

# UNLOCK THE COUNTRYSIDE'S POTENTIAL

CLA MANIFESTO FOR THE 2015 GENERAL ELECTION



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# THE CLA REPRESENTS RURAL LANDOWNERS AND BUSINESSES IN ENGLAND AND WALES

We are the membership organisation for owners of land, property and businesses in rural England and Wales. We are the only organisation solely dedicated to the protection of rural property rights.

Our members own and manage around half the rural land in England and Wales and a wide variety of rural businesses. They benefit both from professional advice and the promotion of their interests for the positive development of the rural economy; as a result CLA's policy work is shaped by members, forward-thinking and underpinned by a recognised understanding of rural issues and opportunities.

Apolitical, we lobby at national, regional and European Union (EU) level in the interests of our members. Our professionals are happy to brief candidates from all parties on the often complex issues specific to the rural economy.

All those who place high value on a long-term, economically viable countryside can rely on the CLA to set out the appropriate agenda to unlock its true potential. We are the only organisation that can help the next Government achieve long-term security in key areas such as food, water, housing and energy.



*Unlock the Countryside's Potential: CLA Manifesto for the 2015 General Election*, will enable candidates of all parties to achieve a better understanding of the countryside, to ensure that their policies unlock the potential of rural areas and effect real change. A proactive approach with the countryside at its heart is needed from the next Government if we are to provide affordable housing, embrace new technologies, deliver fair rewards for farmers and recognise the importance of rural-based businesses to the economy.

This manifesto considers the contribution that rural landowners and businesses make to the social, environmental and economic benefit of the nation and sets out key recommendations which, if implemented, will help rural areas prosper to the benefit of the nation as a whole.

**In order to unlock the countryside's potential, the CLA strongly believes that:**

- the countryside must not be disadvantaged by predominantly urban-focused legislation;
- a realistic approach must be adopted in rural policy-making;
- policy-makers must better understand the potential social, environmental and economic benefits the countryside can provide to the nation as a whole.

# UNLOCK THE COUNTRYSIDE'S POTENTIAL CLA MANIFESTO FOR THE 2015 GENERAL ELECTION

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# 1. PROPERTY AND OWNERSHIP

CLA members own and manage around half the rural land in England and Wales as well as a substantial number of buildings including residential, heritage, farming and business properties. This puts the CLA in an unrivalled position to influence, develop and debate policy that will achieve real change. The CLA works with decision-makers to help them understand the impact of legislation on private ownership and the benefits that rural land and business owners can provide.

## 1.1 Public Access

England has over 115,000 miles of public rights of way together with rights of public access over common land, mountains, moors, heaths and downs and the coastline. However, the system is not fit for purpose as it does not meet the needs of walkers and it does not meet the needs of landowners.

### The CLA calls on the next Government to:

- create flexibility in the rights of way process to simplify the cumbersome process of modification and allow landowners to apply for a diversion or extinguishment of a right of way;
- ensure that routes take account of modern needs – for example, by avoiding farmyards, gardens or dangerous hazards;
- have a network which is easy to follow, well signed, waymarked and maintained;
- commit to implement the 2026 cut-off date for recording historic routes on the definitive map;
- do more against those who abuse rights of public access, particularly by failing to control dogs or the illegal use of vehicles;
- abandon the roll-out of the right of access to the coast instead relying on existing public rights of way.

## 1.2 Planning

Despite strong recommendations in the National Planning Policy Framework, many planning authorities still do not have local plans in place. This results in many applications being refused on the basis of out-of-date, indeterminate or non-existent planning policies.

As a result, landowners now have to factor the potential cost of a planning appeal into each development. This extra cost is, in many cases, prohibitive and to the detriment of the rural economy and rural communities.

The new permitted development rights for renewable energy and the change of use of farm buildings to new uses are welcome and already proving successful, yet more needs to be done to make the planning regime less restrictive and better able to fulfil current needs.

### The CLA calls on the next Government to:

- give applicants for small-scale rural economic development the ability to apply directly to the Planning Inspectorate for a decision where the local authority does not have an up-to-date local plan in place;
- reduce the regulatory burden through increased use of permitted development rights to support rural economic development;
- ensure that minor development proposals for dwellings and office/industrial space become a permitted development right, subject to the prior notification process;
- persuade all local authorities to adopt local plans as a matter of urgency.



