



## Hill Farm Support

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- This note describes the system of allowances paid to hill farmers. Hill farm support is closely related to policy on sheep, in another note [Sheep](#) (SN/SC/1116). The Single Farm Payments system for farmers is described in [Agriculture – Health Check of the CAP](#) (SN/SC/3680).
  - The Coalition Government Programme said that it would “develop a system of extra support for hill farmers”. The Government announced increased support in March 2011.
  - Since 1 July 2010, hill farming has been fully integrated into the environmental stewardship part of the Common Agricultural Policy. This is a new uplands entry level stewardship (Uplands ELS). Basically upland farmers are paid a higher single farm payment. Uplands ELS will reward farmers for maintaining and improving the upland landscape and environment.
  - In February 2011, the EFRA Select Committee called for a return to headage payments – support based on the number of livestock instead of a payment based on area.
  - The Commission for Rural Communities argued that the uplands contained important public goods and market products, which would not be preserved by the current amount of support for hill farming.
  - There is further information on hill farms on the Defra website at <http://www.defra.gov.uk/food-farm/land-manage/uplands/>

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### **1 An overview of support for hill farmers**

Before 2001 hill farmers were subsidised by Hill Livestock Compensatory Amounts, designed to compensate farms for the extra costs of rearing livestock in the hills. That system paid according to the number of livestock and encouraged overgrazing. In 2001 the EU required it to be replaced by the Hill Farm Allowance (HFA). The HFA was paid according to the area of land. These payments came within the England Rural Development Programme, established under EU legislation. When the Common Agricultural Policy (CAP) was reformed in 2003, HFA was paid in addition to the Single Farm Payment. However, that was a temporary solution to keep hill farmers in business until a more appropriate system of support was devised. In 2010 HFA was replaced by uplands stewardship, with support for hill farmers completely integrated into environmental stewardship.

In February 2006 Defra published a consultation document on options for the reward structure for hill farming under the Rural Development Regulation to run from 2007 to 2013.<sup>1</sup> The introduction explained Defra's objectives:

1.14 The Government wants to use any replacement for HFA as an effective tool for delivery of the wider public benefits that Defra has been set up to achieve, and which provide the justification for Defra's public expenditure...

Another passage explains how the purpose of support has changed:

2.4. Historically, special support has been available in the uplands to sustain food production, and because of perceived social benefits. But a production-based approach no longer fits with Government policy, and such payments are not well targeted on achieving wider public benefits. Farmers should look to the market to provide them with rewards for producing food and other products, such as wool; and public expenditure should, in the words of the Curry Commission, be used to secure "public benefits that the public wants and needs".

2.5. That certainly does not mean that the Government has no interest in the success of British farmers in adding value, in competing with other suppliers, and in providing good employment opportunities...

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<sup>1</sup> Defra, *Rural Development Programme for England: 2007-2013 Uplands Reward Structure, Consultation Document*, February 2006 [P:\govt\\_deps\DEFRA\rdpuplandsconsultdocFeb2006.pdf](P:\govt_deps\DEFRA\rdpuplandsconsultdocFeb2006.pdf)

However, Government does not believe that there is a role for public expenditure in subsidising food production. Consumers pay for food already through the prices they pay in the shops; and the Government is not convinced by arguments that consumers should pay extra to provide special help to farmers, or that the Government should intervene in the food market to provide a price floor or quotas in support of food products. The history of the Common Agricultural Policy shows that manipulation of market mechanisms is not a good way to secure improved outcomes. Even if such approaches were compatible with the Government's international trade obligations, they would not make sense in the long run.

## 2 Hill Farmers supported under Environmental Stewardship (ELS)

The Defra website in 2010 explained the new support system that integrated hill farm support with the reformed CAP.

Uplands ELS - from 2010

Uplands ELS was launched on 9 February 2010 by Environment Minister Huw Irranca-Davies. The first agreements will start from July 2010. The launch follows the Government's announcement in 2006 that uplands support will be fully integrated into Environmental Stewardship from 2010. A new uplands strand to the entry level Environmental Stewardship scheme, known as Uplands ELS, will therefore replace the HFA following its final payment in 2010.

The objective of this change is to move away from the compensatory nature of the HFA and towards a more targeted scheme which rewards farmers for maintaining and improving the upland landscape and environment.

By encouraging farmers to carry out simple yet effective environmental management, Uplands ELS will maintain and improve the biodiversity, natural resources, landscape and historical values of the uplands, and contribute to climate change mitigation and adaptation. It will do so working alongside the other strands of Environmental Stewardship (ELS, OELS and Higher Level Stewardship).

Uplands ELS will reward farmers for the provision and maintenance of landscape and environmental benefits. Farmers will obtain points by meeting a series of requirements and selecting from a menu of land management options. As with the ELS and OELS, farmers will have to meet a points threshold in Uplands ELS, based on the size of their farm and type of land, to qualify for funding.

