of electronic identification for sheep at the beginning of 2011. Since livestock farming is the major agricultural activity in the uplands, these regulations have a particular significance for hill farming businesses.
51. Similarly, although many animals are moved away from the hills for finishing and slaughter, to become more competitive those hill farmers who wish should be able to move up the value chain and finish their stock to improve profitability. However, there is concern in the industry that the cost of meat hygiene controls on small abattoirs, many of which serve hill farmers, mean that they are no longer viable and the nearest abattoir is to be found far away, it will become more costly for hill farmers to finish their stock competitively.
52. The Government established the independent and industry-led Farming Regulation Task Force to consider how to reduce the burden of red tape preventing farmers from getting on with the business of producing our food and managing our countryside. The Task Force has been challenged to make recommendations that will change culture in both Government and business. In the area of livestock identification and movement, the Task Force was asked to consider how this area of regulatory control might be simplified without compromising essential safeguards intended to reduce the spread of disease and the traceability of animals. The Task Force is also considering the burden that inspections, including meat inspection, place on farming and that they are carried out efficiently and, as far as possible, using a risk-based approach.
53. To inform its thinking the Task Force has consulted the farming industry extensively, including those working in the English uplands. The Task Force is expected to report in spring 2011, and is likely to argue for a focus on outcomes (rather than process), risk-based solutions and proportionate inspection/enforcement. Although it is too soon to speculate on its specific findings, we anticipate that the Task Force will think beyond 'traditional' regulation and enforcement, while maintaining our high public, safety and environmental protection standards. **The Government's future development and implementation of policy on support for hill farmers will take into account the Task Force's recommendations.**

54. It is the Food Standards Agency (FSA) that provides official meat hygiene controls in slaughterhouses, and between November 2010 and February 2011 the Agency consulted on proposals to introduce full cost recovery for this service, while continuing a percentage reduction in charges for smaller slaughterhouses and ongoing reduction in overall costs.

Ensuring Agri-environment schemes are accessible to all hill farmers

55. Uplands ELS – a new strand of Environmental Stewardship developed specifically for farmers in the Severely Disadvantaged Area – was introduced under the previous administration. The first agreements started in July 2010 and will run for five years. We believe that Uplands ELS is a valuable addition to Environmental Stewardship, and provided one-to-one advice to help farmers join. We have already taken steps to improve its effectiveness to ensure that it is accessible to upland farmers and delivers real environmental benefits. However, while we note the progress to date, will be looking for it to continue to demonstrate greater benefits to farmers and our upland environment over the coming years.
56. We believe that Uplands ELS has an important role to play in rewarding farmers for delivering environmental and landscape benefits in some of our most cherished landscapes. And the very positive uptake we have seen since the launch of the scheme means that already more upland farmers are benefiting from Uplands ELS than we had originally expected. At the time of publication, there were 4,671 applications for UELS of which 4,030 are live agreements. **We want to see Uplands ELS continue to grow, and we will ensure that funding is available within the 2007-13 RDPE to allow all SDA farmers to enter the scheme.**
57. **We are keen to make sure that farmers remain engaged with Uplands ELS, and will continue to work with farming bodies to address any barriers which may prevent uptake from rising even higher.** We have already taken steps to address some early teething problems with the scheme. We have promoted the use of the industry-led Tenancy Reform Industry Group guidance, to help tenants and landlords have productive discussions around how to enter land into Uplands ELS. We have reviewed how the scheme works for tenants on Inheritance Tax Exempt estates to ensure that they are able to access the scheme. And we have reviewed the way in which commons applications are handled, from the process of setting up a commoners' association, through the commoners' initial contact with the Rural Payments Agency to map the common land onto the Rural Land Register, to the issuing of agreements by Natural England. We have simplified some of the processing steps which were causing delays, and we have worked with both Natural England and the Rural Payments Agency to **update the existing Uplands ELS guidance to make it even clearer what commoners need to do to ensure their applications are processed as quickly as possible.** We want to see common land continue to enter into Uplands ELS: already we have 165 applications of which 123 are live agreements and wish to see this increase.

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Belted Galloway cattle controlling the growth of vegetation on Dartmoor.

58. The early uptake of Uplands ELS is extremely encouraging, and we will keep progress under review, both to ensure that the scheme is delivering the environmental benefits we are seeking, and that it remains accessible to all hill farmers. To this end, we have started a comprehensive monitoring and evaluation process for Uplands ELS to help us understand what farmers think of the scheme, what it is delivering and its wider impacts. **Initial results from this evaluation work, including analysis of option uptake and farmer survey views will be available in Spring 2011.** This monitoring will allow us and agreement holders to understand the environmental benefits that Uplands ELS is bringing to the public, and will also help us to identify any problems that are occurring and take early action to rectify them. The results from the programme will allow us to keep Uplands ELS under review and address any problems as they emerge. A more comprehensive review of the scheme will take place towards the end of the current Rural Development programme, as we look towards the next Programme following reform of the Common Agricultural Policy.
59. Uplands ELS is only one part of the support we provide through agri-environment schemes to reward upland farmers for the environmental benefits they can deliver. A large proportion – around 40% – of the uplands is still managed under historic agri-environment schemes (the Environmentally Sensitive Area and Countryside Stewardship Schemes), including some of our most iconic upland landscapes. To reward these early adopters of agri-environment schemes, we will maintain the Uplands Transitional Payment until these historic agreements expire, to ensure that those who were the first to take up agri-environment do not lose out.
60. And as the historic agreements expire, between now and 2014, we will seek to ensure that a very high proportion of this land will transfer to Entry Level Stewardship or, where appropriate, Higher Level Stewardship. This will allow the high level of environmental benefits these landscapes have provided over the last 20 years to be maintained, and the farmers to be rewarded for their role. The positive outcome from the Government Spending Review, secured by Defra, will allow Higher Level Stewardship to continue to grow by over 80% between 2010 and 2014, delivering significant benefits for biodiversity and the natural environment.
61. **Natural England has the key role to play in delivering successful environmental stewardship schemes in the uplands and will continue discussions with land managers and other stakeholders in all of England's upland areas, to explore how they can best work in partnership to deliver multiple benefits from uplands areas.**

62. At the same time, we will make sure that Environmental Stewardship agreements are as effective as possible. There is much that they have achieved to date, however there is also a recognition that they can do more, for example, through greater targeting and improved focus on the delivery of environmental outcomes. Carefully targeted landscape scale action also has the potential to achieve increased environmental benefits, compared to untargeted approaches, simultaneously maximising the scope for agricultural production alongside the delivery of environmental benefits. The Natural Environment White Paper, due to be published later this spring will set out some of the steps that Defra will take to make the most of Environmental Stewardship schemes, and ensure they are delivering outcomes over and above the regulatory baseline.
63. As part of this work, we will be specifically considering aspects of both Entry and Higher Level Stewardship. In addition, we will be looking at ways of increasing the focus on outcomes from the schemes and of increasing collaboration between land managers undertaking Environmental Stewardship. In the latter case in particular, we will be able draw on experience with Stewardship agreements on upland commons under Uplands ELS and HLS, which require commoners to work together. Delivery of Environmental Stewardship, particularly HLS, through local cross-sector partnerships developing and delivering shared objectives is an example of collaboration which is already occurring in several areas – for example with the Dartmoor Vision, and through the Lake District National Park Partnership Plan. There may be scope to develop this locally-based approach further to meet the needs of local communities, and provide a good alignment between local land management and the local environment.
64. The landscapes of the uplands have been fashioned by both man and nature, and they contain some of our premier archaeological sites and historic assets. Many are of international, as well as national, importance. This is recognised in their relatively high concentrations of Scheduled Monuments. A number of organisations work together with land users to manage these sites, including Natural England, English Heritage and the National Trust, with funding support for the management of the historic environment from both the RDPE's stewardship agreements and from the Heritage Lottery Fund's (HLF) grants for Landscape Heritage Partnerships and for traditional craft skills such as dry stone walling, in addition to other partner funding sources. Some £44 million has so far been awarded by HLF to 46 Landscape Partnerships for schemes which must deliver across the following outcomes: conserving or restoring the built and natural features that create the historic landscape character; increasing community participation in local heritage; increasing access to and learning about the landscape area and its heritage; and increasing training opportunities in local heritage skills.

The Dartmoor Vision – collaboration around the “bigger picture”

The Dartmoor Vision was created through a collaborative process intended to provide guidance to hill farmers on their contribution to managing natural and historic resources on the moorland. It had its origins in a report setting out the issues facing hill farmers in 2002, shortly after the devastation caused by the outbreak of Foot and Mouth. The Dartmoor National Park Authority commissioned the report and then appointed an independent facilitator to take forward its recommendations. In the course of this process, a very wide range of interested parties has been involved, notably the Dartmoor Commoners' Council, Natural England (and its predecessors), Defence Estates, English Heritage, Environment Agency, Duchy of Cornwall, RSPB and South West Water.

Discussions with hill farmers, enabled by the Dartmoor Commoners' Council, endorsed the recommendations and identified two reoccurring themes:

- Farmers thought that potentially conflicting land management was demanded from different statutory agencies, especially from archaeologists and ecologists.
- Farmers wanted to have a role in securing a long term future for farming in the uplands.

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A review of all the relevant statutory agencies found little evidence of conflicting advice or objectives, but there were variations in language, often leading to poor communication. The Vision process began by securing agreement between all the agencies on what they wanted the moorland to look like in 2030, while a separate process addressed the archaeological aspects which are so important on Dartmoor. The results of both strands were mapped and brought together to create the Vision. Prior to its publication in 2006, in the form of a map, the Commoners' Council arranged for local farmers to test its credibility, as a result of which it was immediately endorsed by the farming community who claimed it was the first time that they understood the "bigger picture" of the multiple outcomes being asked of land management. The Vision now helps to guide Environmental Stewardship applications in Dartmoor.

