

ARD Stakeholder Group Meeting

17 July 2018, SASA

Attendees:

Ian Davidson (Chair)	Head of Agriculture Policy Division – Scot Gov
Alice De Soer	Central Ass. Of Valuers
Andrew Wright	Institute of Auctioneers and Appraisers in Scotland
Brendan Callaghan	Forestry Commission Scotland
David Michie	Soil Association
David Miler	Hutton
Deborah Roberts	Scottish Organic Producers Association
Jamie Farquhar	Confor
John Fletcher	Deer Farmers
John Raven	Historic Environment Scotland
Katy Dickson	Scottish Land and Estates
Kevin Mills	Agricultural Industries Confederation
Mark Aitken	SEPA
Martin Morgan	Scottish Association of Meat Wholesalers
Patrick Krause	Scottish Crofters Federation
Paul Flanagan	Agriculture and Horticulture Development Board
Pete Ritchie	Nourish Scotland and SE Link
Ross MacLeod	Game and Wildlife Conservation Trust
Stuart Ashworth	Quality Meat Scotland
David Balharry	RPID - SG
David Barnes	EU Hub - SG
Erin Scot	EU Hub - SG
Ewen Scott	CAP, GM & Agricultural Climate Change – SG
Helen Stanley	CAP, GM & Agricultural Climate Change – SG
Ian Jardine	EU Hub - SG
Keith McWhinnie	CAP, GM and Agricultural Climate Change
Mike Parker	SASA – SG
Paul Neison	RPID – SG
Rachel Smith	CAP, GM & Agricultural Climate Change – SG
Stoyan Stoyanov	CAP, GM & Agricultural Climate Change – SG

Apologies (and/or organisations not represented at meeting):

Agriculture Industries Confederation, Dairy UK, James Hutton Institute, Highlands and Islands Enterprise, Royal Society Protection of Birds, Scottish Beef Association, Scottish Tennant Farmers Association, SRUC.

1. Welcome and introductions

1.1 Ian Davidson (ID) welcomed everyone and informed the group there would be presentations from David Balharry (DB), responsible for Brexit Coordination in RPID, on the Brexit Transition consultation. The group will also hear from Ian Jardine (IJ), National Adviser for Environmental Policy within in the ENFOR and Agriculture EU Hub, who will be updating the group on Strategic Environmental Policy.

Unfortunately, due to unforeseen circumstances Alison Milne (AM) was unable to make it to give the update on the NCRA Discussion Document.

2. Minutes and actions of the last meeting

2.1 Minutes of the last meeting (15 May) had been circulated. There were no further comments and so these would be posted on the ARD SHG website.

2.2 There weren't many outstanding actions;

o Para 3.2 - There was a discussion about remapping land causing payment problems. There was a request for a report from RPID showing the extent of the errors that had arisen in the current process, when this issue will be resolved and when the payments will start. **Update: Paul Neison (PN) not sure what the issues were, so not able to produce a report on the basis that not sure what these were. PN asked for clarity from the group and informed them that most of the issues have been resolved as the vast majority of payments have now been made.** There was a question on remapping, and it's history of issues causing problems, e.g. forcing annual recurring payments to the bottom of the queue. A member asked for a breakdown of problems relating to forestry that had been found during the remapping exercise, and timetable of payments? The member stated there was a low payment percentage, and wondered whether this was a result of the remapping. The majority of payments were meant to be made in June, now in the middle of July.

PN responded explaining it was not as a consequence of mapping and summarised the process; the new mapping system was introduced then changes and amendments were made to the maps up until the end of March - any of the mapping information that was in the system at that time was used to validate all of the SAFs and the claims that were ongoing at that time. Subsequently, been implementing processes to allow more changes, now that all payments have been made. RPID are now in the position that from w/c 23 July, they can start making amendments to mapping as part of the ongoing maintenance. If there's any issues, they're going to focus on the 2017 aerial-photography updates that haven't been processed to date.

As part of the response to the ARE audit from last year, a requirement for RPID was to incorporate those in response to that. Also working on priority cases, where farmers have written in and identified changes they think has impacted on their previous payments. From the forestry industry's perspective - as RPID has done before - if there are cases group members think are high priority in relation to getting contracts out or progressing things, PN would be very happy for forestry industry colleagues to get back to him or get back to the team that the query is specifically related to. PN doesn't know the reason behind the low payment for Forestry Grant Scheme is, but can assure the group that it's not a consequence of the 92% that have not been paid or mapping issues.

