



Department  
for Environment  
Food & Rural Affairs

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# **Evidence summary on the implementation of changes to cross compliance in England**

**16 June 2014**

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#### Revision log

	What's changed
Updated 16 June 2014	Typo fixed on page 11

## Implementation of the Common Agricultural Policy (CAP) changes to cross compliance in England.

1. Cross compliance is the set of rules that serves as a baseline for direct payments, such as the Basic Payment Scheme, and certain Rural Development payments. These rules cover the environment, animal, plant and public health, animal welfare and landscape features. They are split into two types; Statutory Management Requirements (SMRs), which reflect specific EU legislation and have to be adhered to, and standards of Good Agricultural and Environmental Condition (GAEC), where Member States are given a framework to work to, but they are able to set actual requirements.
2. Reform to the CAP has led to changes in the cross compliance framework set by the European Commission (EC). This has generated changes to the GAEC requirements across England. The proposed changes in the GAEC framework will impact the way in which England implements cross compliance.
3. On 19<sup>th</sup> December 2013 the Government published its response to the consultation on implementation of the Common Agricultural Policy (CAP) in England, which ran from 31<sup>st</sup> October to 28<sup>th</sup> November 2013. A response on additional issues was published on 26<sup>th</sup> February 2014<sup>1</sup>.
4. In the consultation the Government sought public opinion on cross compliance. The Government also proposed to have two further informal consultation workshops in early 2014.
5. In the replies to the consultation, stakeholders and members of the public highlighted concerns that they had with cross compliance. There were a significant number of responses in regards to the retention of some current requirements, as well as the disposal of the current soil protection review.
6. Government analysed all the responses received and used them, along with evidence from stakeholders and industry, to put together a further consultation document which asked for opinions on specific policy proposals. This document was then used for the informal consultation workshops which took place in early 2014. Table 1 highlights the changes proposed to cross compliance as part of the implementation of CAP reform. They are divided into those applied by the EC that England must implement and those requested by stakeholders. For current requirements that are not in this table, rules will be carried forward in to the new regime from 2015.
7. This report summarises the evidence collected to inform Government decision making for each of the proposed changes. In each case it emphasises the impact on farmers, the Rural Payments Agency (RPA) who operate the cross compliance scheme and wider environmental and social objectives.
8. Ministers have made the following decisions regarding GAEC standards; To remove the mandatory requirement for record-keeping relating to soils GAECs; to extend the ban on hedgerow cutting by 1 month to 31<sup>st</sup> August in order to protect nesting birds; to

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<sup>1</sup> These responses are available online at <http://www.gov.uk/government/consultations/common-agricultural-policy-reform-implementation-in-england>

add in protection for earth banks and stone banks as landscape features; to retain protection for public rights of way, stone walls, trees, hedges, SSSIs and scheduled monuments as important features of the English landscape; not to take up the optional element in EU legislation of controlling invasive plant species

**Table 1: Proposed changes to the current GAEC framework in the new CAP**

Current GAEC requirement	Proposed Change
<b>Changes to EC Framework</b>	
<b>Control of weeds</b>	a) Removal of requirement to control injurious weeds. b) Option to keep or remove requirement to control invasive weeds.
<b>Agricultural land which is not in agricultural production</b>	Removal of entire GAEC. Farmers no longer risk foregoing part or all of their single payment for non-compliance.
<b>Hedgerows</b>	Extension of the no-trimming season by one month to reflect bird breeding and rearing season. This will change from 1 March – 31 July to 1 March - 31 August.
<b>Changes invited by stakeholders</b>	
<b>Soil Protection Review (SPR)</b>	Removal of requirement to undertake a Soil Protection Review.
<b>Scheduled monuments</b>	Add a requirement for farmers to retain 'high importance nationally important monuments' (HINIMS) located on grassland.
<b>Earth and stone banks</b>	Inclusion of earth and stone banks in cross compliance.
<b>Stonewalls</b>	Removal of current exception whereby farmers can use stone from stone walls to make minor repairs to public footpaths.

