

Consultation on Scotland Rural Development Programme (SRDP) 2014 - 2020

Stage 2: Final Proposals

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MINISTERIAL FOREWORD



Today, I set out our vision for the new Scotland Rural Development Programme (SRDP). I am keen to hear from you, the people of rural Scotland, on what is an ambitious and forward thinking programme. It will deliver on our key priorities of sustainable economic growth; environmental sustainability and vibrant rural communities.

I am grateful to those who responded to our first consultation on the next Rural Development Programme for Scotland held earlier this year, and was pleased that the broad plans we outlined gained such strong support. In this consultation we have tried to address the various concerns expressed, particularly those regarding the level of complexity that may remain in the new programme, and the uncertainty over the detailed priorities for the programme.

A major factor in that uncertainty has been around the budget. The failure of the UK Government to negotiate anything like a reasonable budget settlement on our behalf will see Scotland continue to have the lowest Rural Development allocation per hectare in the European Union. That is a major disappointment.

Despite this blow, I am determined that there will still be opportunities to support our rural communities and economy, and further utilise Scotland's natural environment and heritage. That is why I am proposing a transfer of funds from Direct Payments into the SRDP to ensure we can fund all your priorities. But I will ensure that support for farming remains a significant strand of the SRDP. A vibrant rural Scotland is one of our greatest assets and thriving agricultural businesses are at the heart of that.

With that in mind I am committed to continuing vital funding at current levels for our Less Favoured Areas Support Scheme (LFASS) to ensure farming and crofting businesses remain sustainable. This provides essential support for 85% of Scotland's agricultural land and provides crucial support for our most fragile and remote areas. We will however continue to review this scheme in line with European regulations.

I will also ensure the livestock sector is supported to ensure we can meet demand for the high quality produce we are renowned for worldwide. I want to ensure this important sector for the Scottish and farming economy continues to grow and modernise.

I am also committed to addressing other areas of vital importance to our farmers, crofters and the Scottish economy, including supporting new entrants, crofters and small farms; and the need to modernise and improve working practices.

Of course the SRDP does more than support farming. We must continue developing and sustaining vibrant rural communities. LFASS along with crofting and small farms support will support agricultural business which contributes to this. But LEADER and the funding we will make available to small rural businesses will provide wider support. This will ensure these areas remain viable places to operate businesses and outstanding areas of natural beauty which are attractive to families both to live and to work, this is essential for our rural communities.

We must also continue to protect and improve our natural environment. We have ambitious targets for adapting to and mitigating the impact of climate change, along with biodiversity targets. The new environmental schemes will be more effectively targeted to ensure we deliver the right actions, in the right place at the right time. This will be complemented by a new fund to facilitate co-operative action at a landscape or ecosystem scale, as I recognise that co-operation allows us to achieve wider outcomes.

Across the SRDP there will also be support for customers with an enhanced Advisory Service, a refreshed Scottish Rural Network, expanded knowledge transfer and innovation, alongside improved customer support.

The SRDP is just part of the package of funding available through the EU. We are taking a more integrated approach to ensure we secure maximum value from the many investments we make using the different European funds for economic growth and fisheries. Each of these can address different aspects of our shared priorities on the economy, climate, environment and society across rural and urban Scotland. Key areas we have focussed on to ensure the various funds complement each other are business support, skills, advice and social inclusion/local development.

Finally, I am committed to improving delivery of the SRDP where it has been overly bureaucratic. I have removed the Rural Priorities Scheme, and instead there will be a targeted range of land based schemes with a common application process. So you will see I have already taken on board the concerns you raised through the first consultation phase. The new SRDP will be clearer, more effective and more customer focused to ensure it will better serve the needs of Scotland.

I look forward to hearing your views.

A handwritten signature in black ink that reads "Richard Lochhead". The signature is written in a cursive, slightly slanted style.

RICHARD LOCHHEAD MSP

Cabinet Secretary for Rural Affairs and the Environment

EXECUTIVE SUMMARY

1. This second consultation on the Scotland Rural Development Programme (SRDP) for 2014 – 2020 builds on the proposals outlined in the stage 1 consultation held in summer 2013. It takes account of the feedback from this first consultation and extensive stakeholder engagement.
2. Rural Development is Pillar 2 of the Common Agricultural Policy. Pillar 1 is Direct Payments (DP) which provides direct support to the agricultural sector, with roughly £450 million per year currently being allocated to Scottish farmers in order to sustain their businesses. The new DP consultation will be launched in December and will set out options on the future implementation of this support.
3. It is important that the SRDP meets European objectives, along with meeting Scottish Government's National Performance Framework. Therefore, this consultation discusses the rural development strategy and the strategic context for the SRDP – including how it will align with other European Structural and Investment Funds (ESIF) under the Partnership Agreement.
4. Our priorities for the Rural Development have been identified through analysis of strengths, weaknesses, opportunities and threats (SWOT). The priorities include supporting business viability, protecting and improving the natural environment, addressing the impact of climate change and supporting rural communities. We will have a joint approach with other ESIF for business support, skills training, social inclusion/local development and advice.
5. A key aspect of the document is the budget for the SRDP 2014 – 2020 through which the priorities will be addressed. The SRDP budget, we are seeking to deliver is assumed to be £1.326bn. This will include European rural development funds, domestic funds and transfer of funds from DP of around 9.5% which is necessary to address the specific needs facing Scotland. This is a target only, and will be dependent on domestic budget allocations from the UK Government and final decision on the transfer of resources from DP. We need to inform the European Commission of the rate of transfer from DP into SRDP by end of December this year. Therefore, we are consulting separately in early December on the most appropriate rate to set in order to achieve our priorities for rural Scotland and ensure the agricultural sector is adequately supported.
6. This budget has allowed support for our main priorities. However, the limited funds means that support for the historic environment, quality assurance programmes, and animal welfare and management will be taken forward through other schemes/approaches such as: the Agri-Environment-Climate Scheme (historic environment); Knowledge Transfer and Innovation Fund (animal welfare); and the assessment process (quality assurance).
7. Another key aspect of the consultation is delivery – the schemes we propose to use and how they will be delivered. Below is a summary of the schemes, along with their indicative budget allocations we are proposing:

DELIVERED THROUGH RURAL REGIONAL DELIVERY PARTNERSHIP:

| | |
|---|-------|
| Less Favoured Area Support Scheme (LFASS) | £459m |
| Support to ensure continued active farming/land management in remote and constrained rural areas to provide environmental, economic and social benefits. | |
| Forestry Grant Scheme | £252m |
| Support to stimulate woodland creation and encourage the sustainable management of woodlands to provide a range of economic, environmental and social benefits including climate change mitigation. | |
| Agri-Environment-Climate Scheme | £355m |
| Support for investments to protect and enhance the environment, and mitigate and adapt to the impact of climate change. This scheme will include organic farming and genetic resources. Also included is £15m for peatland restoration. | |
| New Entrants Scheme | £20m |
| A business start-up grant of up to €70,000 for qualifying new entrants. | |
| Crofting & Small Farms Support Scheme | £20m |
| This scheme will provide grants to crofters and small farmers to take forward improvements and deliver enhanced environmental and business benefits. | |
| Support for Co-operative Action | £10m |
| Support for development, animation and implementation of co-operative projects, delivered through the individual schemes. | |

8. For the schemes delivered by the Rural Regional Delivery Partnership (SG Rural Payments and Inspections Division, Scottish Natural Heritage, Forestry Commission Scotland) it is proposed that there is a common application process (excluding LFASS), with targeting of funds and an assessment carried out by a case officer network. There will be two levels of entry:

- Level 1 – applications for grant up to £75,000 with continuous local approval. For forestry the threshold will remain at £750,000.
- Level 2 – applications for grant above £75,000 which will be considered nationally by an expert panel.

9. To ensure effective use of funds, it is proposed that applicants will be limited to a single application for each scheme per year for level 1, and a single application for each scheme per year for level 2. Exceptions will apply to the management of designated sites and forestry schemes.

10. Business support outwith agriculture will be delivered through a Small Rural Business Scheme and support for the food and drink sector.

| | |
|---|------|
| Food and Drink Support | £70m |
| Support for the processing, marketing and co-operation for food and drink. | |
| Small Rural Business Scheme | £20m |
| Business development support for small rural businesses (farm diversification, social enterprises, other small rural businesses outwith the food and drink sector). | |

OTHER:

| | |
|--|------|
| Knowledge Transfer and Innovation Fund | £10m |
| Funding for vocational training, skills development and knowledge transfer initiatives in the form of workshops, training course, coaching, demonstration activities, benchmarking, information actions and farm visits. | |
| LEADER | £66m |
| Support for community based development through providing opportunities for individuals, businesses and communities to come together and support rural development in their local area. | |
| Advice | £20m |
| Provision of assistance to farmers, crofters, forest holders and other land managers via a dedicated advice helpline, web guidance, publications and links to case officers and operational customer service. | |
| Broadband | £9m |
| Support for digital in rural areas. Delivery options being explored. | |
| Technical Assistance | £15m |
| Including the Scottish Rural Network for supporting and promoting rural development through the sharing of ideas and best practice. SRDP implementation, evaluation and monitoring. | |

11. Communication and customer support will be better co-ordinated and improved through direct customer support (including an aim to increase the amount of assessment visits), revised guidance, online services and improved internal communication. An expanded Advisory Service will provide advice and assistance and the Scottish Rural Network will provide networking and best practice examples. An improved monitoring and evaluation framework will allow better information to be available to inform decisions over the impact and effectiveness of the programme.

12. Finally, the consultation considers two of the required impact assessments – the Business and Regulatory Impact Assessment and the Equalities Impact Assessment. A Strategic Environmental Assessment is also being carried out and is subject to a separate consultation which will launch shortly. Further information can be found on our website at <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012>

13. Responses to the questions in consultation paper (including partial responses) are welcomed. Please respond via the online questionnaire <https://consult.scotland.gov.uk/eu-rural-development-policy/srdp-2014-20-stage-2> where the questions are reproduced. The closing date for responses is 28 February 2014.

SECTION 1: INTRODUCTION

14. The stage 1 consultation on initial proposals for the next Scotland Rural Development Programme (SRDP) received more than 150 responses from a broad mix of interested parties including local authorities; environmental, nature and heritage conservation bodies; farming and crofting organisations; community groups; economic development agencies and individuals.

15. These responses were independently analysed and this was carefully considered by the Scottish Government. The analysis concluded that respondents were broadly in agreement with the majority of the proposals in principle, however, there was a desire for more detail to know how this would work in practice. There was also a clear call for the SRDP to be simpler and more accessible. This was reinforced by the cross-cutting issues which included the complexity and accessibility of schemes; emphasis on outcomes, and a tension between the need for clarity and a need for flexibility within the schemes. The full analysis can be found at <http://www.scotland.gov.uk/Publications/2013/08/3143>

16. This second consultation builds on initial proposals from the first consultation and takes account of the analysis and feedback we received. It also takes account of the relevant aspects of the European Structural Funds 2014 - 2020 Programmes Consultation¹. Finally, it reflects the latest information and draft Rural Development Regulation (RDR)² from Europe (however, new guidance on the detail of how to implement the regulations continues to be issued) and on-going discussions with stakeholders.

17. What follows sets out our proposals on how we expect to use the European and domestic funds accessed through the SRDP, and how this will be aligned with other EU funds. This includes an outline of the schemes we propose to run and an indication of the budget allocations for our priorities. In addition we consider support and communications, particularly through the Advisory Service and Scottish Rural Network and how we will improve monitoring and evaluation.

18. Finally, this consultation includes two of the impact assessments we are required to carry out – the Business and Regulatory Impact Assessment and the Equalities Impact Assessment. Another essential component is the Strategic Environmental Assessment (SEA), for which a separate consultation will be launched shortly and will be available through our website <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012>

19. The consultation covers the broad range of the areas that the SRDP delivers towards, along with providing a greater level of detail about how the different aspects will work in practice, as called for in the stage 1 consultation responses. This has resulted in a lengthy document, however it has been laid out in clear sections and annexes to ensure readers can easily access the areas that are of interest to them.

20. The responses to this consultation will allow us to finalise our proposals for our Rural Development Programme which we aim to submit to the European

¹ <http://www.scotland.gov.uk/Publications/2013/05/6187>

² <http://register.consilium.europa.eu/pdf/en/13/st13/st13349.en13.pdf>

Commission (EC) in spring 2014. This timetable has been revised due to delays in Europe in agreeing the necessary legislation and the budget. The revised timetable for implementation is given in annex A.

21. Due to these delays, the EC has produced a draft transitional regulation which has allowed us to confirm that key elements of the SRDP will continue in 2014. LFASS will continue as normal in 2014, agri-environment and organic contracts ending this year will be extended, woodland creation and woodland management projects will be able to go ahead in 2014-15 under contracts being approved up to the end of this year, and the main elements of the Crofting Counties Agricultural Grant Scheme (CCAGS) will continue.

22. The proposals discussed in this consultation, therefore, are for the new SRDP which we aim to begin from 1 January 2015.

23. The questions we would appreciate responses on are set out throughout this document, and are given in the online questionnaire. In some cases the proposals just provide additional information as requested in the first consultation, in others we are responding to European regulations. We have only asked questions where your views can make a difference and can help us develop effective structures and processes for the communication and delivery of the SRDP. Please note that you do not have to answer all of the questions if you do not wish to do so; we are happy to take partial responses.

24. Please respond via the online questionnaire <https://consult.scotland.gov.uk/eu-rural-development-policy/srdp-2014-20-stage-2> where the questions are reproduced.

25. **The closing date for responses is 28 February 2014.** Late responses cannot be included in the analysis but will be read and taken into consideration.

SECTION 2: WIDER CONTEXT AND GOVERNANCE

RURAL DEVELOPMENT STRATEGY

Strategic context for SRDP

26. The Scotland Rural Development Programme will operate under a broad strategic framework agreed by the European Union (EU), termed the EU 2020 Strategy. This outlines a set of key thematic objectives to help focus the strategic interventions enabled through the use of European funds. These thematic objectives are:

| EU Thematic Objective and Scottish National Performance Framework (NPF) outcome | Scotland's performance³ |
|---|---|
| <p>Research & Development & Innovation. NPF outcome: We are better educated, more skilled and more successful, renowned for our research and innovation</p> | <p>Business expenditure on research and development as a proportion of GDP is substantially lower in Scotland than in the UK or EU 27⁴ as a whole.</p> <p>Evidence from Scotland's knowledge exchange index, that measures how well universities disseminate knowledge to the wider economy, has shown an overall increase since 2002/03.</p> |
| <p>Information and Communication Technology. NPF outcome: We live in a Scotland that is the most attractive place for doing business in Europe.</p> | <p>Over £280m of public funding has been committed to the Scottish Government's Step Change programme, which will ensure that 85% of premises in Scotland can access next generation broadband (NGB) by the end of 2015/16 and 95% by 2017/18.</p> <p>However, even after this substantial investment, significant parts of Scotland will remain unable to access NGB. Indeed, many of Scotland's most rural and remote communities will be amongst the most challenging and expensive areas to connect in Europe.</p> <p>The Scottish Government is committed to ensuring that no part of Scotland is left behind in the digital revolution and recognises that additional and sustained investment will be vital if we are to</p> |

³ Statistics have been drawn from the Scottish Government's National Performance Framework, Office for National Statistics (ONS), Forestry Commission, Scottish Natural Heritage, Ofcom and Eurostat.

⁴ Statistics reflect EU 27, prior to Croatia joining the EU earlier in 2013.

| | |
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| | <p>overcome regional inequalities within Scotland. We therefore see additional public sector funding, including EU funding and UK Government funding as crucial.</p> <p>Broadband take-up in Scotland has risen from 68% in 2012 to 70% in 2013, continuing the upward trend from 2011, though it remains below the UK average of 75%.</p> |
| <p>Competitiveness NPF outcome: We live in a Scotland that is the most attractive place for doing business in Europe.</p> | <p>Since 2004, the registration rate of businesses (i.e. the business birth rate) in Scotland has consistently been below the UK rate. The business birth rate in rural Scotland is also slightly below the Scottish and UK rates.</p> |
| <p>Low Carbon NPF outcome: We reduce the local and global environmental impact of our consumption and production.</p> | <p>Scotland has ambitious targets to reduce emissions (by 42% by 2020 and by 80% by 2050 both from the base year 1990). Although good progress has been made, there is a long way to go in meeting these targets.</p> <p>Woodland is an important carbon sink and between 2003 and 2013 new woodland planting has averaged 5,600 hectares/annum. Progress is required to meet Scotland's target of 10,000 hectares/annum for the period 2012 - 2020.</p> |
| <p>Climate Change Adaption NPF outcome: We reduce the local and global environmental impact of our consumption and production.</p> | <p>Agriculture and land use has a crucial role to play in reducing carbon emissions, as it contributes around 20% of total carbon emissions in Scotland.</p> <p>Scottish Government's Climate Change Adaptation Programme is due to be published early in 2014. The programme aims to increase the resilience of Scotland's people, environment and economy to the impacts of a changing climate. In many cases, Scotland already has in place legislation, regulation or policy to protect against those impacts likely to pose the greatest risk. The Adaptation Programme, and associated commitment to public reporting, will complement existing policy and guide an integrated response to climate change.</p> |

| | |
|---|---|
| <p>Environment and Resource Efficiency NPF outcome: We value and enjoy our built and natural environment and protect it and enhance it for future generations.</p> | <p>The quality of Scotland's natural environment is one of its most prized features. Nevertheless, 22% of its designated nature conservation sites remain in unfavourable condition, and over the past five years the national index of farmland birds has consistently declined.</p> |
| <p>Sustainable Transport NPF outcome: We live in well-designed, sustainable places where we are able to access the amenities and services we need.</p> | <p>Since 2007, there has been a general decline in the percentage of driver journeys perceived to be delayed due to traffic congestion.</p> <p>Meanwhile, the proportion of adults in Scotland usually travelling to work by public or active transport has remained broadly stable at 30% over the past decade. There is a greater reliance on cars in rural areas, where people on average need to travel further to access key services.</p> |
| <p>Employment NPF outcome: We realise our full economic potential with more and better employment opportunities for our people.</p> | <p>The Scottish employment and unemployment rates have generally tracked the UK rates over the past decade. Compared to the EU 27, the Scottish employment rate has remained significantly higher and the unemployment rate significantly lower over the past decade. While employment and unemployment rates compare favourably in rural Scotland compared to the Scottish average, wages tend to be lower in remote rural areas.</p> |
| <p>Social Inclusion and Poverty NPF outcome: We have tackled the significant inequalities in Scottish society.</p> <p>NPF outcome: We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others</p> | <p>The proportion of individuals living in relative poverty in Scotland has been on a downwards trend over the past decade, despite the impact of the recession.</p> <p>Over the past five years the proportion of individuals living in relative poverty in Scotland has broadly been in line with the UK.</p> <p>In the Scottish Household Survey the following findings are relevant:</p> <ul style="list-style-type: none"> • In 2012, around one-fifth (21%) of adults agreed that they can influence decisions affecting their local area and around a third (33%) said they would like to be more involved in the decisions their council makes. • Adults who live in rural areas are less |

| | |
|---|---|
| | likely to say local services would be convenient to access than those in small towns and urban areas. |
| Education and Lifelong Learning NPF outcome: Our young people are successful learners, confident individuals, effective contributors and responsible citizens. | The proportion of 18 to 24 year olds who leave school early in Scotland is below the UK but comparable to the EU 27 average. Furthermore, Scotland continues to have a significantly higher proportion of 30 to 34 year olds who have completed tertiary education than the UK and the EU 27. Further information from the National Performance Framework show that since 2001 there has been a steady decrease in the percentage of adults with Scottish Credit and Qualifications Framework Level 4 qualifications or below. The figure has fallen from 16.4% in the 2007 baseline year, to 13.9% in 2011. |
| Institutional capacity building NPF outcome: Our public services are high quality, continually improving, efficient and responsive to local people's needs. | No obvious data sources available to measure this. However the Mid Term Evaluation of the SRDP set out key areas for improvement which we have taken account of when developing the future SRDP, as explained in the stage 1 consultation. |

Table 1: EU 2020 Thematic Objectives

27. These Thematic Objectives will be addressed through a combined approach using the EU funds provided to Scotland, outlined below.

28. Underneath the EU Thematic Objectives sit the EU Rural Development priorities, which direct funding from the European Agricultural Fund for Rural Development (EAFRD) towards the key priorities for rural areas. The investments made through the SRDP must fit into these priorities and the EC will be monitoring all programmes across the EU to ensure that is the case. The EU priorities for Rural Development are:

- Fostering knowledge transfer, co-operation and innovation
- Enhancing competitiveness, promoting innovative technologies and sustainable management of forests
- Promoting food chain organisation & risk management
- Restoring, preserving & enhancing ecosystems
- Promoting resource efficiency & transition to low carbon economy
- Promoting social inclusion, poverty reduction and economic development

29. Scotland does not have to address all six of these priorities if, based on our own assessment of rural Scotland's needs, any do not require government intervention to help achieve the goals of the EU 2020 strategy. However, with both the thematic objectives and Rural Development (RD) priorities, it is clear from the

National Performance Framework (NPF)⁵ and rural specific Strengths, Weaknesses, Opportunities, Threats (SWOTs) carried out by the Scottish Government that Scotland can make significant gains in all these areas if appropriate interventions are made.

