Executive Summary

The group considered articles 29, 30 and 31 of the new regulation and recommended that the next programme should have 3 clear agri-environment-climate priorities:

- Climate Change
- Protection and enhancement of biodiversity
- Protection and enhancement of the quality of soils and freshwater

Analysis of the effectiveness of the current programme in delivering these priorities was severely hampered by a lack of data and time. The key conclusion was that the principles underpinning the programme and most of the options are sound, but poor implementation and some design aspects have significantly limited its effectiveness in delivering SG priorities.

The group recommended that in the next programme, action on the priorities should be brigaded around 5 objectives:

- Protect and improve the condition of designated sites
- Improve the quality of freshwater in priority catchments
- Reduce greenhouse-gas emissions and increase carbon sequestration from Scottish land management activity.
- Safeguard the survival of key species and habitats
- (A further objective related to the ‘wider countryside’ which needs further refinement – see recommendation 4)

The group developed a suggested approach to achieving these objectives, and made 4 specific recommendations:

- Scottish Government and SNH should explore the scope of article 31 in more depth, as well as considering the complementary role of domestically-funded schemes such as Natural Care.
- The design of the next programme must have management information and monitoring requirements incorporated from the beginning – including improved spatial recording.
- The Scottish Government should ensure that money is better targeted on the achievement of key objectives within the next programme.
- The Scottish Government and SNH should continue to work with stakeholders to articulate an appropriate ‘wider countryside’ objective.

In this report, the group provides a number of ideas on cross-cutting issues, and in particular highlights targeting, co-operation and advisory services as being key for cost-effective delivery of agri-environment-climate objectives. The significance of changes in the other CAP regulations (particularly the greening of P1) is also identified as a fundamental issue.
Introduction

The remit of the group was:

“To develop options and recommendations for the next SRDP which:

- Are consistent with the Rural Development Regulation
- Deliver SG priorities for Rural Development
- Are practical and cost-effective to deliver. ”

The detailed remit and membership can be found on the website.

Articles

The group specifically considered the following articles.

29 – Agri-environment-climate
30 – Organic farming
31 – Natura and Water Framework Directive

The group agreed that all of these articles are relevant, and should be considered when developing the programme. Article 31 offers a potentially more flexible toolkit for addressing key SG priorities on designated sites and in priority catchments, however it is not clear at this stage whether this would add anything significant to what is proposed under article 29. **Scottish Government and SNH should explore the scope of article 31 in more depth, as well as considering the complementary role of domestically-funded schemes such as Natural Care (recommendation 1).**

Concern was raised about the lack of coverage of landscape and archaeological interests within these articles – this was remitted to the central reference group to consider.

Evidence for the effectiveness of the current programme

The lack of meaningful data on the location, extent and impact of agri-environment options seriously hampered the ability of the group to assess the effectiveness of the current SRDP (as was highlighted in the mid-term evaluation). However, it was felt that SRDP had been an ambitious programme, which had made important progress in delivering a more integrated approach to CAP. In spite of all of the criticism of SRDP in general (and RP in particular), the predominant view of the group was that with some significant changes, the basic model could be made to work, and we shouldn’t go right back to the drawing board and start again.

The vast majority of current options were seen to have a role and an environmental justification, however the huge variation in uptake, with little available information on distribution meant that the group was unable to undertake a meaningful analysis in the time available. Very useful reports by the JHI and RSPB helped to supplement the group’s work (available on website).
The following key points arose when considering the limited available data:

- **The range of options available in the current SRDP is a strength.** However, some of the options are over-prescriptive, the desired outcomes aren’t clear, and the design and implementation of the programme makes it extremely difficult to identify and focus on the elements of the programme which are most relevant to give objective.

- **Location is critical to delivering a positive impact from many options:** low uptake options which are suitably targeted may be delivering considerably more environmental gain than poorly implemented or located options with a high uptake.

- **Many factors have influenced the rate of uptake and the choice of options,** including: perceived cost/benefit to the farmer; influence of consultants or advisers; perceived environmental impact, and anticipated risk or hassle associated with implementing the option. Without a better understanding of the reason for poor uptake, it is hard to recommend what should be done.

The design of the next programme must have management information and monitoring requirements incorporated from the beginning – including improved spatial recording (recommendation 2).

**Priorities**

The draft regulation stipulates a number of priorities, including:

“4. restoring, preserving and enhancing ecosystems dependant on agriculture and forestry, with a focus on

a) restoring and preserving biodiversity, including Natura 2000 areas and high nature value farming and the state of European landscapes

b) improving water management

c) improving soil management

5. promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors with a focus on the following areas:

a) increasing efficiency in water use by agriculture

b) increasing efficiency in energy use in agriculture and food processing

c) facilitating the supply and use of renewable sources of energy [...]  
d) reducing nitrous oxide and methane emissions from agriculture  
e) fostering carbon sequestration in agriculture and forestry”

Whilst the scope for this group was to look at what can be achieved by the articles listed in section 1, other parts of the SRDP, as well as Pillar 1 measures could also need to be used to help deliver these priorities. This is covered in the analysis of objectives below.