ID added that we have a regulatory requirement to reach 95.2% of Pillar 1 payments by the end of June – which we achieved – failing to achieve that, would cause big problems in terms of fines that could be opposed on SG for not reaching that. So there has been a big focus on making sure that happened, and a lot of the work was done on mapping, and updates as SG has been heavily criticised by audit in the past that our system is not up to date enough, and we're actually paying based on out of date information. There has been a huge effort to get that moving forward. Pillar 1 has been the focus, Direct Payments have been the focus as this is a regulatory requirement.

PN updated the group on the challenges RPID have faced in the past when it comes to mapping changes, and when customers assume a change has been made when they receive their map. Now RPID have the new system available to them, they're going to start making the changes. There's going to be a short period where RPID will stick to what they had before to get over the hump of the backlog and get settled in, then once they get past that point, the proposal is that they won't be making any changes, effectively without the customer approval. RPID will send customers a pdf of the change they're proposing, give them time to review, and if they think the map is incorrect to come back to RPID within a certain period of time. If they don't come back to RPID they will apply the change.

The intention is to try and improve the interaction with customers so they can get better control over any changes that apply to their maps. This will allow the customer to influence interpretations, as PN understands this has been a frustration in the past. The intention is to engage better with the customer – give them the opportunity to correct the change before RPID apply the change then it will be applied to the system. Stakeholders agreed this would be welcomed and the more customer focused approach is very positive.

- Para 4.2 - There was a discussion on the three new EFA options in relation to greening. Awaiting RPID to provide the outline of a potential EFA option for melliferous plants while maintaining all the other rules for land lying fallow.
Update: Draft guidance on what this option may look like was shared with the sub-group. However, further analysis by RPID has shown that the introduction of a new option will have an IT impact, and therefore creates risks to delivery. Further to this, it is noted that land managers are not currently prevented from sowing melliferous plants on their EFA if they wish to do so. KM to provide a more detailed update under his omnibus regulation item. ID added that, all changes need to take into account the impact on deliverability and the impacts that flow from that.
- Para 7.7 – DB discussed the Agricultural Champions report. Mr Ewing has spoken about modelling, once we get these recommendations we'll need some modelling as part of the process to turn these into policy. Mr Ewing has mentioned this to some stakeholders, that at some point we would be looking to

work with stakeholders on the modelling process. DB to come back with details in due course. Update: DB to cover this under his agenda item.

3 Matters Arising:

3.1 One member asked whether LEADER were going to have another go at having a youth strand, as the Western Isles LEADER ran a LEADER youth drive for a while. **ACTION for next meeting. Action completed on 9/11.**

3.2 A member mentioned the convergence funding and whether there was going to be a second industry letter written. ID explained that NFUS took this action to produce the letter and gather industry signatures, but due to timing constraints, there was a letter sent directly from NFUS. Still interest from stakeholders for a joint industry letter. **Action for SG to speak to NFUS.**

3.3 One member asked what evidence RESAS have been looking at, re VCS, and whether it was ongoing and have they started the process of engaging with stakeholders. DB clarified that this is a sub item of the modelling work and explained there are two phases to this; To support policy in period up to 2024, capping to pilot some new things, and development for longer term, payment for more money for schemes, trying to improve farms productivity. The previous modelling isn't adequate to support this approach. Think we'll need to work up a more sophisticated modelling methodology.

4 Pillar 1 and Pillar 2 Updates:

4.1 Pillar 1 update: Current payment statistics had been circulated with the group. PN explained there had been a lot of correspondence with farmers to try and get the last of the details to validate claims, and thanked those in the industry for the support and helped that happen. The focus has been on Pillar 1 due to the targets previously mentioned, but are now moving on to Pillar 2 payments where they have not already been addressed. One member was interested in the Forestry Grant Scheme, and whether the eligible claims (listed in the printed document) were first time claims and would like some further statistics on this. **ACTION to provide this. ACTION: PN to report back to JF on his comments re asking what's been done to move the forestry payments along more quickly. Action completed on 9/11.**

4.2 ID mentioned there were a number of errors that had to be cleared by area office staff. PN added it was tens of thousands, and explained that the system has up front validation, so when applying online, the system will tell you, e.g. when you have over-declared on a particular pastoral in relation to what the eligible land is within the parcel. Whereas when applying on paper you don't get that validation check. It's more likely those applying by paper will over-declare, which is an example of where the errors arise from. This has been one of the drives to get people online, to help customers avoid making errors, and creating penalties in the first place.