## Changes to the EC framework

### Control of weeds

9. Cross compliance currently requires farmers to control five species of injurious weed (spear thistle, creeping or field thistle, curled dock, broad-leaved dock and ragwort) and four species of invasive weed (Japanese knotweed, Himalayan balsam, rhododendron and giant hogweed). Whilst injurious weeds must be dropped due to changes in the EC framework, invasive weeds may be kept as an option.

10. **Impact on farmers:** Removing the control of weeds is expected to provide a modest benefit to farmers who no longer risk being found non-compliant. However, its removal is not expected to change farmer behaviour as failure to control weeds could result in productivity losses to crop yields or health risks to livestock<sup>2</sup>. RPA have found 161 cases of non-compliance for control of weeds between 2005 and 2013<sup>3,4</sup>. In total

<sup>2</sup> This assumes that farmers are fully aware of the risks posed by injurious and invasive weeds. Guidance, such as Defra (2011) '[Guidance for cross compliance in England: management of habitats and landscape features](#)', help transfer knowledge on these issues.

<sup>3</sup> Based on unpublished RPA data.

<sup>4</sup> The vast majority of penalties applied for failure to control weeds have been small (i.e. warning letters or 1%, 3% and 5% deductions from single payment). This suggests that most non-compliant farmers have broken the rules through negligence as opposed to intentional actions.

£226,506 has been collected in penalties during this time, or an average of £25,167 per year. This equates to an average penalty of just under £1,400 per non-compliant farmer. The most number of failures in any single year (38) occurred in 2011 with penalties summing to £95,347. In the absence of better information we assume that half of these costs are attributed each to injurious and invasive weeds.

11. **Impact on RPA of removing control of weeds:** The impact on RPA is expected to be negligible. There will be a very small benefit from the avoided administrative costs of penalising a farmer. This includes inspection notes and formal notification of the penalty to farmers.
12. **Environment and social impacts:** There are expected to be differing environmental and social impacts for injurious and invasive weeds. Whilst both injurious and invasive weeds may out-compete other biodiversity, it is expected that it is a more serious concern for invasive weeds. For example, giant hogweed can suppress the growth of native plants and grasses<sup>5</sup>. Himalayan balsam can reduce species richness by 25%<sup>6</sup>. Evidence also suggests that injurious weeds are more likely to provide direct biodiversity benefits, including as pollinators and as a food source<sup>7</sup>.
13. Injurious weeds are also legislated for in the Weeds Act 1959. This allows the Secretary of State to serve notice to the occupier of land to take action to remove injurious weeds that are present. There is no legislative provision for invasive weeds.
14. **Government decision:** Injurious weeds will be removed due to changes in the EC framework. However, little impact is expected in England as a consequence. Government anticipates that the removal of injurious weeds will have very modest benefits to farmers and little impact on RPA. The environmental benefits are uncertain, but provision in the Weeds Act 1959 will maintain appropriate incentives to control injurious weeds.
15. Government has taken the decision to not include invasive weed species within cross compliance from 2015. This decision was taken as it was felt that the control and removal of such weeds should actually be of benefit to farmers, so there should be sufficient motivation for farmers to manage these appropriately.

## **Agricultural land which is not in agricultural production**

16. Revision of the EC framework has led to the removal of the GAEC requiring farmers to maintain agricultural land in good agricultural and environmental condition which is not in production. Farmers have been required to cut scrub or graze rank vegetation on agricultural land not in production at least once every 5 years in order to prevent encroachment of scrub. However, some of these rules on keeping agricultural land out of production have been retained in the eligibility criteria for the new Single Payment Scheme. Farmers will no longer be required to meet specific standards in terms of their maintenance.