The initiative continued as a partnership between the farmers and statutory agencies and, in 2010, evolved into Dartmoor Farming Futures. Work is now underway to see if the "vision process" can be applied to the other public benefits provided by Dartmoor's moorland. Maps showing the areas of greatest value for public access, water catchments and carbon storage will be merged with the existing Vision to provide guidance to farmers on which ecosystem services they should prioritise when managing the land. This work is also informing the development of an innovative approach to agri-environment delivery: hill farmers on two commons are currently designing a new approach predicated on agreeing outcomes, linked to the Vision, while enabling the farmers to contribute their experiences and skills to determining the necessary work. This is intended to improve farmer "ownership" of the scheme, another issue identified in the 2002 report. The results of the pilot will be available later in 2011.

Commons councils

65. About 14% of the LFA is common land² – but 37% of land above the moorland line. Recent research³ suggests that upland commoning is fragile – livestock numbers have been reduced through a combination of agri-environment scheme incentives, declining profitability, foot-and-mouth disease culls in 2001, and an ageing commoner population. Smaller numbers of sheep also threaten the sustainability of the hefting⁴ system, and the availability of labour to engage in communal management of hill flocks. Research also suggests that the costs of re-establishing hefts can be prohibitive without assistance. Some of these factors also generally apply to hill farming but the practice of hefting is particularly relevant to common land. Fewer young people are interested in shepherding on the fells and moors, partly because of the rigorous conditions and poor profitability. So upland commoners are both reducing in number, and growing older.
66. Most upland commons have been managed, often for generations, through informal networks of commoners (while in earlier times, the lord of the manor exercised management responsibility through manorial tribunals, few of which survive). But with declining numbers of commoners and commoning livestock, some upland commons now lack effective management mechanisms. Decline in traditional management can lead to commoners exercising their rights independently of each other, leading to deterioration of common and, in some cases, to overgrazing or undergrazing and consequent harm to the soil and vegetation, and so to the landscape, biodiversity, and productivity.
67. Part 2 of the Commons Act 2006 enables commons councils to be established for commons, or groups of commons, to enable commoners, landowners and other interests to work together through a formal statutory mechanism to better manage the common. Commons councils

² Common land: unenclosed land owned by one person, but subject to grazing rights held by hill farmers with holdings close to the common.

³ Trends in pastoral commoning, Natural England, 2009

⁴ Hefting is the inculcation, in a native breed of sheep, of an instinct for its own territory: without hefting, sheep would be inclined to stray from unfenced commons

will be able to manage their own affairs by majority voting, so relieving the difficulty of reaching unanimity among the collective interests. Councils will be able to enter into Environmental Stewardship, and make rules, similar to byelaws, to enforce adherence to good commoning practice and the terms of the agreement. Defra and Natural England are currently working with local groups of commoners in Cumbria, Bodmin Moor and Brendon Common (Exmoor) to work up proposals for up to three pioneer commons councils. We expect, in response to one or more robust proposals put forward by these or other candidates, to encourage the setting up of at least one commons council in 2011-12, with up to two further councils if a good case can be made.

CAP Reform

68. The Common Agriculture Policy (CAP) needs to help prepare Europe's farmers for the challenges to their competitiveness and sustainability which they face. The next financial perspective (2014-2020) provides an opportunity to deliver the ambitious CAP reform needed to meet these challenges.
69. The Commission published its Communication 'The CAP towards 2020' on 18 November 2010. It focussed on restructuring the 2 pillars and embedding sustainable support. The Commission's preferred approach could include a basic income payment, a compulsory supplementary green payment, and options for Member States to voluntarily offer limited payments coupled to production, to make additional payments in areas of specific natural constraint. Agri-environment payments, and the option of support for Less Favoured Areas, would remain part of pillar 2.
70. Hill farmers' incomes are currently highly dependent on direct payments, to a slightly greater extent than other farmers, which are larger than their other forms of income. This is an unsustainable situation which needs to change. Farmers themselves would much rather be paid for their agricultural products and the wider environmental services they provide, than have to rely on EU subsidy. European taxpayers are unlikely to agree to fund the CAP at its current size in future and political realities mean that a greater share of what remains is likely to be allocated to newer member states who have disproportionately low receipts at present. As part of decisions on how to implement the CAP, Government will need to consider how best to distribute the available funding. But, like other farmers, UK hill farming businesses will need in future to make a greater proportion of their income from selling their produce and other services, as well as through the provision of public goods such as those provided under Environmental Stewardship or in response to private or other funding. Further trade liberalisation under a Doha development deal or bilateral Free Trade Agreements (FTAs) is also expected to lead to a more competitive market for livestock products – those most typically farmed in the uplands – over the next decades. The net result will be further pressure on hill farmers to improve their competitiveness.
71. We are therefore concerned that the Commission's Communication does not map out a clearer route through which farmers, and in particular hill farmers, can improve their competitiveness so as to meet the coming challenges. Even higher – albeit more targeted – subsidies are not the answer. Farmers need help to cut their input costs – not least, those relating to the costs of complying with the CAP's own requirements – and to increase the income they generate from the market. There are some modest proposals on these lines in the Commission's proposals – for example, on quality labelling and a stronger role for producer organisations – but the UK will be arguing that the CAP needs to do much more to tackle the fundamental gap between what farmers earn from farming and what it costs to produce.

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72. The CAP should give farmers adequate payment to secure the provision of public goods beyond those the market provides. These goods are best delivered through CAP Pillar 2 initiatives and we would like to see all types of farming taking advantage of the opportunities available: this is where CAP expenditure provides its clearest value for money. We would like Pillar 2 to have a greater proportion of funding within the CAP budget and given hill farmers utilise this type of funding, this would allow them to optimise the opportunities of Pillar 2 initiatives. The development of alternative funding mechanisms that reward upland land managers for the supply of ecosystem services may also be required. The ability to combine any new private funding streams with public funding streams such as agri-environment will help land managers realise the potential of ecosystem service provision within their businesses, particularly if this can be done in an integrated and relatively simple way.

Less Favoured Areas

73. The Less Favoured Area (LFA) designation is an EU classification of land considered at a disadvantage. In the UK, it is not used for policy purposes, with both Single Payment Scheme and agri-environment differentials being based on the domestic Severely Disadvantaged Area classification in recent years. The European Commission is currently carrying out a review of the designation with a view to removing the current differences in designation approaches across the EU, and introducing a set of common biophysical criteria for all Member States to use.
74. We are broadly supportive of this move, and particularly the aims of creating a level playing field for designation of LFA across the EU and of removing the current use of socio-economic criteria in designation. Our priorities for England are to ensure that any designation fully captures the land that we think is genuinely naturally handicapped, including that affected by the UK maritime climate. We are continuing to work with both the Commission and other Member States to ensure that this is the case.
75. The European Commission are currently considering the future of the Less Favoured Area measure – currently only used in England to pay the Uplands Transitional Payment – as part of the development of Common Agricultural Policy reforms. The Commission Communication published in November 2010 set out that the LFA measure would remain in Pillar 2, but indicated that an element of LFA support may be contained within the Pillar 1 direct payments structure. We support the retention of the LFA measure within Pillar 2 and believe it should also be focussed on delivery of environmental benefits. However, any decision on whether and if so how to use the designation or measure in future would need to be taken as part of wider consideration of a future Rural Development Programme within England.

76. There is growing evidence of the value of the natural environment and the diverse range of benefits that it delivers to society. These benefits are all the more important in the context of changing pressures on the upland environment, such as that of climate change. Our uplands are endowed with natural assets that are important for delivering a range of these valuable “ecosystem services” including food, wood and energy, water regulation, climate regulation through carbon storage and sequestration, recreational opportunities and cultural services that contribute to health and wellbeing. As we come to understand this better, the Government wants to see new opportunities open up to better capture this value and return it as income to those who manage the land on which these assets are found.

Upland habitats: some key facts

The English uplands cover 2.2 million hectares, or 17% of the land area of England – an area larger than Wales. They contribute to the local economy through livestock grazing and grouse shooting, and provide a wide range of other ecosystem services, including recreation. For example, the uplands provide about 70% of the UK’s drinking water and store about 40% of our soil carbon, mainly in upland peat soil which holds nearly 300 million tonnes of carbon – more than all the trees in the UK and France put together. Upland areas buffer water quality against the effects of diffuse and point source pollution, and help regulate flooding downstream. In addition, they are important cultural landscapes and are of great importance for biodiversity, with a large part under national and international designation for conservation.

Publication of the UK National Ecosystem Assessment in spring 2011 will provide an assessment of changes in the state and trends of upland habitats and evidence on the values associated with these changes.

Payment for ecosystem services

77. Payments for ecosystem services can offer one such innovative mechanism to return more income to those who manage these public goods. These are payments to land managers and others to undertake actions that increase the quantity and quality of desired ecosystem services. Payment schemes can be government financed (Environmental Stewardship is a good example) although there are also increasing opportunities for engaging new financing streams including private sector involvement that link more closely the beneficiary or user of the ecosystem services with the provider. A good example of this is downstream urban water users paying for watershed management on upstream land.
78. Hill farmers and land managers in the uplands are potential ‘providers’ or suppliers of a range of ecosystem services, whose delivery can be enhanced through changes to land management practice. These services include:
- Improving water quality through reductions in diffuse pollution upstream
 - Managing upstream land for flood mitigation
 - Carbon storage (for example, on peat uplands)
 - Biodiversity conservation
 - Cultural ecosystem services which include recreational benefits

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In the latter case, the uplands offer “natural health services” through the opportunities they provide for people to exercise and enjoy themselves. It is known that access to green space and the natural environment plays a valuable role in sustaining people’s physical and mental health and wellbeing, and that it can contribute to their recovery from illness. The Government is keen to encourage more people to benefit from the health and wellbeing potential of our green spaces, including the uplands.



Walkers enjoying the Dartmoor landscape.