30. The findings from these SWOTs are summarised in the section on Scotland's priorities and reflect analytical work that has been undertaken by the Scottish Government through the development of the Government Economic Strategy (GES)⁶ and the NPF.

31. It is the GES and the underlying policies that deliver it, including the broad range of policies delivered via the SRDP and other European funds, which translates the overarching EU framework into Scottish-specific solutions to the challenges all of Europe face. To help ensure focus for the work of the Scottish Government a single purpose has been set, which is to make Scotland a more successful country, with opportunities for all to flourish, through increasing sustainable economic growth.

32. The priorities that have been identified for Scotland will be set out further in the Partnership Agreement. This is the key element for utilising the ESIF which is comprised of: EAFRD, European Social Fund (ESF), European Regional Development Fund (ERDF), and European Marine and Fisheries Fund (EMFF), from 2014 - 2020. This is in essence an agreement between the Scottish Government and the EC on the use of the EU funds and sets out how the funds will jointly achieve an impact on the EU 2020 Thematic Objectives.

33. To assist in the development of the Partnership Agreement the EC issued a position paper for the UK in November 2012. This set out three specific challenges which the EC believes the UK and Scotland should address using the ESIF, if there is to be measurable progress against the EU 2020 targets. These are:

- Increasing labour market participation, promoting business competitiveness and research and development investment
- Addressing social exclusion and unemployment
- Developing an environmentally friendly and resource efficient economy

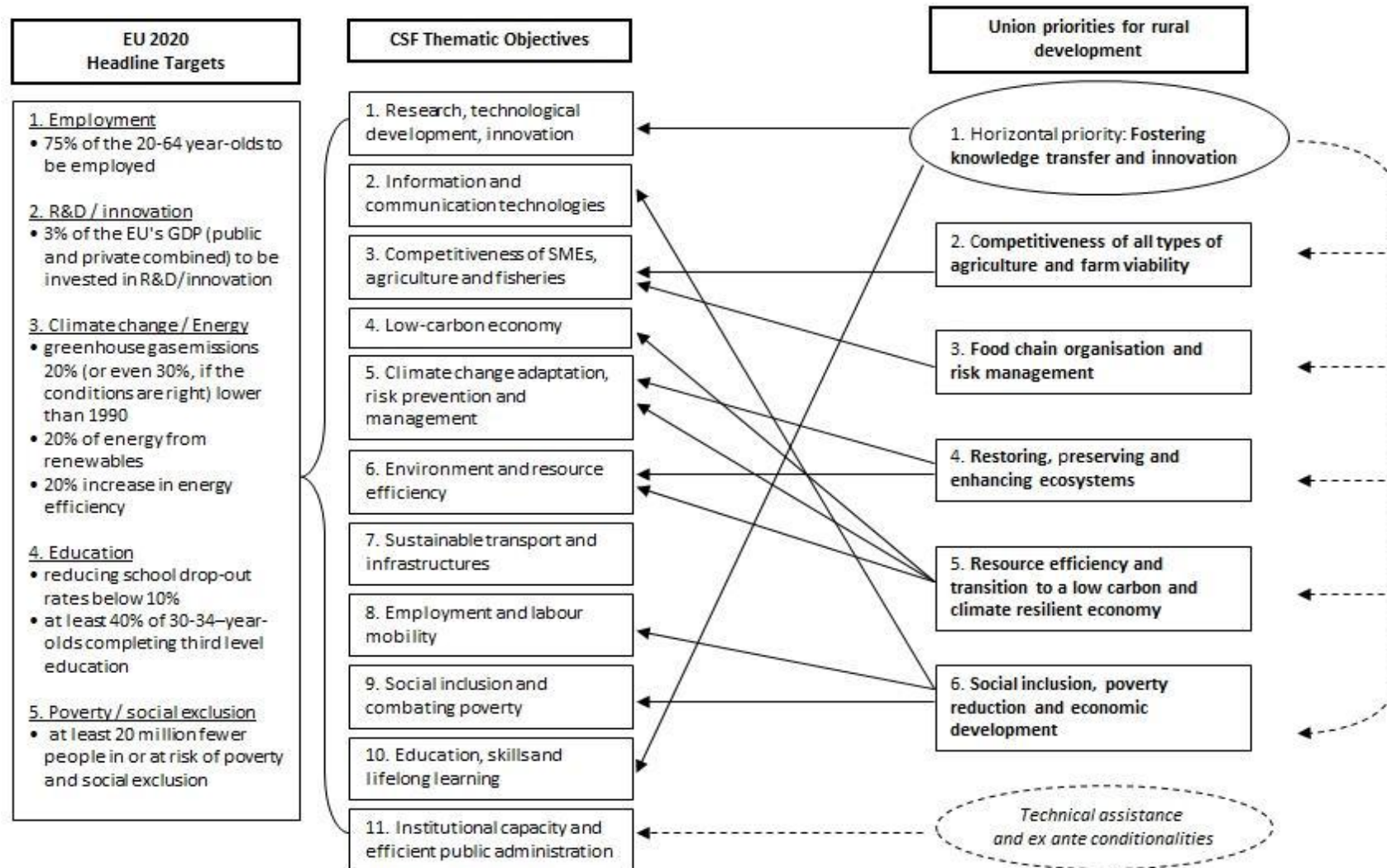
34. The EC's analysis aligns well with the Scottish Government's purpose, the GES and the NPF; which align with the overall EU 2020 objective of creating a smart, sustainable and inclusive Europe.

35. The Ex Ante Evaluation Guidance for the 2014 - 2020 Rural Development Programme helpfully outlines how the 11 thematic objectives within the Common Strategic Framework (CSF) fit in and relate to the six priorities identified for the Rural Development Programme (see diagram A below).

⁵ <http://www.scotland.gov.uk/About/Performance/scotPerforms>

⁶ <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy>

Diagram A: Link between EU 2020, the CSF and the Rural Development Programme⁷



⁷ Reproduced from [Guidelines for the Ex Ante Evaluation of 2014-2020 RDPs](#)

Scotland's priorities

36. The Rural Development SWOT analysis undertaken for this programme, and the national one undertaken for development of the Partnership Agreement, set out the key challenges and opportunities that Scotland faces and which will need to be addressed in the future programme.

Strengths

37. The analysis undertaken for the Rural Development SWOT identified the following as key strengths linked to rural Scotland:

- Relatively strong economy – sustained population growth and higher levels of employment
- Key growth sectors (tourism and food & drink)
- Resourceful and resilient businesses and communities.
- Natural capital – extensive semi-natural and High Nature Value (HNV) areas, large quantities of good quality water, extensive carbon stores.
- Cultural, historical and natural assets
- Renowned research institutes
- Good provision for training and learning
- High health status for agricultural livestock and crop plants
- Farming for a Better Climate programme

38. We will seek to build on these strengths in future programmes through the following schemes: agri-environment climate; forestry grant scheme; LEADER; business support; and knowledge transfer and innovation. Further details on the individual schemes, and how they will help address the priorities for the future, are given later in the consultation document.

Weaknesses:

- Uneven population distribution
- Access to physical and virtual infrastructure
- Narrow economic base and lack of growth opportunities
- Access to finance for rural businesses
- Difficult to co-ordinate landscape scale action with multiple participants.
- Low wage for remote rural areas
- Shortage of integrated land management skills development, innovation and research.
- 85% of Scotland's agricultural area is designated as Less Favoured Areas with lack of viable alternative enterprises
- Lack of effective knowledge transfer
- Continuing biodiversity loss on farmed land
- Lack of awareness, support and advice for renewables, energy and waste efficiency

39. These weaknesses will be addressed via: LFASS; forestry grant scheme; agri-environment and climate; support for co-operative action; skills training; knowledge transfer and innovation fund; and advisory services.

Opportunities to:

- Build on 'Scotland' the brand
- Strengthen the performance of Scotland's growth sectors
- Enhance broadband coverage
- Create and maintain vibrant rural communities
- Enhance the social economy
- Utilise Scotland's natural environment and heritage
- Opportunity to support projects to improve economic growth and increase employment opportunities
- Better integrate training/skills across land based sectors and tourism
- Target support for knowledge transfer with stronger linkages to research and technology
- Encourage generation renewal in agriculture and facilitate greater co-operation at a landscape scale
- Support greater collaboration across sectors for added value

40. These opportunities will be taken advantage of via: business support; LEADER; forestry grant scheme; agri-env and climate; skills training; knowledge transfer and innovation; food and drink, advisory services; new entrants support; and budget provision for broadband.

Threats:

- Impact of recession on population and skilled labour
- Impact of recession on production capacity and business competitiveness
- Current economic climate a barrier to investment, research and adoption of new technology
- Increased cost burdens e.g. VAT, fuel costs, Air Passenger Duty
- International competition
- Land Use Planning system may stifle progress
- Varied interests not joined up
- Plant and animal disease outbreaks and risks posed by non-native species
- Loss of public funding can lead to further depletion of natural capital
- Negative impacts of climate change on the environment
- Ageing population

41. These will be mitigated by: LFASS; agri-environment and climate scheme; forestry grant scheme; new entrants support; skills training; knowledge transfer and innovation fund; business support; crofting and small farms support; budget provision for broadband infrastructure; and integration with other funds, local government and other public bodies.

Conclusions from findings of SWOT

42. Based on the analysis, a priority for rural Scotland is to support business viability and enable the agriculture, forestry and agri-food sectors to adapt to market conditions as the European and global economy continues to recover from the economic downturn. Specific priorities include: support for agricultural business operating in remote and fragile areas; a continuation of the growth we have seen in our food and drink sector; support for non-agricultural related businesses; and support that can sustain or grow businesses vital to our rural areas.

43. The SWOT also clearly identifies the benefits for Scotland in protecting and improving the natural environment and the increasing need to address the impact of climate change. Both these areas require significant and on-going support to ensure that we can grow in a sustainable way.

44. There are areas where we can ensure communities can take forward their own agreed priorities, and are equipped with the necessary skills and support to carry them out. This will be essential to address the challenges set out in the SWOT with a particular focus on social inclusion, services delivery, employment and quality of life. The LEADER approach will play an especially important role in this respect.

Delivering our priorities

45. Central to our approach for the environment and climate is a co-ordinated form of support across all EU funds, with projects being effectively assessed by organisations with appropriate expertise, to ensure we can secure maximum value.

46. A targeted approach will be used to deliver land based measures. Rural Scotland has diverse landscapes, cultural and architectural heritage and wildlife, and provides wide-ranging opportunities for enjoyment of the countryside. Some of its communities are located in remote island and mountain settings, and others lay close to major towns and cities.

47. Against this background, the nature of outcomes that can be delivered through the SRDP and the needs of applicants will vary. Therefore, a key feature of the 2014 - 2020 SRDP is to deliver outcomes that are targeted to relevant areas of need (while meeting national and international objectives and obligations). To this end, much of the SRDP will be targeted and administered through a network of expert assessment officers from Scottish Government, Scottish Natural Heritage; and Forestry Commission Scotland, with input from other public bodies as required. Other schemes will be targeted through approaches suitable to the sectors and schemes, for example LEADER will be targeted via the Local Development Strategy process where communities, businesses, third sector and public bodies come together to determine the priorities and actions for their area.

48. Selection criteria will aim to ensure equal treatment of applicants, better use of financial resources, proportionality to the size of the operation and enhance the targeting of measures to be in line with EU and Scotland's priorities for Rural Development.

49. There will be general selection criteria that apply across the board; however, as we are proposing to deliver through individual schemes it will be appropriate to devise additional scheme specific selection criteria as appropriate. Selection criteria we propose to use include:-

- Contribution to national / regional target.
- Targeting criteria to identify applications which will deliver the intended outcome most effectively.
- Long term benefits i.e. will the project deliver outcomes beyond the period of funding.
- Proportionality and value for money – this will be designed to take account of the actual impact of the proposal and the scale of holding / project.
- Co-operation - delivery of projects at a landscape scale are an important priority for the programme and co-operation will be weighted accordingly in the assessment.
- Feasibility – e.g. an assessment of whether the project can be successfully completed within the specified timescales, to the agreed standards, and that payment will be realistically claimed within the defined timescale.
- Membership of quality assurance schemes.

50. Finally, we will improve the support we give to our customers through a range of approaches, to help us all achieve better outcomes from the investments we make.

Complementarity with other funds and policies

51. As stated above, a co-ordinated approach (between the ESIF and other forms of public support) will be essential to ensure that the SRDP plays an integral, but appropriately focused, role in delivering beneficial outcomes for Scotland. This approach will require complementarity with other funding streams and the Partnership Agreement of the UK sets out Scotland's intentions in this area to ensure we secure maximum value from the ESIF.

52. The areas we have identified as being of strong common interest to the various EU funds in Scotland, and for which a joint approach is beneficial, are: business support; skills training; social inclusion/local development and advice. These joint approaches have been developed to ensure that appropriate expertise can provide consistent support to beneficiaries and achieve maximum value for Scotland.

53. Business support will be provided through use of funds from both the SRDP and the ERDF. These funds will be directed towards businesses with growth potential, particularly in key sectors, supporting innovation performance, internationalisation, leadership and digital exploitation. In addition we will also ensure small rural non-agricultural business support (including farm diversification) is available.

54. Formal skills training will be provided through ERDF and delivered in a broad range of approaches. Rural skills (such as modern apprenticeships in the agricultural and forestry sectors) will be delivered as part of this package of support with the

exact nature of this to be designed in consultation with professional bodies. In addition to this support for higher-level skills, non-formal skills such as basic IT training can continue to be delivered under the LEADER scheme if Local Development Strategies identify this as a priority. We will also ensure that non-formal vocational skills and training courses will be provided for through the knowledge transfer and innovation fund.

55. The LEADER approach will continue under the SRDP alongside the EMFF. Local Action Groups (LAGs, Fisheries LAGs for EMFF) will agree local priorities through a process of engagement with local people and businesses. The resulting Local Development Strategies will also be informed by the local and national strategic environment as set out in the Partnership Agreement. Guidance will set out the objectives to be achieved through the use of the European funds. To ensure complementarity with ERDF and ESF those preparing Local Development Strategies will work with Community Planning Partnerships during the course of Strategy development. Both parties will develop mechanisms to allow joint working on shared priorities e.g. where a mixture of funds would add value to an initiative.

56. Advisory services is another area of strong common interest to all funds, where joint solutions can be provided. SRDP will seek to broaden and deepen the current provision of advice and support for farmers and land managers in a variety of ways as set out in section 16. To address resource efficiency advice, we are working in partnership with ERDF to explore the potential for funding Green Audits for every farm and rural business in Scotland. ERDF will also continue to invest significant amounts in the business advisory services provided by Business Gateway, reflecting the needs of all businesses in Scotland whether small or large, rural or urban, farmer or shopkeeper.

57. The ESIF will be monitored by a Partnership Agreement Monitoring Committee (PAMC), which will monitor performance against targets and make recommendations to ministers if changes in approach are necessary. Sitting underneath this will be a programme monitoring committee for the SRDP which will consider the performance of the SRDP and make recommendations to the PAMC, under agreed terms of reference, if members agree that the programme needs to be changed to better meet its targets or respond to new or increased challenges. Both bodies will involve key stakeholders from relevant sectors, as at present.

Financial Instruments/Loans

58. In the period 2014 - 2020, Financial Instruments could be particularly relevant for small and medium enterprises (SME) competitiveness. We are exploring the potential for these, as discussed in the stage 1 consultation; however this will be a medium term goal for the SRDP to ensure arrangements are designed effectively. If an appropriate financial instrument is developed we may seek to modify the programme in future years to make provision for this type of funding available.

SECTION 3: SCHEMES UNDER THE SRDP 2014 – 2020

59. This section briefly outlines the schemes that are being proposed for the next SRDP, sections 6 to 15 discuss the schemes in detail.

60. It is clear that the next SRDP needs to be simpler and more accessible, particularly for land based investments. Therefore, it is proposed to draw to a close the Rural Priorities Scheme and split the land based investments into individual schemes. These will have a single application and approval process. As proposed in the stage 1 consultation, and supported by 65% of respondents, we propose to remove the Land Mangers Options to allow for more focussed investments.

61. The land based investments will be delivered regionally by a delivery partnership made up of SG Rural Payments and Inspections Division (RPID), Scottish Natural Heritage (SNH) and Forestry Commission Scotland (FCS). The schemes the partnership is proposed to deliver will be:

- LFASS (see section 6)
- New Entrants Scheme (see section 7)
- Crofting and Small Farm Support Scheme (see section 8)
- Agri-Environment-Climate Scheme (see section 9)
- Forestry Grant Scheme (see section 10)
- Support for Co-operative Action (see section 11)

62. Other investment schemes will be:

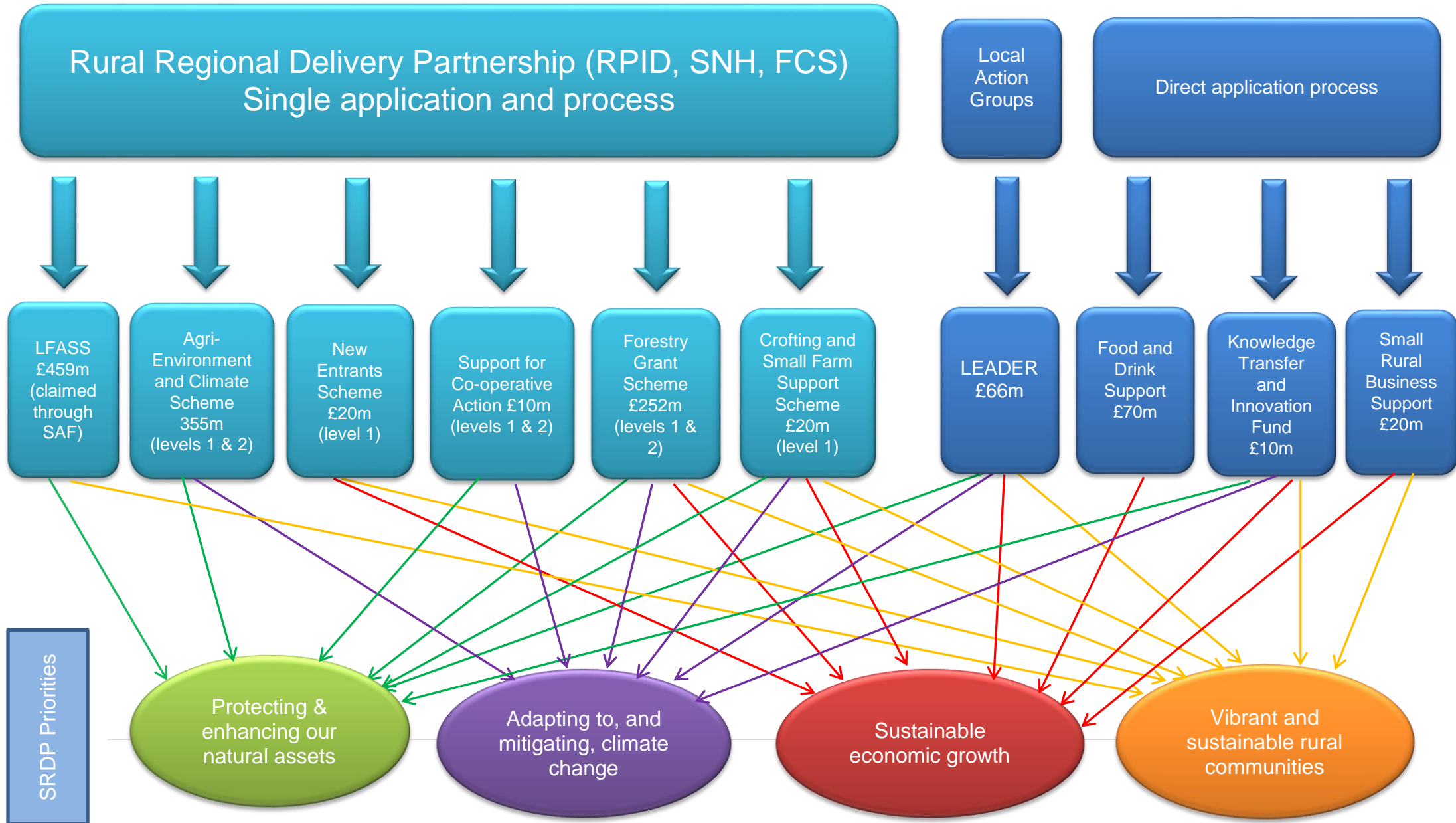
- Non-agricultural business support - Small Rural Business Scheme (see section 12)
- Non-agricultural business support - Food and Drink Support (see section 13)
- LEADER (see section 14)
- Knowledge Transfer and Innovation Fund (see section 15)

63. As stated earlier, delivery options and scope for broadband is being explored to ensure appropriate links with other funding streams, both domestic and European.