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<sup>5</sup> Centre for Ecology & Hydrology (2004) *Information Sheet 4: Giant Hogweed*. Available online at [http://www.ceh.ac.uk/sci\\_programmes/documents/gianthogweed.pdf](http://www.ceh.ac.uk/sci_programmes/documents/gianthogweed.pdf)

<sup>6</sup> Hulme, P.E. & Bremmer, E.T. (2006) Assessing the impact of *Impatiens glandulifera* on riparian habitats: partitioning diversity components following species removal. *Journal of Applied Ecology*, **43**, 43-50

<sup>7</sup> For example, see Klinkhamer, P.G.L. & Dejong, T.J. (1993) *Cirsium vulgare* (savi) ten- (*Carduus lanceolatus* L, *Cirsium lanceolatum* (L) scop, non Hill) *Journal of Ecology*, **81**, 177-191

17. **Impact on farmers:** It is in a farmer's own interest to control the spread of unwanted vegetation to productive farmland<sup>8</sup>. Failure to do so could reduce productivity which is potentially why low rates of non-compliance have been found. No change in farmer practice is anticipated with the removal of this requirement. A very modest sum will be realised by farmers who will no longer be found non-compliant. Only 20 cases of non-compliance have been reported by RPA between 2005 and 2013 at a total cost of just under £8,000<sup>9</sup>. This translates to an average penalty of £400 per non-compliant farmer.
18. **Impact on RPA:** The very low number of non-compliance cases leads to the expectation that the impact on RPA will be negligible. Once again there will be a very small benefit from the avoided administrative costs of penalising a farmer.
19. **Environment and social impacts:** The current GAEC restricts cutting or ploughing vegetation between 1 March and 31 July, cutting more than 50% of land in any one year and a requirement to maintain green cover. In some circumstances removal of the GAEC risks reducing habitat quality for ground nesting birds and some insect and plant species although there is minimal evidence for this<sup>10</sup>. Removal of green cover could also increase the risk of soil erosion with indirect impacts on water courses and winter feeding grounds for seed-eating birds.
20. **Government decision:** The GAEC relating to agricultural land which is not in agricultural production will be removed due to changes in the EC framework. However, little impact is expected in England due to its removal. Government anticipates that the removal of this requirement will have a negligible impact on farmers and RPA. The environmental benefits could be negative but the private interests of farmers to maintain their land may minimise this risk.

## Hedgerows

21. The EC framework now specifically states that hedgerow cutting cannot occur during the bird breeding and rearing season. Failure to follow this requirement will mean the Government will risk incurring disallowance costs.
22. **Impact on farmers:** Farmers will no longer be able to trim hedgerows in August. Many farmers are already paid to meet this requirement under Environmental Stewardship schemes. A rough cost of replacing this requirement can be calculated by estimating the length of hedgerow affected under cross compliance and multiplying by an estimated average payment for not trimming hedgerows in August under Environmental Stewardship<sup>11</sup>. Notwithstanding the limitations of this approach, the overall cost to all farmers is estimated to be up to about £280,000 per year. Non-compliance may also increase with resulting costs to affected farmers. There were 54 farms found non-compliant for all hedgerow management between 2005 and 2013, so any increase in non-compliance is expected to be modest<sup>12</sup>.

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<sup>8</sup> A farmer will choose to spend resources maintaining green cover and avoiding soil erosion whilst it is financially rewarding to do so. They may also derive wellbeing from the wider environmental benefits that good management practices bring.

<sup>9</sup> Based on unpublished RPA data.

<sup>10</sup> These benefits however are identified in Defra guidance for cross compliance in England, available online here:

[http://rpa.defra.gov.uk/rpa/index.nsf/0/06839f56a79913a880257850004ed22f/\\$FILE/Cross%20compliance%20Habitats%20and%20Landscape%20Features%20v1.0.pdf](http://rpa.defra.gov.uk/rpa/index.nsf/0/06839f56a79913a880257850004ed22f/$FILE/Cross%20compliance%20Habitats%20and%20Landscape%20Features%20v1.0.pdf)

<sup>11</sup> Farmers could incur increased costs for not trimming during August, for example, due to the additional growth in hedge, increased probability of equipment failure and increased volume of cutting to remove. It is assumed these costs are captured in payment under Environmental Stewardship schemes.

<sup>12</sup> Based on unpublished RPA data.

