



Department  
for Environment  
Food & Rural Affairs

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# **Consultation on the implementation of CAP reform in England**

## **Government decision on the moorland rate**

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## Implementation of the CAP Basic Payment Scheme in England – the moorland rate

1. On 19 December 2013 the Government published its response to the consultation on implementation of the Common Agricultural Policy (CAP) in England which ran from 31 October to 28 November 2013. A response on additional issues was published on 26 February 2014. These responses are available at <http://www.gov.uk/government/consultations/common-agricultural-policy-reform-implementation-in-england>.
2. In the consultation the Government proposed equalising the rates payable for the 2015 England Basic Payment Scheme in the lowland region and the Severely Disadvantaged Area (SDA) outside of the moorland region. The Government also proposed increasing the payment rate in the moorland region by the same cash amount as in the rest of the SDA. The Government response in December confirmed the equalisation of the lowland and SDA outside moorland rates.
3. In their replies to the consultation some stakeholders expressed concern about the scale of the uplift merited in the moorland. We therefore undertook to carry out further analysis and continue consultation with stakeholder organisations before reaching a final decision on the appropriate rate for the moorland region.
4. We analysed data from the Farm Business Survey and elsewhere. In particular, we looked at the relative importance of moorland grazing to upland farms and the likely impact of different payment rates on their immediate financial viability.
5. We have examined more closely the structure of moorland farms and observed that:
  - Very few farms (0.1%) graze only moorland: most use it as rough grazing alongside other SDA land.
  - In total, the top 20 moorland claimants under the existing Single Payment Scheme (SPS) claim on less than 7% of the moorland area, so moorland payments are spread among a large number of farmers.
  - A greater proportion of the farmed area is tenanted in the upland than the lowland, and there are large owners of moorland including the National Trust, utility companies, and the Royal Society for the Protection of Birds, most of whose land is tenanted.
  - Landlords of tenanted land cannot claim under the SPS directly (and will not be able to claim under the BPS), though the payments will often be claimed by their tenants, and may be reflected in the rents charged.
  - There are large grouse shooting estates on the Yorkshire moors, but there is no sporting activity of any significance in the Lake District, Exmoor or Dartmoor.
  - 39% of moorland is common land, on which payments are typically claimed by a number of commoners.

6. Given that the CAP budget is falling in real terms, it is inevitable that direct payments will fail to keep pace with earnings in the rest of the economy. This decision can only affect the income of farms relative to one another. Our calculations have shown that an increase in the moorland rate of the same cash amount as the increase in the SDA rate would keep average income in farms across the uplands at approximately their current levels relative to the rest of the economy.
7. We received additional representations from stakeholders supporting the uplift. We also discussed further with stakeholder representatives in the Direct Payments Consultative Group, who maintained their earlier positions.
8. The Government has therefore decided to confirm that the payment rate in the moorland will be increased by approximately the same cash amount as the uplift already announced for the rate in the rest of the SDA. This will ensure that upland farmers with large areas of moorland are not put at a disadvantage with respect to other upland farmers, and will distribute direct payments more equitably across English farms.
9. In this decision the Government has set the moorland rate in the same way as originally proposed in the consultation. The decision taken in December to reduce the rate of voluntary transfer from direct payments to rural development from 15% to 12% has increased the funds available for direct payments. This has also increased the rates payable from those set out in the original consultation. The exact payment rates cannot yet be determined but in 2015 should be in the region of €70 per hectare in the moorland and €244 per hectare in the rest of the SDA and the lowland.