64. Diagram B below shows all the grant schemes that we are proposing along with their delivery method and how they deliver towards our priorities.

Diagram B – Schemes proposed under the SRDP 2014 – 2020, indicative budgets and link to SRDP priorities

N.B. These are the main high level priorities that it is expected each scheme will deliver towards.



Delivery of the SRDP - Futures Programme

65. A large programme of work has been started to update the business and IT systems and processes for rural payments and inspections, which will deliver CAP reform requirements. We are working with SNH and FCS to deliver the improvements through the Futures Programme between now and 2017.

66. The programme will deliver significant improvements to our customer services – building on what is good today and minimising the bureaucracy for our customers and staff.

67. The new services are not being developed in isolation. Focus groups are being undertaken with customers to help establish what is important to them – the feedback is being used to develop the new approach and deliver what our customers really want and value.

- In summer 2014, the first part of our new online services will be launched; improved guidance and information, the ability to manage customer account details, online land maps and the option to allow customers to propose changes to their own maps.
- By January 2015, a new single online application for CAP reform and DP and SRDP schemes will be added, with other CAP reform requirements coming soon after this.
- Over time to 2017, online services will be extended to provide customers with a range of activities they can manage themselves. This will be similar to an online banking facility, where you can change your details online for example, change your address, update your bank details and manage your account.

SECTION 4: BUDGET FOR SRDP 2014 – 2020

Introduction

68. The Scottish Government has made substantial investments in its rural development programme over a number of years, demonstrating its commitment to supporting the rural economy, but also our environment. This investment has made a real difference to businesses and communities across rural Scotland.

69. Over the 2014 - 2020 period the Scottish Government is keen to build on this investment to ensure that the next programme addresses the specific needs facing Scotland, as identified in our SWOT analysis. However this will be achieved within a backdrop of not only reduced funding from the EU, but also a continued decline in the Scottish Government's budget due to the spending decisions taken by the UK Government.

70. These funding pressures mean that our programme needs to be more focused on the key priorities facing Scotland and that support is targeted to areas where it will have the biggest impact.

71. These proposals have factored in the vital and substantial support that DP will provide for the agriculture sector and also the rural communities where these farms are based. Furthermore, the EU requirement that 30% of the DP budget needs to be targeted on Greening, means that a significant investment in Scotland's agri-environment will come through both DP and SRDP over the next programme.

72. The balance of funding across the programme reflects what can be achieved from each part of the programme. For example, experience from the current programme has highlighted that in some areas substantial improvements can be made from relatively modest investments.

73. Based on the priorities outlined in our SWOT, and considering the reduced budget Scotland has been awarded from the EU and UK, we are proposing to allocate funds where we believe highest value will be achieved for rural Scotland. This does not address all of our priorities. That was impossible given the decisions taken on our behalf by the UK Government during budget negotiations. However it does address the key challenges we as a nation face in the coming years, and aligns well with the analysis of Scotland's needs undertaken by the EC.

SRDP budget and transfer from DP

74. The total budget that we are seeking to deliver for the future programme is £1.326 billion. This is made up from various sources set out below. It is important to note that this is a target only, we cannot predict with any certainty the availability of domestic funding to match the EU element in light of recent cuts from the UK Government and the likelihood this will continue in the future. We have however sought to maximise domestic resources as much as we can.

75. The SRDP budget allocation from the UK Government is €478 million, although on the face of it this is an increase of 7.8% it is in reality a cut in real terms of around 5.5%, even before reductions to domestic budgets are factored in.

76. As we need to match RD funding with domestic funds, the financial situation is even more perilous given the spending cuts passed down to Scotland by the UK government. The Scottish Government's budget is being cut by close to 11 per cent in real terms between 2010-11 and 2015-16. Based on the projections set out in this year's UK Spending Round, it is likely that further budget reductions will be imposed on Scotland until at least 2017-18. This gives us a significantly reduced starting point for future allocations to SRDP in comparison to the beginning of the current programme.

77. Given the financial situation there is a need to look at other ways to increase the budget available to us for investments in our rural areas. Through the DP regulations Scotland has the discretion to transfer up to 15% of the total DP budget into the SRDP. At the time of writing Scotland's 2014 – 2020 DP ceiling is €3.5bn before any transfer to SRDP takes place.

78. Given the scale of investments we believe are necessary in our rural areas to ensure they can remain viable places to live, work and enjoy; we are proposing to apply a transfer of around 9.5% from DP into Rural Development. As we have to inform the EC of the rate of transfer by end of December, we have issued a separate mini-consultation⁸ on the transfer rate setting out the rate we are minded to set. The final figure will be confirmed after the mini-consultation closes and a revised SRDP budget section will be issued if necessary.

79. There was strong support for a transfer in the first consultation with 93% of respondents stating the level of transfer be continued at current levels or increased. Although it is vital we have an appropriately funded SRDP in order to deliver our full range of priorities for Rural Scotland, we must also ensure that the primary agricultural sector remains viable through the crucial funding made available from the DP.

80. It is the agricultural sector that helps to ensure our rural communities remain viable places to work and live by providing a broad range of employment opportunities either directly or indirectly. The sector also provides locally grown produce for us all, as well as enabling the significant success we have seen in recent years for our food and drink industry. We have therefore proposed the rate of 9.5% with this in mind; although we understand that some will be disappointed a full rate has not been applied we believe this is a fair balance between the two pillars of CAP.

Budget prioritisation

81. Support for the agricultural sector remains a prominent part of the future SRDP, underlining our commitment to this vital sector for the rural economy. The future SRDP will continue to invest a significant proportion of its budget (35%) to LFASS and its successor scheme, and we will also ensure that crofters, small farmers and new entrants have the opportunity to access an improved structure of support.

⁸ Information can be found at <http://www.scotland.gov.uk/Topics/farmingrural/Agriculture/CAP>

82. We must also ensure that our environment is protected and enhanced, and that we mitigate and adapt to the impact of climate change. The European Regulations set a minimum spend figure for the environment and climate change of 30% of the total budget. This is made up from spending on LFASS/ANC, agri-environment and climate projects, forestry, organics, and Natura measures. Scotland meets this target with our budget for LFASS alone, and we will also spend 19% of the budget on forestry. However this would not meet the range of obligations we face in this area, particularly given that the positive impact of Greening DP is far less than we had hoped for due to the failure of Europe to agree a workable solution.

83. Scotland's performance against the indicators we set to measure environmental progress, although strong in a European context, have suffered in recent years due to increased impact of climate change and farming practices. For example, the Index of Abundance for Scottish Terrestrial Breeding Birds is recognised as a good indicator of general biodiversity and has been in decline for the last three years. This decline in biodiversity is identified in other studies and reports (The Countryside Survey; The National Ecosystem Assessment; The Status of Priority Farmland Habitats and Species). To address this decline, and build on the successes we have seen to date, we will be allocating 27% of the SRDP budget to agri-environment and climate projects implemented by farmers and land managers across rural Scotland, as set out in section 9.

84. Due to the wide range of environmental and agricultural obligations and needs Scotland has, the land based elements must remain a significant part of the future SRDP in terms of budget allocations. However broader economic and social development will play an important role in the future programme through the provision of targeted support to key sectors, and community-led local development through LEADER.

85. Targeted support for key sectors will be directed towards food and drink and small rural businesses. The food and drink arena is a key growth sector for Scotland and the SRDP has funded a wide range of important projects that have helped to create and sustain thousands of jobs. The important contribution that small businesses make towards the viability of rural communities, and the quality of life within them, is recognised by the dedicated support arrangements we are making available. This support will build on that provided by other public funds from the ERDF, enterprise agencies and local government as set out in sections 12 and 13.

86. LEADER will provide opportunities for all within local communities to come together and address issues they identify as a priority for their area. These priorities can cover a wide range of issues, as long as they are agreed by the community and fit within the overarching framework under which LEADER will operate. LEADER is discussed further at section 14.

87. While we will directly address our key priorities as outlined above, support for the historic environment, quality assurance programmes and animal welfare will be embedded into other schemes such as Agri-Environment-Climate and Knowledge Transfer and Innovation Fund; or in the case of relevant quality assurance schemes given recognition through the assessment process.

Budget breakdown

88. The £1.326 billion budget would be made up from several contributory factors (EU funds, domestic and funds transferred from DP) and is a target at present based on domestic budget allocations, transfers from DP, and euro exchange rates. This could change significantly throughout the programme so scheme allocations set out in the table below are only indicative and will be managed on an annual basis throughout the programme period.

89. The indicative budget allocations we are proposing are:

| Scheme/priority | Allocation (£) | Justification |
|--|-----------------------|---|
| LFASS Scheme is being reviewed in line with European regulations. | £459m | This scheme provides essential support to fragile farming businesses in remote and constrained rural areas. Without this support there would be clear risks that these businesses would become unviable which could have a devastating impact on rural populations. Although the budget allocation is large, this is provided for from the funds we are transferring from direct payments, and will provide welcome support to roughly 11,500 small businesses. |
| Forestry | £252m | Tree-planting is a significant rural contributor to the Scottish Governments efforts to reduce Scotland's carbon footprint. The 'Low Carbon Scotland' Report (Second Report on Policies and Proposals) forecasts saving of 4.8 million tonnes CO2 emissions by 2027 based on 10,000 hectares of woodland creation per year. We will continue to set the target of 10,000 hectares planted per annum during the programme period. The forestry budget will also fund the restoration of designated and ancient woodland sites and priority activities to support sustainable woodland management such as forest management plans and measures to reduce the impact of tree diseases. |
| Agri-Environment-Climate Also included is £15m for peatland restoration | £355m | Ensures that as a minimum we can maintain the benefits gained under the current programme. Through the more effective targeting and |

| | | |
|--|------|---|
| | | assessment process allied to improved guidance and support, we are aiming to increase the benefits gained for the current levels of investment. |
| New entrants | £20m | Generational renewal is an area that we need to address in the Scottish agricultural sector. We have an ageing agricultural workforce and a lack of opportunities new young farmers to enter the market. Tied to the improvements we have secured for new entrants for DP we will seek to provide small but crucial support to new entrants through a range of measures. |
| Crofting and Small Farms + one year of current CCAGS in 2014 | £20m | The crofting sector is unique to Scotland and is a vital component of our cultural heritage. This scheme will provide grants to crofters to take forward improvements on their crofts which will help to sustain their business and enable co-operative working. We are also broadening the scheme to open it up to small farms too given they face the same type of issues as crofters regarding sustainability. |
| Business support – Food and Drink Support | £70m | The purpose of the Scottish Government is to achieve sustainable economic growth. All of our spending plans are aligned to this purpose in some way. It is this scheme that looks to provide support to the non-primary agricultural business' in the food and drink sectors who are key drivers of growth and sustainability in our rural areas. |
| Small Rural Business Scheme | £20m | The purpose of the Scottish Government is to achieve sustainable economic growth. This scheme will be targeted to small non-agricultural rural businesses (including social enterprises and farm diversification projects) which although not a driver of economic growth can play a significant role in the sustainability of our rural |

| | | |
|--|----------------|---|
| | | communities. |
| LEADER (local development) | £66m* | LEADER will provide opportunities for individuals, business and communities to come together and support rural development and provide lasting benefits to the local area. |
| Support for Co-operative Action | £10m | The majority of the funding for co-operative projects will come from the scheme allocations that the project relates to. However a small allocation is provided for here in order to facilitate the project itself. It will drive forward improvements at an ecosystem scale in order to achieve environmental obligations more effectively. We are also considering the potential to support machinery rings through this approach. |
| Knowledge Transfer and Innovation Fund | £10m | Scotland must take advantage of its strong performance in research and development and ensure that the learning from here and elsewhere can be transferred to on the ground improvement. The Scottish Government currently invests more than £60m per year on high quality research in rural and environment as part of its Strategic Research Programme. This scheme will provide a route for clusters, networks, groups of interested parties to come together to develop new ways of working based on this rich resource and potentially deliver significant benefits. |
| Advice | £20m | This is closely tied to the above and will play a key role in ensuring best practice and learning can be implemented on the ground. |
| Broadband | £9m | Budget provision for broadband |
| Technical Assistance | £15m | Cost of Scottish Rural Network and SRDP implementation, evaluation and monitoring. |
| Total | 1.326bn | |

*LEADER has a minimum spending requirement of 5% of total budget

Table 2: Proposed SRDP 2014 – 2020 budget allocations.

90. This distribution of funding reflects the very significant role of land management in protecting and enhancing the environment and, in turn, the impact of land management on the viability of rural businesses and the cohesiveness and sustainability of rural communities.

91. During the course of the programme, the Scottish Government will have the flexibility to change the profile of these investments to ensure the resources can be directed to manage emerging and new priorities.

Question 1

How would you rate your satisfaction with the budget as a whole? Please tick the appropriate box in the online questionnaire.

Strongly agree

Agree

Disagree

Strongly disagree

No opinion

If you are dissatisfied please outline your reasons (in the space given in the online questionnaire).

SECTION 5: RURAL REGIONAL DELIVERY PARTNERSHIP FOR LAND BASED INVESTMENTS

Introduction

92. One of the key messages you gave us from the first consultation was that you wanted a simpler application process, especially for the land based grants. This proposal responds with a streamlined process and assistance for agricultural, environmental, and forestry investments.

93. The proposed process is focussed on the assessment of applications that come through the SRDP application portal for agricultural, environmental, and forestry investments. The schemes it would look to deliver (and the assessment levels which are explained at paragraphs 106 – 110) are:

94. **LFASS** (in time, new ANC scheme) – assessed at level 1 – for 2014 – 2016, and depending on the requirements set out in the agreed regulation and associated implementing acts, the LFASS scheme will continue as it is currently shaped to allow time to develop the new ANC scheme. This also allows time for the new DP rules to bed in, which will entail significant change for all sectors of the Scottish agricultural economy. We will be setting out proposals on the change to ANC in 2015.

95. **New entrants to farming start-up grants** – level 1 – a business start-up grant of up to €70,000 can be awarded to qualifying new entrants under EU rules (a person who is 40 years of age or less at the moment of submitting the application, possessed adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of the holding). The new Advisory Service would specifically support new entrants' advice.

96. **Crofting and Small Farm Grant Scheme** – level 1 – This is a continuation and extension of the current CCAGS scheme, which has only been available to crofters to date. We are extending the scope of this scheme to include small farms. The types of investments that can be made through this scheme remain the same as the current CCAGS, with the addition of an option to ensure the setting up of common grazings committees can be taken forward. The budget has been increased to take account of the increased scope.

97. **Agri-Environment and Climate Scheme** - level 1 and 2 – This will deliver a wide range of interventions to protect and enhance the environment and mitigate and adapt to the impact of climate change (including support for organic farming and the retention of genetic resources).

98. **Forestry Grant Scheme** – level 1 and 2 - This will deliver a broad range of forestry investments to stimulate woodland creation and encourage the sustainable management of woodlands to provide economic, environmental and social benefits. New grants to support agroforestry and tree health are being introduced.

99. **Support for Co-operative Action** – level 1 and 2 – This proposal was raised in the stage 1 consultation and received strong support. Applications can be made under this scheme for organisations and groups of applicants to take forward the development, animation and implementation of co-operative projects. This can either

be through project officers bringing together a group of farmers and land managers under the banner of single project, or for organisations themselves with permission of landowner/farmer, to take forward a project that straddles several farms/areas of land.

100. Full details of each scheme/fund are available in the sections that follow on from this.

101. For the future programme we are allocating funding to capital investments in agriculture to crofters and new entrants. This is in line with responses to the first consultation, prioritises spend on key areas of need and allows for other rural priorities to be addressed. However, the report the Scottish Government commissioned Scottish Rural Colleges (SRUC) to undertake on Modernising Scottish Agriculture⁹ identified some actions we could take which, although small in monetary value, could enable significant improvements to be gained by all in the primary agricultural sector. These actions will be progressed via the Advisory Service and Knowledge Transfer and Innovation Fund and are again in line with responses from the first consultation which placed a high priority on innovation and competitiveness.

Application process

102. The applications will come through the RPID Paying Agency system for administration purposes, and use the current Rural Priority Scheme regional boundaries. The assessment of applications will be undertaken through a case officer assessment network (see paragraphs 111 and 112) by the relevant SRDP Delivery Partner (FCS for forestry; SNH for designated sites; RPID for all other land based investments). For applications that require a joint assessment to ensure the delivery of multiple benefits the process set out in paragraph 113 would apply.

103. We are looking to develop a common application form for all SRDP land based investments. This form will request generic information required for all schemes, and then scheme specific information. This will allow an applicant to apply for all land based schemes at the same time. For most schemes these applications, once approved, will be claimed and verified through the current Single Application Form (SAF) which all farmers must complete in order to secure their DP. Specific claim and payment arrangements for capital and other appropriate costs will also be developed.

104. We are working towards being open for applications from 1 January 2015.

105. The approval system set out below proposes that there would be a single entry route, with two levels of assessment depending on the cost/complexity of proposals. This would be designed to focus on the delivery of priorities and to mitigate the risk of poor value for money. It would mean there is a competitive approach across all SRDP grants, ensuring we secure maximum value for money.

106. There would be 2 levels of entry.

⁹ Can be found at <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012>

107. **Level 1** would be for applications for grant up to a threshold value of £75,000 per scheme (excluding LFASS which will all be assessed via level 1 regardless of grant size as it is a direct income support measure), focussed on regional and national priorities and approved by the relevant government department/agency (RPID, FCS, SNH) depending on the application type. Applications will be made on a continuous approval basis, within a set timeframe to ensure projects have enough time to be properly assessed, approved and prepared. Ministerial approval is not required for all applications at this level.

108. There is a slightly different approach for forestry. Due to the nature and size of the forestry projects the threshold for level 1 will be the current one of £750,000. All projects below this level will be assessed by FCS as they are at present. This is due to the significant amount of pre-approval checks that forestry projects must go through to ensure the impact on the environment and surrounding areas are taken account of when designing plans.

109. **Level 2** would be for applications for grant above £75,000 (£750,000 for forestry), which would be considered nationally by an expert panel made up from: RPID; SNH; FCS; Scottish Environment Protection Agency (SEPA); and Historic Scotland. Stakeholders would also be invited to sit on the panel as observers. The panel would meet on a regular basis (monthly or quarterly, based on estimated demand and capacity).

110. For forestry projects ministerial approval will be required for any project exceeding £750,000. For all other projects the majority may not require further scrutiny but a threshold will be set above which ministerial approval will be required. This will help ensure projects of national and strategic importance are given an appropriate level of scrutiny.

Assessment network

111. To ensure that applications are assessed with appropriate knowledge and expertise feeding in, a case officer assessment network is proposed. This was supported in principle by the majority of respondents (65%) to the stage 1 consultation and continues the successful partnership approach that has developed over the life of the current SRDP. This would entail an appropriately experienced “gatekeeper” allocating cases, submitted via the application portal, to relevant case officers.

112. The assessment and approval will be overseen by the responsible SRDP Delivery Partner (FCS for forestry; SNH for designated sites; RPID for all other agri-environment and agricultural investments, but with reference to the other partners where necessary over particular technical issues).

113. Clear criteria agreed between the SRDP Delivery Partners (and SEPA and Historic Scotland where appropriate) will be used by the gatekeeper to judge whether an application requires assessment by the network, rather than by individual partners. If the application is to be assessed in partnership the application will be sent to nominated officials from each of the relevant organisations so they can each

input into the assessment. One organisation will take the lead to ensure support to the applicant is consistent.

114. Selection criteria will be weighted in order to express their relative importance and as a matter of principle a score of zero points will be given to an application that does not fulfil the selection criteria.

115. The first part of the selection process will be to ensure that the applicant/application meet basic eligibility criteria. Failure to satisfy basic eligibility criteria will mean the application is rejected before proceeding to assessment and scoring.

116. The process may include an assessment visit. This visit will not look to amend/improve applications but to collect and assess the facts of the application on the ground, and ensure the applicant understands what they are signing up to.

Application limit

117. To ensure effective use of funds, it is proposed that applicants will be limited to a single application for each scheme per year for level 1, and a single application for each scheme per year for level 2. We are proposing exceptions for applications relating solely to the management of designated sites and the Forestry Grant Scheme. This will ensure that the available funds can be used effectively and spread the benefits gained from the investments across a wider range of businesses than has been the case in the current programme.

118. Projects should not be approved simply due to the fact that some businesses can afford the resources to make applications as soon as funding schemes open, whereas others may have to take more time to develop plans and find match funding (where relevant). We believe a more strategic view of the type of applications that should be supported can be taken by restricting the pipeline in this way.

Assessment of grant required

119. In the case of investments that drive a potential profit or business benefit, to ensure that we properly assess the additionality provided by SRDP grants (to meet audit requirements) it is proposed that intervention rates should be negotiated rather than set at a fixed amount. This already operates successfully within the Food Processing Marketing and Co-operation Scheme and LEADER schemes. We believe this will secure better value for money from the investments we make and allow a more efficient distribution of funds.