### 1.3 Compulsory Purchase Reform

With the current drive for new infrastructure it is important that the compulsory purchase regime is reformed. Some legislation harks back to Victorian times but modern projects need modern legislation that recognises the property rights of all those affected.

Landowners, farmers and rural businesses are different from urban-based businesses. Many have been in their current location for many years, having been established and developed in the same place over the generations.

When a major project is planned and the spectre of compulsory purchase looms those businesses are often unable to relocate but must endure uncertainty while plans are developed and tolerate the disruption of construction, all the time hoping to remain viable after construction is complete.

The severance of the landholding and access to that land are key issues, but they are difficult to address practically and the loss of value of the retained property remains a major problem.

To make matters worse, compensation is often paid late – 10 years after is not uncommon – currently no interest is paid, and any proceeds can be liable for Capital Gains Tax.

#### The CLA calls on the next Government to:

- impose a “duty of care” requiring the acquirer to have regard to all of the owner’s needs, not just compensation;
- impose a duty on the acquirer to act fairly to those who suffer loss resulting from the scheme – to ensure that the acquirer considers the impact on everyone;
- remove arbitrary ceilings and revise levels of loss payments to address the real losses businesses suffer as a result of the project;
- pay interest on late payments – currently zero percent – at a market rate to reflect the real cost of borrowing and the amount owed to the person suffering the loss;
- extend the timescale for rollover relief from the time the scheme is confirmed until a qualifying purchase can be made in order to allow timely investment in replacement land and buildings;
- adopt the CLA Assured Compensation Scheme, which will deliver compensation up front to farmers and businesses, backed by a Property Bond Scheme to underpin the market value of residential property reassuring all owners that they will not lose out.

### 1.4 Heritage Protection

CLA members manage almost a third of all heritage property and are by far the biggest owners’ stakeholder group in the heritage sector. Each year CLA members spend billions of pounds repairing historic buildings, welcome millions of visitors and make many thousands of applications for planning permission and listed building consent.

The current, labour-intensive system is supposed to protect heritage but depends on ample heritage staffing in local authorities which has been cut over the past 15 years. This threatens heritage directly, and makes it too difficult for owners to make the sympathetic changes that heritage needs if it is to remain relevant, valued and viable in the future.

#### The CLA calls on the next Government to:

- guarantee that the second National Heritage Protection Plan will identify the growing problems in the heritage protection system and help implement workable solutions;
- ensure that Historic England, the proposed new English Heritage successor body, works closely with key stakeholders in the implementation of this approach;
- ensure that the heritage protection regime is proportionate to the resources available.

### 1.5 Saving Traditional Farm Buildings

Traditional farm buildings are a vital part of rural landscapes, but almost all are redundant and in decay. According to English Heritage, over one million such buildings have been lost over the past century, and the remaining million unconverted buildings are at risk.



In most cases sympathetic conversion to appropriate new uses is the only way to stave off further dereliction and decay, and breathe new life into unsightly and unproductive ruins.

Unfortunately, many planning authorities are opposed to conversion, particularly to residential use, even though this is often the only option that can be economically viable. The new Permitted Development Rights for the conversion of agricultural buildings to commercial and residential uses are potentially a real step forward, yet only partly address this problem.

#### **The CLA calls on the next Government to:**

- place greater emphasis on heritage and landscape, and the economic sustainability benefits of conversion;
- make it much more difficult for local authorities to make assertions that conversion is “unacceptable”;
- make it much more difficult for local authorities to reject applications unless the design of the proposals is poor.

### **1.6 Green Belt Policy**

The function of the Green Belt is to prevent urban sprawl. It is not an environmental designation; there are other controls such as SSSI which perform this function.

Therefore a certain amount of suitable development could be allowed in the Green Belt without undermining its purpose. The issue is what this amount should be. On the face of it, small-scale sports and recreation fields, renewable energy installations and community facilities would not appear to have any significant impact on urban sprawl.

