

Date: 24 November 2009

Report: UPLANDS ENTRY LEVEL STEWARDSHIP (UELS)

Purpose of the report

1. To update Members on the arrangements for the launch of the Uplands Entry Level Stewardship (UELS) Scheme in 2010, and obtain authority to tender for a fixed-term contract to deliver UELS advice to eligible farmers in the National Park.

Strategic Planning Framework

2. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

National Park Management Plan objectives

- 2a) *Encourage and support widespread take-up of Environmental Stewardship and other agri-environment schemes so that 80% of the National Park is covered by agreements by 2010 (L2)*

Background

3. Many Members will recall the 'Mid-term Review' of the Common Agricultural Policy, which, in 2005, led to the 'decoupling' of agricultural subsidies from production. In England, this was implemented through two major changes to the way that public funding supported agriculture:
 - a. A new 'Single Payment Scheme' to replace many of the existing direct subsidy schemes. This decoupled payment from production, and moved towards an area payment linked to meeting certain environmental conditions ('cross compliance').
 - b. A significant increase in support for agri-environment schemes, and wider rural development.
4. A new agri-environment scheme ('***Environmental Stewardship***') was introduced to eventually replace the various existing agri-environment schemes (Countryside Stewardship, ESA etc). It has two main elements:

a) *Entry Level Scheme (ELS)*

This is open to all farmers. It is intended to encourage a large number of farmers to undertake a selection of basic environmental management measures (e.g. maintaining walls and hedgerows).

b) *Higher Level Scheme (HLS)*

This is a competitive scheme, targeted on those areas – like much of the Dales - where it can deliver maximum public benefit. It provides funding for farmers who undertake more complex environmental management practices (e.g. maintaining and restoring important habitats).

5. The one area of agricultural support in England that was left unchanged in 2005 was the Hill Farm Allowance. The Hill Farm Allowance provides payments to farmers in what are known as ‘Severely Disadvantaged Areas’ (SDA) – the most socially and economically disadvantaged rural areas. In the UK, that means the uplands.
6. Most farmers in the SDA were eligible for the Hill Farm Allowance, and the payments were based on the area of the holding. The scheme was essentially compensatory, and was intended to:
 - recognise the difficulties that farmers face in the SDA and the vital role they play in delivering landscape and environmental benefits;
 - help to preserve the farmed upland environment by ensuring that land in the most disadvantaged areas is managed in a sustainable way; and,
 - contribute to the maintenance of the social fabric in upland communities through support for continued agricultural land use.

Uplands Entry Level Scheme

7. In 2006, after a review of upland funding, the Government announced that it intended to shift the funding from the Hill Farm Allowance into Environmental Stewardship from 2010. The rationale for this was to move to a funding option that was more clearly linked to the delivery of public benefits. From 2010 it will, therefore, be replaced by an *Uplands Entry Level Scheme (UELS)*. The scheme will be open only to farmers in the SDA (90% of the National Park falls into this category), and will provide payments for maintaining and improving the upland landscape and environment. The annual national budget for UELS will potentially be larger than that for the Hill Farm Allowance (up to £31 million, compared to £23.7 million).
8. The Secretary of State announced the full details of UELS and the associated transitional arrangements in December 2008. The **appendix** to this report gives more details. Importantly, the scheme now includes transitional arrangements which should ensure that farmers do not lose out financially either as a result of the timing of the new payments, or because they are in other agri-environment schemes that make them currently ineligible for UELS (even though they are currently receiving the Hill Farm Allowance).

Implementing UELS

9. The original intention was that ELS would be a relatively straightforward scheme and would be largely 'hands-off' (i.e. there would be no need for dedicated advisers to assist farmers to enter the scheme). It is clear, however, that UELS will be much more complex. DEFRA and Natural England will, therefore, significantly enhance the level of advice available to farmers to help them enter the appropriate UELS and ELS options, and to support uptake of good practice. As part of this, Natural England intends to let a series of regional Farm Advice Training and Information (FATI) contracts to other bodies to provide one-to-one advice and group events.
10. The Authority has submitted an initial expression of interest in tendering for part of the regional FATI contracts. The potential suppliers who will be invited to tender formally for the contracts will be announced on the 25th November. As National Parks (and thus the NPAs) only cover part of the Yorkshire and Humber and North West regions, the Authority would need to join consortia. The Authority has already been approached by FWAG, ADAS and the NYMNPA to potentially form a consortium in Yorkshire, and by a similar range of partners in the North-west. The value of the contracts — which will run from April 2010-April 2014 — is £2 million for Yorkshire and Humber, and £1.5 million for the North West region. Each supplier will need to provide a minimum of 100 one-to-one visits and 5 group events per year.
11. It is inevitable that the Authority's Farm Conservation Team will be approached by *some* local farmers for advice on UELS, irrespective of who is delivering the regional advice contracts. Providing direct advice to farmers on UELS and other ELS options would maximise the environmental benefits, and provide opportunities to 'signpost' farmers to other grants, including our own. By providing this advice through the FATI framework, the Authority would receive full funding for providing an enhanced service.

Financial & Staffing implications

12. Should the Authority successfully tender for a Farm Advice Training & Information framework contract this will require the employment of additional staff on fixed term contracts. The cost of staff would be fully funded by the payments from Natural England.

Legal implications

13. If the Authority enters into a framework contract with Natural England and or a delivery agreement with another organisation, this will require a legal contract which would place responsibilities on the Authority for the delivery of the advice. Any contract documentation will be checked by the Authority's Solicitor before the Authority enters into any binding legal obligation.
14. It is considered that tendering for, and if successful entering into, a contract of this nature is within the legal powers of the Authority, as it promotes the first statutory purpose and the associated socio-economic duty. Section 1 of the Local Government (Contracts) Act 1997, and Section 65(5) of the Environment Act 1995, both empower

National Park Authorities to enter into contracts in connection with the discharge of their functions.

Conclusion

15. The replacement of the Hill Farm Allowance in 2010 with Uplands Entry Level Stewardship will be a complex process, affecting the vast majority of the farmers in the National Park. DEFRA has acknowledged this and Natural England are currently in the process of increasing the advice provision to the affected farmers, through their own staff, partners and stakeholders and by offering advice contracts to suppliers, which could include the Authority.
16. Like the Hill Farm Allowance, the UELS will be important for the agricultural economy in upland areas like the Yorkshire Dales National Park. It is more complex than its predecessor but offers enhanced environmental benefits, particularly when the full range of Environmental Stewardship elements are used. The opportunity to be fully involved in – and reimbursed for – providing advice on the scheme within the National Park is a logical extension of the Authority's existing Farm & Countryside Service.

RECOMMENDATION

17. That Members:

- a) note the details for the launch of Uplands Entry Level Stewardship in 2010 to replace the Hill Farm Allowance; and
- b) authorise the Authority to tender, potentially in partnership with other organisations, for the Farm Advice Training & Information framework contracts for the North West and Yorkshire and Humber regions.

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10 November 2009