120. An assessment of the appropriate intervention rate to offer applicants is undertaken by the case officer. This will be tied to clear guidance for managers and case officers (and will include the range of rates that could be offered, based on clear rules). This guidance, and an underpinning quality assurance process, will ensure there is consistency of approach across regions and case officer assessments. This process will look to ensure that only projects requiring public funds to proceed as planned will receive funding.

How customers will be supported

121. As part of this new approach, and tied to our work to ensure improved customer support to applicants across all services provided by SRDP Delivery Partners, we are looking to increase the capacity of our staff (working with other public agencies) to assist applicants in understanding the rules and application system, and informing them of the investment options available.

122. We will look to increase the amount of assessment visits undertaken. Where appropriate, a visit to the farm or land can be undertaken by an official from the local RPID area office (or other delivery partner where relevant) to better evaluate the application and assist the understanding of the applicant on the requirements they are signing up to. Given resource requirements at the beginning of the programme period this will be a medium term ambition but one we will look to roll out on an increasing basis as capacity allows.

How we will ensure funds are targeted

123. To ensure we secure maximum value from the investments we make we will be targeting the investments available under these schemes. This will be done in a variety of ways, depending on the nature of the investment:

124. **LFASS** – targeted as at present to those farmers who operate in less favoured areas for agriculture and will be scaled depending on constraint faced.

125. **New entrants to farming start-up grants** – This will be targeted towards those meeting the EU definition of a young farmer, and assessed on the basis of the business case supplied at time of application.

126. **Crofting and Small Farm Grant Scheme** – This will be targeted at crofters and small farmers (potentially those who operate a farm between 3 – 50 hectares). Applications will be assessed on the basis of the business case supplied at time of application.

127. **Agri-Environment and Climate Scheme** – Investments under this scheme will be targeted using an evidence based approach which will ensure investments happen only in areas where that particular investment is a clear priority. This targeting data will be used by SRDP delivery partners to identify key areas where initiatives should be promoted in order to encourage take-up.

128. **Forestry Grant Scheme** – Woodland Creation projects will be targeted using Indicative Forestry Strategies and Forestry and Woodland Strategies together with important local considerations such as agricultural/forestry integration. Woodland Management projects will be targeted to ensure they make the best contribution to Scottish Forestry Strategy.

129. **Support for Co-operative Action** – This will be targeted through SRDP delivery partners identifying on an annual basis the priority themes for this fund (such as water quality improvement in priority catchment areas; habitat creation; removal of invasive non-native species). Delivery partners will also work together to help promote the initiatives we would like to see taken forward under this fund.

Question 2

Are you broadly satisfied with the new application and assessment process for land based investments outlined in section 5?

Please tick the appropriate box in the online questionnaire.

Very satisfied

Quite satisfied

Neither satisfied nor dissatisfied

Quite dissatisfied

Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 6: FUTURE SUPPORT FOR LESS FAVOURED AREAS (LFASS)

Introduction

130. Support for Less Favoured Areas (LFA) is important to both the rural and remote communities throughout Scotland and has been provided since the 1970s. 85% of agricultural land in Scotland is currently designated as LFA and LFASS supports some 11,500 farming and crofting businesses through an annual budget of £65.5 million.

131. As outlined in the stage 1 consultation, the draft RDR proposes that Member States must introduce a new area designation called Areas facing Natural Constraints (ANC). Political agreement has now been reached on the draft RDR, which allows for the implementation of the new ANC designation by 2018 at the latest.

Legal basis

132. RDR article 32, and article 33 for the redesignation to ANC. The European transitional arrangements will also be used to continue with the current LFA land designation until such time as the work necessary to redesignate to ANC is complete (by 2018 at the latest).

Rationale

133. The draft RDR states that payments to farmers and crofters in constrained areas should contribute, by encouraging the continued use of agricultural land, towards the maintenance of the countryside as well as maintaining and promoting sustainable farming systems.

134. Hill farming has long been a key activity in Scotland, forming an important part of rural life. Livestock farming remains the dominant form of agriculture carried out in Scotland and it and the related activities in livestock production, meat processing as well as tourism all generate significant income for Scotland. Beyond contributing to sustaining the rural economy, continued farming in these areas makes important contribution to the environment, as much of it is High Nature Value, along with the beautiful landscapes that Scotland is renowned for.

135. A Scottish Natural Heritage led report¹⁰ on economically vulnerable farming points to evidence in hill farming systems of declining livestock numbers, issues recruiting labour, long working hours, variable and volatile incomes, and a trend towards partial or complete land abandonment in areas. The researchers also emphasise the importance of support payments for these farms.

136. There have been calls from some for LFASS to be simplified, and more targeted and focused. We will be considering this when redesignating to ANC. The Commission have indicated that to comply with WTO rules any future support can only be provided in order to continue the farming activity, and no explicit

¹⁰ <http://www.snh.gov.uk/docs/A931062.pdf>

environmental conditions are to be placed on farmers and crofters. However LFASS and its successor will help ensure the land can continue to be managed in a way that is beneficial to the environment whilst at the same time helping to sustain our rural communities.

137. Given the importance of this support to a crucial part of the agricultural sector, we believe it must continue. Failure to provide this will risk damaging our communities, our environment and our rural economy at a time of significant change.

Financial allocation

138. It is estimated that LFASS payments for the 2014 transition scheme year will be roughly equivalent to the current budget of £65.5 million. Until the final regulations are agreed and the impact of the change to ANC is known it is not possible to estimate budgets for future years with any certainty. However, based on an assumption of a budget requirement comparable to current levels, 35% of the total future SRDP budget will be directed towards LFA/ANC support.

Targeting

139. Support will be targeted to farming and crofting businesses in areas in Scotland that have been identified as less favoured or constrained. As stated above the introduction of ANC will require the LFA area to be reviewed to ensure that the land identified meets EU criteria. On mapping work undertaken to date almost all of the current LFA area comes into the new ANC. For those small but potentially important areas falling out of the initial ANC designation there may be solutions to ensure their support continues and we will seek to address this, as we have done throughout the negotiations with Europe.

Timing

140. The EC has accepted the necessary legislation will not be agreed in time to allow the new SRDP to launch on 1 January 2014. Therefore, they have produced draft Transitional Regulations which allow some elements of support to continue through 2014. This has confirmed that LFASS will continue in 2014 under current rules with a 2015 payment date as normal.

141. We intend to also continue LFASS in 2015. However, we need to carefully consider the options around future LFA support, including what will be permitted by Europe. In order to do this, we will need the detailed implementing regulations which we hope to have later this year.

142. This will allow us to more fully consider the impact of the introduction of ANC and the options for future LFA support, and give enough time for effective design and implementation. We will continue to work with stakeholders throughout this process and will issue a separate consultation once the details and options for Scotland are clear.

Question 3

Should support for farmers operating in constrained areas be continued through the SRDP? Please tick the appropriate box in the online questionnaire.

Yes

No

Other, please specify (in the space given in the online questionnaire).

SECTION 7: NEW ENTRANTS SCHEME

Introduction

143. In order to provide support for new entrant young farmers it is envisaged that there will be various areas of support available. It is proposed there will be a start-up grant available for new entrant young farmers, as allowed through the European regulations, of €70,000 split into two payments over a maximum of five years. The grant support could be used for the purchase of equipment and machinery. It could also be used towards the construction or development of buildings and infrastructure.

144. Support will be aimed at young farmer new entrants. Despite SG arguing for greater flexibility the definition has now been set by the EC. It is a person who is 40 years of age or less at the moment of submitting the application; possesses adequate occupational skills and competence; is setting up for the first time in an agricultural holding as head of the holding, and has full control of the agricultural activity on the holding. These new entrant young farmers will be able to apply for the start-up grant.

145. In the stage 1 consultation 76% agreed with the proposed measures. Those who agreed thought that the measures would help to remove the substantial barriers to entry and incentivise new entrant/young farmers to the industry. There was concern over intergenerational renewal. It was suggested that public funds should not be used to support intergenerational exchange of a farm holding within families or the scheme should be tailored separately for intergenerational transfer versus new entrants. However regardless of whether it is intergenerational, or a young farmer starting up for the first time, we believe that providing assistance to ensure that young farmers can become head of a holding is a positive step for the future of agriculture.

146. New entrants and young farmers will also benefit from provisions in Pillar 1 which funds DP. We have successfully secured measures that mean existing new entrants will be able to access the new Basic Payment from day one. The National Reserve can be used to top up the value of payment entitlements for new entrants and young farmers to the regional average so that they are not disadvantaged during transition to area-based payments. We have the flexibility to apply further top-slices to top up the National Reserve to fund future new entrants. And there will also be a Pillar 1 Young Farmer payment available for those up to forty years of age who are setting up as head of the holding or who have done so in the 5 years preceding their first application for the new Basic Payment.

Legal basis

147. New entrant support comes under RDR article 20.

Rationale

148. At present the average age of farmers is increasing and insufficient opportunities exist to attract the numbers of new entrant farmers that the industry needs. This is a problem across Europe. It is a clear priority for SG to support generational renewal in agriculture in Scotland. Scottish farming needs to attract a steady flow of new entrant young farmers with drive, innovation and entrepreneurial skills.

149. In September 2012 the Scottish Government set up a New Entrants Advisory Panel. The Panel advises Government on the future role of support for new entrants. There has been active engagement with the Panel to explore what further or different articles could be introduced in the SRDP to remove barriers to entry and /or incentivise new entrant young farmers into the industry. A range of interventions were suggested by Panel which were broadly supported by stakeholders in the stage 1 consultation.

Financial allocation

150. The financial allocation for the new entrant's scheme is £20 million.

Options & purpose

151. The options consist of a range of support measures which should help new entrants to develop profitable, sustainable businesses. There is a dedicated measure for new entrants which is available to young farmers 40 years old or younger who have set up as head of the business for the first time and are in the first 18 months as head of the holding. The level of support available is up to €70,000 and is conditional of a business plan being agreed. The support would be in the form of two payments, the second payable on achieving the business plan.

152. The new Advisory Service will specifically support and mentor new entrants with one to one advice.

153. This package will encourage more new entrants and young farmers to set up and develop sustainable and profitable farming businesses. It will encourage them to develop new business opportunities and to make sure that their businesses are modern and make efficient use of the resources available to them.

Targeting

154. The scheme will be targeted at new entrants that fit the criteria as laid down in the EU regulation.

How it will work

155. The application process is being designed to be simple and quick with the date of initial application being the date used for the time barred/age related measure. Consistency of approach will be key as well as the need to approve quality applications.

156. Support is conditional of a business plan. Applicants would be strongly advised to have undertaken a whole farm review supported by the Government. If applicants did wish to supply their own business plan this would have to be reviewed by an accredited advisor.

157. Support will be in the form of two payments and it is proposed that the initial payment would be 75% of the total. The second payment would be payable on the business plan having been achieved and would be 25% of the total.

158. The acceptance of an application “in principle” – so that an applicant can have an application approved in principle prior to actually using it - useful for bidding for the tenancy of a farm should the opportunity occur – is being considered.

159. The new Advisory Service will specifically support new entrants. There is the view that the advice should not be free but new entrants should provide a lesser contribution. Advice could include mentoring and follow up.

Question 4

How would you rate your satisfaction with the proposals for the New Entrants Scheme? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 8: CROFTING AND SMALL FARM SUPPORT SCHEME

Introduction

160. During the SRDP 2014 - 2020 stage 1 consultation the Scottish Government highlighted the value-added benefits derived from the provision and maintenance of crofting systems in remote and rural Scotland.

161. Attention in particular was drawn to the fact that crofting tenure contributes towards the maintenance of sustainable agricultural systems that produce supplies of safe and healthy food, protect natural resources and enhance wildlife, habitats and cultural heritage. The economic and social inclusion aspects of crofting and the contribution it made towards the sustainability of remote rural communities was also highlighted.

162. We also asked whether small farms of a like status should also receive targeted support through the future programme. This would help to address the difficulties small farms have faced in accessing support to help them deliver projects that would benefit their business and the wider natural environment.

163. This section sets out our proposal to expand eligibility for CCAGS (renamed) to ensure the support available through the scheme is also open to small farms.

Legal basis

164. The proposals for crofting and small farm support outlined in this section of the consultation fall under article 18 of the RDR – “Investment in Physical Assets”. Support under this measure includes tangible investments which improve the overall performance and sustainability of the agricultural holding and concern infrastructure related to the development, modernisation, improvement and/or adaption of that holding.

165. The proposals also extend to the provision of support to promote co-operative actions on Common Grazings under article 36 of the RDR.

Stage 1 consultation

166. In undertaking the stage 1 consultation consultees were asked whether a crofting specific sub-programme should be established (Q10) and whether crofters should be restricted from applying for other SRDP schemes if such a sub-programme was made available (Q11).

167. Some 73% of respondents favoured the establishment of a specific Crofting Support Programme but 45% of respondents to Q11 disagreed that crofters should be restricted from applying to other SRDP schemes (as opposed to 36% agreeing that there should be a restriction). In other words the majority of respondents to these questions felt that there should be both a separate crofting programme and a general programme that crofters should be able to access.

168. However, qualitative analyses on the descriptive responses revealed some common themes:

- a) That many of the Rural Priority options under the current programme were undersubscribed insofar as crofters and small land holders were concerned (this was also highlighted by the SRDP mid-term evaluation; and independent research¹¹);
- b) That access to Rural Priority options under the current 2007-2013 SRDP for crofts and small farms was challenging and that there was a need to make it more accessible;
- c) That remote crofting areas faced other challenges and that alternative methods of supporting crofting needed to be considered rather than forming a separate crofting scheme – including provision of targeted advice and improved communication to crofters;
- d) That support needed to be targeted to those areas that needed it most (possibly through ring-fenced budgets);
- e) There was a need to avoid duplication across SRDP (this was a common theme across respondees to the stage 1 consultation as a whole).
- f) There is a need for greater engagement between crofting and forestry sectors and that opportunities for crofter forestry should be further developed;
- g) The Government should use the SRDP funds to redress the current situation whereby around half of all common grazings are currently unregulated or do not have a committee in office.

169. With respect to eligibility considerations, consultees were asked whether support for crofting currently provided under the CCAGS should extend to small land holders of like status. 60% of those responding to the question agreed and there was a strong consensus that support should extend to the whole of Scotland on the basis that small scale low-intensity farms play an important role in supporting rural employment and maintaining the social fabric of rural areas.

170. Together, crofts and small farms under 50 ha make up around 37,000, or 73%, of the total number of agricultural holdings in Scotland. Low intensity small farming units face very similar economic challenges to that of crofts and are generally under represented when it comes to gaining access to funding opportunities to improve their businesses, habitats and the environment within which they operate.

Proposed eligibility

171. On the basis of the feedback from the stage 1 consultation, the Scottish Government proposes to proceed with extending capital grant support for crofting to eligible small land holders located throughout Scotland. It is further proposed that qualifying small farms will be between 3 – 50 hectares (however we will need to take account of the final EU guidance on this issue).

¹¹ “An attempt at an *ex post* evaluation of agri-environment support for crofting in the 2007-13 SRDP” Gwyn Jones <http://www.efncp.org/download/SRDP-crofting-report.pdf>

172. There is no common EU definition for a small farm as they can be defined in terms of area of land, labour employed or the economic size of the farm¹². For Scotland we believe that setting the threshold at 3 – 50 hectares (representing around 6% of the total utilised agricultural area in Scotland) ensures that the smallest and most vulnerable farms can access targeted support to help them sustain and develop their business. Other forms of support for larger low intensity farms that are also in a vulnerable economic situation will be provided via LFASS and its successor, and potential changes to the future DP.

173. Farm size statistics:

| Agricultural Holdings ¹³ | Number | Hectares | % Holdings | % Hectares |
|-------------------------------------|--------|-----------|------------|------------|
| Less than 20 ha | 31,553 | 159,700 | 61.1% | 2.8% |
| Less than 30 ha | 34,153 | 223,496 | 66.2% | 3.9% |
| Less than 50 ha | 37,550 | 356,784 | 72.8% | 6.3% |
| 50 ha and over | 14,057 | 5,313,607 | 27.2% | 93.7% |
| Total | 51,607 | 5,670,391 | 100.0% | 100.0% |

Table 3: Farm size statistics prepared by SG RESAS Statistics (Agriculture)

Question 5

Should a scheme be expanded to provide capital support to small farms Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Question 6

Is a 3 to 50 hectare range appropriate for defining a small land holding? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Proposed scope and approach

174. On examining the various measures that fall under the respective articles of the draft RDR, it is apparent that crofters and small land holders have direct interests in a number of the RDR articles and the measures they aim to deliver. These include:

- Article 15 Knowledge Transfer
- Article 16 Farm Advisory Services
- Article 18 Investment in Physical Assets
- Article 20 Farm and Business Development

¹² http://ec.europa.eu/agriculture/rural-area-economics/briefs/pdf/02_en.pdf

¹³ Excludes holdings with zero area (generally sheep stock clubs)

- Articles 22 – 27 Forestry
- Article 29 Agri-Environment and Climate Change
- Article 30 Organic Farming
- Article 32 Areas of Natural Constraint
- Article 36 Co-operation

175. A number of the respondents to the stage 1 consultation did not believe that a single scheme could fund all the requirements crofters might have, and did not think the Government should seek to create a scheme that would do this. The Scottish Government agrees with this viewpoint and considers that any attempt to deliver crofters' and small land holders' needs through a separate sub programme would be complex and would add a disproportionate administrative burden.

176. Accordingly, the Scottish Government proposes to proceed with plans to take forward the undernoted suggestions to address principal concerns:

- a) Develop a tiered application process with smaller applications for funding being dealt with at local level;
- b) Development of new, improved online services with better guidance for customers to make it easier to apply for funding;
- c) Development of the full range of agri-environment type options suitable for crofting as part of a package of measures made available to all land managers, with some specifically targeted at crofting and small landholdings as well as certain geographical areas. Some options are exclusively targeted at crofting;
- d) Providing better information and sign-posting to the package of measures that will be particularly suitable to crofters and small landholders;
- e) Development of funding options under article 36 of the RDR (co-operation) to incentivise the establishment for the first time of Grazings Committees and under article 16 (advisory services) to assist with the production of Common Grazing Development Plans under the Integrated Land Management option;
- f) On-going provision of a capital grant scheme under article 18 of the draft RDR (investment in physical assets) (currently CCAGS) but extending eligibility to small land holders. It is also intended to develop, and make available, as far as possible, standard cost items e.g. fences;
- g) Provision of extended support to Crofters and Small Land Holders under the Advisory Service (article 16) and allowing continued access to the Skills Development Scheme for organisations representing the interests of crofting and small land holdings (to be renamed the Knowledge Transfer and Innovation Fund or similar to better reflect a revised scope) under article 15 of the draft RDR. Amongst other things this will extend to provision of advice on opportunities for forestry on crofts and small farms.

Scope of funding for capital support for crofters and small land holders

177. Items of eligible expenditure shall include the full range of eligible expenditure items listed under the Crofting Counties Agricultural Grant Scheme including:

- a) Agricultural buildings;
- b) Offices and IT equipment;
- c) Slurry stores and related equipment;
- d) Investment in land management;
- e) Investment in ditching and field drainage systems;
- f) Provision of improvement of equipment for organised feeding of livestock;
- g) Cattle crush; and
- h) Mobile stock handling facilities.

Co-operation

178. It is proposed that a small amount of financial assistance (£500) is provided to assist prospective members of Grazings Committees to apply to the Crofting Commission to constitute themselves and produce Common Grazing Regulations using standard templates and guidance. It is envisaged that this would allow prospective Grazings Committees to contract a facilitator to assist Grazings Committees in establishing themselves.

179. Funding will be made separately under advisory services (article 16) to assist Common Grazings Committees to engage with accredited consultancy support to produce Integrated Land Management Plans for Common Grazings.

Question 7

Do you agree with the proposal for grants of £500 to be available to assist the establishment of Grazings Committees? Yes/No/ No opinion

Please tick the appropriate box in the online questionnaire.

If No please explain why (in the space given in the online questionnaire).

Financial allocation

180. It is proposed that the combined total budget for capital grants for crofters and small land holders together with the co-operative element described at paragraph 178 above be set at £20 million. This is based upon knowledge on uptake of the current CCAGS and factoring in an uplift to take account of increased numbers of eligible beneficiaries resulting from extending the scheme, as proposed, to small farms under 50 ha.

181. Grant rates under the new scheme will be limited to a maximum of £25,000 over a two year period for individuals or £125,000 for co-operative projects, again over two year period.

Intervention rates

182. It is proposed to offer grant on the undernoted basis:

- Up to 40%, or 50% if located in a Less Favoured Area (LFA);
- Up to a 20% uplift if beneficiary meets the definition of young farmer;
- Up to a further 20% if project is part of a co-operative effort.

Question 8

How would you rate your broad satisfaction with the proposals for the Crofters and Smallholders Scheme? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 9: AGRI-ENVIRONMENT-CLIMATE SCHEME

Introduction

183. The Agri-Environment-Climate Scheme will support positive environmental actions which go beyond minimum national standards to maintain and enhance Scotland's rich and varied natural environment.