The group considered these priorities (and the others in the regulation) in a Scottish context, and identified the following priorities for articles 29, 30 and 31 the SRDP:

- Climate Change
- Protection and enhancement of biodiversity
- Protection and enhancement of the quality of soils and freshwater
Objectives

*The Scottish Government should ensure that money is better targeted on the achievement of key objectives within the next programme, with clearer expression and monitoring of targets (recommendation 3).* To provide a framework for this, the group agreed the following key objectives for agri-environment-climate measures:

1. Protect and improve the condition of designated sites
2. Improve the quality of freshwater in priority catchments
3. Reduce greenhouse-gas emissions and increase carbon sequestration from Scottish land management activity.
4. Safeguard the survival of key species and habitats

A further objective relating to the resilience of ecosystems in the face of environmental and human-induced pressures was also discussed. This included a consideration of High Nature Value farming systems, and the role of ecological networks. The group was unable to reach a consensus on appropriate wording for this and recommended that *the Scottish Government and SNH should continue to work with stakeholders to articulate an appropriate ‘wider countryside’ objective (recommendation 4).*

For each of the 4 objectives, the group considered the policy basis (why?), the target audience (who and where?), the types of action which would deliver the objective (what?) and have proposed how the next SRDP could be used to deliver the objectives. Please note that the proposals on 'how?' often go beyond the scope of the agri-environment-climate articles

1. **Protect and improve the condition of designated sites**
   - **Why?** Requirement of Water Framework, Habitats and Birds Directives. Stipulated in draft RDR. Part of the National Performance framework, Scottish Biodiversity Strategy and likely to be part of the Climate Change Adaptation Framework.
   - **Where?** Natura sites and SSSI’s (and associated areas).
   - **How?** Specific management interventions, coordinated activity
   - **What?** RDC’s, advice, facilitation, bespoke plans, bespoke schemes (eg. Natural Care)
   - **Who?** Designated site managers.

2. **Improve the quality of freshwater in priority catchments**
   - **Why?** Requirement of Water Framework, stipulated in draft RDR, also has major impact on achievement of biodiversity objectives
   - **Where?** Priority catchment areas
   - **How?** Bespoke management, coordinated activity
   - **What?** RDC’s, advice, facilitation, bespoke plans
   - **Who?** Livestock and Dairy sectors
3. **Reduce greenhouse-gas emissions and increase carbon sequestration from Scottish land management activity.**

   **Why?** EU, UK and SG priority and requirement of Climate Change Act.
   
   **Where?** Location doesn’t impact on achievement of this objective (1 tonne of CO2 saved is equivalent to 1 tonne saved somewhere else). However, opportunities will vary across the country.
   
   **How?** Good soil nutrient management, peatland restoration, woodland establishment, organic management
   
   **What?** Nutrient management plans, Advice, entry level options (FFBC), organic measures, auctions, carbon footprinting.
   
   **Who?** All land managers

4. **Safeguard the survival of key species and habitats**

   
   **Where?** Priority habitats, arable margins, key locations for priority species outwith designated sites, High Nature Value farming areas
   
   **How?** habitat management and restoration activities, specific adaptations of agricultural practice to favour specified species, coordinated action, management of invasive species
   
   **What?** RDC’s in priority areas (some simple, some more specific), advice, facilitation, auctions, challenge funds
   
   **Who?** Land managers in targeted areas

5. **(objective for the wider countryside)**

   
   **Where?** Targeted locations where there is some co-ordination of action at a landscape scale (eg CSGN, part of RBMP activities), High Nature Value farming areas
   
   **How?** habitat management and restoration activities, coordinated action.
   
   **What?** Targeted RDC’s, advice, facilitation, auctions, challenge funds
   
   **Who?**
Proposals for consultation questions

The group ran out of time for a detailed discussion of consultation questions, however, five areas which were discussed included:

1. What do consultees believe the SRDP should be used for (testing priorities and objectives)? How much should be spent? Where should it be targeted and why
2. Should we persevere with the status quo, adapt it or start again?
3. What are the strengths and weaknesses of the current programme?
4. Delivery issues should be handled separately from issues of principle.
5. What do consultees think about the current distribution of spend, and how value for money could be improved?

Cross-cutting issues

Capping

The group felt that a generic overall cap would be unhelpful, and a possible disincentive to larger, more ambitious and complex schemes.

However, there could be a role for thresholds-for example a fast-track decision / continuous approval for applications below a certain value, or to make payment over a certain threshold only available where an accredited adviser has been used.

Capping by option rather than by whole application could be helpful, but would be more complex. Another idea would be to use caps differentially – eg. no cap in priority areas.

LEADER

This offers a potential mechanism for improving targeting, and may be desirable in some circumstances. However the group thought that LEADER does not currently work well for land-use projects, and believes that without a radical overhaul of the current groups and systems, it does not offer a realistic alternative to most of the current agri-environment schemes. It’s greatest strength is in integrating agri-environment-climate activities with those which deliver other objectives (eg. tourism and landscape). The excellent work of the LEADER funded Tweed Forum kept being referred to in this context.