80. The potential beneficiaries or users of these ecosystem services could include:
 - water companies and their customers – improving water quality
 - local residents – interest in reduced flooding
 - insurance companies – interest in reduced flooding
 - recreational users – interest in enhanced recreational opportunities
 - conservation groups – interest in enhanced wetland habitat
 - wider society – interested in landscape and biodiversity conservation
81. A number of pilot schemes of ecosystem service delivery are already underway which will help in learning lessons for best practice and design. For example, Natural England launched three Upland Ecosystem Service Pilots at the end of 2009 in Cumbria, Yorkshire and South West England. The pilot projects aim to demonstrate how provision of a broader range of ecosystem services, including water quality, flooding and carbon storage, can be turned into genuine business opportunities in the future by adopting an approach based on valuing ecosystems and payment for ecosystem services (see box below). Key to success is approaching the issue on a landscape or catchment scale.

Delivering Nature's Services – Pilot Projects in the English Uplands

Natural England is currently taking forward pilot projects to test the ecosystem services approach in three upland pilots. The three pilots are located in the Bassenthwaite lake catchment (Cumbrian Lake District), the South Pennines National Character Area and the south west uplands (Dartmoor and Exmoor). The goal is to investigate, through practical implementation, how the ecosystem approach might work in real places. A significant aspect of each of the areas is that in addition to Natural England's interest in developing a landscape scale approach to its business, the local water companies have begun to look at catchment scale management solutions to water quality problems, rather than focusing on 'end of pipe' treatment.

By working closely with these catchment management projects and bringing in a range of other partners who represent ecosystem service providers, statutory regulators and beneficiaries, the range of ecosystem services being considered has been expanded beyond water. A range of options have been developed that are predicted to enhance the provision of a wide range of ecosystem services: carbon storage, clean water provision, biodiversity, recreation and access. The land management changes will now be implemented through existing initiatives, such as agri-environment schemes. New agri-environment agreements in each of the areas will be negotiated with land managers on the basis of these agreed priorities for ecosystem services. It is hoped that these agreements will be complemented by other investments from other funding sources. In the Bassenthwaite area there is also a trial initiative which is looking at how a voluntary tourist payment might be used to fund land management (see text box below).



Bassenthwaite Lake in Cumbria.

82. There are a number of challenges in taking forward payment for ecosystem services. There is a need to understand better what rural communities, the public and business want from our upland ecosystems. Improving scientific understanding to implement payments for ecosystem services is another key challenge. And we need better understanding of how specific land management actions can deliver the ecosystem services required.
83. Peatland restoration is of considerable interest in this context: the box below provides an interesting case study. There are however a number of delivery challenges: restoration (for example, the blocking of moorland gullies and grips) is expensive, and both public and private funding will be important in delivering peatland restoration on a significant scale. Our knowledge of peat is growing, but further evidence will improve our understanding of the greenhouse gas emissions and removals from peatlands and the impact of restoration activities. Better evidence could also enable new policy options and funding streams, such as carbon finance, to be developed.

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The Peatscapes project

The North Pennines AONB Partnership's *Peatscapes* project is conserving the internationally important blanket peatland resource within the AONB and promoting peatland conservation at the local, national and international level. The project was established in 2006, with £3 million of support from private business, charitable grants, local and central government. The North Pennines AONB Partnership has since worked with land managers to restore 212 km² of drained blanket bog, installing 100,000 peat dams to slow the flow of rainwater from the moors.

This restoration activity makes a significant contribution to improving SSSI condition and UK Biodiversity Action Plan (BAP) targets and also aids the continued storage of 45 million tonnes of stored soil carbon. Safeguarding the blanket bog through the headwaters of four major rivers may make a contribution to flood risk reductions in downstream areas and reduce diffuse freshwater pollution. This landscape scale restoration also provides the confidence needed to sustain local livestock enterprises, sporting recreation businesses, and specialist restoration contractors. Ongoing monitoring and research programmes are helping to clarify the scale of these ecosystem benefits.

84. A crucial principle of payments for ecosystem services is that it meets the 'additionality' criteria. Where upland land is already receiving agri-environment payments, there may also be scope to combine public and private funding for ecosystem service delivery for what are typically jointly delivered services.
85. More generally, over the last year, Defra has been developing the evidence base for payments for ecosystem services⁵. In October 2010, Defra published a short introduction paper on payments for ecosystem services. We are following this up with more detailed analysis, exploring the key analytical principles, challenges and opportunities for its use in England. This will include analysis of the challenges and opportunities for payments for ecosystem services in upland areas, evidence which is also feeding into the development of the Natural Environment White Paper to be published in Spring 2011. To take all of this a stage further, **Defra will hold an expert workshop later in 2011 to explore and review the opportunities and challenges for the use of payment for ecosystem service approaches, including in upland areas.**
86. Where land has more than one function, there is a key challenge to allow for fully integrated policy. This includes breaking down silos between institutions that have responsibility for different land use policy. Other examples of institutional challenges have been highlighted in water related payment schemes such as SCaMP. Here, early schemes focused only on investment in land management activities on land that water companies own. However, changes through the Water Industry Pricing Review (PR09) allowed water companies to invest in assets and land they do not own.

Forestry and Woodland

87. Woods and forests cover 11% of England's uplands, with 23% of England woods and forests in the uplands. Forestry in the uplands can contribute to water management and quality: a good example of which is Slowing the Flow, the Pickering Beck flood alleviation project. Native woodland helps to create upland habitat networks and could usefully play a greater role through woodland creation and management in the future.

⁵ For further details see: <http://www.defra.gov.uk/environment/policy/natural-environ/documents/payments-ecosystem.pdf>

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88. More woodland creation of the right tree in the right place and more sustainable forest management as parts of viable land-based businesses can provide significant benefits both to society as a whole and to upland farmers – helping to achieve greenhouse gas reduction targets, managing water, enhancing biodiversity, increasing woodfuel and timber production, and providing new sources of income from wood products and leisure.
89. Forestry Commission England’s Woodland Carbon Task Force is working to put in place the conditions for a step-change in woodland creation and woodland management using private finance. Farming organisations are included on the Task Force, which will enable private investment in woodland creation that reflects the potential for forestry to reduce greenhouse gas emissions and enhance other ecosystem services. This will provide upland farmers with new possibilities for diversification of their land management role.
90. The Government would like to see forestry and farming be further integrated both in terms of land management and in terms of markets, skills, and employment. Woods can be managed as integral parts of viable land-based businesses. Forestry provides farmers with opportunities for business diversification, for example through farm-based woodfuel drying, pelleting and processing facilities; other value adding enterprises using local wood; and leisure businesses based around woodland.
91. Forestry can also help improve farm businesses: for example by reducing the inputs required on unproductive land, shelterbelts, separating stock to reduce disease transmission, and helping to achieve targets for reducing carbon emissions.
92. The Government has recently announced that an independent panel of experts will consider forestry policy in England and report back to Ministers in the autumn. The Panel will advise Ministers on the future direction of forestry and woodland policy in England, on the role of the Forestry Commission, and on the role of the Public Forest Estate. The Panel will include representatives of key environmental and access organisations alongside representatives of the forestry industry.

Managing uplands for biodiversity and recreation

93. The uplands are important for biodiversity and comprise a variety of different habitats. Seventeen of the UK Biodiversity Action Plan priority habitat types are found in the English uplands (including blanket bog, limestone pavement, upland calcareous grassland, upland heathland and upland oakwood) occur in the English uplands. They support internationally important species including breeding birds as well as playing a role in conserving the genetic diversity of farmed animals (cattle, sheep, and equine breeds) – an obligation under the Convention on Biological Diversity. Upland habitats are intrinsically fragile and can take a long time to recover from damage.
94. Management of moorland for grouse shooting has been carried out for over 150 years and provides a valuable habitat for a variety of species. Managed through appropriate rotational burning, safeguarded heather moorland produces a wide range of benefits. More than 80% of English grouse moors fall within a National Park or Area of Outstanding Natural Beauty and are popular for outdoor pursuits. Upland grouse moors also bolster the economy of hill areas by attracting tourists and boosting tourism-related revenue. Income generated from grouse shooting supports future land management, remote rural communities and the maintenance of traditional moorland skills.

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95. Grazing levels and moorland burning are activities with an important impact on biodiversity. Grazing is about achieving a delicate balance of the right animals in the right place at the right time. Over- or under-grazing impacts on habitat condition and vegetation type and structure as well as soil compaction (leading to erosion, run-off etc) which have a significant impact on the local ecosystem and thus biodiversity. Native breeds of beef cattle can have a role to play in the regeneration of upland habitats to control biomass and encourage germination of dormant seeds through poaching. Appropriate burning of heather is used in order to maintain cover for grouse and other birds, as well as allowing new shoots to come through, which provide food for birds and other animals and sustain a variety of wildlife. Unfortunately, it is this burning – if badly managed – which also leads to negative consequences including habitat degradation and damage to the land and loss of peat. **Natural England has been working with the Moorland Association, as well as with other stakeholder groups, to establish the most appropriate moorland management regime to deliver multiple objectives and the Government welcomes this initiative.**
96. Twenty-seven per cent of the area of the uplands are notified as a Sites of Special Scientific Interest (SSSI). This means that there is regulation to protect a particular species or habitat in that area. The Government met its commitment to ensure that 95% of SSSI area in England was in favourable or recovering condition by the end of 2010. There were 97.8% of the area of upland SSSIs falling within these categories. These will provide upland bog, heathland, grassland, and woodland habitats that support species such as small white orchid, juniper, black grouse, ring ouzel, hen harrier, twite, otter, adder and the northern brown argus butterfly. Upland SSSIs are also important for food production, carbon storage and climate regulation, flood management, and water supply, as well as providing inspirational landscapes.
97. While SSSIs are useful indicators, they are designed to protect particular features and do not necessarily look to protect the environment or landscape more holistically. This is recognised and there is work underway in Defra and Natural England to consider it further, including as part of our response to the independent review of England's wildlife sites and ecological network, chaired by Professor Sir John Lawton (and published in September 2010). This concluded that England's collection of wildlife areas (both the legally protected areas and others) did not represent a coherent and resilient ecological network that would be capable of responding to the challenges of climate change and other pressures.
98. The final report of the review set out some guiding principles and 24 recommendations as to how a coherent and resilient ecological network might be achieved. The review summarised what needed to be done in four words: "more, bigger, better and joined". In addition the pressures on wildlife need to be reduced by improving the wider environment, including buffering sites. The review concluded that the first priority must be to enhance the quality of our remaining wildlife habitats. The Government will publish its response to the recommendations in the Natural Environment White Paper.