184. The scheme will play an important part in helping the Scottish Government's strategies for complying with a number of national and international obligations (such as the EU Birds and Habitats Directives, Flood Directive and the Water Framework Directive).

185. Land managers will be able to apply for annual recurrent (management) and capital projects for a wide range of environmental purposes. The rules and guidance governing these projects are being devised to ensure they meet environmental objectives, are verifiable in terms of audit and inspection, and have a greater customer focus.

Legal basis

The Agri-Environment-Climate Scheme will use the following articles of the RDR

Article 18 – Investments in physical assets

Article 29 – Agri-environment-climate

Article 30 – Organic farming

Article 36 – Co-operation

Rationale

186. The RDR requires that the SRDP must contain an agri-environment-climate measure. The basic provisions of the scheme are set out in article 29 of the regulation.

187. An agri-environment-climate measure was given a high priority for investment among responses to the stage 1 consultation. Responses also emphasised the need for a simpler, streamlined, more accessible and flexible scheme.

188. An increasing number of studies confirm the effectiveness of agri-environment measures in addressing public objectives for water quality, climate change & biodiversity¹⁴.

¹⁴ Nigel Boatman, Carmel Ramwell, Hazel Parry, Naomi Jones, Julie Bishop, Peter Gaskell, Christopher Short, Jane Mills & Janet Dwyer [A review of environmental benefits supplied by agri-environment schemes](#) CSL and CCRI for IEEP (2008)
Dicks, L. V., Ashpole, J.E., Dänhardt, J., James, K., Jönsson, A., Randall, N., Showler, D. A., Smith, R. K., Turpie, S., Williams, D. & Sutherland, W(2013) [Farmland Conservation, Evidence for the effects of interventions in northern Europe](#) Synopses of Conservation Evidence, Volume 3, Pelagic Publishing

189. The scheme will contribute the following objectives and its resources will be targeted accordingly:

- Implementing of the EU Birds and Habitats Directives
- Achieving favourable conservation status for designated nature conservation sites
- Controlling the spread of introduced non-native plants and animals
- Implementing the EU Water Framework Directive, the Nitrates Directive and the Groundwater Directive
- Meeting Scottish Government's targets for reducing greenhouse gas emissions
- Increasing carbon sequestration by natural systems
- The Scottish Government's Land Use Strategy Action Plan
- The aims of the European Landscape Convention

190. In the new programme we aim to explain more clearly the desired outcomes of each individual management option, so that participants will have a clear picture of what they are working to achieve. It is also important, we believe, that applicants should understand the significance of the various 'options' with reference to public policy objectives.

191. Our intention is that all the management options offered should have a robust evidence base, justifying the action they support.

Financial allocation

192. The allocation for the scheme is proposed as £355 million, or approximately 27% of the future budget. This, in addition to the spend on LFASS (which delivers some environmental benefits, particularly through those farms operating in the most remote areas) and elements of forestry spend, represent a significant investment in order to address our full range of obligations in this area. We will also secure additional benefits through investments we make via improved targeting and advice/support, and a focus on co-operative action to secure landscape scale improvements to the natural environment. We therefore expect to see an increase in the benefits secured through the investments we make in comparison to the current programme.

Baker, D.J., Freeman, S. N., Grice P. V., and Siriwarden, G. M. (2012) '[Landscape-scale responses of birds to agri environment management: a test of the English Environmental Stewardship scheme](#)' Journal of Applied Ecology 49, 871–882.

Roberts P.D. & Pullin A.S. (2007) '[The effectiveness of land-based schemes \(incl. agri-environment\) at conserving farmland bird densities within the UK](#)' Systematic Review No. 11. Collaboration for Environmental Evidence / Centre for Evidence-Based Conservation, Birmingham, UK.

Perkins A., Maggs, H.E. Watson, A. & Wilson J. D. '[Adaptive management and targeting of agri-environment schemes does benefit biodiversity: a case study of the Corn Bunting *Emberiza calandra*](#)' Journal of Applied Ecology, Volume 48, Issue 3, 2011.

Scope & approach

193. Some key aspects of the proposed scheme are set out below. A full list of all of the agri-environment-climate operations currently under consideration is included in annex C.

194. Payment rates for the annual recurrent (management) operations will be based on the cost incurred and the income foregone. Capital payments for items such as fencing will generally be paid for on the basis of standard costs.

195. **Historic Sites & Landscape** - It is proposed that the objectives of protecting and managing scheduled ancient monuments, and contributing to managed landscapes will be supported within the scope of the agri-environment scheme.

196. **Organics** - Funding will be available for the conversion and maintenance of organic farming, within the Agri-Environment-Climate Scheme. There will be some interaction with the Greening element of DP for organics farmers, with a lump sum reduction potentially having to be made to the maintenance element depending on final decisions in Europe.

197. **Crofting** - Crofters and small farms will be able to access funding for those agri-environment-climate operations which are relevant for their area.

Integrated land management

198. The principle of integrated land management is fundamental to the Land Use Strategy (LUS), which lays out how the Scottish Government and our public sector partners will take an integrated approach to land based investments to ensure that:

- Land based businesses work with nature to contribute more to Scotland's prosperity;
- Scotland's natural resources are managed responsibly to deliver more benefits to Scotland's people and environment;
- Urban and rural communities are better connected to the land, with more people enjoying the land and positively influencing land use.

199. Further information about the Land Use Strategy can be found at:

<http://www.scotland.gov.uk/Topics/Environment/Countryside/Landusestrategy>

200. In order to address the obligations we have placed on ourselves and other public bodies, farmers, and land managers we are providing an enhanced Advisory Service which will be appropriately targeted and delivered. This will assist farmers and land managers in developing proposals that take full account of the range of priorities that could be delivered on their land in order to deliver the best outcomes.

201. In addition we are putting in place an assessment process that will provide expert scrutiny of applications in order to ensure the potential for the delivery of multiple benefits is considered. Finally, we will have a more targeted and evidence based approach to future investments, with delivery partners working together to assist this process.

Targeting

202. Options within the Agri-Environment-Climate Scheme will be targeted based on the following two-stage approach:

Stage 1 - The availability of each option will be restricted to the target area where it will deliver its intended outcome most effectively. To allow flexibility, applications outwith target areas will still be considered where there is a strong justification e.g. where endorsed by the relevant Scotland's Environmental and Rural Services (SEARS) agency.

Stage 2 - Applications will be scored against targeting criteria in order to assess the benefit delivered by individual proposals, taking into account site-specific factors. These targeting criteria will be included within the scoring system.

For some options, which are broadly relevant across Scotland (e.g. support for organic farming), geographical targeting will not be necessary and targeting will be delivered through stage two assessment alone.

203. We are currently trialling a methodology for defining target maps for options under the Agri-Environment-Climate Scheme. A Biodiversity Targeting Working Group is developing recommendations for the target areas in which each agri-environment-climate option should be available. This is to deliver the greatest benefit to biodiversity, based on the ranges of selected species and habitats from the Scottish Biodiversity List, prioritised on the basis of objective criteria.

204. The Centres of Expertise for Climate Change (ClimateXChange) and Water Quality are considering which options should be targeted from climate change and water quality perspectives. Target areas for these options will be based on the locations of SEPA's priority water catchments and maps of soil carbon. For options which deliver multiple benefits, the outputs from each of these three projects will be combined in order to produce a single target map for each option. For some options, additional objectives such as flood risk management, landscape and historic environment will also be considered.

205. It will be essential to present information on targeting to applicants in a straightforward way. We are exploring the feasibility of including a prompt on the Agri-Environment-Climate Scheme webpage asking applicants to enter details of their location. The website would then look-up a targeting database in order to present the applicant with a list of options available at their location. This would be implemented at either the holding or parish scale.

206. The delivery arrangements for targeting will be flexible in order to allow for the updating of targeting maps when necessary to reflect changing policy priorities.

Co-operation

207. Support will be available to land managers for the purpose of co-ordinating their activity at a landscape or ecosystem scale – for example to improve the

connections between isolated wildlife habitats, or co-ordinate the management of diffuse pollution or flood water within a catchment. Payments will be made either to groups of farmers or to organisations for the purpose of facilitating the process in a specific area as set out in section 11.

How the application process will work

208. Applications will be made through the process outlined in section 5, linked to the common land based application form for the SRDP. They will set out the operations ('options') to be undertaken.

209. Case officers will make an initial assessment of a proposal, and if necessary arrange a site visit to discuss it and ensure the applicant is aware of the management requirements and the commitment involved.

210. All of the scheme literature is to be reviewed to improve the customer focus, which will include improved contracts, which shall be legally binding documents. These can include bespoke management requirements to achieve particular ecological objectives and will be the document against which inspections are checked against.

Question 9

How would you rate your broad satisfaction with the proposal for the Agri-Environment-Climate Scheme? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 10: FORESTRY GRANT SCHEME

Introduction

211. Our intention is to provide a range of grants to help stimulate woodland creation and encourage the sustainable management of existing woodlands.

212. The range of grants for forestry will be similar to what is available under the current SRDP. However, we would like to take the opportunity to introduce some changes. These include offering a wider range of woodland creation options, bringing support for process and marketing under the main forestry grants and introducing brand new grants for tree health and agroforestry.

213. In the stage 1 consultation, it was suggested that Forestry Challenge Funds would be discontinued with Woods In and Around Towns (WIAT) being funded through Rural Priorities (Q8). 81% of the respondents to this question supported the proposal to reorganise forestry funding. We will therefore discontinue the Forestry Challenge Funds under the next SRDP.

Question 10

It is proposed to support forestry under six main areas as outlined in table 4 below. Please identify whether you agree with these broad areas. Please tick the appropriate box in the online questionnaire.

Legal basis

214. The main RDR articles supporting forestry and the corresponding grant options proposed under SRDP are:

| EC Regulation Article Number | SRDP 2014 - 2020 Option and Title |
|--|-----------------------------------|
| Article 23 Afforestation and creation of woodland | Woodland Creation |
| Article 24 Establishment of agroforestry systems | Agroforestry |
| Article 25 Prevention and restoration of damage to forests | Tree Health |
| Article 26 Investments improving the resilience and environmental value of forest ecosystems | Woodland Improvement Grant |
| Article 27 Investments in new forestry technologies and in processing and marketing of forest products | Process and marketing |
| Article 35 Forest Environmental and climate services and forest conservation | Sustainable Management of Forests |

Table 4: RDR articles used for the Forestry Grant Scheme

215. Forestry landowners will also be eligible to access support through other articles such as article 18 ‘investments in physical assets’ and article 36 ‘co-operation’ for co-operative projects.

Rationale

216. The Scottish Forestry Strategy sets out a vision for Scottish forestry looking ahead to the second half of this century. It recognises that forestry is a long term activity and that well planned and well managed forests provide a wide range of economic, social and environmental benefits. Grant incentives are a major mechanism to achieving the Scottish Forestry Strategy vision.

217. Woods and forests produce crucial raw material for our wood processing industry; contribute to reducing Scotland’s net greenhouse gas emissions; enhance biodiversity; protect environmental quality of our natural resources such as water and soil; improve scenery and provide opportunities for access to help improve health.

218. Climate change is a key driver for extending woodland cover. The Scottish Government has a target of creating 10,000 hectares of new woodlands per year for the period 2012 - 2022. The aim is that grant incentives should deliver 9,500 hectares of this target and that new planting by Forestry Commission on the national forest estate should contribute 500 hectares.

219. Forestry and farming have often been seen as separate land uses. Agroforestry systems can offer a range of benefits including shelter, landscape, amenity and biodiversity and encourage better integration between woodland creation and farming.

220. Tree health is important as the incidence and impact of tree pests and diseases in Scotland has increased significantly in recent years and will continue to present a serious threat to the health of Scotland's woodland resource.

Financial allocation

221. The budget allocation for forestry is £252 million (£36 million per annum). This allocation will require to be kept under review to achieve the woodland creation target.

Options and purpose

Woodland Creation

222. We propose nine woodland creation options with support through standard costs.

| Woodland Options | Purpose |
|-------------------------------|---|
| 1. Conifer | To create conifer woodlands on land that is suitable for timber production and that is accessible for timber transport. |
| 2. Diverse Conifer | To create conifer woodlands with a variety of conifer species on land that is suitable for timber production and that is accessible for timber transport. |
| 3. Broadleaves | To create broadleaved woodlands on land that is suitable for timber production and that is accessible for timber transport |
| 4. Native Scots Pine | To create a native pinewood priority habitat |
| 5. Native Broadleaved W4 | To create a native wet woodland priority habitat of the W4 NVC type on upland shallow peaty soils |
| 6. Native Broadleaved Other | To create native broadleaved priority woodland habitats of other NVC types |
| 7. Native low density | To create specific native woodland or scrub habitats such as treeline woodlands and black grouse habitats. |
| 8. Small or Farm Wood | To create small scale mixed conifer and broadleaved woodlands on farms and on other rural land property |
| 9. Northern and Western Isles | To create native woodlands that contributes to the Orkney, Shetland or Western Isles woodland strategies. |

Table 5: Woodland Creation options

Question 11

We propose nine woodland creation options with support through standard costs. Should these be included? Yes/No/No opinion.
Please tick the appropriate box in the online questionnaire.

Question 12

Are there any other woodland types that should be supported? Yes/No
Please tick the appropriate box in the online questionnaire.

If yes, please specify (in the space given in the online questionnaire).

223. Central Scotland Green Network (CSGN) – Additional Cost Contribution. The present SRDP offers a ‘CSGN Woodland Option’ for creating woodland within the CSGN area. The creation of one particular type of woodland in the CSGN area lacks flexibility and does not assist well with the delivery of the agreed Woodland Strategies in the CSGN, nor is it the best approach to cover a range of site conditions and landscapes.

224. It is also recognised that due to the small size of the woods being created, the presence of the public and the often highly complex sites mean that owners can face higher costs when creating woods in the CSGN area.

225. To encourage a range of woodland types within the CSGN Area, it is proposed to have a 'CSGN Additional Contribution' for woodland creation types 1-8. There would be two levels of 'additional contribution' to cover 'urban/peri urban' and 'rural' situations.

Question 13

Should the Central Scotland Green Network be allowed an 'Additional Cost Contribution'? Yes/No

Please tick the appropriate box in the online questionnaire

If No, please briefly explain your reasons (in the space given in the online questionnaire).

Income foregone payments for woodland creation on agricultural land

226. The current SRDP includes a separate income foregone (IF) payment called Farmland Premium to compensate farmers for loss of agricultural income. The current cost model for IF includes direct payments from the Single Farm Payments Scheme. It is therefore currently not possible to pay both Farmland Premium and DP on the same area of land as this would result in overcompensation.

227. A new SRDP represents an opportunity to consider the future design of the total woodland creation grant package and relation to DP. In the new programme it will be possible to pay up to 100% of woodland creation standard costs (under the current programme the initial planting is limited to 70-90%). This may give flexibility as to how space woodland creation grants are structured under the next SRDP.

228. We see three options:

| Options for IF payments in SRDP 2014 - 2020 | Pros/Cons |
|---|---|
| <p>Option 1: Minimal change to design structure available in 2007-2013 SRDP.</p> <p>Grant structure would be:</p> <ul style="list-style-type: none"> initial planting payment <ul style="list-style-type: none"> • maintenance payments years 1-5 • IF payment to maximum of 12 years (as permitted under new regulations) | <ul style="list-style-type: none"> • Understood by forestry sector as similar design structure to 2007-2013 SRDP, (albeit that new regulations limit IF payments to a maximum of 12 years.) • Not eligible for Pillar 1 Direct Payments (DP) • Complex to administer, with a long tail of income forgone payments, claimed annually through the SAF. |
| <p>Option 2: IF payments removed. Woodland creation capital and</p> | <ul style="list-style-type: none"> • Eligible for DP payments • Simplifies payment period and reduces |

| | |
|--|---|
| <p>maintenance payments enhanced using intervention rate to offset the loss of IF.</p> <p>Pillar 1 payments available on afforested land.</p> <p>Grant structure would be:</p> <ul style="list-style-type: none"> • initial planting payment • maintenance payment years 1-7 • no IF payment | <p>complexity</p> <ul style="list-style-type: none"> • Potentially higher initial planting payments |
| <p>Option 3: IF payments to remain with calculation to exclude DP payments.</p> <p>IF paid over shorter period and at a lower value to avoid over compensation.</p> <p>Pillar 1 payments allowed on same area of land.</p> <p>Grant structure would be:</p> <ul style="list-style-type: none"> • initial planting payment • maintenance payments years 1-7 • IF payment year 1-7 | <ul style="list-style-type: none"> • Compensation available for agricultural income foregone which is separate from DP payments • Can be paid where agricultural activity was present on land without entitlement to DP payments. • Eligible for DP payments • Farmland Premium payments likely to be reduced to avoid over compensation • Complex to administer |

Table 6: Options for income foregone payments for woodland creation

Question 14

What is your preferred option for Income Foregone in SRDP 2014 - 2020? Please tick the appropriate box in the online questionnaire.

- Option 1
- Option 2
- Option 3

Please explain your choice (in the space given in the online questionnaire).

Other support for woodland creation

229. It is also proposed to provide support for woodland creation through:

- Tree shelters and fencing, available as stand-alone standard costs.
- Improved vegetatively propagated stock for Sitka spruce (SS), as stand-alone standard cost. (Improved SS stock from seed orchard material would be an eligibility criterion of the new scheme.)

- A Bracken Contribution available for conifer, diverse conifer and broadleaves to encourage woodland planting for timber production by targeting bracken areas.
- Support for Community Woodland to encourage public access where there is justified demand and where at least 50% of proposed planting is located within 1 km of settlements with a population of over 2,000 people.

Question 15

Do you agree with the range of 'other support' for woodland creation? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Agroforestry

230. The aim is to support the creation of small scale woodlands with a maximum of 400 trees/ha that will allow for an integrated approach to land management where trees and domestic livestock can co-exist. Grant support will be through standard costs. The area established would be eligible for DP payments.

Question 16

Should agroforestry be funded through the SRDP 2014 - 2020? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Tree health

231. The Scottish Government aims to support woodland owners where a non-routine tree pest or disease has caused, or is expected to cause, significant impacts beyond those requiring initial emergency action. Support relating to restoration will be limited to those cases where at least 30% of the relevant forest potential has been destroyed (this is not limited to productive capacity and can be assessed at sub-country level and, if appropriate, at the level of individual tree species).

232. Support will only be considered for tree pests and diseases listed in the UK Plant Health Risk Register.

233. Operations supported will include: the provision of competent agents' services (where harvesting and marketing is necessary); preventative measures such as non-routine silvicultural interventions or the targeted application of approved pesticides (including fungicides and biological control agents); sanitation felling/killing/removal of relevant tree or host species; and replacement planting.

Question 17

Should Tree Health be funded through the SRDP 2014 - 2020? Yes/No/No opinion.
Please tick the appropriate box in the online questionnaire.

Woodland improvement

234. The aim is to support forestry operations that enhance the environmental and public amenity values of existing woodlands. In particular, improvements that will benefit woodland habitats and species that are priorities in the UK Biodiversity Action Plan. A Management Plan/Forest Plan will be essential.

235. Grant support will be through standard costs.

236. We propose eight Woodland Improvement Grant Options:

| Option | Purpose |
|--|--|
| 1. Long term forest planning - new | To encourage the sustainable management of forests and woodlands through a long term Forest Plan. Approval of the Forest Plan gives approval for felling and thinning for 10 years |
| 2. Long term forest planning - renewal | To encourage the sustainable management of forests and woodlands through renewal of an existing long term Forest Plan. Approval of the Forest Plan gives approval for felling and thinning for 10 years |
| 3. Reducing Deer Impact | To improve the ecological and environmental value of woodlands by reducing the grazing pressure from deer. |
| 4. Woodland Habitats and Species | To support woodland operations that will benefit priority habitats or species under the UK Biodiversity Action Plan |
| 5. Restructuring Regeneration | It is our intention to offer a single restocking payment to replace the Restructuring Felling and Restructuring Regeneration grants. The range of woodland types will be similar to those proposed under woodland creation. |
| 6. Non- Woodland Habitats and Species | To support operations that will benefit non-woodland habitats and species that are a priority under the UK Biodiversity Action Plan |
| 7. Natural regeneration | To support operations that encourages the natural regeneration of existing native woodlands. |
| 8. Woodlands In and Around Towns | To support operations that will improve the public access opportunities in WIAT areas through the creation and upgrading of paths and routes, provision of facilities and amenities and monitoring of access use to the 'WIAT Management Standard. |

Table 7: Woodland Improvement Grant Options

Question 18

Do you agree with the range of Woodland Improvement Grants? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Process and marketing

237. This option is designed to provide support to forest owners, micro-enterprises and small and medium enterprises (SMEs) for investments which enhance forestry potential or relate to processing and marketing, or adding value to forest products.

238. It will support:

- The development of the small scale premium softwood and hardwood processing sector;
- Equipment to increase harvesting in small undermanaged woods including small scale purpose built harvesters, machinery and equipment but not tractors;
- Equipment to increase capacity for steep ground harvesting.

239. We are minded not to support the purchase of equipment for wood fuel processing given the support already provided to the sector through the Renewable Heat Incentive.