#### **The CLA calls on the next Government to:**

- research the impact of the Green Belt on the rural economy;
- review Green Belt policy to establish the extent to which other uses that do not undermine openness may be considered appropriate.

### **1.7 Housing**

England alone has an annual housing shortfall totalling over 230,000 homes. This affects the affordability of housing for first-time buyers, those wishing to move up the ladder and those wishing to downsize, and the situation is made worse by threats to the supply of rented housing in rural areas.

Rural housing need calculations must now take into account the lack of housing types, including a recognition of the lack of retirement housing and the difficulties in meeting modern energy efficiency standards.

The current capital taxation system does not provide incentives for landowners to provide more rented housing or to maintain existing affordable housing. The need to pay VAT on self-build housing for the rental market and on the conversion of existing buildings acts as a further deterrent.

Lettings policies operated by local authorities and housing associations often prioritise urban households who are relocated to rural areas with little employment and poor public transport. Thus, local people often miss out on affordable houses, when in fact they should be given priority.

#### **The CLA calls on the next Government to:**

- exempt properties that are vacant and undergoing major repair work or structural alteration from Council Tax for up to 12 months;
- change the capital taxation regime to encourage private landlords to provide new build rented housing and maintain existing affordable housing;
- adopt a reduced rate of VAT for the renovation and repair of private dwellings;
- apply zero rate VAT to the costs of converting buildings brought forward as new housing stock;
- bring forward Local Lettings Policies from rural local authorities;
- establish new energy performance certificate methodology so that traditional buildings can be judged fairly for the 2018 minimum energy performance requirements;
- use existing powers to tackle problem landlords rather than introduce Mandatory Landlord Registration.

## 2. LANDSCAPE AND FARMING

The CLA represents the owners and managers of around half the rural land in England and Wales. This includes large estates, farming businesses and a large number of smaller landholdings all of which are essential to food production and underpin a thriving rural economy. As a result, the CLA's informed understanding of the issues can help decision-makers ensure that policies do not add unnecessary burdens to rural businesses, and that Government investment and fiscal decisions properly consider the effects on farming and land management.

### 2.1 Common Agricultural Policy and the Basic Payments Scheme

The next Government will continue to need to make policy and take decisions throughout the lifetime of the next CAP, and it is vital that UK farmers are not put at a competitive disadvantage with farmers in other EU member states. Farmers and landowners have painful memories of the implementation of the last CAP. It cost the Government £600 million in EU fines, and hamstrung much of the industry. With a new CAP coming in from 2015, it is vital that the new delivery mechanism minimises any cost to the taxpayer, and is easy to administer for farmers.

#### The CLA calls on the next Government to:

- stop gold-plating rules so that the farming sector can compete with other EU member states whilst delivering environmental benefits;
- use an IT system that is fit for the purpose of implementing the CAP in a simple and cost-effective way both for claimants of the Basic Payments Scheme and the Rural Payments Agency (RPA).



### 2.2 Biotechnology

By 2050 the planet will have to feed nine billion people, this will not be possible without embracing new technologies, aided by the UK's world-class agricultural biotechnology sector.

Proactive and strategic policy planning must be devoted to increasing the UK's output of food, whilst protecting biodiversity and reducing the sector's use of natural and chemical resources.

The CLA supported the Government's agri-tech strategy and believes that it needs to build on this with continuing investment in agri-tech centres in the UK, to ensure our world-leading position is maintained.

But EU institutions must also streamline the regulations surrounding biotechnology processes, and other existing agricultural technologies. For too long there has been an overly precautionary approach to innovation and productivity in the agricultural sector in Brussels, and the EU runs the risk of losing further investment and job opportunities to foreign markets.

#### The CLA calls on the next Government to:

- continue to invest in agri-tech centres in the UK;
- continue to work with the European institutions to streamline the regulatory approval of innovative technologies that could boost agricultural efficiency and food production;
- invest in research and development and in its early commercialisation to help boost efficiency and productivity.

### 2.3 Pesticides

We have seen the removal of many pesticide products at a European level, based upon limited, theoretical or insufficient scientific evidence.



Uncertainty in the crop protection sector hampers investment in the UK and impacts on the ability of farms to continue.

