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FROM: CHIEF SECRETARY

DATE: 21 December 1984

PRIME MINISTER

AGRICULTURE AND CONSERVATION

Before any meeting in the New Year to discuss the report by officials on agriculture and conservation, you may like to have my preliminary views.

2 Patrick Jenkin's minute of 30 November shares my concern about the costs of site safeguard; but argues that it is too early to make cost saving recommendations. Patrick also takes the line that we should stick to the voluntary principle.

3 I am sure that we all agree on the importance of getting our policy right in this area, which is attracting increasing public concern, not least among our own supporters. As the report by officials points out, the arrangements under the 1981 Wildlife and Conservation Act are being criticised both because it is doubted whether a policy which is wholly reliant on voluntary co-operation can succeed in its objective and because of the costs in terms of high compensation payments.

4 I believe that we should decide now to move down the alternative route of extending conventional planning powers (not necessarily with a built in right to compensation). Although a decision to make a change will be unpopular with agriculturalists, it will attract strong support from some other equally important interests; and if we are to alter

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CF Pre copy to Policy Unit &
b14 with pps for Morgan
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JMS
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direction this is the time to do it. The present arrangements leave us with an open-ended public expenditure commitment (the costs have already risen astronomically since the £600,000 to £700,000 forecast when the 1981 Act was passed). Pressure for conservation is bound to grow and extend beyond the land already designated (one quarter of England and Wales). In due course, this will lead to further expensive demands from agriculture for assistance with conservation; but we would by then find it more difficult than now to change the voluntary approach. Both the Country Landowners Association and the NFU have recently issued policy statements which recognise the need for a shift of emphasis towards conservation objectives. Although the farming community will not welcome a more restrictive approach, it is unlikely to surprise them.

5 Turning to Patrick's specific proposals I agree that some of them could be adapted to fit the change which I am advocating. We have already agreed that we should act to block the so-called 3 month loophole. I also agree with Patrick that the time has come to remedy the anomaly that we use public funds to compensate farmers for not receiving a capital grant which has been refused on conservation grounds. I see no reason why this relatively modest change could not be announced immediately, even before Michael Jopling circulates his proposals for further changes to the capital grants scheme.

6 I am less sure about the suggestion that we should set up a study by consultants to consider the implications of possible changes to the financial guidelines on compensation. I could only agree to such a study if the terms of reference made it clear that the objective was to recommend changes to the guidelines which would produce significant public expenditure savings. In addition to well defined terms of reference, the study would need to be completed before September to enable adequate consideration during the PES discussions.

7 Patrick suggests that we should now take a decision on the proposals in H(84)40 for an experimental scheme for

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offering "grazing grants" for a three year period in the Norfolk Broads. I still have serious doubts about the wisdom of this proposal. It seems to me that it will in practice be impossible to confine such an experiment to the Broads alone, as there are many other areas of the country which could make a similar claim for resources to protect outstanding landscape features. Moreover, as I understand it, the suggestion is that full-scale management agreements should continue to be available alongside grazing grants: so the prospect of saving public expenditure by this means even in the longterm seems remote. If colleagues consider that some positive action is necessary in advance of introducing some more effective "stop" powers, I should much prefer the alternative option of increasing the grant in aid from the Countryside Commission to the Broads Authority from 75% to 90%. This would certainly be cheaper and in my view less likely to lead to unwelcome repercussions.

8 Finally, I assume that, as Patrick does not seek to quantify the cost of his proposals, he sees no problem about containing any public expenditure consequences within the agreed provisions for the relevant programmes.

9 I am copying this to members of H Committee, Geoffrey Howe, Michael Jopling and Sir Robert Armstrong.



for PETER REES

[Approved by the Chief Secretary]

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