Question 19

Should these areas be supported through the SRDP? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Sustainable management of forests

240. The aim is support for the sustainable management of existing forests and woodlands of high environmental value. A Management Plan/Forest Plan will be essential.

241. Grant support will be through an annual standard grant rate/hectare for period of five years, with a higher grant rate for designated sites.

242. We propose six Sustainable Management of Forest Options:

| Options | Purpose |
|---------------------|--|
| 1. Native Woodlands | To maintain or bring native woodlands into good ecological condition or to restore plantations on ancient woodland sites (PAWS) to native woodland |

| | |
|--|--|
| 2. Low Impact Silvicultural Systems (LISS) | To encourage small scale felling and contribute to the species and structural diversity in forests |
| 3. Public Access | To support the management of woodlands in areas where there is a high level of public access and recreational use. |
| 4. Public Access WIAT | To support the sustainable management of woodlands in WIAT areas (woods within 1 km of settlements with a population of over 2000 people) to achieve WIAT Management Standard. |
| 5. Livestock Removal | To encourage the management of native woodlands through the removal of livestock |
| 6. Woodland Grazing | To enhance biodiversity and condition of native woodlands through controlled livestock grazing |

Table 8: Sustainable Management of Forestry Grants

Question 20

Do you agree with the range of Sustainable Management of Forest grants?

Yes/No/No opinion.

Please tick the appropriate box in the online questionnaire.

Co-operation

243. Grants will be available to encourage co-operative forestry projects. This will be targeted by identifying projects such as water quality improvement in priority catchment areas and removal of invasive non-native species. Details for Co-Operative Action are given in section 11.

How it will work

244. The application process for forestry grants is outlined in section 5.

Question 21

How would you rate your broad satisfaction with the proposal for the Forestry Scheme?

Very satisfied

Quite satisfied

Neither satisfied nor dissatisfied

Quite dissatisfied

Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 11: SUPPORT FOR CO-OPERATIVE ACTION

Introduction

245. The proposal for a separate fund to support co-operative action was supported by 68% of respondents to the stage 1 consultation as it was felt that it would help to encourage and facilitate such projects. It can potentially deliver significant benefits for Scotland's natural assets in particular (although all areas can benefit from collaborative/co-operative approaches, and relevant schemes will address this within their overall approach).

246. Improved customer guidance and more effective targeting should help achieve greater co-operation to some extent. However, facilitation and co-ordination of projects is needed to increase co-operative action and therefore deliver wider outcomes.

Legal basis

247. Article 36 of the RDR.

Rationale

248. The SRUC report "Modernising Scottish Agriculture" recommended greater collaboration in order to secure improvements across priority areas for agriculture and the environment. Through collaboration, ecosystem or landscape scale projects can be enabled more effectively which can help more successful delivery across a range of outcomes. For example a project that covers all of a priority catchment area in order to secure improvements in water quality, flood-risk and biodiversity, or reduces habitat fragmentation.

249. Co-operative projects can go ahead in the current programme, but we need to make this easier if we are going to see an increase in this approach. Given the limited budget available we believe it is important to promote, encourage and facilitate this type of working, given the benefits we have seen from the current programme when co-operative projects were taken forward.

250. An example of a successful co-operative approach is the Eddleston Water Project led by the Tweed Forum which received LEADER funding. This project co-ordinated a number of partners to develop a restoration strategy to both restore natural habitats and help reduce the risk of flooding to Eddleston and Peebles. This required changes to land management practices by seven different landowners and the Forum continues to work closely with landowners and the local community.

251. The project itself consisted of taking a river which was deliberately straightened 200 years ago, and reintroducing meanders in a couple of places to slow the flow in the event of heavy rainfall. In addition, the surrounding land is to be planted with native woodland designed to flood if necessary to save the town of Peebles downstream. This shows what can be done when the right package of funding, facilitation and motivation is in place. However, it was no easy task taking a project forward involving so many different interests and we must look to smooth this process for the future programme. We believe this can be done by allowing funding

not just for the works themselves, but also for the task of facilitating the agreement and animating the project.

Fund scope

252. Applications can be made under this scheme for individuals or organisations to take forward the development, animation and implementation of co-operative land based projects that secure improvements for the climate, environment and agriculture. This can either be through project officers bringing together a group of farmers and land managers under the banner of a single project, or for organisations themselves with permission of landowner/farmer, to take forward a project that straddles several farms/areas of land. The regulations set the fundamental rule of collaboration/co-operation as being two entities being involved in the project. This must be the case in any application for support under this measure.

253. The costs which this fund would cover are:

- Studies/plans of the area concerned – all costs covered.
- Running costs of the co-operation (e.g. salary and support costs of project coordinator) – all costs covered.
- Animation of the identified area in order to take forward a project (e.g. recruitment of participants and networking between them) - all costs covered.
- Direct costs of implementing project – costs will be covered up to the maximum amounts allowed by the regulations.

254. Project coordinators/facilitators will play a key role in the success of any project, from inception to delivery. It is they who will be responsible for supporting the various actors involved. They will ensure: all involved fully understand what they are signing up to; plans are developed to timescales and requirements; any necessary advice is identified and secured; all appropriate partners are identified and secured; and the provision of administration support for the application process and implementation and on-going management of project.

255. To ensure consistent support is provided to the applicant we will ensure there is a single point of contact for a co-operative project, and that the project will be considered in its entirety so a single decision can be given to all applicants.

256. In addition to the specific elements that will be eligible for support through this fund, the assessment process will be designed to recognise the importance of projects at a landscape/ecosystem scale. Therefore co-operation will be weighted accordingly in the assessment.

Budget allocation

257. A small allocation of £10 million has been set aside for the facilitation element of co-operative action. The costs of the project itself will be covered from within the budget of the priority issue addressed. For example, if the project is for achievement of agri-environment obligations the Agri-Environment-Climate Scheme budget will be used. This will ensure we can monitor the budget spend per priority, while at the

same time ensuring that the merits of this type of working are promoted clearly to potential applicants rather than have the approach buried within different schemes.

Links with other activity

258. The co-operative action will be targeted on specific areas where the evidence shows action is required in order to meet national and local targets. Using the evidence gathered as part of the targeting approach, SRDP delivery partners will identify the priority themes for this fund (such as water quality improvement in priority catchment areas; particular types and areas for habitat creation; removal of invasive non-native species). Delivery partners will then work together to help promote the initiatives we would like to see taken forward under this fund.

259. The benefits arising from co-operation action will also be reported on through the Scottish Rural Network and other communication channels, in order to raise awareness of the types of benefits to be gained from this form of working.

Question 22

How would you rate your broad satisfaction with the proposals for co-operation?
Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 12: NON-AGRICULTURAL BUSINESS SUPPORT: SMALL RURAL BUSINESS SUPPORT

Introduction

260. As part of our support to the non-agricultural sector in rural Scotland we are also proposing to make available a dedicated funding stream for small rural businesses to access. This will include support for farm diversification and social enterprises. This will not be open to businesses within the food and drink sector who should apply to that specific scheme (see section 13).

Legal basis

261. Article 20 of the RDR sets out the legal framework for investments in non-agricultural businesses. Article 46 sets out the eligible expenditure for investments. Articles 57 and 59 of the Common Provisions Regulations set out the forms of grants and the eligibility rules.

Rationale

262. The SWOT identified the need to address the low birth rate of businesses in rural Scotland. This support will aim to increase the amount of business start-ups. It will also provide much needed access to finance for non-agricultural rural businesses, helping them to sustain and develop.

Scope

263. In the EU regulations small businesses are those who have fewer than 50 employees and an annual turnover/balance sheet that does not exceed €10 million euros.

264. The funding will be open to businesses in rural Scotland who are engaged in an economic activity, irrespective of its legal form. This will include self-employed persons and family businesses, social enterprises, and farm diversification projects. The rural area location of the beneficiaries will be an eligibility condition.

265. Start-up support could be provided to existing businesses as well as new start-ups. If support is provided to existing businesses it will only cover activities never carried out by the enterprise in question at the time of applying for support.

266. The funding available will be in the form of start-up grants for new enterprises, and business development grants for tangible and non-tangible investments.

Form of grants

267. Grants will be assessed on the basis of the business plan supplied. We may apply criteria to focus the support on key sectors where this is believed important to secure maximum value from the investments we make.

268. The start-up grants for new enterprises we are making available will be up to a maximum of €70,000 (as required by EU regulations) and may fund the following types of investments:

- Rural tourism activities or activities linked to territorial economic development, including rural accommodation, tourism service provision, catering, transport, shops, restaurants, cafes, etc.
- Social service provision including construction, re-construction and/or modernisation of premises and area for carrying out the activities (childcare, eldercare, healthcare, care for disabled people, educational farms, etc.);
- Provision of services to all economic sectors, including agriculture and forestry, or to the rural population;
- Development of crafts and handcraft activities;
- IT activities, computer-based and electronic activities, e-commerce, etc.;
- Architectural and engineering activities, accounting, book keeping and auditing services, technical services, industrial cleaning, veterinary activities, etc.

269. The business development grant for existing businesses may fund the following:

- Rural tourism activities or activities linked to territorial economic development, including rural accommodation, tourism service provision, shops, restaurants, local supply and food, etc.
- Catering, transport, road safety services, services for protected areas, security services, gardens/park management services, etc.
- Construction, re-construction or establishment of workshops, factories, plants, premises and facilities for various purposes such as repair of machinery; production and/or processing of non-agricultural goods and materials, plastics, electricity, energy, gas, steam and hot water supply businesses, sewage and refuse disposal, sanitation and similar activities; renewable energy production and inter-linked activities, etc.;
- Social service provision including construction, re-construction and/or modernisation of premises and area for carrying out the activities (childcare, eldercare, healthcare, care for disabled people, educational farms, etc.);
- Provision of services to all economic sectors, including agriculture and forestry, or to the rural population;
- Development of crafts and handcraft activities;
- Investments in leisure, recreational and sport activities developed by private businesses;
- IT activities, computer-based and electronic activities, e-commerce, etc.;
- Architectural and engineering activities, accounting, book keeping and auditing services, technical services, industrial cleaning, veterinary activities, etc.;

270. We are considering making advances in aid available where appropriate.

Budget allocation

271. We have allocated £20 million for this support.

Links with other activity

272. This support will complement that provided to the food and drink sector, and the support available from other EU funds. To ensure this is the case we are exploring joint delivery agents, using organisations with relevant expertise to assess applications for support.

Question 23

How would you rate your broad satisfaction with the proposals for Small Business Support?

Please tick the appropriate box in the online questionnaire.

Very satisfied

Quite satisfied

Neither satisfied nor dissatisfied

Quite dissatisfied

Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 13: NON-AGRICULTURAL BUSINESS SUPPORT: FOOD AND DRINK

Introduction

273. It was clear from responses to the stage 1 consultation that there is strong support for continuing investment in the food and drink sector. The consultation invited respondees to consider whether, in future, this support should be delivered via wider business development support mechanisms or remain managed within the Scottish Government. The balance of opinion favoured integration with business development systems primarily because of the potential to streamline the processes which companies have to negotiate to secure assistance. However a significant minority favoured the current arrangements, expressing concern that rural food producers could be disadvantaged should the food grants scheme be amalgamated into the wider business development landscape.

274. Amongst other comments support was shown for food and drink support measures to retain its own ring-fenced budget and for the decision-making process to be made by competent individuals, irrespective of where final delivery rested. A need to recognise environmental and sustainable factors was seen as necessary by some respondents as well as a need to address public health issues.

Food Processing, Marketing and Co-operation (FPMC) grants scheme 2007-2013

275. The existing FPMC scheme has delivered support to 175 projects. Grant awards totalling over £47 million were committed, leveraging around £160 million in private-sector investment and creating/safeguarding about 8,500 jobs. The bulk of projects assisted involved providing support for capital investment in new or upgraded processing facilities, with buildings, plant and equipment eligible for assistance. A large number of food producers have been assisted – providing valuable markets for Scotland's primary producers (including meat and dairy producers, fruit, vegetable and cereal growers.) Many of the businesses assisted had a strong export focus and consequently contributed to the Scottish Government's export-growth targets and objectives.

276. More limited support was provided to businesses delivering co-operative/supply-chain benefits although several, substantial, projects were assisted. The relatively low-level of uptake is something that should be considered and addressed in the 2014 - 2020 scheme.

277. Latterly, the FPMC scheme opened to applications from the brewing and distilling sectors, with several new breweries and distilleries gaining support. These sectors had, hitherto, been indirectly assisted through FPMC support to a number of large-scale cereal co-operatives – providing malted-barley.

Food and Drink Support 2014-2020

278. The food and drink sectors have delivered strong growth over the past seven years exceeding their own targets for turnover and exports. However significant issues remain to be overcome and there are many new opportunities to grasp. The support provided under the current FPMC has been a vital component of past

success and will contribute the same to future growth. We therefore intend, under the refreshed scheme, to continue with significant levels of support.

279. We acknowledge how important it is that food and drink companies when they are seeking support for their future plans are able to access joined up public assistance and advice. We therefore intend to explore with Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and Scotland Food and Drink how to integrate the support we provide into a one stop shop of public support for food companies. Whilst we have yet to decide whether to transfer FPMC grants formally from SG to the enterprise bodies (and consultees' comments on this are welcome) these discussions will certainly lead to arrangements that streamline processes for applicants, better aligning with food and drink priorities and sharing best practice and knowledge between support schemes.

Legal basis

280. RDR Articles 18 (investments in physical assets) and 36 (co-operation)

Scope

281. As now, support will be available to and targeted at businesses falling within the EU SME definitions. Assistance will therefore be available to micro, small, medium-sized and Intermediate-sized businesses. In the EU regulations small businesses are those who have fewer than 50 employees whilst intermediate businesses must have 750 or fewer employees. Turnover / balance sheet thresholds also apply.

282. State Aid rules will determine the maximum level of support that can be provided.

283. The funding will be open to businesses in Scotland who are engaged in an economic activity, irrespective of its legal form. This will include self-employed persons and family businesses and social enterprises.

284. Support could be provided to existing businesses or to new start-ups.

285. The funding available will be in the form of start-up grants for new enterprises, and business development grants for tangible and non-tangible investments (capital and non-capital).

Budget allocation

286. We have allocated £70 million for this support, which is broadly similar to current spending on FPMC-assisted projects.

Selection Criteria

287. Detailed selection criteria will be developed before the scheme opens to new applications. Key considerations could include:

- Contribution to the Scottish Government’s overall strategies for economic development and the rural economy.
- Making a contribution to national policies for food and drink.
- Assisting the Scottish Government with its wider social policies – such as supporting or encouraging healthier eating through the provision of greater and healthier food-choices for consumers.
- Supporting export targets for food and drink sectors. This could include providing increased funding to projects with a strong export focus/developing new markets.

Question 24

Do you agree with the proposal that we should continue to give significant support to the food and drink sector? Yes/No/No opinion
Please tick the appropriate box in the online questionnaire.

Question 25

Selection criteria such as those listed above should apply to that support? Yes/No/No opinion. Please tick the appropriate box in the online questionnaire.

Question 26

Steps should be taken to streamline processes for food companies including a one stop shop for public support? Yes/No/No opinion
Please tick the appropriate box in the online questionnaire.

Question 27

How would you rate your broad satisfaction with the proposals for Food and Drink support?

Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

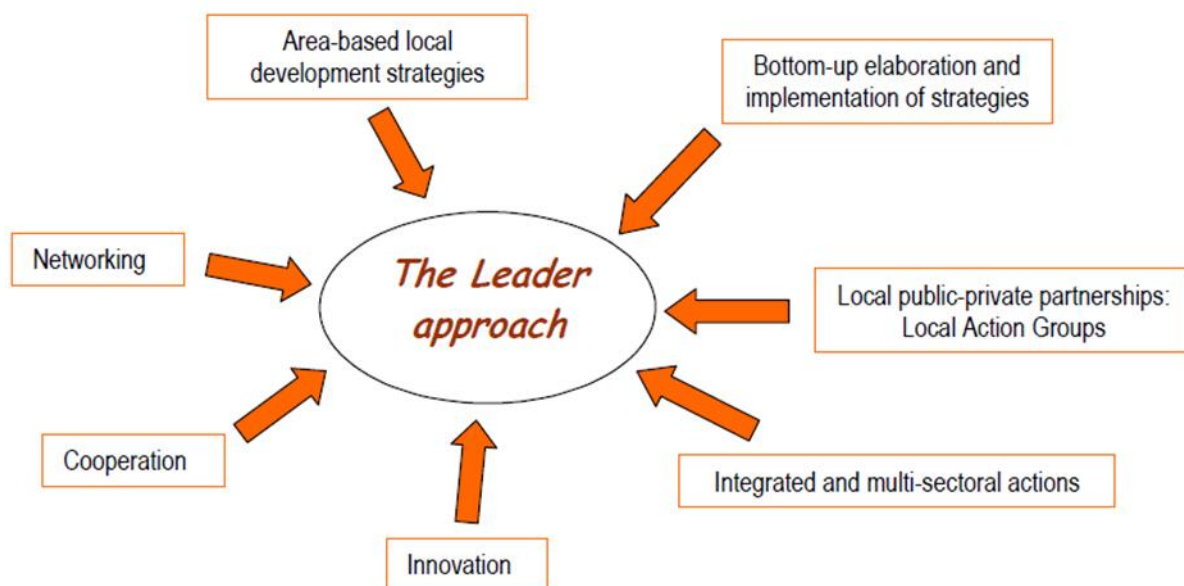
SECTION 14: LEADER

288. Since the early 1990s, the EU has pioneered LEADER, a bottom-up, partnership based approach to rural development. LEADER retains a distinctive niche to support multi-sectorial community-based development. LEADER articulates upwards to EU territorial development policy whilst at the same time enabling individuals, communities and businesses to come together to design and implement local development strategies.

289. The LEADER approach is about proactive 'animation' ('animating a territory') and developing links between actions for the development of the rural economy. In this way the LEADER approach builds social and economic capital. LEADER is also about the added value that flows from the bottom-up and partnership approach with better identification of local needs and local solutions, more engagement on the part of local stakeholders and greater scope for innovation.

290. LEADER is characterised by seven features (diagram C below) designed to help 'rural actors' consider the long term potential of their local area.

Diagram C: Features of LEADER



LEADER 2007 - 2013

291. Under the current programming period the LEADER approach was adopted by 20 LAGs across almost all of rural Scotland (under the SRDP) + 11 Fisheries LAGs (under the European Fisheries Fund) covering most of the coastline.

292. 31 Local Development Strategies (LDS) currently focus actions that support rural development and fisheries interests across Scotland based on priorities identified by communities and businesses.

293. This was the first time that LEADER was delivered under an EC Rural Regulation. Delivery of LEADER in the current SRDP has been characterised by several key difficulties: On-going issues with the management and control regime as part of the wider SRDP, resulting in a local delivery method dominated by processes; the resultant need for changes to reduce risk (through updates to guidance, claims processes etc); and, LEADER being widely regarded as a rural communities grant scheme rather than an integrated territorial development tool on a local level.

294. Despite the issues above, LEADER has delivered multiple outcomes with huge diversity and community/business buy in across the 2,200+ initiatives supported across rural Scotland since 2007. These include areas such as food, tourism, transport, digital, access, biodiversity, landscape, culture, health, employment, leisure, youth, services, regeneration and historic environment. The development and delivery of these measures has also contributed significantly to enabling capacity in rural areas.

LEADER 2014 - 2020

295. LEADER 2014 - 2020 includes many of the features of the previous programmes, including its distinctive locally led approach. However, it will be important to build on the experience from the previous Programmes. For that reason:

- Greater cohesion has been encouraged through the invitation to both Rural and Coastal areas to submit Expressions of Interest for the preparation of a single LDS. Prospective partnerships have also been invited to consider the inclusion of larger towns where such towns have a coherent relationship with their rural hinterland.
- Steps are being taken to tackle the process issues so that all players can enter the new programme confident of the eligibility rules which will apply throughout the period.
- Although remaining community led there will be a particular emphasis on coherence locally, in particular linkages between LEADER, the work of Community Planning Partnerships and the local implementation of other EU and national funds.

296. We intend to ensure that (whilst respecting the bottom-up approach which is core to the development of individual actions) sufficient guidance is available to set a clear framework which can mobilise local actors to allow the LEADER approach to make the most difference and added value.