National Parks

What is happening now?

99. There is a very strong physical link between the English uplands and our National Parks. Almost two thirds of our uplands lie within a National Park (NP). This degree of overlap makes it appropriate to consider the role of NPs and the contribution which can be made by the authorities which manage those areas.
100. The statutory purposes of National Parks, for which they are designated, relate to conservation and recreation. The conservation purpose, more fully, is that of "conserving and enhancing

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the natural beauty, wildlife and cultural heritage” [Environment Act 1995]. That purpose cannot be fully delivered without a holistic approach to the area which, for example, ensures that there are vibrant communities and promotes good farming practice. The five-yearly Management Plans for each National Park (which are already a statutory requirement) set out how the National Park Authority and its partners intend to deliver the National Park purposes. These plans will typically cover a very wide range of measures, spanning for example: land management; access; social integration; economic development; affordable housing; community cohesion; community-led planning; volunteering; tourism; sustainable development; and so on.

101. While National Park Authorities are not the only statutory bodies within an area, they might be best placed to act as convenors and facilitators for a range of efforts to further support upland farming and their surrounding communities.
102. Integrated delivery of upland land management, particularly the delivery of agri-environment schemes locally, is being delivered in a number of National Parks. These partnerships bring together various government and NGO suppliers of advice for farmers on the schemes in a “single shop front” approach, which helps simplify access to these schemes for farmers. Various forms of ELMS (Environmental Land Management Service) operate in partnership in the Peak District, Lake District and Yorkshire Dales National Parks.

What we will do

Governance

103. The governance arrangements of National Park Authorities are currently being reviewed – this reflects a commitment in the Coalition Agreement and is designed to ensure that they all have structures which suit their circumstances and which make them as locally accountable as possible. In the case of the uplands this will make them still better able to contribute in line with the emphasis given by the CRC in their report. An agreed list of improvements to the governance arrangements in each National Park Authority will be published by the end of March 2011.

The Role of English National Park Authorities

104. In March 2010 a Government *Vision and Circular for the English National Parks and the Broads* was published⁶. The Circular set out that in order to demonstrate early progress towards delivering the Vision, the Authorities and key partners needed to work together to focus on achieving the following key outcomes in the next five years:
 - A renewed focus on achieving the Park purposes
 - Leading the way in adapting to, and mitigating climate change
 - A diverse and healthy natural environment, enhanced cultural heritage and inspiring lifelong behaviour change towards sustainable living and enjoyment of the countryside;
 - Foster and maintain vibrant, healthy and productive living and working communities;
 - Working in partnership to maximise the benefits delivered.
105. We believe that the vision and the circular continue to remain a relevant statement of government policy and we encourage National Park Authorities to continue to adopt these objectives for upland farming and for their wider purposes.

⁶ <http://www.defra.gov.uk/rural/documents/national-parks/vision-circular2010.pdf>

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106. In its June 2010 report the Commission for Rural Communities made a specific recommendation in respect of the socio-economic duty which National Park Authorities have. This is subordinate to their conservation and recreation purposes – the legislation, inserted by 1995 Environment Act S 62, says that:
- “A National Park authority, in pursuing in relation to the National Park the purposes specified in subsection (1) of section five of this Act, shall seek to foster the economic and social well-being of local communities within the National Park and shall for that purpose co-operate with local authorities and public bodies whose functions include the promotion of economic or social development within the area of the National Park.”*
107. The CRC recommended that this duty should be upgraded to become a full third purpose sitting alongside the existing conservation and recreation purposes⁷.
108. The Government has carefully considered extending the scope of the National Park purposes and has reviewed the responses to the Governance Review of the National Parks. We recognise that National Park Authorities already have a socio-economic function, which means that they are expected to deliver socio-economic benefits when pursuing their purposes and work in cooperation with local authorities and others who have the prime socio-economic responsibility. We also recognise that National Park Authorities already engage in socio-economic activities, for example running training courses in rural skills or advising small businesses. Indeed, it is hard to envisage the existing purposes of National Park Authorities being effectively delivered without their also being active on the socio-economic front.
109. **The Government has therefore concluded that there are no overwhelming arguments for adding a socio-economic purpose. However, the National Park Vision and Circular are based around the premise of sustainability (each of the National Parks already fund sustainable development), and supporting sustainable development is inherent in what they do. The Government thinks that it may therefore be appropriate to change the legislation to reflect the importance of sustainable development. We will consult widely to seek views on this proposal.**

Tourism

110. Tourism plays a vital and multi-faceted role in the uplands, and both its impacts and potential benefits have yet to be fully explored or understood. It is clear, however, that the natural assets of the uplands are what draws people to them and that this both contributes to the local economy and imposes a cost on their upkeep.
111. Visitors to the Peak District National Park, for example, contribute a net additional income to the East Midlands regional economy of £155m a year, the result of 12.8m visitor days per annum. The direct impact on the Yorkshire and Humber Region of visitors into its National Parks was £660m (£400m within the Parks themselves) in 2006. What is less clear is how much is spent overall by both private and public land managers in maintaining the upland landscapes that visitors come to enjoy, let alone how much of the income from tourism finds its way back into the hands of those who provide these “ecosystem services”.
112. The Government believes that farmers and land managers should be able to benefit financially from this important role. Hill farmers can, of course, generate their own income from tourism by marketing local products or diversifying to provide accommodation or attractions for visitors.

⁷ CRC recommendation 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.

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Over 50% of England's farmers have diversified in one way or another and, while it can be more of a challenge for upland farmers to do this because of their location, the demands that their day job places upon them and, in some cases, their status as tenant farmers, many have done so successfully and many more could if given the right advice and support. That is one of the outcomes we will be seeking from the implementation of the new business support arrangements outlined in paragraph 152 below.

113. A further, less direct means of generating income that could be channelled back to farmers and land managers, as well as to others who contribute to the upkeep and utility of the uplands, is through local charges aimed at visitors: e.g. through car parking charges or through a local voluntary contribution scheme under which visitors are encouraged to pay towards the upkeep of their surroundings. Voluntary payments made by the visitor, for example a small amount payable on top of a restaurant or hotel bill (such as in the 'Nurture Lakeland' scheme in Cumbria – see box below), or a discount card that provides the visitor with benefits in return for an upfront fee, are examples which could be applied much more widely.

Nurture Lakeland: Tourism supporting land managers

Nurture Lakeland helps make the Cumbrian and Lake District tourism industry sustainable by creating ways for businesses and individuals to donate to conservation and environmental projects. It is a registered charity which currently has over 275 business members representing more than 1200 tourism businesses and holiday cottage owners across Cumbria.

One example of funding for uplands fell farming is the Herdy Fund. This was established to provide grants and funding to enterprises and organisations promoting the conservation of the Herdwick sheep and rural lifestyle associated with upland fell farming in Cumbria and the lakes.

The fund is used to support rural communities, make good use of Herdwick wool and care for the landscape. Business members of Nurture Lakeland are raising funds in a variety of ways, including selling an exclusive range of Herdy products which are available from hotels, guest houses and hospitality sector businesses.

The Lake District fells are enjoyed by millions of walkers every year but the high level paths can be surprisingly fragile and the sheer number of visitors leaves a mark on the landscape. The Fix the Fells scheme is a £5 million partnership scheme with the National Park Authority, Natural England, the National Trust, the Field Studies Council and the Friends of the Lake District to repair erosion scars which have developed over the years, and to make sure that these scars are prevented in the future by designing and creating paths that are resilient to wear and tear and reduce the impact on the surrounding landscape. The Heritage Lottery Fund 'matches' every £1 donated with another £2.

Since it was established in 1993 the Nurture Lakeland charity has raised more than £1.7m. Members can raise funds for a chosen conservation project in a number of different ways including:

Opt Out – similar to the optional service charge in restaurants. In this case a pound is added to a bill and if the guest doesn't want to pay they just cross the amount out.

Match Funding – Members can choose to match the funding raised from the opt out initiative – with some members doubling the amount raised.

Donations – Envelopes are left in guest bedrooms for donations to be made

Sponsored Products – Products sold where all or part of the revenue goes to the charity

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Some innovative ideas for raising funds are being used throughout the Lake District e.g.