[Full details of Uplands ELS](#) (Natural England).

Introduction of Uplands ELS has now received European Commission approval.

Natural England's webpage [Uplands Entry Level Stewardship](#) gives details on Uplands ELS.

A PQ at the end of 2010 explained the numbers of hill farmers in this and other schemes:

**Tim Farron:** To ask the Secretary of State for Environment, Food and Rural Affairs how many people have participated in the Upland Entry Level Scheme since its introduction.

**Mr Paice** [*holding answer 9 December 2010*]: Uptake for Uplands Entry Level Stewardship (ELS) so far has been higher than expected. As of 7 December, there were 3,300 live agreements in place covering over 472,000 hectares of land in England's severely disadvantaged area (SDA). In total more than 3,900 applications have been received for the scheme, and Natural England are well on track to meet

their target of 505,000 hectares of SDA land in uplands ELS agreements by March 2011.

**Tim Farron:** To ask the Secretary of State for Environment, Food and Rural Affairs how many people claimed hill farm allowance in each of the last 10 years.

**Mr Paice** [*holding answer 9 December 2010*]: The first Hill Farm Allowance payments were made in 2001 and continued until this year when it was replaced by Uplands Entry Level Stewardship. The following table provides a total of the number of applications received and the number of eligible claims paid.<sup>2</sup>

	<i>Total number of applications received</i>	<i>Total number of eligible claims paid</i>
2001	13,492	1,0968
2002	11,357	9,996
2003	11,244	9,912
2004	11,060	9,859
2005	11,155	9,763
2006	11,687	11,011
2007	13,104	9,394
2008	9,539	6,996
2009	8,214	7,033
2010	7,826	7,009

### **3 The Government increases support for hill farmers, March 2011**

On 10 March 2011 Defra launched the Uplands Policy Review:

Funding of up to £26million to support hill farmers and help some of England's rural communities to thrive was unveiled today by Environment Secretary Caroline Spelman.

A new Rural Community Broadband Fund expected to be worth up to £20million will be set up to help end the digital and social divide suffered by rural areas and up to £6million a year more will be available to hill farmers for environmental stewardship schemes.

(...)

The package of measures announced today follows a wide-ranging government review of policies affecting England's uplands.

Key measures include:

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<sup>2</sup> HC Deb 13 December 2010 c528W

A guarantee that 100% of hill farmers eligible to enter Uplands Entry Level Stewardship (UELS) – the key environmental management scheme for hill farmers - will be able to do so, which would be worth up to an extra £6m a year from within the Rural Development Programme for England (RDPE).

Creation of an “Uplands Theme” in the new delivery arrangements for the socio-economic elements of RDPE to target support to hill farmers, details of which will be announced later in the year: areas being considered include grants for small scale capital investments, help with business and other skills, apprenticeships, knowledge transfer and demonstration farms.

A commitment to reduce the burden of unnecessary red tape on hill farmers in the light of the forthcoming report of the Task Force on Farming Regulation: issues of particular relevance which the Task Force is examining include livestock movement, regulation of small abattoirs and farm inspections.

A new Rural Community Broadband Fund, expected to be worth up to £20million, to allow rural communities - including those in the uplands - to apply for help with small scale broadband projects: an innovative way of enabling people in rural areas, including hill farmers, to access the digital services and business opportunities most of us take for granted.

A process of consultation on whether the legislation for National Parks needs to better reflect their role in facilitating sustainable development, but without compromising the integrity of our National Parks.

Further announcements on these measures will be made in the coming months.

Notes to editors

The Uplands Policy Review is online at: <http://ww2.defra.gov.uk/food-farm/land-manage/uplands/>

The Uplands Policy Review also sets out how the Government will meet the commitment in Defra’s Structural Reform Plan to “develop affordable measures of support for hill farmers”.

The Rural Community Broadband Fund is expected to draw on RDPE European funds and funding from the £530m BDUK funding announced last year following the Spending Review. It will provide support to rural communities across England, including in upland areas, for small community broadband projects. Details of how the Fund will operate and how to apply will be announced later in the year.

Effectively use the funds provided to meet the Universal Service Commitment

Increase the penetration of high speed connectivity and plan for the use of public money (from whatever source) if necessary

Explore the potential for reuse of public networks and assets to reduce the cost of making high speed connectivity available to poorly served areas in the UK

Work with and influence the other areas of the public sector (e.g. Ofcom) involved with and responsible for the delivery of the Coalition Government's policy objective to ensure the rapid rollout of high speed connectivity services across the country.