4.3 One of the reasons RPID are so pleased that the participation online has improved so much, is that there are far less validation errors to process and the customers far less likely to make a mistake in the first place, which helps everybody. The errors by and large, are something that's been submitted on the SAF form that does not meet or satisfy the criteria within validation stage. The system calls them errors, but it's really a discrepancy, which could be because someone has made an error whilst completing the form. PN stated this is clearly as a consequence of the process and because of usage rules around entitlements, in order to make a payment for a 2017 SAF, the 2015 and 2016 have to be in a 'ready for payment' status. So if there's been updates and changes to mapping information, e.g. 2015/16 which has upset the 2015/16 status, errors will be triggered against those and have to be validated. So the tens of thousands is across the three years.

4.4 Due to the online campaign, the number of customers that are now submitting an online application is around 89% overall, and this has risen 10% from last year. Over the last three years there's been a huge step in this direction. Members commented on how positive this was. The system stood up reasonably well to the number of applications, and there was good support in place. There was a supported serviced delivered by Area Office (AO) staff, where customers could meet with AO staff to go through the system, and talk through the process. This was a great success, and it's received very positive feedback. Members commented on how the supported services helped their customers enormously, and specifically mentioned how helpful the Perth office was. The effort from staff encouraged some customers to get online. Being able to get that validation online is a huge step forward.

4.5 The group asked for an update on the 2018 payments, to which ID explained that the validation should reduce the number of errors, but it's too early to say for 2018. The system may potentially show more errors, or discrepancies. PN added that it was important to be careful when talking about the system, or data within the system. Also important to note, that this is a very complex system. It holds over a billion pieces of information, it's a huge database.

4.6 Another member was interested in Pillar 2 and wanted to get a picture of the overall implementation of AECS and organics, as well as a clearer picture of where we're at with Pillar 2. ID informed the group that he is aware there was meant to be agri/envirom monitoring, to build an evidence base for reporting, ID is trying to resurrect this. Don't know what's coming, but we do need to manage this current programme through to the end of 2020. Part of the evidence base will need to get a feel of what has worked and where, so ID will be speaking to ENFOR and others in due course as to how best achieve this. SNH have also shared some options on how to start this collating this data. We know the money is coming in, but it's not always easy to measure what's being delivered.

5. Pillar 2 Update

5.1 Ewen Scott (ES) gave the Pillar 2 update. He mentioned the LFASS announcement – the Cabinet Secretary, Fergus Ewing, announced on 20 June that he intends to continue LFASS next year, with the payments at the maximum that EU rules allow, which is 80% in 2019. The EU rules require LFASS to change from 2019, to either a new Areas facing Natural Constraint (ANC) scheme and area designation or reduced payments (80% for 2019 and 20% for 2020). The Cabinet Secretary's decision follows on from the European Commission's delay to implementing LFASS changes delivered by the adoption of the omnibus regulations in December 2017. Additionally, the EU Regulations requires that from 2019 Degressivity is to be applied to LFASS payments. Officials are investigating the impact this will have across a range of digressive payment levels and further advice is going to Ministers shortly on this issue. However, the European Commission must approve our proposals by the end of 2018.

5.2 ES informed the group that collaborative applications and IMP closed on 31 May 2018. There is continuing on-going work on regulatory Annual Implementation Reporting (AIR) work with RESAS colleagues and scheme leads. The Regulatory AIR was sent to the RDOC for comment and the aim is to submit the final draft by the end of July. To summarise; the NECG continue to perform very well, demand outstripping supply, UK Government (UKG) Budget Guarantees for SRDP programme beyond March 2019 still unclear, there is continued pressure on SRDP budgets and shortly meeting with the Cabinet Secretary to seek Ministerial views on handling and managing priorities until programme end; including budget constraints and impact of Brexit, and the programme team are planning Modification 5 - required to accommodate LFASS changes plus few minor amendments including performance target tweaks.

6. Omnibus Regulations Update:

6.1 ID passed over to Keith McWhinnie (KM) to provide an update on this item. KM informed the group that there had been a meeting to discuss some of the optional changes available. At a previous meeting Kirsten Beddows (KB) said that she would look to establish a sub group to develop this option in more detail people that agreed to participate; SNH, Soil Association, NFUS, SAC consulting were all represented at meeting along with internal SG policy and delivery colleagues. After discussions few of the optional changes were deemed not suitable nor relevant for Scotland, for example; the Miscanthus and EFA Silphium Perfoliatum, which the EU introduced a new weighting factor to try and increase productivity. There was also a discussion on options under EFA fallow and the possible introduction of a melliferous plant option further development work by the SG had taken place but it had been deemed that the recommendation to ministers at this time would be to not take up this option. This discussion took place and was made up of