23. **Impact on RPA:** The very low number of non-compliance cases leads to the expectation that the impact on RPA will be very small. There will be a very small cost from additional administrative costs of penalising a farmer. Changes to the no-trimming could also increase requests for derogation which would impose some administrative burden on RPA. This is also expected to be a very small cost.
24. **Environment and social impacts:** Extension of the no trimming period is expected to protect around ten farmland bird species that are not offered complete protection in England under current guidance<sup>13</sup>. Wider environmental benefits to other small mammals, insects, pollinators and plants may be realised as an indirect effect. This analysis stops short of attempting to place a monetary value on these additional environmental benefits as valuation studies are not commensurate with the specific nature of proposed changes to hedgerow trimming.
25. **Government decision:** Government is committed to follow EC rules and the extension of no-trimming dates by one month, to the 31<sup>st</sup> August. Whilst the evidence cannot quantify the value of environmental benefits from the change it will provide additional protection to multiple species. By contrast, the impact on farmers and the RPA is expected to be modest.

## Changes invited by stakeholders

### Soil Protection Review (SPR)

26. Currently, farmers are required to fill out paperwork as part of the Soil Protection Review (SPR) in order to receive their Single Payment. The requirements include recording all soil types, problems and risks relating to soil quality, as well as selecting measures to deal with them. However, this is seen as burdensome and insufficiently outcome focused.
27. Under the proposed reforms, farmers will no longer need to fill in an SPR, but instead will need to follow good practice and minimum standards on soil requirements. These aim to prevent erosion, keep soil organic matter and carbon stock and a minimum level of soil cover. Although farmers do have incentives to maintain good soil quality (for reasons of productivity and sustainability), minimum standards are necessary in order to receive the single payment. These standards will also prevent possible downstream impacts, such as surface runoff and silting of rivers. Inspections will still be carried out on farms, with both the high risk and random selections continuing.
28. **Impact on farmers:** Farmers will no longer need to spend time filling in SPR paperwork. There will be some one-off familiarisation time costs to farmers for the new guidance – we estimate around 0.5 hours per farmer – costing around £900,000 in total for the first year<sup>14</sup>. However, these would be outweighed by the time savings from the

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<sup>13</sup> The ten species are Greenfinch, Linnet, Tree Sparrow, Goldfinch, Bullfinch, Yellowhammer, Cirl Bunting, Turtle Dove, Spotted Flycatcher and the Hobby. Source: Joys, A.,C. and Crick, H.,Q.,P. (2004) 'Breeding periods for selected bird species in England' *BTO Research Report No. 352*. Thetford, BTO.

<sup>14</sup> Based on discussions with stakeholders and user testing. An hourly rate of £16.52 for average farmers' wage is assumed based on Defra's Survey Control Liaison Unit's Survey notification form and up-scaling by 30% following the standard cost model. Once again a farmer's hourly wage is assumed to be £16.52 per hour.

removal of the SPR. A survey of the costs of the SPR found that on average farmers spend 0.5 hours per year completing the annual review while new claimants spend 1.2 hours completing an SPR. Removing these requirements would save about £5.3m in total from 2015-2020<sup>15</sup>.

29. In addition, penalties can currently be issued to farmers for incomplete or incorrect SPR paperwork. Under proposed changes, penalties will only occur if a breach has been caused by a failure to adhere to national minimum standards. It is expected that as a result fewer penalties will be issued to farmers.
30. **Impact on RPA:** The RPA will face some transition costs from removal of the SPR but will also benefit from reduced administrative costs such as printing and postage costs. It is expected the RPA will make overall cost savings from the reforms.
31. **Environment and social impacts:** The proposed changes are intended to be a cost effective way to achieve the same outcomes as the present system, but a full analysis of environmental and social outcomes has not been carried out. The same number of inspections per year will continue in order to ensure that the new guidance is followed.
32. **Government decision:** The government proposes to replace the SPR with a simplified outcome-based approach where farmers will need to comply with national minimum standards on soil management. This option involves no paperwork and reduced administrative burdens on farmers. It is the outcome of consultation with a wide range of stakeholders and follows recommendations made by the Farming Taskforce. Maintaining the current system has been ruled out as a viable option as there is consensus on the need and scope for a more outcome focused approach to soil management.