297. The following sets out what we would expect to see addressed and evidenced in the LDS and the structure which should be followed:

1. Area covered by the strategy and population number.
2. Analysis of the development needs and opportunities of the area through a SWOT analysis: strengths, weaknesses, opportunities, threats.
3. Description and objectives of the strategy:
 - clear and measurable (SMART) output and result objectives;
 - coherence of the strategy with the other relevant programmes under the funds in the Common Strategy Framework and EU 2020;
 - co-ordination with other local/regional/national actions; and
 - set out objectives and proposals for co-operation at Scotland, UK and at transnational level.
4. Description of the process for engagement in LDS preparation and implementation. The preparation should be as broadly-based and inclusive as possible. It should:
 - demonstrate how everyone who lives and works in the area has the equal opportunity to participate in the development of the LDS;
 - set out how the LAG will collaborate with key partners among different parties with clarity about respective roles for 2014 - 2020;
 - set out a plan about how everyone who lives and works in the area has the opportunity to be involved in the area's development (LDS implementation);
 - state how the potential to innovate and networking will be realised; and
 - include a communications plan.
5. Turning the objectives into practical actions:
 - set out how the LAG will implement the strategy using a variety of different funds and other financing channels. (e.g. partners, local, national public/private funds);
 - elaborate on the mechanisms that will allow LAGs to work with third parties (e.g. ESF/ERDF) to maximise opportunities for shared priorities.
 - set out clear indicators for monitoring progress against objectives and an action plan for the implementation; and
 - set out specific objectives for measures that address gender inequalities and young people and, if required, measures targeted at different population groups.

LEADER budget allocation

298. LEADER has a ring-fenced minimum spending requirement of 5% of SRDP spend. Based on budget figures presented in this document, that will entail a budget of £66 million being invested in community driven initiatives across rural Scotland over the next programme period.

299. In order to build on the potential for LEADER to be a key community led delivery route there is a need to ensure that the flexibility on activity is matched by sufficient resource capacity.

Priorities for LEADER

300. LDS should reflect what comes out of the engagement with businesses and communities during the preparation of the strategies for rural and marine (where appropriate) funds. But strategies must also reflect the priorities of the EU 2020, the Partnership Agreement and the relevant programmes. There is also an expectation that LDS reinforce territorial coherence and contribute to the long term sustainable development of an area (including rural-urban relationships.)

301. Feedback from prospective LDS partners for 2014 - 2020 suggest that there needs to be a focus, above all, on sustainable economic growth which is tied to the priorities stemming from EU, National and Local policies. However this needs to be balanced with any priorities identified through the engagement with communities and business.

302. From a rural development programming perspective this means that LDS must demonstrate how they will meet one or more of the six RDP priority areas and in doing so support innovation, knowledge transfer and cooperation. We would also expect LDS to include actions that release capacity and contribute to:

- driving community action on climate change
- enhancing rural services and facilities, including transport initiatives
- enhancing natural/cultural heritage, tourism and leisure
- supporting food and drink initiatives (e.g. short supply chains, community food)
- building co-operation with other LAGs in Scotland, UK and Europe
- equal opportunities for all in our rural communities
- sustainable development of fisheries areas (for those areas funded under EMFF)

Next steps

303. Stage 2 of the Local Development Strategy preparation is already underway with 21 groups across Scotland currently beginning to progress LDS under both EMFF and EAFRD (where appropriate). LDS will be refined between now and September 2014 to help ensure that LDS priorities and actions fit with the approved Partnership Agreement and relevant EU programmes in terms of scale, scope and demarcation. Annex D contains further details about key contacts for each area. If you are interested in finding out more and contributing to the future work then please

visit www.scotland.gov.uk/LEADER2014 or contact the Scottish Government LEADER Team on 0300 244 9281 or email: leadermailbox@scotland.gsi.gov.uk

Question 28

How would you rate your broad satisfaction with the proposals for LEADER?

Please tick the appropriate box in the online questionnaire.

Very satisfied

Quite satisfied

Neither satisfied nor dissatisfied

Quite dissatisfied

Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 15: KNOWLEDGE TRANSFER AND INNOVATION FUND (KTIF)

Introduction

304. Under the current SRDP programme the Skills Development Scheme (SDS) funded a range of innovative projects including the Monitor Farm Programme. The scheme initially focused on skills development but latterly was more focused on knowledge transfer.

305. In the stage 1 consultation 75% of the respondents were in favour of building upon the existing SDS and making it more holistic by broadening the range of opportunities available. Additional areas that respondents suggested should be covered included environmental and agro ecological innovation. It was suggested that it should also target a wider audience and range of delivery agents than previously. There was support to build on the monitor farm approach and to ensure that it is adopted more widely. Respondents felt that the fund should be fully integrated with other sectors and schemes and that it should be made widely accessible to third sector organisations, small businesses on the edge of urban areas and crofters.

306. Under the new programme it is proposed that the KTIF will continue to provide funding for vocational training and skills development in the form of workshops, training courses, coaching, information actions and farm visits. The regulations do not permit funding for normal education programmes at further or higher levels.

307. We will continue to fund monitor farms and similar types of projects in order to translate innovative approaches into agricultural and land management practice in order to promote:

- Knowledge transfer and innovation
- Enhanced competitiveness
- Restoring, preserving and enhancing ecosystems
- Resource efficiency and shift to low carbon climate resistant economy

308. The KTIF will be aligned with the European Innovation Partnership (EIP) for agriculture productivity and sustainability. The EIP aims to promote a faster and wider transposition of innovative solutions into practice, and create added value by enhancing the uptake and effectiveness of innovation-related instruments. It will also help fill gaps by better linking research and practical farming. This will ensure learning from across Europe can be potentially translated into innovative projects in Scotland, and learning from Scotland available to farmers and land managers in Europe.

309. Operational groups within member states will form networks and clusters to address identified issues and issue calls for proposals around key themes. The learning from projects once proven, will be promoted through the Advisory Service, Scottish Rural Network (SRN) and delivery partners with a view to feeding into revision of options and guidance.

Question 29

Do you agree with the range of options being included within KTIF scheme?
Yes/No/No opinion.

Please tick the appropriate box in the online questionnaire.

310. The scheme will be aimed at farmers, foresters, crofters, land managers, non-governmental organisations (NGOs), and other parties interested in taking forward projects to help drive knowledge transfer and innovation. The aim will be to infuse scientific knowledge and innovative and best practices in all of these sectors.

311. LEADER and the Food and Drink Support will also facilitate the development and implementation of innovative projects and practices through their own specific arrangements designed to relate to those sectors. These areas will also tie in with the EIP to ensure Scotland and wider Europe can benefit from full cross-fertilisation of ideas.

Legal basis

312. The KTIF comes under RDR article 15 which is strongly linked to article 16 and article 36 co-operation.

Rationale

313. Under the last programme the SDS was responsible for funding 53 innovative projects (SDS awards) totalling some £5m of investment. Up until September 2013 around 13,500 participants had taken part in workshops, demonstration days, training sessions and monitor farm events. Of these 14% were foresters and 86% were from the agricultural sector.

314. Under RDR priority 1, “Foster knowledge transfer and innovation in agriculture, forestry and rural areas” an analyses of the strengths, weaknesses, opportunities and threats was undertaken and following on from this a statement of need was developed:

“Continue skills development and take up through; improved co-ordination and integration of advisory services; increased focus on entrepreneurship, innovation and business management; development and expand monitor farms; develop stronger links to, and take up of, research, technology and best practice.”

Financial allocation

315. The profiled spend over the current programme period for the SDS is £5m. Given that the proposals for the new KTIF are more expansive and will focus on a wider range of delivery agents and topic areas it is suggested that the budget allocation over the new programme period should be increased to £10m.

Options & purpose

316. It is proposed that the KTIF will provide funding for vocational training and skills development in the form of workshops, training courses, coaching,

demonstration activities, benchmarking, information actions and farm visits. Those with responsibility for the KTIF will also be members of the EIP network.

317. The training, knowledge transfer, skills and information providers should be organisations already involved in promoting or supporting the development of land or business management. This could include public bodies. Staff delivering the events will need to have the appropriate qualifications and carry out regular training. Initiatives will need to fill a gap in existing provision or offer a new and effective way of meeting a training need. In relation to the EIP network applicants for KTIF funding would be defined as operational groups. The scheme will be aimed at farmers, foresters, crofters, land managers, people involved in the food sector and SMEs.

Link to other schemes

318. Discussions are currently on-going but in relation to skills there will be further funding available under European Structural Funds, directed towards further and higher levels of education. There will be strong links with the Advisory Service, the SRN and the Support for Co-operative Action. The proven benefits from the innovative projects developed through this fund should also ensure that improved practices to benefit the environment, climate and agricultural sustainability are rolled out further through the variety of schemes delivered through the SRDP.

Targeting

319. KTIF will be targeted through the assessment of the merits of individual applications. We are also considering the benefits of focussing the scheme on key priorities to be addressed. This may be done on an annual basis given priorities can change.

Co-operation

320. Co-operative and joint projects will be strongly encouraged under the KTIF with strong links to the EIP. The KTIF will be administered from the advisory hub and will link in with public bodies as well as the SRN.

How it will work

321. The SDS under the current programme has benefited from a very simple application process involving the submission of an outline proposal followed by a full business case on acceptance in principle. It is proposed that the KTIF likewise would have a very simple application procedure. A Project Assessment Committee (PAC) will provide a forum to assess applications. It would also provide a forum for monitoring the operation of the Scheme and considering whether any changes in priorities should be introduced. It is envisaged the PAC Secretariat and Chair will be provided by the Agriculture and Rural Development Division of the Scottish Government, which would be responsible for overall policy and management of the scheme. It will include representatives from other relevant areas of the Scottish Government and public bodies and external stakeholders. Where appropriate, additional expertise or knowledge could be sought from other areas of Government and related bodies on a case-by-case basis.

322. The PAC will meet on a regular basis, depending on the number of applications and other issues to be considered by the PAC.

323. Operational groups will have responsibility for ensuring the results of projects funded can be disseminated through the SRN, Advisory Service and EIP. We will also seek to disseminate good practice through websites, publications, conferences and workshops.

Question 30

How would you rate your broad satisfaction with the proposals for KTIF? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 16: ADVISORY SERVICE

Introduction

324. Effective advisory capacity and provision has been consistently raised as a significant contributor towards the successful delivery of outcomes and added value. Responses to the stage 1 consultation confirmed widespread support for an expanded Advisory Service providing targeted local advice in order to achieve improvements in our agricultural sector, enhance and maintain our environment and respond to the impact of climate change. This will build on the advice already available to all businesses in Scotland via the Business Gateway. In addition the ERDF is developing plans to provide resource efficiency advice for all business types in Scotland, including agriculture.

325. The proposal is, therefore, to establish a co-ordinated Advisory Service delivered through a Scottish Government hub with a singular brand identity to build customer recognition and designed to help farmers, forest holders, other land managers improve their economic and environmental performance.

Legal basis

326. The Advisory Services comes under RDR article 16.

Purpose

327. Building a robust Advisory Service will have dual key overriding benefits. Rural farmers and land managers will have access to local targeted advice from professional advisers that will ensure delivery of both public and business benefits. Additionally, it will assist the Scottish Government's core purpose of creating a more successful country through increasing sustainable economic growth.

How it will work

328. A criticism of the current advisory provision is that it is too fragmented. The new service will, therefore, have a strong interface with RPID area offices and the Futures Programme; key agencies such as SNH, SEPA, FCS as well as Local Authorities, Local Action Groups, National Parks and the SRN. It will also work closely with the key stakeholder organisations such as National Farmers Union Scotland, Scottish Land & Estates, Lantra, the levy bodies and the Scottish Crofting Federation.

329. The advisory hub will deal with all aspects of advice, knowledge transfer and customer interface. The responsibility of the hub will be to provide advice and assistance to farmers and crofters via a dedicated advice helpline, web guidance, publications and links to case officers and operational customer service.

330. The hub will oversee the necessary accreditation infrastructure for the Advisory Service, and this will aim to ensure that advice provided by consultants is fit for purpose and consistent with a greater emphasis on training and continued

professional development to ensure that the requirements of the new advisory system are met.

331. The hub will be responsible for administration and funding for the production of Integrated Land Management Plans. These would in essence be a health check/audit focusing on environmental considerations, climate change mitigation and impacts, water pollution, habitats etc. These will be undertaken by the generalist advisors. This would lead on to more specialist advice on a range of issues undertaken by advisors fully equipped and trained in the relevant specialism.

332. The hub will have responsibility for the national 'one to many' advisory sub programme which will be tendered out. All events and workshops will be advertised through the advice portal.

333. The hub will be responsible for delivering the Knowledge Transfer and Innovation Fund including the Monitor Farm programme and ensuring that events and workshops from this are all advertised through the advice portal. This will include benchmarking and demonstration projects.

334. A diagrammatic representation of the proposed Advisory Service is given in diagram D.

Timescales

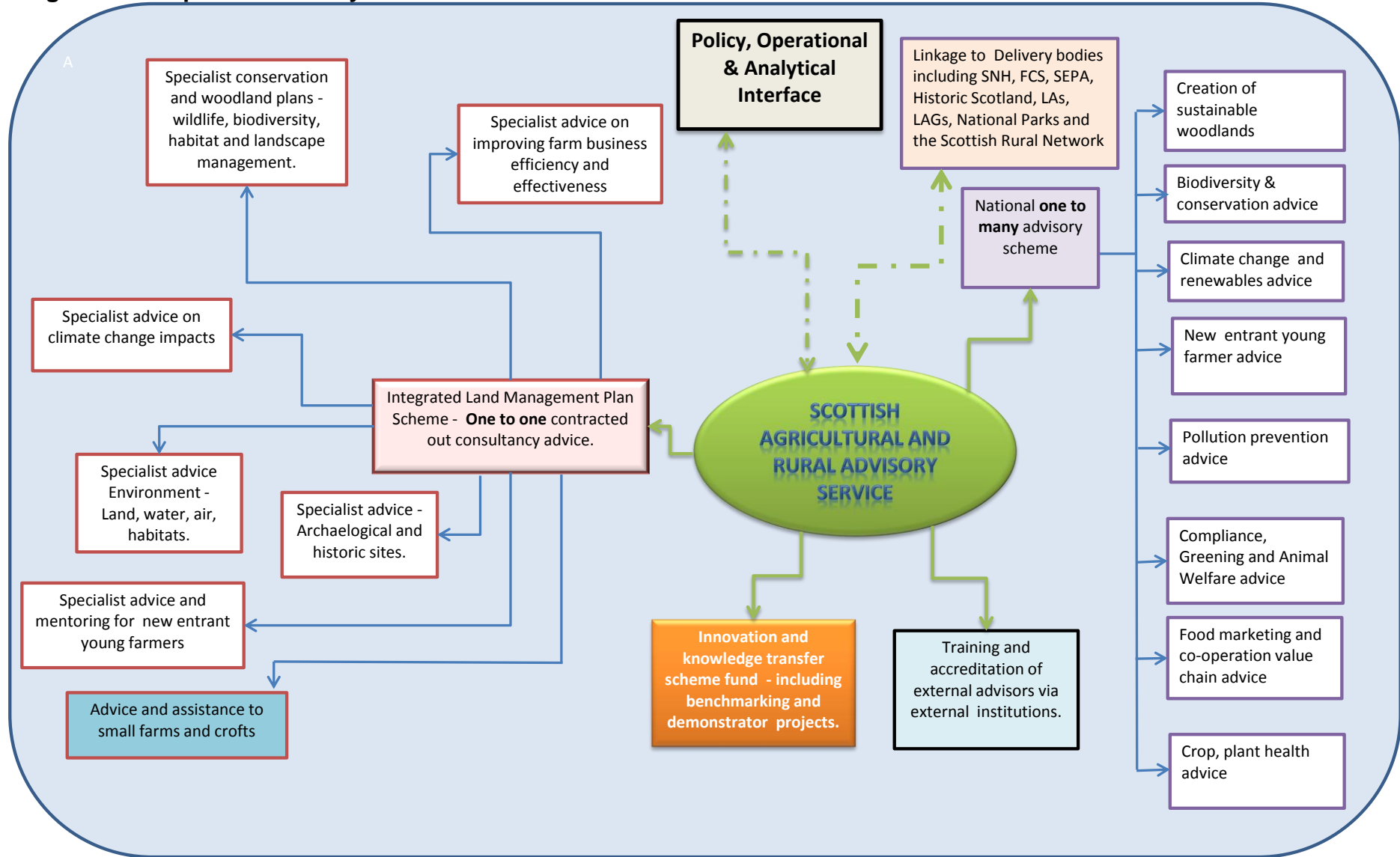
335. The hub will be in place to coincide with the timetable at annex A that will see the programme open for applications from January 2015. However, there may be elements, particularly those subject to public procurement provisions, delayed until later in 2015. If that turns out to be the case, then arrangements will be made to manage the transition.

Intervention rate/financial allocation

336. Under the draft regulation, there is a maximum support of €1500 per advice and a maximum of €200,000 for training of advisers over a three year period.

337. Indicative research suggests that the budget allocation over the programme period should be £20m.

Diagram D: Proposed Advisory Service



Question 31

How would you rate your broad satisfaction with the proposals for the Advisory Service? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 17: SCOTTISH RURAL NETWORK

What is a Rural Network?

338. The success of any rural development policy is not only based on the availability of funding and well-designed programmes and measures. Policies also rely on good ideas and experience and on their dissemination. Rural Networks are a tool for supporting and promoting sustainable rural development by helping people to share ideas and good practice.

339. Each Member State is required to establish a National Rural Network (NRN). Although the objectives and expected activities of Rural Networks will be set out in the RDR, Member States have the flexibility to establish national and/or regional Rural Networks in a way that is most effective for the country or area it covers, with a clear focus on helping to address the rural development challenges faced by that area.

340. Scotland established a NRN in 2008 under the current SRDP. The existing NRN provides a website¹⁵ and an annual programme of networking events and project visits. The website provides information about: funding and support; case studies; reports, photographs and videos from relevant events; and a weekly newsletter. But it is more than just a one-way information point as it enables interaction through various social media platforms (e.g. Facebook and Twitter) and users can upload their own news, questions and examples of good practice.

341. Examples showcasing the added value of networking are available on the [European Network for Rural Development \(ENRD\) website](#), including four examples from Scotland.

Requirements for SRDP 2014 - 2020

342. Article 55 of the proposed RDR requires every Member State to establish a NRN and a Network Support Unit (NSU). The proposed objectives of NRNs are to:

- Increase the involvement of stakeholders in the implementation of rural development;
- improve the quality of implementation of rural development programmes;
- inform the broader public and potential beneficiaries on rural development policy and funding opportunities; and
- Foster innovation in agriculture, food production, forestry and rural areas.

343. The proposed Regulations also list the main tasks to be undertaken with the support of the NSU. Funding for NRNs and NSUs is provided through Technical Assistance, but this can be supplemented by other funding sources.

¹⁵ See www.ruralgateway.org.uk

Future role of the Scottish Rural Network

344. The Scottish Government plans to launch a new SRN in 2014 with a stronger identity, a clearer remit and greater stakeholder input. The NSU, comprised of Scottish Government staff, will be established in time to support the launch and roll-out of the new SRDP in 2015.

345. Key findings from a recent evaluation of the existing Rural Network in Scotland¹⁶ included a need for the Rural Network to engage more effectively across the full range of rural constituents (i.e. not just with community groups), promote good practice in rural development in more interactive ways (particularly peer-to-peer learning, good practice events and co-operative projects) and enhance its role in strengthening SRDP communications.

346. Based on the mandatory tasks required by the EC and the findings from the evaluation, we think the areas that the SRN could add greatest value to the successful implementation of the SRDP are around coordination and facilitation and communicating information.

Coordination and facilitation

347. This is about creating effective forums for organisations and individuals to share knowledge and experience with each other; involving stakeholders and the people who live and work in rural areas in the decisions and planning about rural development; and supporting co-operation and joint actions. The key tasks proposed for the SRN in 2014 - 2020 are:

- Project visits to encourage co-operation and the sharing of knowledge and experience.
- Promoting best practice in rural development through, for example: the use of case studies; running best practice competitions/awards in recognition of projects with particularly successful outcomes; and peer-to-peer learning.
- Supporting national and transnational co-operation projects between LAGs by bringing potential applicants together to share ideas, identify common interests/objectives, develop proposals and agree roles. The SRN will act as an enabler for LEADER co-operation projects at the pre-application stage. This may also include the arrangement of study visits and staff exchanges to share knowledge, experiences and good practice.
- Management of a national network for LEADER LAGs (see section 14 for information on LEADER). This will include networking (e.g. conferences, meetings, workshops and online forums) and training support (e.g. online resources, webinars and face-to-face modules) to improve delivery, outcomes and exchanges of good practices for LEADER.
- Establishing and coordinating thematic working groups (see paragraphs 349 - 351).

¹⁶ Report due to be published 28 November 2013, and can be found at <http://www.scotland.gov.uk/Publications/Recent>

- Establishing and maintaining a central “network of networks” relating to rural development (see paragraph 352)
- Networking activities between LAGs to foster innovation in local communities, including using outputs from the European Innovation Partnership’s work.

Communicating information

348. The SRN will also have a key role in communicating information about the SRDP and wider rural development policy to stakeholders and members of the public. A communication plan specifically for the SRN will be developed as part of the wider Communication Plan for the SRDP (see section 18). The SRDP Communication Plan will set out the division of responsibilities, but at this stage it is proposed that the SRN will be responsible for the following:

- Provision of a new or refreshed SRN website.
- Gathering of information, photos and videos showing good examples of projects funded through the SRDP.
- Disseminating relevant information to the public e.g. through newsletters, website articles, videos, social media and public events.
- Organisation and facilitation of national, regional and local events related to the programme and wider rural policy.