6.2 There was an action from the last ARD SHG for RPID to produce a guidance note, that was taken forward following this meeting and it focused on what an option could look like. What on the surface looked like a fairly straightforward additional option, there are actually several layers of complexity involved with it, and in keeping with the stabilisation plan the Cabinet Secretary announced in terms of the proportionate benefit to the risk or harming the other things, SG has come to the conclusion it's not within the interest of agriculture and the wider environment to pursue this now. This is a recommendation, and final decisions are with the Minister, the same goes for all the other voluntary options, a submission has gone up to the Cabinet Secretary. That's as far as we got for the additional EFA options, but in terms of the rest of the omnibus regulations, KB has highlighted - in the paper that was circulated - the table of some of the other voluntary options that were included as part of this notification drive through the omnibus regulations at EU level. There's no proposals to take any of them forward, apart from the mandatory requirements. Although the recommendation to Ministers is to not pursue this option, it's important to note, that there is nothing preventing farmers who currently do this to continue doing this on their fallow land. This option will remain and they won't be penalised for doing this.

6.3 ID added that although it may look like simple changes to the Commission, it is quite late in the day to implement anything new – along with trying to match this with a new IT system/ processing system - could have a serious impact on being able to deliver the changes. We've got to recognise that at this stage - and particularly keeping in mind that Pillar 1 direct payments regulation doesn't apply from the 1st January 2020 – with the assumption being that we'll still carry on, but technically it doesn't apply from 2020, as part of the draft EU Withdrawal agreement. The difficulty we faced was the potential impact this would have on processing further down the line.

6.4 This then generated a conversation around budgets for next year. One member wanted assurances that the woodland creation budget was going to be provided for FCS. ID confirmed that is high up on the agenda, and would know more in due course. **Action: to provide an update at the next meeting.** Another member wanted to know whether other schemes were up against their financial limits, to which ID confirmed they were in terms of Pillar 2 new entrant schemes – such as; LFAS, Agri/Environment and Forestry grants. Other budgets are relatively small, so wouldn't make a significant difference to forestry. The number of applications coming forward in Scotland is dropping due to the uncertainty. This is despite HMT giving the five year guarantee beyond March 2019, people are still nervous. A lot of demand for AECS, not yet at its ceiling, but need to work out how to best manage this to the end of the programme.

7. Brexit Update

7.1 DB started by discussing developments at EU/UK level. DB explained that expectations of the June European council have been played down. No breakthrough has been made on the EU/UK negotiations. This was before the Chequers UKG meeting, where a deal was reached among the members of the Cabinet at Chequers. Recently, UKG accepted some amendments to the Customs Bill, which was seen as a concession to the hard Brexit supporters – led some people to ask whether the Chequers deal is breaking down. Now there's speculation about the trade bill and whether UKG will lose votes to the soft Brexit side of the conservative party, things are fragile.

7.2 DB explained that if the Chequers deal was the final deal – not that SG thinks it will be – UKG distinguished between goods and services, except for services it essentially wants to be outside the single market, to have maximum freedom to do other trade agreements on trading services. For goods, the Chequers deal and white paper that came after it, talk about the concept of a common rule book with the EU, in order to have frictionless trade for goods, including food and drink products between the UK and the single market. The common rule book that is envisaged is not for all the rules, it's just what UKG defines as rules which are necessary for trade to happen without friction. For example, animal health, plant health and food safety rules are things that would be deemed to be things that are trade related and therefore, there would be a common EU and UK rule book. Whereas things like product quality standards it appears – in the opinion of UKG – is less essential for frictionless trade, so you wouldn't need to apply the common rule book. Although, the UK may decide to mirror the European rules on this anyway, just to ensure trade could still happen. UKG hope that this would involve no tariffs or quotas on trade for all kinds of good, including agri food goods, but the CAP and CFP would not apply in the UK, and there would not be free movement of people. There would be, what the UKG describes, as a 'helpful regime for economically beneficial migration' in the sense of the free movement - but in the sense of the single market, there wouldn't be free movement of people into the UK from the EU.