Many products we rely on are used in the UK alone because of our climate and unique land-based challenges; yet the rest of the EU is able to vote on their use resulting in a regulatory regime that is both unfair and volatile.

The process for removing products within the EU is not fit for purpose. It lacks transparency and takes an unnecessarily precautionary approach. This serves only to stifle innovation and fails to protect biodiversity and food production.

#### **The CLA calls on the next Government to:**

- continue to engage with industry bodies to achieve results that work for farmers as well as the environment;
- recognise the important roles pesticides play in protecting the environment and public health – such as products for rodent control – and supporting food production;
- use a consistent, science-led approach to decisions made concerning the authorisation of pesticides.

## **2.4 Bovine Tuberculosis**

Whilst the Bovine TB (bTB) eradication strategy is challenging for the industry, it provides a realistic and holistic long-term view to rid England of a devastating disease which threatens the very future of our dairy industry.

The number of cattle which has been slaughtered as a result of bTB rose from around 2,000 a year in 1992 to more than 38,000 in 2011, with the British taxpayer having spent around £500m controlling bTB in

England over the past decade. In 2012/2013, Defra spent more than £94m on compensation for cattle owners, bTB testing procedures and administration costs to veterinarians.

If no further action is taken, the cost of controlling bTB in England over the next decade will be an estimated £1 billion.

The CLA welcomed the trial badger culls in autumn 2013 as part of a wider, science-based strategy to combat the unacceptable spread of bTB in cattle. We need to work to ensure that the unsustainable restrictions on farms can be lifted and the reservoir of disease is reduced.

#### **The CLA calls on the next Government to:**

- build upon Defra's comprehensive 25 year bTB eradication plan in England;
- engage with stakeholders about working towards the removal of movement restrictions whilst ensuring traceability and food safety;
- continue with the trial culls as part of a wider strategy based on the latest scientific advice.

## **2.5 Shooting**

Independent research shows that shooting supports 70,000 full-time jobs in the UK and boosts the economy by £1.6b a year. Much of the economic benefit is concentrated in areas where the rural economy is struggling with changes in traditional industries.

Shooting also plays a major role in conserving the countryside – shooting-related activities take place over two-thirds of the rural land in the UK and £250m is spent each year on wildlife and habitats. In addition, shooting generates 2.7 million work days on conservation per year.



Considering these wide-ranging benefits, there must be no restrictions on any aspect of shooting or fishing unless based on properly tested, scientific evidence.

**The CLA calls on the next Government to:**

- introduce no further prohibitions on the use of lead shot without there being hard evidence demonstrating a clear need;
- grant firearms licenses for a period of 10 years, cutting down on red tape and freeing up police time.

## 2.6 Forestry

Forests and woodlands are an essential part of the British countryside. They contribute to the rural economy and climate change mitigation through the production of timber and biomass. They improve biodiversity through the provision of habitat for woodland flora and fauna. They add greatly to our general well-being through their enhancement of the landscape and the provision of recreational activities. With the right support, they could do even more.

Tree disease, particularly ash tree disease (Chalara), has been a real threat to our forests and woodlands in recent years. However, at least one new major tree pest or disease affects the UK every year, so appropriate measures must be put in place to halt the spread of further devastation in our trees and woodlands.

**The CLA calls on the next Government to:**

- encourage high standards of management irrespective of whether the woodlands are in public or private ownership;
- make the resources available to address threats from pests and diseases;
- reassess the regulations concerned with curbing excessive cutting and reforestation, when the greatest threat to woodland productivity and biodiversity is a lack of management;
- acknowledge the role that country pursuits, such as shooting, play in the financial success of woodland.



## 3. ENVIRONMENT AND NATURAL RESOURCES

As owners and managers of around half the rural land in England and Wales, CLA members already provide many things that society wants from the natural environment – such as healthy habitats and wildlife, thriving woodlands and forests, clean water and sustainable flood management. Given its experience and expertise, CLA is well placed to work with the Government to establish the right regulations and incentives so that much more can be provided.