- £1 – £3 per booking charged per stay at accommodation establishments
- Up to £5 per person for tour operators
- 50p on a 'signature' dish in a restaurant such as a regional dish
- 10p on an ice cream or ice lollipop at a cafe
- 20p on an inner tube at a bike shop

114. This is very much an issue for local decision, to be made in consultation with local residents, but the Government will welcome initiatives which aim to secure voluntary contributions to support those farmers and land managers who maintain and improve the landscape. National Park Authorities (NPA) and Areas of Outstanding Natural Beauty partnerships may be best placed to facilitate or deliver such practical initiatives designed to build new relationships between visitors to the uplands and the benefits they enjoy.
115. The Government also welcomes initiatives by the voluntary sector to achieve this goal. A pioneering example is The Prince's Countryside Fund, which was launched in 2010 as an innovative national cause-related marketing scheme to raise funds to support projects in rural areas across the country. Currently supported by major food retail and manufacturing businesses, during the course of 2011 the Fund will be working with the tourism industry and other businesses with a connection to the countryside to reconnect the public with the value of their countryside and support grassroots projects to improve its sustainability. **The Government supports this initiative and will work with the Prince's Countryside Fund on this and other innovative schemes to benefit upland areas.**
116. More broadly, the importance of tourism to growth in rural economies, including in upland areas, is reflected in the Government's recent Tourism Policy statement. Equally, of course, the Government is clear that any such growth needs to be socially and environmentally sustainable. **Defra and DCMS are, therefore, exploring the scope for new opportunities to support rural tourism, including in the uplands.**

117. The Government is committed to supporting and promoting rural communities everywhere, including in upland areas, by ensuring that the interests of rural people and places are reflected fairly in all policies and programmes; by enabling Local Authorities to serve the particular needs of their rural citizens through flexible and locally-relevant planning and delivery; and by empowering local communities to identify and address their issues and concerns.
118. Despite the fact that the majority, some 60%, of people who live in the English uplands live in urban settlements, the uplands are quintessentially rural areas displaying all of the advantages and disadvantages that characterise rural places throughout the country. These advantages include the spectacular natural beauty of the landscape, the peace and tranquillity of the surroundings, the wealth of flora and fauna, the clean air and water, the historic richness of the built environment, the close-knit and supportive character of the local communities, and the high overall quality of life that those who live there can enjoy. The disadvantages, at least for some, include the sparseness of the population and the greater distance from the main economic centres which increasingly house the essential public and private services upon which everyone depends; the difficulty of getting around without one's own private transport; the lack of even basic local amenities such as pubs, shops and post offices in many villages; the relative scarcity of work and low wages paid in those jobs that are available; and the lack of affordable housing and the cost of other essentials such as heating oil for the significant numbers who are not linked to the national gas network. In short, the uplands face all the challenges that characterise much of rural England, often to a greater degree than in other places, but they are also places with unique natural and human endowments which provide real opportunities to build a more sustainable future.
119. The strength of upland communities and their long track record of solving their own local problems through their own effort and initiative is a tangible example of the Big Society in action. Excellent examples exist in all upland areas, and this capacity to mobilise and exploit local skills, experience and energy is at the heart of the Eden Valley Big Society Vanguard, where it is central to efforts to address a range of local concerns.

Eden Valley Big Society Vanguard

The Big Society Vanguards are enabling different areas (Eden Valley, Sutton and Windsor and Maidenhead) to identify and take forward a range of local priorities in conjunction with some dedicated Government support and a commitment to help them overcome barriers where these are encountered.

The Eden Valley Vanguard comprises three communities – Upper Eden, Heart of Eden and Lyvennet – and is being led by the local MP, Rory Stewart. The Vanguard is addressing a range of local issues, including improving broadband access, providing new affordable housing, building new cycle paths, creating a new community centre, saving a village pub from closure, improving local transport services, generating energy from both hydro power and anaerobic digestion, developing new community plans, and devolving budgets to community groups.

While varying across the individual initiatives, good progress is being made overall, with, for example, the area being designated one of the 4 national rural broadband pilots; the housing scheme obtaining all the necessary funding and planning permissions; close working with the Council and local communities on a radical approach to neighbourhood planning, modelling the provisions in the Localism Bill; enlisting Environment Agency support for the community-led Bongate hydro power scheme; the communities exploring opportunities for making full use of publicly-owned transport assets in the area; and a viable business plan being drawn up to secure the future of the Butchers Arms in Crosby Ravensworth provided the necessary funding can be raised.

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In addition to improving the quality of life for people in these upland communities, the Vanguard is providing invaluable lessons about the barriers faced by local groups in trying to address their own needs and problems, including complexity and duplication in the requirements of national agencies; a lack of understanding within Government bodies and other organisations of the challenges of delivering services in remote upland places; and issues over the readiness of local authorities to cede power and funding as well as the capacity of local communities to take on these responsibilities.

120. The Government intends to learn from the Vanguard initiative, and from the myriad other examples of successful local community initiatives, in order to develop the Big Society concept further and empower more communities, in upland areas and elsewhere, to address their own local needs and concerns. The Government has also recently confirmed that it intends to continue to provide funding to the national network of county-level Rural Community Councils to enable them to support local communities in developing the skills and capacity to help themselves.
121. The Government recognises all of the challenges that upland rural communities face, and acknowledges that the trends over the past decade, with the centralisation and reduction of public services, the economic difficulties faced by small, local businesses, and the changing age profile of the population have often made these communities less sustainable and life harder for many of those who continue to live in them. In addition to seeing their bus services cut, and their shops and pubs close, rural people, especially those in the most remote parts of the country such as the rural uplands, have also been effectively excluded from new developments enjoyed by the rest of the population such as the growth of the internet, with its business, shopping, information, education, communication and social networking benefits.
122. The Government is committed to changing this. While rural dwellers are independent people - none more so than those who live in the uplands - they want and deserve to be treated fairly by national and local government, and to have their needs and interests taken fully into account when policies are developed and programmes implemented. They want their fair share of the benefits generally available in 21st century England. Defra's Ministerial team understands this. It has strong rural credentials and is determined to ensure that upland communities, and rural communities more generally, are no longer treated as marginal or irrelevant. To achieve this, Defra has strengthened its rural team, creating a new Rural Communities Policy Unit incorporating several members of staff from the Commission for Rural Communities, including a number directly involved in the production of the CRC's uplands report. Ministers, supported by the new Unit, have made it clear that they will be the Rural Champion across Whitehall and will work with the rest of Government to promote understanding and recognition of rural needs and interests, and with Local Government and civil society organisations to encourage improved provision of services and support in rural – and upland – communities.
123. This document reflects many of the themes that will be further explored in a separate, broader Rural Policy Statement highlighting the Government's commitment to rural people, businesses and communities and setting out how it proposes to ensure that their needs and interests are addressed, by national and local government and through local community action and the Big Society. The Rural Policy Statement will cover a wide range of issues, including broadband, economic development, transport, housing, services, health, education, culture, fuel and energy, social services and crime and policing, and will demonstrate how the Government is addressing matters of importance to rural people and places. For example, we are working with partners to reform and reinvigorate adult and community learning, which contributes to the Big Society through personal development, mental/physical health, digital inclusion, and democratic engagement, and to the economy through engaging and motivating disadvantaged groups and creating progression pathways towards skills-focused learning and employment.

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And in health, where we are committed to ensuring that everyone has access to effective healthcare and prevention, enabling them to take greater control of their own health and that of their families, regardless of where they live. The Government recognises that this may pose particular challenges for remote rural communities, and we are, therefore, looking to commissioners and providers alike to seek innovative ways of engaging with these communities to identify and meet their needs, for example through greater use of telemedicine.

124. Some of the main messages expected to figure in the Rural Policy Statement, with a particular relevance for upland communities, are outlined in the following paragraphs.

Broadband and Communications

125. Broadband is vital to the economic and social sustainability of the uplands, and the Government is determined to ensure that fast and reliable access is available in upland communities as part of its commitment to have the best broadband network in Europe by 2015.
126. Effective, reliable and secure broadband connections are vital to all communities, and the Government recognises the particular importance of broadband in rural and upland communities where distance and geography can make everyday communication and access to services particularly challenging. A modern communications infrastructure promotes social inclusion, delivers public- and private-sector services to individuals, and provides the vital social interaction needed by communities and businesses to support future sustainability. It offers new opportunities for business to grow and diversify. Many upland farming businesses and households have, for example, already successfully diversified, including into non-farming enterprises such as tourism and off-farm employment, and better broadband access will enable many more to do this. In addition, it has the potential to catalyse enterprise and initiative leading to the establishment of new types of business that have previously not been common in upland areas. These include businesses that depend on fast, effective and reliable broadband connection, such as those involved in the creative industries and new green technologies. Therefore, effective, reliable and secure communications infrastructure is increasingly essential to underpinning the future growth and sustainable development of rural and upland areas.
127. This is why Government has made reliable broadband access in all areas one of its top priorities, and has announced its objective of having the best superfast broadband in Europe by 2015. This objective simply cannot be achieved if large swathes of the country are either unable to access the internet or the service they can get is too slow and unreliable to be of any real use to them. To this end, on 6 December 2010, the Government launched the National Broadband Strategy “Britain’s Superfast Broadband Future” which sets out an action plan for delivering this objective. Deployment of broadband in rural areas is at the heart of the strategy with a commitment that rural and remote areas of the country, including upland areas, should benefit from this infrastructure upgrade at the same time as more populated areas.
128. As part of this strategy, the Government has committed to invest £530 million to support broadband rollout to drive superfast broadband services into areas where commercial investment alone will not deliver. As a first step, four rural broadband pilots were announced as part of the Spending Review in 2010. These pilots – in the Highlands and Islands of Scotland, Herefordshire Golden Valley, Cumbria and North Yorkshire – are all in upland areas and are some of the most rural and geographically challenging parts of the UK. The pilot exercise will help establish the commercial costs and challenges involved in rolling out superfast broadband in those locations and will also examine the use of community initiatives to achieve effective and reliable broadband coverage. A second wave of projects is expected to be announced in May 2011. **The Government will monitor the success of these pilots, report regularly on their progress; learn the lessons they offer; and apply these to the roll out of broadband to the rest of the country.**