Question 32

Do you think the tasks set out above are the most appropriate ways for the SRN to add value to the implementation of the SRDP? Please tick the appropriate box in the online questionnaire.

Are there other activities or services you would like to see the SRN provide? Please specify (in the space given in the online questionnaire).

Thematic Working Groups

349. The SRN will focus on key areas that its members identify as being particular challenges or opportunities facing rural areas. There are a number of ways that networks can do this, but one successful approach developed by the European Network for Rural Development (ENRD) and adopted by a number of Rural Networks across Europe is ‘Thematic Working’. It is proposed the Scottish Rural Network will adopt a Thematic Working approach under the SRDP 2014 - 2020.

350. Thematic Working Groups bring people together in small groups around specific, focused areas of interest. The aim is to improve the effective delivery of the Rural Development Programme, by analysing the issues, exploring ideas and identifying solutions related to the theme. These groups can help support ideas for co-operative action to address the challenges identified by encouraging such projects to come forward and bringing interested actors together for discussion. They may also form into operational groups under the structure of the EIP.

351. Thematic Working Groups run for a period of time that is appropriate to deliver the objectives agreed for the particular theme/topic. This can obviously vary from issue to issue. The themes will be identified by the SRN Advisory Board, although they will also be aligned with the priorities of the SRDP (see section 2), including the priorities identified for the Support for Co-operative Action.

Question 33

Do you agree with the proposal to establish thematic working groups as an approach to supporting the Rural Development Programme priorities? Yes/No/No opinion
Please tick the appropriate box in the online questionnaire.

If No please explain your reasons (in the space given in the online questionnaire).

A central ‘network of networks’

352. A number of networks and membership organisations already exist in Scotland with a focus on topics of relevance to rural development. The SRN should add value to these existing networks and act as a ‘network of networks’ with a very wide reach to people, businesses and communities in rural areas. Once established, the NSU will undertake a stakeholder mapping exercise to identify existing networks and membership organisations as potential partners to work with.

Governance and delivery of the SRN

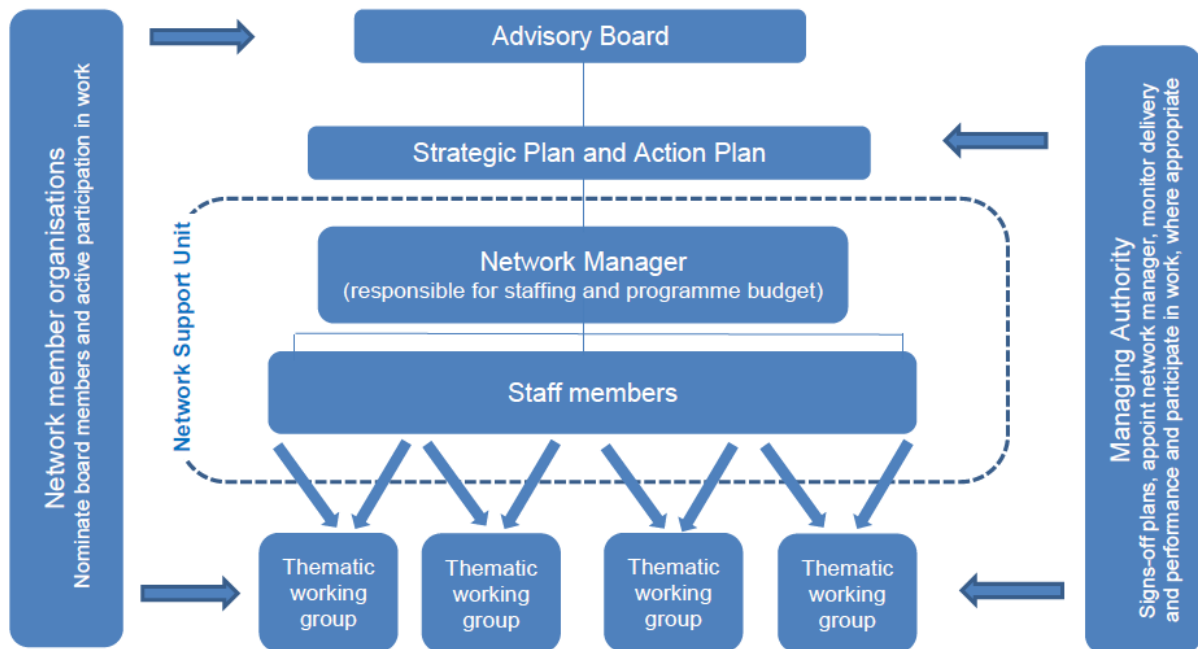
353. An Action Plan is required to set out planned activities for the SRN. The Action Plan should take account of the needs of the people, businesses and other organisations from rural Scotland and it will need to be flexible in order to react to emerging needs.

354. It is envisaged that the following features will result in a more effective NRN:

- The Network will be a partnership of member organisations and administrations, open to all parties with an interest in rural development, and will include those signed up to the ‘Partnership Agreement’ outlined at section 2 of this consultation document.
- An Advisory Board will be established to help identify priorities and design, agree and review the Action Plan. The Board members would be nominated and selected by a range of NGOs, public bodies, businesses and community groups with an interest in rural development.
- A ring-fenced NSU will be set up in Scottish Government to provide a dedicated staff resource for the successful delivery of individual activities and the Action Plan as a whole. The NSU will also be responsible for following up individual activities to ensure they have a lasting positive impact.
- A separate unit in Scottish Government will operate as the Managing Authority, with responsibility for monitoring the successful delivery of the SRN. The NSU will report to the Managing Authority.

- A flexible resourcing policy to enable specialists to be contracted in or seconded, as needed.
- The SRN will be an active participant and contributor to the work of the ENRD, the European Innovation Partnership (EIP) Network, the European Evaluation Network for Rural Development and the EC. In addition to strengthening relationships with other countries, benefits of working at a European level include: sharing experience and knowledge; identifying opportunities for transnational co-operation; and pooling resources.
- The SRN will have a regular exchange of information with the other Rural Networks in the UK and will aim to coordinate activities and work on collaborative projects, where there are benefits to doing so.
- The SRN will have strong links to the Advisory Service, coordinating joint working, where appropriate (see section 16).

Diagram E - Proposed Governance and Delivery Model for SRN 2014-20:



Question 34

How would you rate your broad satisfaction with the proposals for the Scottish National Rural Network? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 18: COMMUNICATIONS

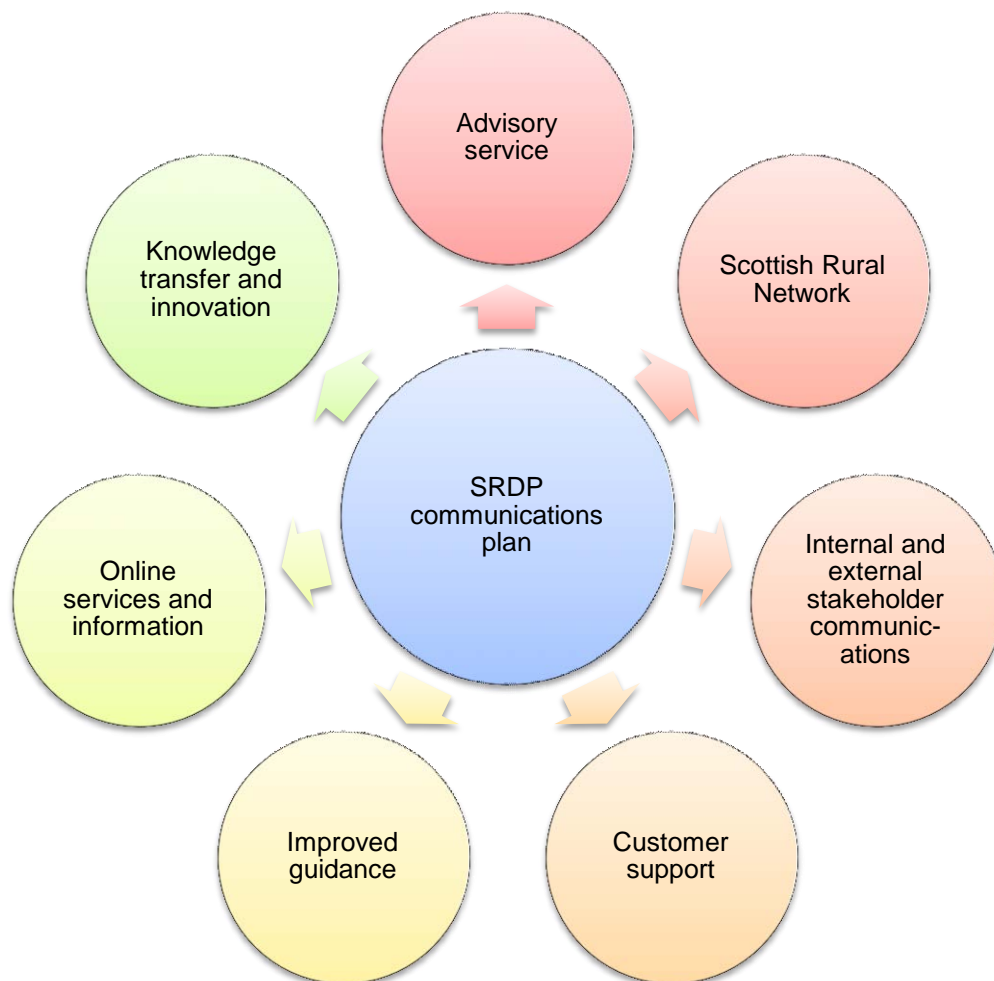
Introduction

355. The SRDP is a large complex funding package which can impact on many different individuals, businesses and communities in Scotland. The next SRDP needs to be simpler and more customer friendly in order to deliver wider benefits and provide better value for money. This was echoed in the stage 1 consultation where respondents highlighted the importance of clear guidance and high quality advice.

Communications plan

356. A communications plan will be developed for the SRDP 2014 - 2020 in line with the requirements of the EC. This plan will outline the overall vision for SRDP communications, detailing key messages, audiences, channels and tactics/timelines. It will cover a wide brief as shown below:

Diagram F: SRDP Communications



How will the activities work together?

357. There will be cross-overs between the various information and services outlined above, and they will all be designed and delivered in a way that ensures they complement each other. For example:

- The Advisory Service will provide advice and assistance to farmers, crofters, forest holders and other land managers via a dedicated advice helpline, web guidance, publications, seminars/workshops and demonstration projects. In addition to this, the Advisory Service will provide one to one general and specialist advice via contracted out services and engage with operational groups to disseminate knowledge and promote uptake of innovative practice on the ground. To assist with this, the SRN will be used to promote the service and share good practice through its contacts and at appropriate events.
- The SRN will engage with the full range of stakeholders in rural Scotland – i.e. in addition to land managers, it will involve community groups, individuals and businesses in different sectors. Amongst other things, the SRN will organise and facilitate thematic working groups and networking events. Access to agricultural and forestry experts and academics to participate and present at such events, will be available through the Advisory Service.
- The KTIF, which falls under the control of the Advisory Service, will provide funding for training and skills development in the agricultural and forestry sectors, as well as continuing to fund monitor farms in order to translate innovative approaches into practice. Activities will include workshops, farm visits, coaching and training courses. The staff supporting the delivery of the SRN will be experts in event management and facilitation and will be ideally placed to support these types of activities.
- Customer support will be provided throughout the life of the programme, including increasing the amount of assessment visits to help the applicant understand the rules. This will be rolled out as capacity allows. Improved customer access online to information about the progress of SRDP transactions and support within RPID area offices to give a speedier response to queries will also enhance support. Better signposting will also be provided to the range of different services provided by partners. Where assessment visits identify situations where applicants would benefit from advice case officers will sign-post applicants to the Advisory Services Hub.
- Strengthening of online content and scheme guidance for rural customers will include guidance which makes the requirements for applicants and staff much clearer. The online presence of the SRN and the Advisory Service will be designed in a way that complements, signposts and links to the scheme guidance, as appropriate.

358. The Advisory Services and the SRN will interface with the EIP Network and the ENRD to help disseminate good practice and innovative approaches internationally – from Scotland to Europe and vice versa.

359. Further details are available in this consultation on the Knowledge Transfer and Innovation Fund (section 15), the Advisory Service (section 16) and the Scottish Rural Network (section 17).

Question 35

How would you rate your broad satisfaction with the proposals for communicating the new Scotland Rural Development Programme? Please tick the appropriate box in the online questionnaire.

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

If you are dissatisfied please briefly outline your reasons (in the space given in the online questionnaire).

SECTION 19: MONITORING AND EVALUATION

360. The Scottish Government is committed to putting in place a monitoring and evaluation framework for the next SRDP which ensures that better information is available to inform decisions over the impact and effectiveness of spend within the programme.

361. The EC requires that an Evaluation Plan is included within the SRDP document which outlines the Scottish Government's approach to evaluation of the programme. As the specific details of what needs to be included within the plan have yet to be finalised, the Scottish Government has yet to complete the Evaluation Plan. However, a number of overarching principles have been identified which will guide our evaluation activity in the next programme:

- **Proportionate:** the scale of the monitoring and evaluation activity on different parts of the programme needs to be proportionate to the size of the different elements within the programme.
- **Targeted:** linked with the need for the monitoring and evaluation activity to be proportionate, it should also be targeted on capturing whether the programme is delivering on the main policy priorities. Consequently, a degree of prioritisation will be needed as financial constraints will limit the extent of data which the Scottish Government can collect on the programme.
- **Diverse:** different techniques will need to be developed for monitoring and evaluating different aspects of the programme rather than a one-size-fits-all approach. For example, in certain situations it may be sufficient to use samples, case studies or even logic modelling in order to demonstrate the impact of schemes. In addition, more use will be made of existing data collected by the Scottish Government and other organisations.
- **Timely:** ensure the monitoring and evaluation activity is undertaken at the right time in order to inform programme managers, Ministers and Stakeholders of the impact and effectiveness of the programme.

362. The EC has outlined a draft set of indicators for the next rural development programme, which contains over 100 indicators covering context, output, result and impact indicators. Not all of these will necessarily be applied to Scotland's rural development programme as the indicators are dependent on the articles included in the final programme.

363. Information used to monitor and evaluate the SRDP will be gathered from a mixture of data sources. Three key data sources required to capture monitoring and evaluation data are summarised in table 9. In general, context and output indicators will be measured through information collected at the point of delivery, generally through administrative records to measure the direct activity realised within the interventions although there may be occasions when the information is better obtained by carrying out surveys. Result indicators may be measured either through administrative records or through evaluation methods such as sample surveys to measure the intermediate effect of the programme. Impact indicators, on the other

hand, will be determined at the evaluation stage at the end of the programme period, using input, output and result information but also other tools and wider sources of data to build up a picture of the net impact of the programme on its wider strategic objectives.

| | Data source | Key indicators/ monitoring information |
|---|--|--|
| 1 | The application form, claims form or Integrated Administration and Control System for land use information on agri-environment options | Will capture majority of information required for the output indicator suite. Will also capture some result and impact indicator information. |
| 2 | Existing surveys administered by the Scottish Government such as the agricultural census and farm accounts | These existing data sources will be utilised and potentially amended to capture the information required for monitoring, linking to other datasets to enhance the analysis. |
| 3 | Bespoke surveys or other data sources | These sorts of surveys are more likely to be targeted at collecting information for impact indicators and evaluation of the programme. They will be designed to address any data gaps. |

Table 9: Key data sources

Question 36

We would welcome feedback on the approach outlined in Table 9 (in the space given in the online questionnaire).

Question 37

Are there any other data sources which could inform the impact of the programme? Yes/No. Please tick the appropriate box in the online questionnaire.

If yes, please specify (in the space given in the online questionnaire).

364. Additionally the Scottish Government has identified a number of gaps in the indicator requirements and has set out plans for addressing these gaps:

| Indicator Type | Indicator | Proposed Approach to Address Data |
|-----------------------|---|---|
| Impact Indicator | Greenhouse gas emissions from agriculture | Method being devised under the 2007-2013 programme on-going evaluation contract, which we may be able to implement going forward. |
| Impact Indicator | Water abstraction in | It should be possible to add this to |

| | | |
|------------------|---------------|---|
| | agriculture | the Survey on Agricultural Production Methods Survey |
| Impact Indicator | Water quality | Method being devised under the 2007-2013 programme on-going evaluation contract, which we may be able to implement going forward. |
| Impact Indicator | Soil quality | EC recommend utilising the Land Use/Cover Area frame Survey but it is likely we would require expert advice as well. |
| Impact Indicator | Soil erosion | EC recommend utilising the Agro-environmental indicator but it is likely we would require expert advice as well. |

Table 10 Proposals to address indicator gaps

Question 38

We would welcome feedback on the proposed approach to filling the gaps in the data required by the European Commission, outlined in Table 10 (in the space given in the online questionnaire).

Question 39

Are there any other gaps that you wish to make us aware of? Yes/No
Please tick the appropriate box in the online questionnaire.

If yes, please specify (in the space given in the online questionnaire).

Question 40

Are there any other data sources which could help us fill the data gaps? Yes/No
Please tick the appropriate box in the online questionnaire.

If yes, please specify (in the space given in the online questionnaire).

SECTION 20 – IMPACT ASSESSMENTS

365. We are required to carry out a number of impact assessments to assess the impact of our policy. These are:

Business and Regulatory Impact Assessment (BRIA)

366. Required to identify the consequences of the options which have been developed for the SRDP, considering the impact upon businesses, charities or the voluntary sector. A partial BRIA is given at annex E, and this will be enhanced by discussions with businesses likely to be affected by the next SRDP. These discussions will run alongside the consultation, and a final BRIA will be produced in 2014.

Question 41

We would welcome comments on the BRIA (in the space given in the online questionnaire).

Equalities Impact Assessment (EQIA)

367. Required in order to consider how the SRDP 2014 – 2020 impacts on equalities groups (age, disability, gender, race, religion and belief and sexual orientation). The stage 1 consultation gathered initial views on equalities issues and feedback raised the potential role for the SRDP in tackling inequalities and social exclusion. Issues raised included general comments around the need to address the 'older white male' bias in the rural economy; ensure wide consultation with a full range of communities; and, to give more attention to equalities issues in the subsequent process design and better monitoring of the impact on equalities groups. The EQIA can be found at annex F.

Question 42

We would welcome comments on the EQIA (in the space given in the online questionnaire).

Strategic Environmental Assessment

368. Required to assess, consult and monitor the likely impact of the SRDP on the environment. The SEA is being prepared as part of the ex-ante evaluation, and a separate consultation will be launched shortly. More information, including a link to the consultation when it is launched, can be found on our website at <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012>

GLOSSARY

| | |
|-------|--|
| ANC | Areas of Natural Constraint |
| BRIA | Business and Regulatory Impact assessment |
| CAP | Common Agricultural Policy |
| CCAGS | Crofting Counties Agricultural Grant Scheme |
| CSF | Common Strategic Framework |
| CSGN | Central Scotland Green Network |
| DP | Direct payments |
| EAFRD | European Agricultural Fund for Rural Development |
| EC | European Commission |
| EIP | European Innovation Partnership |
| EMFF | European Marine and Fisheries Fund |
| ENRD | European Network for Rural Development |
| EQIA | Equalities Impact Assessment |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| ESIF | European Structural Investment Funds |
| EU | European Union |
| FCS | Forestry Commission Scotland |
| FPMC | Food Processing, Marketing and Co-operation |
| GES | Government Economic Strategy |
| HIE | Highlands and Islands Enterprise |
| HNV | High Nature Value |
| IT | Information Technology |
| KTIF | Knowledge Transfer and Innovation Fund |
| LAG | Local Action Groups |
| LDS | Local Development Strategies |
| LFA | Less Favoured Area |
| LFASS | Less Favoured Areas Support Scheme |
| LGBT | Lesbian, gay, bisexual, and transgender |
| LISS | Low Impact Silvicultural Systems |
| NE | New entrants |
| NGB | Next generation broadband |
| NGO | Non-governmental organisation |
| NPF | National Performance Framework |
| NRN | National Rural Network |
| NSU | Network Support Unit |
| PA | Partnership Agreement |
| PAC | Project Assessment Committee |
| PAMC | Partnership Agreement Monitoring Committee |
| PMC | Programme Monitoring Committee |
| RD | Rural Development |
| RDR | Rural Development Regulation |
| RPID | Rural Payments and Inspections Division |
| SAF | Single Application Form |
| SCVO | Scottish Council for Voluntary Organisations |
| SDS | Skills Development Scheme |
| SE | Scottish Enterprise |
| SEA | Strategic Environmental Assessment |

| | |
|-------|---|
| SEARS | Scotland's Environmental and Rural Services |
| SEPA | Scottish Environment Protection Agency |
| SG | Scottish Government |
| SMART | Specific, measurable, attainable, relevant and time-bound |
| SMEs | Small and medium enterprises |
| SNH | Scottish Natural Heritage |
| SRDP | Scotland Rural Development Programme |
| SRN | Scottish Rural Network |
| SRUC | Scottish Rural Colleges |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| WIAT | Woods in and Around Towns |



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