### 3.1 Supporting the Natural Environment

The CLA led the way in promoting the development of ways to reward farmers for all the work they do to maintain and enhance the natural environment, particularly by requiring developers to offset the harm they do to the natural environment by creating new habitats. This means there will be no net loss to biodiversity as a result of development: loss of habitat in one site will be offset by the creation of a similar or improved replacement in a suitable environment. These principles are now embedded in government policy development.

The CLA will work with the Government and the Natural Capital Committee to help deliver practical solutions as these policies develop.

#### The CLA calls on the next Government to:

- move swiftly towards developing a national biodiversity offsetting system. This will need to be mandatory otherwise a market will not be created and sustained;
- accept the importance of measuring and sustaining the natural environment for the benefit of society;
- ensure that farmers and land managers receive an appropriate payment for the vital ecosystem services they provide for society.



### 3.2 Grey Squirrels

The grey squirrel is an invasive alien species which has driven the native red squirrel from most of England and poses a major threat to woodland in the UK.

The CLA will continue to work to ensure that new policies accurately reflect the threats posed by grey squirrels and that strategies and measures are introduced that properly address those threats.

#### The CLA calls on the next Government to:

- re-license Warfarin for grey squirrel control;
- control grey squirrels throughout its own landholdings to maximise the control efforts undertaken by private landowners.



### 3.3 Water Abstraction

Sufficient supplies of water, at the right time, are vital for food production and food security and the ability to abstract water when needed is paramount. Agricultural uses accounted for just 0.3 percent of recorded water abstraction in England and Wales in 2012, and it is essential that this relatively small amount remains available.

There would be a severe economic impact to food businesses if access to water was unavailable at critical points in the production cycle. Indeed, some crops cannot survive 24 hours without water while for other crops, such as fruit and vegetables, water is vital to quality and yield.

It is predicted that by the 2050s, summer river flows may be reduced by 35 percent in the driest parts of England, potentially leading to severe restrictions on water abstraction. As summers become hotter and drier, more irrigation-based water supply will be required.

Abstraction licences are a tangible asset to a business, but flexibility is paramount as rainfall is not constant year on year. Losing this flexibility for any reason will threaten the economic viability of farms and land-based enterprises reliant on water.



#### The CLA calls on the next Government to:

- deliver a water abstraction system that provides absolute certainty for food businesses in terms of water supply to sustain current operations and to support future investments;
- deliver a new system that links food security to water security, and allocates a fair share of water to the food and farming sector to grow and process our food.

### 3.4 Flooding

Climate change presents some key risks for agriculture in the form of drought, flooding, disease and pests. Flooding events will become more frequent and will require a wide range of responses, from improved drainage to embracing more natural solutions, like flood alleviation. Given the right political climate and incentives, farmers and landowners can play a large part in mitigating flood risk.

#### The CLA calls on the next Government to:

- provide more support through capital incentives and a more sympathetic planning system for the construction of on-farm reservoirs, which provide an ecosystem service to communities, as well as a water management tool in times of flooding;
- focus the Environment Agency budget on flood defences, both capital schemes and river maintenance;
- give landowners a greater say in flood management;
- review the public liability for private flood defence maintenance so that, when they wish, landowners can have the confidence to repair defences themselves;
- ensure that land managers are fully rewarded for providing flood alleviation benefits for society.

## 4. BUSINESS AND TECHNOLOGY

Rural land and enterprise are at the heart of the rural economy. CLA members own or manage around half the rural land in England and Wales and more than 250 different types of businesses generating jobs and incomes in a wide variety of sectors. This means that CLA's unique understanding of the rural economy can help policy-makers ensure that rural businesses – frequently family-run and land-based, and therefore less flexible than their urban counterparts – take full advantage of investment and policies in technology, infrastructure and taxation.

### 4.1 Rural Business

Rural businesses are often small, family-run, unincorporated and trade in defined areas with a long-term, multi-generational business strategy.

By their very nature many are land-based, which limits flexibility in terms of location and often means such businesses are asset rich but cash poor. It is essential that the economic and fiscal conditions exist to create the conditions needed for rural businesses to prosper.

There are more businesses per head of population in predominantly rural areas than in predominantly urban areas. Yet government policies often favour urban and incorporated businesses.