## Scheduled monuments

33. 'High importance nationally important monuments' (HINIMS) is unscheduled monuments which currently are not protected under cross compliance. It is proposed these are included for retention alongside scheduled monuments if they are found on grassland. They provide historical and landscape value which provide societal benefit.
34. **Impact on farmers:** The inclusion of HINIMs on grassland is expected to generate a one-off cost to farmers. Farmers unaware of HINIMs on their land will need to check the 'SHINE' database or contact their Local Authority to check if they have any on their land<sup>16</sup>. Of 8,600 HINIMs, about 2,200 sites are not covered by any formal agri-environmental management<sup>17</sup>. Assuming each farmer not on an Environmental Stewardship scheme takes 30 minutes to check the database, the total cost is estimated to be £460,000<sup>18,19</sup>. Farmers with HINIMs on their land must retain them. It is

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<sup>15</sup> Based on average hourly wage rate from ADAS (2012) 'Assessment of the implementation of the Soil Protection Review 2010 and soil management practices in England', 110,000 farmers subject to cross compliance and 3,500 new claimants per year (RPA figures)

<sup>16</sup> SHINE stands for Selected Heritage Inventory for Natural England. It can be found online at <http://www.myshinedata.org.uk/>

<sup>17</sup> Data obtained from SHINE database provided by English Heritage

<sup>18</sup> Note that farmers on Environmental Stewardship schemes will already be aware of any HINIMs on their site as they are required to check the SHINE database.

<sup>19</sup> Once again a farmer's hourly wage is assumed to be £16.52 per hour. Approximately 46,500 farmers are assumed to have internet access but not signed-up for agri-environment schemes. Furthermore approximately 8,700 farmers are assumed to have no internet access and instead need to spend 30 minutes contacting their local council to search Historic Environment Records.



uncertain if retention will impose any significant costs on farmers. Only 3 cases of non-compliance between 2005 and 2013 relate to scheduled monuments<sup>20</sup>. Any increase in non-compliance is expected to have modest costs.

35. **Impact on RPA:** There will be small additional time costs to the RPA's dossier preparation team who will identify whether a farm contains grassland HINIMs. The actual inspection time of farms with HINIMs will increase with the cost dependent according to size. If non-compliance increases so will the administrative costs that RPA face. RPA have not provided estimated for these costs, but they are expected to be modest.
36. **Environmental and social impacts:** This extension will improve the probability of retention for 2,200 HINIMs currently not under any formal agri-environmental management. Society values these HINIMs for their cultural and historic significance. To illustrate, Eftec (2005) reviewed the literature and found monetary estimates for annual household willingness to pay for historic English sites range from £14.75 to £68.63 (adjusted to 2013 prices) depending on context and method<sup>21</sup>. Given this study did not focus on HINIMs it is not possible to estimate a monetary value based on current evidence. It is also not possible to measure the change that the introduction of HINIMs into cross compliance will have.
37. **Government decision:** Due to these features being covered under other Agri-Environment Schemes, this requirement will not come in to force in cross compliance at present. This is due to insufficient evidence to show that current Agri-Environment Schemes do not protect these features, but this will be monitored going forward.

## Earth and stone banks

38. Earth and stone banks are landscape features found in some regions of England, often as an alternative to hedgerows or stone walls. It is proposed they are added to cross compliance to provide these features a similar level of protection as hedgerows and stone walls.
39. **Impact on farmers:** This new proposal would not require active management but may create some additional burden to farmers who break these rules in the future. It is difficult to quantify or monetise the impact of this proposal as the extent of current stone or earth removal is unknown. It is expected to increase some farmers' awareness of the value of earth and stone banks. The probability of non-compliance and the associated costs would be expected to increase. However, it is impossible to estimate the rate of increased non-compliance with any degree of certainty as this will be an entirely new requirement.
40. **Impact on RPA:** The very low number of non-compliance cases leads to the expectation that the impact on RPA will be negligible. There could be very small costs from the administrative costs of penalising a farmer.
41. **Environment and social impacts:** Earth and stone banks may deliver have a number of environmental benefits such as water infiltration services, flood risk reduction, crop pest reduction and pollination services. However, it is unclear how the proposed requirement will change the potential environmental benefits other than improving awareness amongst farmers.