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129. The Government believes that the deployment of broadband must be led by the private sector. Therefore, it wants to ensure that the regulatory and policy environment encourages and facilitates investment in infrastructure – including encouraging the market to deploy superfast broadband beyond the more densely populated areas. The Government is, accordingly, exploring a number of options for reducing the cost of making broadband available to business and individuals. This includes the use of public sector network capacity (e.g. hospitals, GP surgeries and schools), sharing of other utilities' infrastructure and the use of overhead lines that could help reduce costs and ease the installation of new infrastructure. In addition, Ofcom is overseeing the process of opening access to BT's ducts and poles – BT has submitted its Reference Offers for these products to Ofcom. Industry consultation is now underway and launch of the products is expected by the summer.
130. These initiatives will help entrepreneurs willing to take advantage of the opportunities available to them and will help deliver the Government's aim to ensure that every community, including every upland community, has a point to which fibre is delivered, capable of allowing the end connection to the consumer to be upgraded – either by communities themselves or by industry. Communities have a critical role to play in securing and extending superfast broadband, especially in their ability to stimulate demand. One size does not fit all and what is workable and appropriate for one area may well be different from what should and can be delivered in another. The Government recognises that local participation in deciding what is the most useful and appropriate communications solution for the local community is critical. The Government is, therefore, determined that communities and local authorities should have a say in how these networks will be built. Relevant local authorities are encouraged to pilot new approaches that enable local authorities and communities to work together to agree objectives, allocate resources, and achieve strategic goals. Where local authorities have identified superfast broadband as a development priority, the Government, through Broadband Delivery UK (BDUK), will work with them to develop their plans for sourcing and upgrading infrastructure. **The Government will report regularly on progress in these authorities and identify the lessons that other local authorities may wish to take on board in ensuring the deployment of superfast broadband for their own communities.**
131. The Government encourages and supports community broadband schemes which have been playing a vital role in the deployment of broadband for some time and have a key role to play in the development of superfast broadband networks. Defra, DCMS, BDUK and community organisations are working closely together to ensure that communities have the relevant knowledge, advice and support to develop community broadband projects. This approach is being tested as part of the Eden Valley Big Society Vanguard initiative in Cumbria. The Government's belief in the ability of communities to take charge of their broadband provision is borne out by a number of schemes around the country. For example, Alston Cybermoor in Cumbria has continued to develop broadband access in this area by opening its first next generation broadband network. The Cybermoor project has created 14 jobs, and three new businesses have been attracted into the area. Evaluation shows that it has strengthened the local economy, promoted community cohesiveness and reduced reliance on private cars. A further example of a community project can be found in the Northumberland uplands. Through RDPE funding, the Upland Local Action group is exploring the potential for a programme to enable 1,800 (80%) businesses and households in 'not-spots' in Northumberland to connect to a reliable broadband service. The project is expecting to provide at least one high speed exemplar in one of the rural market towns on the edge of the National Park, Bellingham, Wooler or Rothbury. There will also be two high profile tourism-specific Wi-Fi areas near the most heavily visited sites in the National Park around the Alwinton and Falstone settlements. **The Government will gather together examples of successful community-led broadband projects from around the country and make these, along with other information, advice and guidance, available to communities interested in addressing their own broadband needs.**



Alston is one of the most isolated upland communities in England, and it has developed its own successful community broadband network, Cybermoor.

132. The Government, through Defra and BDUK, is also exploring how to support the development of local broadband projects through the establishment of a rural **Community Broadband Fund**. The intention of the fund will be to provide opportunity for rural communities, including those in the uplands, to apply for funding for eligible smaller scale community broadband projects under the Rural Development Programme for England. **This is expected to be worth up to £20m and to be financed by matching RDPE European funding with BDUK exchequer funding for community broadband projects over the remainder of the RDPE programme period (2007-13).**
133. BDUK will publish a detailed delivery model in spring 2011 on its approach to ensuring the delivery of broadband services in rural and hard to reach areas. This will be accompanied by the production of a balanced scorecard to determine what constitutes “the best superfast broadband in Europe” The scorecard will focus on four headline indicators: speed, coverage, price and choice. In order to ensure robust evaluation of broadband projects, Defra and BDUK are undertaking a joint research project to develop a framework for the monitoring and evaluation of the impact of the superfast rural broadband pilots. The evaluation will focus on the effectiveness of the pilots, the economic impact and the learning generated for BDUK. The research, co-funded between BIS and Defra, is due to complete in March/April 2011.
134. It is also important that everyone understands the benefits of using broadband. A significant proportion of the population, for various reasons, still does not use broadband, even where they are able to do so. The Government is, therefore, working with Martha Lane Fox, the Government’s Digital Champion, and her digital inclusion team to encourage and enable everyone to use broadband and the internet. **The Government will gather inspiring examples of internet usage in rural and upland communities and publish these to demonstrate the real benefits that are being delivered through its significant investment in rural broadband.**

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Access to Mobile Networks

135. Mobile communications are regarded as an important part of everyday life, and ready access to the mobile voice services is increasingly taken for granted by the vast majority of the population. However, this is not the case for everyone and, as anyone who has visited our upland areas will know, using the mobile telephone can be a difficult and frustrating experience. This is not just an inconvenience, it affects businesses (as the CRC's report showed) and can be a matter of life and death in dispersed villages where vital first responder schemes ensure that first aid experience is available to attend people with injuries while the ambulance has to travel many miles to bring professional help. The Office of Communications (Ofcom) has undertaken research to examine the impacts of mobile not-spots and its findings confirmed that they range from the daily effects of missing a telephone call, to a loss of social connection or business efficiency, to undermining efforts to deal with emergencies.
136. Both Ofcom and the Government are keen to see the problem of voice 'not-spots' addressed and are actively discussing how this might best be done. The Government also wishes to see high speed mobile broadband available in areas covering as much of the population as possible, contributing to its wider broadband objectives. The rollout of fibre-based solutions in difficult to reach areas will potentially improve the availability of mobile networks and make it more viable to provide wireless broadband services where they might otherwise not reach. The availability of additional spectrum is also important in achieving new mobile broadband services and that is why the Government has directed Ofcom to run an auction of suitable spectrum as soon as possible. Ofcom has indicated that it expects this auction to take place in the first quarter of 2012 and Ofcom will shortly be consulting on the design for that auction. **Ofcom will continue to report on the take up of services in the UK and they will also be reporting regularly on the UK communications infrastructure. The Government will continue to monitor these reports carefully and will consider with Ofcom, where appropriate, any possible further action required to eliminate enduring "not spots".**

Housing and Planning

137. Local communities not central Government know what kind of development they need and want. The Government's Localism Bill will deliver new freedoms and flexibilities to Local Authorities and give local communities a greater say in how their towns and villages are shaped.
138. Upland areas are frequently amongst the most expensive places to live in the country because of their natural beauty and perceived quality of life. While this is, to an extent, an inevitable result of the operation of the open market, the Government fully appreciates the importance of ensuring that sufficient levels of affordable housing are available to enable sustainable and thriving local communities to flourish. This is also important if young people are to be retained in upland communities, whether as a new generation of farmers, or in other occupations.



A new development of affordable housing in Exford, Exmoor National Park, constructed using 'hemcrete', heated with locally sourced woodfuel.

Supporting Sustainable Upland Communities

139. It is already possible for local communities to influence development in their villages, and some good examples exist of communities working with landowners, local authorities and developers working together to deliver affordable housing schemes. However, as the Eden Valley Big Society Vanguard has abundantly demonstrated, even strong schemes with determined participants and willing partners can face daunting difficulties in trying to overcome the barriers placed in their way by bureaucratic structures and funding systems.
140. The Government's Localism Bill introduces greater powers for local communities to plan and ensure the delivery of the housing and other service provision that they need and want. The Bill recognises the importance of local people having control over the future of their communities through the introduction of the concept of Neighbourhood Planning and also introduces provisions allowing the devolution of budgets from Local Authorities to grassroots community groups.

Neighbourhood Planning

141. Instead of local people being told what to do, the Government thinks that local communities should have genuine opportunities to influence the future of the places where they live. The Bill will introduce a new right for communities to draw up a 'neighbourhood development plan.' Neighbourhood planning will allow people to come together through a local parish council or neighbourhood forum and say where they think new houses, businesses and shops should go – and what they should look like. These neighbourhood development plans could be very simple, or go into considerable detail where people want. Local communities would also be able to grant full or outline planning permission in areas where they most want to see new homes and businesses, making it easier and quicker for development to go ahead.
142. Provided a neighbourhood development plan is in line with national planning policy, with the strategic vision for the wider area set by the local authority, and with other legal requirements, local people will be able to vote on it in a referendum. If the plan is approved by a majority, then the local authority will bring it into force. Local planning authorities will be required to provide technical advice and support as neighbourhoods draw up their plans. The Government will also fund sources of help and advice for communities. This will help people take advantage of the opportunity to exercise influence over decisions that make a big difference to their lives.
143. The Government is trialling neighbourhood planning through Vanguard schemes in a range of rural and urban areas, including the Eden Valley in Cumbria. The lessons learned from these vanguards will be used to improve understanding and remove barriers in other areas as Neighbourhood Planning is rolled out from April 2012, following passage of the Bill.

Community Right to Build

144. As part of neighbourhood planning, the Bill will give groups of local people the ability to bring forward site specific small scale developments through a Community Right to Build Order. These might include new homes, community facilities, businesses and shops. The benefits of the development, for example, assets or profits made from letting the homes, will have to stay within the community, for the benefit of the community. This right will be particularly valuable to very small, isolated communities such as those in upland areas, as in the past some Local Authorities did not countenance developments in such areas as they were not seen as being sustainable. Under Community Right to Build, communities themselves can take developments forward, as long as they meet minimum criteria and receive the majority support of the community within a local referendum.

Supporting Sustainable Upland Communities

Reforming the Community Infrastructure Levy

145. As well as being able to influence planning decisions, local people should be able to feel the benefits of new development in their neighbourhood. Local authorities are allowed to require developers to pay a levy (charge) when they build new houses, businesses or shops. The money raised must go to support new infrastructure – such as roads and schools. This is called the community infrastructure levy.
146. The reforms to the Levy will make it more flexible and ensure that both authorities and communities are incentivised to go for growth in a way in which is acceptable and sustainable by providing necessary infrastructure. The Localism Bill proposes a number of changes to achieve this. It will allow the money raised to be spent on maintaining infrastructure, as well as building new infrastructure. It will give local authorities greater freedom in setting the rate that developers should pay in different areas. And crucially, the Bill will give the Government the power to require that some of the money raised goes directly to the neighbourhoods where development takes place. This will help ensure that the people who say “yes” to new development feel the benefit of that decision. Clearly, this levy will be of more benefit to larger developments in larger settlements, but even small amounts of funding from developers can provide valuable benefits to upland communities.
147. The changes being introduced by the Localism Bill have the potential to transform the planning system in this country and to improve significantly the scope for communities to address their own housing and development needs. **The Government will monitor the impact of these provisions in rural areas and highlight examples of local authorities and communities taking advantage of their new freedoms, and, where necessary, act to address problems and ensure that new barriers are not introduced.**

Business and Enterprise

148. Upland areas cannot flourish without a healthy mix of businesses, including farming, food production, tourism, manufacturing, finance and the creative industries as well as new, green technology-based enterprise. Businesses need freedom and flexibility from Government rather than nationally-imposed rules and constraints, and ready access to a highly skilled workforce. The Government is committed to delivering these.
149. The Government recognises the potential for encouraging the development of new businesses in upland areas, including through the introduction of new green and creative enterprises. It also believes that more can and should be done to support and promote the existing industries underpinning local upland economies, such as agriculture and tourism. The roll out of high speed broadband to rural areas, including the uplands, as part of the Government’s strategy to make sure Britain has the best broadband provision in Europe by 2015 will facilitate this.
150. The Department for Business, Innovation and Skills published its national skills strategy, ‘Skills for Sustainable Growth’, in November 2010. This will help to support the skills needs of business and employees in upland areas. The Government is investing £250m in an additional 75,000 adult apprenticeships over the Spending Review period. Apprenticeships are designed by individual industries through their Sector Skills Councils, thus ensuring they deliver the skills that employers need. Lantra is the Sector Skills Council that represents businesses within the land-based sector. Apprenticeships combine high quality on-the-job training and practical experience. There are apprenticeships in agriculture as well as a range of traditional craft skills and in modern emerging industries, so are relevant to all business types in the uplands.