Broad and Shallow schemes

The evidence for the delivery of environmental benefits from broad and shallow schemes is extremely limited. The current LMO scheme is delivering a limited number of environmental benefits but is not being taken up widely. The group concluded that breadth of coverage is desirable, but that depth of delivery is necessary. The availability of information and advice also has a bearing here.

For certain objectives (particularly climate change) where targeting is not an issue, and where simple actions are required, broad and shallow may have a role. However, the group has concerns about budgetary impacts.
The group also noted that P1 greening and ANC (given its relevance to High Nature Value farming systems) could be used to provide ‘broad and shallow’ coverage, without using other SRDP mechanisms.

**Regionalisation**

There was support in the group for the devolved responsibility and local buy-in associated with a regionalized programme, and some potential for better targeting. However there was no support for the current regional delivery mechanism, which imposes a significant bureaucratic burden for no perceptible benefit.

There are **some environmental priorities where distribution and location are critical** (eg. priority catchments). However, these geographies aren’t necessarily reflected in existing regions.

The group also has concerns that **different regionalisations would be appropriate for different priorities** and for each pillar, and that this would fail the simplification test.

Regardless of what happens on regionalisation the group emphasised that the availability of **good geographic information is critical for appropriate targeting and for sensible monitoring of the next programme.**

**Collaboration**

Co-ordinated action is often what is needed to ensure efficient delivery at a landscape scale. Collaboration may be the best way to achieve this, but it is difficult and can be unpopular. Other mechanisms involving facilitation, the establishment of co-ops or legal entities to act as a third party applicant could be helpful (examples in the Netherlands under current RDR).

Deer management and the upland grazing management options in the current scheme are relevant examples of what might be achievable, given the increased emphasis (and increased support) for collaboration and co-ordination in the new draft RDR.

**Governance**

The groups view was that accountability within the current SRDP is **too centralized**, but that stakeholder engagement has been good. In looking at appropriate governance for the next scheme, **attention needs to be paid to governance processes as well as structures.** The current structures of NPACs, RPACs, PMC and case officers, look ok on paper, but the poor processes supporting and connecting these structures has undermined the programme’s effectiveness.

The **PMC** could be a useful element of the governance framework for the next programme, to **improve transparency and accountability**. However, to function in this way it will need **much better information** about how the SRDP is progressing, and should have fewer SG officials present.

**RPACs** only add value where they are constituted of relevant experts, and have clearly stated priorities (preferably with a budget). The current RPACs represent a considerable barrier to applicants and seem to offer **no added value.** Should we end up with a regionalised programme (but note comments above), RPACs could have a useful de-centralizing role, but this would need to be a substantial change from the current situation.

The group raised a number of concerns in relation to **case officers**. This paper is not the place to go into depth on this point, but a number of issues were raised relating to **consistency, expertise, capacity and the interaction between the advisory and regulatory roles.**
Innovation

The addition of a tick box and the use of the RP scoring system is not the way to encourage farmers and land managers to think creatively and come up with better ways of doing things. The culture of risk-aversion and fear of grant reclaim / loss of SFP has had the opposite effect to encouraging innovation. Key elements to stimulate innovation are:

- Giving farmers more responsibility for developing solutions, not just fulfilling scheme requirements (acknowledging the audit and control risks associated with this)
- Providing supportive advice directed at achieving the programme’s objectives
- Ensuring that the results of innovation are shared, to develop good practice

The group expressed concern that innovation as an end in itself within RP is driving support for the new at the expense of the good and wanted to see more use of monitor farms, the skills development scheme and competitive approaches (such as auctions) used to drive innovation.

Conclusion and recommendations

The next programme should have 3 clear agri-environment-climate priorities:

- Climate Change mitigation
- Protection and enhancement of biodiversity
- Protection and enhancement of the quality of soils and freshwater

All three articles considered by the group are relevant to these priorities, however, they recommended that Scottish Government and SNH should explore the scope of article 31 in more depth, as well as considering the complementary role of domestically-funded schemes such as Natural Care.

The principles underpinning the current programme and most of the options are sound, but poor implementation has significantly limited its effectiveness in delivering SG priorities. This has been exacerbated by the lack of meaningful management information and difficulties associated with modifications, which have limited the ability of SG to address implementation problems during the course of the programme. Therefore, the group recommended that the design of the next programme must have management information and monitoring requirements incorporated from the beginning – including improved spatial recording.

Within the next programme, the group has recommended that action on the priorities should be brigaded around 5 objectives:

- Protect and improve the condition of designated sites
- Improve the quality of freshwater in priority catchments
- Reduce greenhouse-gas emissions and increase carbon sequestration from Scottish land management activity.
- Safeguard the survival of key species and habitats
- (Recommendation that the Scottish Government and SNH continue to work with stakeholders to articulate an appropriate ‘wider countryside’ objective)
The group developed a suggested approach to achieving these objectives, and further recommended that the Scottish Government should ensure that money is better targeted on the achievement of key objectives within the next programme.

A number of ideas on cross-cutting issues were also developed, and in particular the group highlighted targeting, co-operation and advisory services as being key for cost-effective delivery of agri-environment-climate objectives.

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