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<sup>20</sup> Based on unpublished RPA data.

<sup>21</sup> Eftec (2005), "Valuation of the Historic Environment," report for English Heritage, the Heritage Lottery Fund, the Department for Culture, Media and Sport and the Department for Transport.

42. **Government decision:** The Government has decided to include these requirements in to cross compliance. The decision to include earth and stone banks was two-fold. Firstly, it ensures that all farmers are treated equally, no matter what boundary feature they have on their land. Secondly, earth and stone banks have cultural and environmental benefits which we felt were important to protect.

## Stone walls

43. Farmers are currently exempt from cross compliance rules on stone walls if they are using the stone to make minor repairs to footpaths on their land. It is proposed this exception is removed as it can incentivise permanent damage to a landscape and historic feature that society values.
44. **Impact on farmers:** The most recent Countryside Survey estimates that the total length of stone wall in England fell by 920km between 1998 and 2007<sup>22</sup>. However, the majority of this time period was prior to the implementation of cross compliance and the role of minor footpath repair in causing this reduction cannot be singled out. If farmers were using stone from stone walls for footpath repair then they must now source and transport alternative stone at their own expense, which could prove costly.
45. **Impact on RPA:** The very low number of non-compliance cases leads to the expectation that the impact on RPA will be negligible. There could be very small additional administrative costs of penalising a farmer.
46. **Environment and social impacts:** Cross compliance guidance attributes environmental, historic and landscape values to stone walls. Walls can provide corridors, habitats and wind breaks for wildlife, whilst society values the presence of these features. To illustrate, Fete (2006) estimate annual household willingness to pay for an increase in Severely Disadvantaged Area field boundaries including stone walls to be £0.027 for a one metre increase in 2013 prices<sup>23,24</sup>. However, these values are marginal and should not be aggregated to larger quantities nor to a wider population. The benefits associated with this proposed requirement will depend on the extent that the proposed change avoids stone wall deterioration. Whilst, the benefit of this change is expected to be positive, its magnitude cannot be assessed.
47. **Government decision:** Government is committed to delete this exception of stone wall removal. It is anticipated that this will help protect the landscape and heritage values of English stone walls as well as wider environmental benefits.

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<sup>22</sup> Chapter 5 of the countryside survey focuses on boundary and linear features and can be found online at: <http://www.countryside.gov.uk/outputs/england-results-2007>

<sup>23</sup> Eftec (2006) "Economic Valuation of Environmental Impacts in the Severely Disadvantaged Areas" Report to Department for Environment, Food and Rural Affairs.

<sup>24</sup> Fete (2006) use a choice experiment approach, with one choice asking respondents what length (e.g. 50m, 100m, 200m) of a 1km stretch of a field boundary would be restored. The figure quoted is the average willingness to pay across six English regions, converted to 2013 values.

## GAECs from 2015

48. Given all of the above analysis, and the retention of other GAECs as noted in paragraph 8, the table below shows the final GAECs for 2015.

<b>GAEC No.</b>	<b>GAEC Name</b>
<b>1.</b>	Establishment of buffer strips along water courses
<b>2.</b>	Water Abstraction
<b>3.</b>	Groundwater
<b>4.</b>	Minimum Soil Cover
<b>5.</b>	Minimum land management reflecting site specific conditions to limit erosion
<b>6.</b>	Maintenance of soil organic matter level
<b>7.A.</b>	Boundaries
<b>7.B.</b>	Public Rights of Way
<b>7.C.</b>	Trees
<b>7.D.</b>	Sites of Special Scientific Interest (SSSIs)
<b>7.E.</b>	Historical Monuments