The Rural Development Programme for England (RDPE) 2007-13 is jointly funded by Defra and EU funding worth about £3.7 billion. It covers three Axes, or objectives: Axis 1 is concerned with farming competitiveness, Axis 2 with protecting the environment

and the countryside and Axis 3 with diversification of the rural economy. Axis 4, the Leader approach is a community led approach to the programme's objectives managed by Local Action Groups.

Uplands Entry Level Stewardship (Uplands ELS) is a strand of Environmental Stewardship designed specifically for upland farmers, and funded under Axis 2 of RDPE. Uplands ELS was launched in 2010 and is available to all farmers in England's Severely Disadvantaged Area. Current uptake targets are based on the scheme covering 80% of eligible land by 2015. Today's announcement confirms that funding will be made available from within RDPE budgets to allow all eligible farmers to enter the scheme.

Axis 1, 3 and 4 of the Programme, the socio-economic elements, are currently delivered by the Regional Development Agencies. RDPE delivery will be transferring from Regional Development Agencies to Defra in July 2011 providing greater national consistency whilst retaining a network of delivery support.

The Uplands Theme will be part of the new approach to delivery of the RDPE socio-economic elements for the remainder of the programme period to 2013. Elements including targeted skills programmes, capital investments schemes and enhanced weighting for upland areas within other generic schemes under the Programme are being developed over the coming months. Further details will be announced later in the year.<sup>3</sup>

In August 2011, a PQ updated the position on demand:

Julian Smith: To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the level of demand for funding available through the Rural Development Programme for England to support upland farming. [67292]

Mr Paice: We continue to monitor uptake of all agri-environment schemes, including Uplands Entry Level Stewardship (Uplands ELS). Uptake of Uplands ELS currently stands at 4,600 agreements or 708,200 hectares of land in the Severely Disadvantaged Area.

In maximising the use of EU funds, and through the spending review settlement, we have successfully maintained planned levels of spend on agri-environment at above £400 million per annum. Within this amount, we remain committed to maximising uptake for Uplands ELS and have ensured that funding is available to enable all eligible farmers to enter the scheme. Uplands ELS uptake is currently limited by the area of land that remains in Countryside Stewardship and Environmentally Sensitive Area agreements. These will be eligible to renew into Uplands ELS (and also in many cases Higher Level Stewardship) as agreements expire between now and 2015. We are working with Natural England to maximise such renewals.

As announced in the Uplands Policy Review on 10 March, the Government are working to develop an 'uplands theme' for Rural Development Programme for England (RDPE) delivery for the rest of the programme and will be discussing what this needs to deliver with industry representatives. In addition, some priority is being given to helping those Leader Local Action Groups (LAG) in uplands areas continue to deliver against their Local Development Strategies. The LAG and DEFRA RDPE delivery team will discuss and agree how best to deliver this support at the local level, based on demand and performance criteria.<sup>4</sup>

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<sup>3</sup> Defra Press Release, *Government boosts hill farm and upland communities support*, 10 March 2011

<sup>4</sup> HC Deb 11 August 2011 cc1176-7W

#### **4 EFRA Committee supports return of coupled payments, 2011**

In February 2011, the EFRA Select Committee published a report, [Farming in the Uplands](#), HC 371 2010-11, with the following summary:

The uplands are rare and beautiful landscapes which have been formed in large part by generations of agricultural endeavour. The future of these valuable landscapes and the communities that live there depend on hill farming remaining as the principle form of land management. The Commission for Rural Communities (CRC) was established to promote awareness of rural needs; represent rural communities; provide advice to Government on rural issues; collect data and conduct research. The CRC has strived to make all government departments consider the needs of rural communities when making and implementing policy. The Government has decided to abolish the Commission for Rural Communities—it therefore falls to the Department for Environment, Food and Rural Affairs (Defra) and its Ministers to continue the work of the Commission and to act as the advocate for rural communities within Government.

This inquiry builds on the CRC's report *High ground, high potential*—a future for England's upland communities. In responding to this report and the CRC's report, Defra must produce an uplands strategy that sets out a clear, costed action plan that sets out how it will ensure that hill farming in the uplands can be viable and thrive.

Many hill farms struggle to make sufficient income and would fail without subsidy provided through the Common Agricultural Policy. Farming must remain at the centre of any strategy for the uplands. Defra must tackle the main barriers to hill farming becoming viable, including the management and delivery of agri-environment schemes and the Single Payment Scheme. The reform of the Common Agricultural Policy will be decided later this year. The reformed CAP must provide incentives and mechanisms to encourage hill farmers to make the most of the opportunities in the uplands. Upland farming would benefit from a return to a limited form of coupled payment.

The Government must enable hill farmers to make a financial return from the provision of public goods such as carbon storage and water management. Hill farmers will require access to improved knowledge transfer and extension services to make the most of those opportunities, as well as improving agricultural productivity and sustainability. Upland farmers also need the tools and support to enable them to diversify to supplement their farming activity.