151. The second important feature of the National Skills Strategy is the commitment to remove central targets, priorities, bureaucracy and other restrictions from colleges and training organisations, leaving them free to agree locally what their priorities are and how best to deliver them. The Government will be encouraging training providers to engage actively with their local enterprise partnership or other locally relevant strategic bodies so they can be sure they are delivering the skills that the employers and citizens in their areas need. The Government believes that its role in the delivery of skills is to distribute public funding, ensure quality standards, and then let local skills providers get on and do their job.
152. All businesses, including those in the uplands, benefit from advice and support. The Government announced in January 2011 in *"Bigger, Better Business: Helping small firms start, grow and prosper"* significant changes to the way information, guidance and advice to business is provided. The key features of the new system will include:
- The overhaul of the www.businesslink.gov.uk website providing online business information and tools tailored to the needs of business. This will include: a dedicated Business Start-up Hub; notification of public procurement opportunities; a business tax 'dashboard'; better, clearer information on Government regulation; and new training services and online tools.
 - A national contact centre for those not online.
 - A network of at least 40,000 experienced business mentors offering practical advice to potential and existing businesses.
 - Establishing a new Business Coaching for Growth Programme backing high growth SMEs to enable them to realise their potential.
 - A new Enterprise Allowance to help the unemployed set up their own business, with access to a business mentor, a weekly allowance and access to a start-up loan.
153. The Government will also be refreshing and re-launching its Solutions for Business portfolio in spring 2011. On top of the support and advice arrangements provided by national government, the new Local Enterprise Partnerships (LEPs) being established across the country will be free to develop their own locally-tailored business support mechanisms to complement national initiatives.
154. The Government is committed to the localism agenda and is keen to shift power to local communities and businesses. It is up to local areas to decide whether they wish to come together and form a Local Enterprise Partnership, and they will determine their own priorities, including pursuit of rural and/or upland interests. Since the announcement of the 24 Local Enterprise Partnerships in October 2010, 6 more have been formalised and these include further coverage of rural areas, including New Anglia, Worcestershire, York and North Yorkshire, North Eastern and Enterprise M3 (covering parts of Hampshire and Surrey).
155. These initiatives have the potential to deliver real improvements in the support available to businesses across the country. It will be important to ensure that they benefit rural as well as urban businesses. **The Government will, therefore, monitor the impact of these initiatives to promote business and enterprise in upland areas, highlight examples of success and, where appropriate, act to ensure that upland businesses are fully and fairly served by the mechanisms it has put in place.**

Access to Services

156. Pubs, shops and Post Offices are the lifeblood of thriving rural communities and everyone deserves to be able to benefit from the services that their taxes help pay for. The Government is committed to reversing the decline in rural services through encouraging private businesses and empowering community enterprise.

Supporting Sustainable Upland Communities

157. The Government fully recognises the problems faced by people in rural communities in terms of accessing services. Under the previous Government, a number of public services, such as job centres, were centralised without sufficient consideration being given to the impact of these changes on people living in rural areas. Other important local services, such as Post Offices, were removed following consultations, even when the likely rural impacts were fully understood. The closure of Post Offices in many upland communities removed a vital community resource, while bus services to upland communities have also been lost leaving them increasingly isolated and their inhabitants reliant on private transport. This Government is committed to ensuring that the rural impacts of any proposed centrally-driven changes to public services are fully thought through and that, where appropriate, measures to continue delivering the services through alternative means are introduced.
158. The Government believes public services should meet the needs of those who use them, not central government. We are committed to opening up public services to new providers – voluntary and community groups, social enterprises and small businesses – in order to promote new opportunities for citizens, communities and public service workers to set local priorities and deliver public services. The Government has already announced a Community Right to Challenge, which seeks to transfer power to local communities by giving them the right to challenge to run local state-provided services; a new right for public sector workers to form employee-owned cooperatives and mutuals to take over the services they deliver; and later this year the Cabinet Office will be publishing a White Paper setting out the Government's plans for opening up public services to new models of delivery, new providers and most importantly to the public they serve. In the case of Post Offices, we have already committed that there will be no new programme of Post Office closures. There will continue to be at least 11,500 outlets nationwide. Supported by £1.34bn of Government funding, there will be a refurbished and reinvigorated Post Office network, better able to win the new business which will enable it to thrive.
159. We have also devolved power to local authorities for the planning and provision of local transport services and simplified the funding arrangements so that councils can make the most efficient use of the funding that is available to them. This funding includes the new Local Sustainable Transport Fund, which will make £560 million capital and revenue funding available over four years, enabling local authorities to deliver solutions that build strong local economies and address at a local level the urgent challenge of climate change, delivering cleaner environments, improved safety and increased levels of physical activity. Bids from local transport authorities will be particularly welcome if they can demonstrate support from, and the involvement of, voluntary and community organisations and the private sector.
160. Commercial services have also been hit over the last decade, with local shops and pubs closing in many upland villages and towns. The reasons for these closures are complex, but the Government is clear that its policies should, wherever possible, help and promote rural businesses. This is why we are, via the Localism Bill, simplifying the process for claiming small business rate relief and giving local authorities powers to provide business rates discounts which may be used, for example, to provide targeted support for local services or to help kick start regeneration schemes. We will also be launching a consultation on restrictive covenants, which have been used to prevent commercial properties, particularly pubs, from continuing to operate in their previous capacity once they are sold.

161. However, in many upland areas it is always going to be a challenge for businesses to survive on a strictly commercial basis, and frequent, regular transport services are always likely to be uneconomic. The Government recognises this and, in line with its commitment to encouraging diversity and innovation in small and community-led business and services, fully supports the efforts of those



communities who seek to ensure the survival of their core local services through community involvement and social enterprise. This is what the Big Society is all about and numerous examples exist across the country of communities running their own village shops, pubs, Post Offices and community transport schemes.

Case studies of Community Shops and Transport

Berrynarbor Community Shop, near Ilfracombe in Devon, was officially opened in October 2004 after a community co-operative was formed to prevent the shop and post office closing down following the retirement of the existing postmaster. Alex Parke, Secretary for the Berrynarbor Community Enterprise, believes that the shop is central to their community: "The belief is that the village shop and sub post office is one of the key facilities, the heart of any village. This is also confirmed by the fact that at least 30 of the volunteers are still happy working in the shop, the villagers enjoy shopping there and meeting their friends, and that the turnover is up by about 80% on that achieved in the previous year by the previous owner."

Bakewell and Eyam Community Transport (BECT) began operating in 1989. It has a staff of 24 and 150 volunteer drivers, using their own cars and a fleet of 10 minibuses to carry passengers around the Peak District of Derbyshire. Last year BECT clocked up over 70,000 passenger journeys covering some 24,000 miles, and made a profit of £15,000 on a turnover of £524,000. Its Chief Executive, Edwina Edwards, is ambitious for the organisation and is looking to increase turnover to around £900,000 over the next five years.

162. The Government believes that its Community Right to Buy initiative, which will give local communities the opportunity and time to bid to purchase assets and facilities that are important to them, such as shops and pubs, will give a real boost to communities seeking to keep much-loved assets in public use and part of local life. We are currently considering the use of a number of social finance initiatives (such as community shares, social impact bonds and the development of a Big Society Bank) which will make it easier for community organisations to gain the finance they need to take their plans forward.

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163. The Government's approach to delivery of services will open up a raft of new opportunities for both businesses and communities. **The Government will seek to ensure that its policies, for example in relation to post offices, shops, pubs and bus services, promote their survival and where possible their expansion in rural upland areas. It will work with local authorities and civil society partners, like the Plunkett Foundation, the Community Transport Association and Rural Community Councils, to identify and remove barriers to local initiative. It will also monitor the development of local service provision initiatives, gather the lessons learned and publish these to assist and encourage other communities to address their own needs.**

Fuel and Energy

164. The coldest parts of the country are to be found in some of the English uplands, and people who live there tend to face larger heating bills than those who live at lower altitudes. However, the uplands also have significant potential for the generation of renewable energy. The Government is committed both to tackling high levels of fuel poverty in upland areas and to unlocking their energy generation potential.
165. The Government also recognises the importance of enabling upland communities to benefit from the transition to low carbon community living and of optimising their contribution to the national carbon budget. To this end Northumberland was chosen as one of the nine pilot areas in the DECC Local Carbon Frameworks programme – an initiative designed to identify what works at what spatial level and develop templates for action on carbon for all Local Authorities within their sphere of influence. Their 'Delivering Community Leadership on Climate Change' project recognises the stewardship role that can be played by local authorities and embraces the need for community ownership of the low carbon agenda – real 'localism' in action.