In 2011 capital investment per employee was highest in London, followed by other urban areas, and lowest in predominantly rural areas, reflecting changes in the tax system over the past few years.

Considerable emphasis has been placed on achieving growth by reducing the corporation tax rate. However, the Government has increased the burden of taxation on profits in unincorporated businesses by increasing income tax rates and reducing scope for tax efficient reinvestment.



#### The CLA calls on the next Government to:

- commit to develop policies to support rural businesses in a way that will contribute meaningfully to rural economic growth;
- review all existing government business policies to ensure that the needs of rural businesses are met;
- remove unfair distortions resulting from government taxation policies on rural businesses, such as the differential tax treatment of incorporated and unincorporated businesses;
- deliver a tax regime that supports and actively encourages diversified rural businesses by removing the artificially imposed fiscal boundary between the exploitation of property rights and trading activities;
- make tax reliefs available based on a definition of a qualifying business, appropriate to a modern, diversified rural economy.

### 4.2 Renewable Energy

The CLA has long recognised that renewable energy offers opportunities for the sustainable diversification of rural businesses. Our members have undertaken a wide range of projects reducing their own onsite energy demand, and becoming net energy exporters.

Although good progress has been made towards achieving government renewable energy targets, the constantly changing policy and political landscape continues to create uncertainty and undermine investment. Continuing to deliver new capacity in the face of decreasing incentives will require delivery of significant cost reductions in technology, including that of grid connection.

Renewable energy contributes significantly to the economic and environmental sustainability of individual businesses, helps to achieve demanding targets and provides a boost to the rural economy.

#### The CLA calls on the next Government to:

- provide a policy and incentive environment which provides long-term stability to allow delivery of renewable energy technology at a reduced cost;
- correct the Feed-in Tariff (FiT) for small-scale anaerobic digestion to ensure the technology delivers;
- deliver an accessible and affordable mechanism for renewable energy generation to connect to the grid;
- consider how small-scale generators can be more involved in energy supply and help to deliver a more competitive energy market.

### 4.3 Broadband

Access to effective, efficient and affordable broadband is essential to the successful operation of all rural businesses, without which they cannot compete with their urban-based counterparts.

In rural communities with no affordable broadband, a technology-reliant, younger generation is becoming educationally and socially disadvantaged.

Under the Government's revised broadband strategy, 95 percent of rural areas should have access to superfast broadband – with everyone in the UK able to access the benchmark broadband speed of at least 2Mbps. But even this is not fast enough for modern business.

However, even the Government's original objective – 90 percent coverage by 2015 – will not be met, which means that rural areas continue to be deprived of a tool that will boost rural economic growth and promote social inclusion.



#### The CLA calls on the next Government to:

- create a Universal Service Obligation of at least 10Mbps that imposes a legal obligation on the provider;
- use a more transparent system that recognises the advantages of other technologies in delivering faster broadband to more remote rural areas;
- produce and implement a clear and carefully considered public awareness strategy that sets out the advantages of broadband for all.

### 4.4 Rural Tourism

Rural tourism generates some £33b for the rural economy. It is integral as an economic driver in terms of the revenue generated and the number of jobs it creates. However, with the UK VAT rate set at 20 percent for all tourism-related activities – such as accommodation, hospitality and attractions – the UK imposes one of the highest rates of VAT compared with other member states. This puts the UK's rural tourism sector at a competitive disadvantage with the rest of the EU.

If the VAT rate was reduced to five percent for accommodation and attractions it could boost GDP by £4b, create 80,000 jobs and deliver £2.6b to the Treasury.

The self-catered accommodation industry plays an important role within the rural tourism sector. Many landowners run successful holiday let businesses – which attract independent holiday-makers who contribute to the local economy – and they also pay tax on the income these businesses generate. Yet the taxation regime fails to fully recognise that the properties used within these businesses are genuine business assets.

#### The CLA calls on the next Government to:

- reduce the rate of VAT from 20 percent to five percent in order to stimulate rural economic growth, create new jobs and increase the revenue from tourism to the Treasury;
- treat furnished holiday let accommodation as business assets for all purposes in the taxation regime, provided qualifying conditions to prevent avoidance are met.

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