Upland communities should be given the opportunity to develop. Access to the internet through superfast broadband is one element of that development. The Government should support upland communities by assisting local planning authorities to provide affordable housing. Upland communities and hill farmers should not be disadvantaged in respect of accessing grants, particularly the Rural Development Programme for England.

The Government must decide whether it wishes agriculture in the uplands to continue. The maintenance of the uplands' unique and precious landscapes depends on supporting hill farming and ensuring they have a future.

The Committee's Chair, Anne McIntosh stressed the need for a return to headage payments:

Launching the report Committee Chair, Anne McIntosh MP, said:

"The Government must find a better way to pay farmers for maintaining our unique upland landscapes. Headage payments, together with appropriate environmental safeguards, could provide the answer for these remote farming areas. Tenant farmers are having a particularly hard time; headage payments

would remove some of the obstacles they face accessing EU funds they are entitled to."

#### Supporting hill farmers

MPs recommend changes to the way money from the EU's Common Agricultural Policy (CAP) is used to support hill farmers. Farming, in particular grazing livestock, is an essential part of the landscapes and traditional systems of land management in these beautiful and fragile areas.

A return to headage payments in limited circumstances, with appropriate environmental conditions to prevent overstocking, would provide fairer funding to hill farmers.

Miss McIntosh adds,

"Headage payments would enable tenant farmers to access funding they need while meeting, or improving on, the current environmental conditions applied to CAP payments. Like the Commission for Rural Communities we believe that changes must be made to the way in which CAP environmental payments are calculated."

The Committee also calls on the Government to do more to enable hill farmers to diversify into other land management activities—such as carbon storage and water quality schemes.

Anne McIntosh adds;

"Government must ensure farm businesses can provide a decent income for hard-pressed hill farmers. Farmers in the uplands already do a huge amount of unpaid work that benefits the public. The challenge for Ministers is to find a way to reward farmers for those public benefits while preserving their way of life and wonderful landscapes of our uplands"

#### Speaking up for rural communities

The report calls on the Government to demonstrate a stronger commitment to upland communities. Having abolished the Commission for Rural Communities - the public body that advised Government on rural issues -the Department for Environment, Food and Rural Affairs must ensure that rural policies and their delivery are not neglected. To that end MPs call on Ministers to:

- Publish a strategy for the uplands that sets out a clear action plan with practical measures to be implemented immediately
- Provide strong leadership across all Government departments to make sure that rural and upland communities get a fair deal
- Create a statutory definition of the uplands to assist the Government in targeting policy
- Make sure that all farmers and rural communities can get access to development grants once RDAs have been abolished
- Work across Government to put in place policies that support those that live and work in the uplands, in particular rolling out super-fast broadband for remote rural communities and increasing the availability of affordable housing



- Give National Parks a statutory duty to do more to encourage social and economic development.<sup>5</sup>

## 5 The Commission for Rural Communities argues for more support

In June 2010 the Commission for Rural Communities published a report, [High ground, high potential – a future for England's upland communities](#):

The English uplands are landscapes that provide a wealth of natural and cultural assets. They also have the potential to generate many valuable public goods and market products, supporting a low carbon future and green economy. Vibrant, secure upland communities hold the key to realising this potential. Unlocking that potential requires government to work with and support local communities and land managers. In particular this means empowering communities, increasing the supply of affordable housing, particularly for young people, and improving access to next generation broadband and mobile communications.

Current support for hill farming is inadequate to sustain these assets. New funding mechanisms are required as part of the reform of the Common Agricultural Policy from 2013. These would reward farmers for managing national assets in harmony with developing businesses. A new approach is needed which would balance the needs of the environment with maximising the economic potential of the uplands. But supporting farmers is not sufficient on its own: the communities in which they are embedded must also be enabled to thrive if these assets are to be sustained.

These are the main findings of the inquiry into the future of upland communities by the Commission for Rural Communities (CRC) being released today (Tuesday, 15 June).

The inquiry recognised that while farming is essential to maintaining the landscape and managing natural resources, the future sustainability of the upland areas also depends on a thriving business sector. New initiatives are needed to bring together the public and private sectors to create markets for the uplands' natural resources, like carbon and water, for the benefit of local communities.

It also calls for a new integrated approach to maximising the potential of these unique and diverse natural assets. At present, the inquiry found a lack of joined-up thinking, with too many of the well-intentioned initiatives having unintended negative consequences for communities, farmers and land owners alike. To remedy this, the CRC recommends the appointment of a single individual who would be responsible for this new uplands strategy.<sup>6</sup>

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<sup>5</sup> EFRA Committee Press Release, *MPs tell Ministers to re think coupled payments for hill farmers*, 16 February 2011

<sup>6</sup> CRC Press Release, *Securing a positive future for England's upland communities*, 15 June 2010