Fuel Poverty

166. Fewer rural households than urban ones are connected to the gas network. In rural areas, 32% of households are off the gas grid, compared to 13% in England overall. Households off the gas grid are inevitably reliant on other fuels such as oil or LPG, which tend to be more expensive than mains gas. Being off the grid can also deny these households the benefit of the dual fuel discount that many energy companies offer. Add to this the fact that many rural properties, including those in upland towns and villages, tend to be older and more difficult to insulate, and the reasons why a greater proportion of rural households than urban ones experience fuel poverty (in 2008, 19.8% compared to 14.5%) are readily apparent.
167. The Government is determined to ensure that its efforts to promote the efficient use of energy, through schemes such as Carbon Emissions Reduction Target, the Community Energy Savings Programme, Warm Front, and the Green Deal, take account of the needs of rural as well as urban households, including those in upland communities.
168. Increases in heating oil prices during severe weather at the end of 2010 has prompted a large volume of complaints. Underlying many of these complaints are concerns about the challenges of supplying energy to rural communities and whether the relevant markets provide the reassurance that consumers can get fuels for heating when needed at a price they can afford. That is why DECC Ministers wrote to the Office of Fair Trading in January 2011, and persuaded them to bring forward their planned review of the effectiveness of the off-grid energy market.

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The OfT study will look at whether the market is working for off-grid energy consumers who use sources such as heating oil, LPG and renewable energy sources such as solar panels. The study will be completed by the autumn to allow any recommendations to be considered in time for winter 2011/12.

Energy Generation

169. The uplands are endowed with natural assets which offer excellent opportunities for the generation of renewable energy, both on a large scale (for example at the Kielder Reservoir in Northumberland) and at the community level. Their wide range of natural resources, such as water, wind, land, forests, and open skies, provide all of the basic resources required for renewable energy generation, and they have the potential to be the first areas of the country that are self-sufficient in energy.
170. The Government is aware that many communities are keen to develop ways of producing their own energy, but are unsure of what is involved. To this end, DECC has produced an online guide called Community Energy Online – <http://ceo.decc.gov.uk/> – to support Local Authorities and community groups to develop local low carbon and renewable energy projects. The website guides users through the development of a new project, and includes a number of case studies that provide examples of what other people are doing in their communities across the UK. To help communities seeking to develop hydropower, DECC, the Environment Agency, the Energy Saving Trust and Welsh Assembly Government have published “Hydropower: a Guide for you and your community”⁸.
171. The Commission for Rural Communities, in partnership with Action for Communities in Rural England (ACRE), the Campaign to Protect Rural England (CPRE), and the National Association of Local Councils (NALC), has also produced a guide⁹ to help rural communities interested in delivering their own local renewable energy developments.
172. Households and communities off the grid, many of whom are in upland areas, are ideally placed to take advantage of micro-generation to produce their own heat and/or electricity. Not only will this save households money compared to buying in fuel, and reduce the cost of running community facilities such as village halls, but they can also earn money if they are able to sell any excess electricity back to the national grid under the Feed in Tariff scheme (similar opportunities will exist for communities or households generating heat through the Renewable Heat Incentive scheme, which will be introduced later in 2011).
173. A range of micro-generation technologies are available to individuals and communities covering both heat and power.
Heat, for example can be generated through:
 - air source heat pumps (which absorb heat from the air outdoors to heat buildings and warm domestic water);
 - ground source heat pumps (which work by transferring heat from the ground);
 - water source heat pumps (which work by transferring heat from ground water or pools);
 - solar thermal hot water (which uses the sun’s heat to warm a series of solar panels which then heat up domestic water);
 - and bio-energy (which uses biomass – for instance, wood pellets or logs – to generate energy).

8 <http://www.environment-agency.gov.uk/business/topics/water/32022.aspx>

9 “Get Generating: A Renewable Energy Guide for Rural Communities” available from CRC website (<http://www.ruralcommunities.gov.uk/wp-content/uploads/2011/01/Renewable-Energy-Guide.pdf>).

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Power can be generated through:

- solar PV (using the sun's energy to produce electricity);
- small scale hydroelectric (these turn the energy of moving water into electricity, using a turbine which is turned by the flow of water);
- and wind turbines (whereby the wind turns a generator unit, which produces electricity.)

Some technologies can be used by communities to develop both heat and power.

These include:

- anaerobic digestion (which involves breaking down organic waste such as slurry and other farm waste to produce biogas and bio-liquids which can be burnt to generate heat and electricity; and
- Combined Heat and Power (which involves a single plant or boiler generating both heat and power at the same time).

174. Examples of rural communities, in upland areas and elsewhere, meeting their own energy needs are given in *Get Generating* and on the Community Energy Online site, and the Eden Valley Big Society Vanguard involves two community energy generation schemes – an Anaerobic Digestion scheme in the village of Crosby Ravensworth, and a hydropower initiative at Bongate near Appleby-in-Westmoreland.
175. The Government is committed to helping those households who are in fuel poverty. It recognises the need to help more of the most vulnerable to keep their homes warm at an affordable cost. Through the Coalition's Green Deal, it will put in place the necessary steps to ensure that all households stand to benefit from energy efficiency measures, with extra support will be available for those who need it, including those in hard to treat properties and vulnerable households on low incomes. **The Government will monitor the impact of these initiatives in all areas including rural and upland areas, and will, where appropriate, act to address any issues that arise in relation to rural communities. It will also continue to gather and highlight examples of good local-level community energy schemes and publish these to inform and inspire other communities to follow suit.**

176. This document demonstrates the Government's renewed commitment to a sustainable future for the English uplands and the communities which inhabit them. It signals a new direction and a resolve that the actions set out here will start to make a difference. But many of them will need to be further developed and other actions will need to be taken in future by Government, public bodies, business and civil society.
177. A number of bodies, including the Commission for Rural Communities, have called for a national strategy for the uplands. This document sets out the Government's key priorities in relation to the uplands across a wide policy front. But each of the English upland areas has distinct local characteristics which mean that an over-prescriptive top-down approach is not in our view the best approach. Rather, in line with our commitment to localism and the Big Society, the Government firmly believes that local people and communities need to be able to get on with sorting out their own priorities and then securing appropriate support to help realise them.
178. Initiatives such as the Eden Valley Big Society Vanguard and the South West Uplands Task Force have shown that locally focused action can bring together interested parties and create a real momentum for change. The Government hopes that there is scope for more such initiatives to emerge, involving farming, environmental, community and business interests in developing locally-relevant strategies
179. Defra Ministers will actively promote the needs and potential of England's upland areas as part of their wider role as champions of rural communities. They will be supported in this by the new Rural Communities Policy Unit (RCPU) within Defra, where there will be an uplands focal point for Government as a whole, responsible for co-ordinating the Government's interests in the uplands across all the policy areas covered in this document.
180. The RCPU will also oversee the Government's rural evidence base. Defra has already undertaken a significant amount of research on the Uplands under the umbrella of the Agricultural Change and Environment Observatory. "Farming in the English Uplands"¹⁰, published in May 2010, provides a wide ranging evidence base for agriculture and the environment in the Less Favoured Areas of England, focusing on the environmental context and farm characteristics including farm incomes, changes in livestock numbers and the role of agri-environment schemes. The report draws on a wide range of published literature and data sources including Defra's 2009 Upland Farm Practices Survey¹¹, a voluntary survey specifically undertaken in order to provide more robust evidence of attitudes, intentions and changes in farm practices. A follow-on study¹² undertaken in early 2010 and based on 80 in-depth farm interviews, considered the potential economic and environmental impacts of changes in support measures. Three key factors for the future of hill farming were identified – current business viability is reliant on public financial support; the pace of structural change is increasing and there is an increased likelihood of environmental change.
181. A recent review of public attitudes to and preferences for upland landscapes¹³ has explored published evidence on the attitudes of the general public, users and upland residents. Findings indicate that there is considerable variability in views about the upland landscape among different groups in society. Its key conclusions are that members of the public (including those that do not make direct use) are willing to pay, in principle, to maintain the upland landscape. In general, respondents favoured the maintenance of today's landscape, or one with an increase in some habitats such as broad leaved woodland with the enhancement of other features, such as dry stone walls.

10 <http://www.defra.gov.uk/evidence/statistics/foodfarm/enviro/observatory/research/documents/uplands2010.pdf>

11 http://www.defra.gov.uk/evidence/statistics/foodfarm/enviro/observatory/research/documents/UplandsFPS_report09.pdf

12 "Economic and environmental impacts of changes in support measures for the English Uplands: An in-depth forward look from the farmer's perspective", October 2010, Countryside and Community Research Institute and Food and Environment Research Agency. <http://www.defra.gov.uk/evidence/statistics/foodfarm/enviro/observatory/research/documents/uplands-indepth.pdf>

13 To add link closer to publication [due 1st week of March 2011].

Driving and Monitoring Change

182. A number of other research projects are currently underway, for instance an examination of the economic performance of upland and lowland grazing livestock farms including possible links between economic efficiency and environmental performance. This study will consider in particular the impact of environmental stewardship schemes. In addition, work is underway to scope the potential for remote sensing to help determine the extent of land cover changes in the uplands related to possible land abandonment. Defra will continue to make use of the wide range of existing data sources to monitor physical changes (such as income sources and livestock numbers) in upland areas. We will consider the need for a second survey of the attitudes and intentions of upland farmers in 2012 to further update and enhance the evidence base.
183. As mentioned above, we will also undertake research to identify the extent to which farming in the uplands delivers wider public goods, not only to rural communities, but to the economy as a whole.
184. Defra's RCPU will oversee the continued development and maintenance of a sound evidence base on key issues relevant to the uplands. The Unit will draw too on the statistical work undertaken by the Commission for Rural Communities on measuring outcomes in upland areas, and integrate this with existing evidence from across Government. This will reflect the Government's wide range of interests in the uplands, from the communities and people living in upland areas to the important contribution that the uplands make to agriculture and the environment; and will provide a measure of the effect of the commitments made in this Statement. **From 2011, Defra will regularly publish key uplands data and indicators as well as recent research findings to provide a sound basis for future policy development.**



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