7.3 This is what UKG has set out as it's opening bid negotiations, and looking at it from the other side, how is the EU 27 likely to react that? It is not for SG to second guess the EU position. However, if you look at all the precedents, the EU Side in the negotiations, has been adamant up until now, that the four freedoms are indivisible; free movement of people, goods, services and capital, so as far as this proposal from UKG looks for freedom of movement of goods – but not the others – that looks incompatible, if the EU maintains its position that the four freedoms are indivisible. Similarly, if you look at other EU trade deals and trade arrangements for a precedent, EEA membership for example, that's the closest that any third country has to full single market status, without being an EU member state. Under the EEA, the EEA countries aren't bound by CAP and CFP, but in recognition to that, they don't get single market access, they don't get tariff and quota free access, for agri food products. SG feels that what the UKG is proposing is unprecedented. From

SG's point of view, our starting point was that if we have to do Brexit at all, it would be better to be in the customs union and the single market. The point about EEA membership not giving you access to agri-food, SG pointed this out 18 months ago in SPiE document and said that ideally, this would be negotiated as well. So the downside to the EEA status, is the lack of access for agri-food products and the fact you become a rule taker, which in SG's view, is why we shouldn't be doing Brexit in the first place. If we want access to the single market and influence over the rules, the way you get that is by being a member state and not exiting.

7.4 In terms of what happens next in the negotiations, we are still in the place where the two elements remain to be sorted out; the withdrawal agreement to the period of up to the end of 2020 and then the long term relationship after that. The draft withdrawal agreement is still around, but still not signed off, so it is possible that the EU will exit without a deal. If the withdrawal agreement is adopted in the form that it is currently drafted, although we still leave in March 2019, the withdrawal agreement would say that EU law continues to apply in the UK until the end of 2020, with the exception of CAP Direct Payments, where UK law would cease to apply after the end of 2019. So the 2020 scheme year would count as out, not in. In regards to Pillar 2; we're not completely clear, it never has been and still isn't.

7.5 What is relatively clear, if the withdrawal agreement is adopted, meaning EU law continues to apply to 2020, if there is a Pillar 2 contract where the capital work is done in 2020, the claim is made in 2020 and payment is made in 2020 – all that will be done while the UK is subject to EU law and there will be EU money there to draw down - so that would count as (we assume) as in. In contrast, for annual recurrent payments for activities taking place in the 2020 scheme year, but for which the payment wouldn't happen until 2021, the status of this is unknown. Still don't have clarity of whether EU rules apply or not. As far as the funding goes, there's no new clarity on what happens if we've exhausted all the European money and whether there will be domestic funding available or not. Still a question mark around what counts as farm support.

7.6 One member asked for an update on PGI's. DB responded explaining that this is George Burgess's, Deputy Director- Food, Drink & Trade, area of work specialism, but offered his understanding. Firstly, SG recognises that UKG grasps the importance of PGI's for Scotland because we've emphasised it so many times. A system could be envisaged after Brexit whereby UK – despite not being a MS any more – still effectively remain part of the European PGI system. This doesn't appear to be what UKG has in mind. They seem to think there could be two similar but separate systems; UK system/s and a EU system that would mutually recognise each other. One of the issues is to what extent this is reserved or devolved. Intellectual property rights is a reserved issue, and agriculture and food and drink are devolved. Not something that has been sorted out to SG's satisfaction as far as we know, UKG are still discussing with their lawyers. SG is pressing for maximum influence for Scotland. Another unresolved issue is whether this is something that

would be sorted out in the context of the withdrawal agreement by the end of 2020 – or whether it would be sorted out in the longer term economic partnership - It's subject to negotiations.

7.7 DB moved on to discuss what was happening within the UK focussing on constitutional matters. The EU Withdrawal Bill now has passed through Westminster and is now an Act - SG not happy with the final form of legislation. This has triggered a situation whereby in the eyes of Scottish Ministers, where the Sewel Convention on legislative consent has been called into question. There's a statement from Michael Russell, Cabinet Secretary for Government Business and Constitutional Relations, on behalf of Scottish Ministers that calls on UKG to enter serious discussions with SG, on what the future is for the Sewel Convention and the legislative consent process. This statement also says that in the meantime, SG will not advise the Scottish Parliament that consent is given to the Brexit related Bills as they go through parliament. This isn't to say that SG will never recommend legislative consent, but what it is saying is no recommendation will be given for the time being.

7.8 In regards to funding, there has been no substantive progress made - update in the previous minute still stands – the uncertainties remain, still don't have clarity on farm support. Have had some contact, between Defra and Devolved Ministers, and for the first time, a Treasury Minister dialled in to the most recent Defra/DA Ministerial meeting – but SG didn't get an answer to that question, nor any answers on the shared prosperity fund. What we did get, was some positive sounding movement on the convergence funding review, that's all we can say at the moment as we await absolute confirmation. ID added that the difficulty is, UKG want to look forward and not backwards. DB explained that SG have always been clear that we're not asking for money to be 'clawed back' from farmers in England, NI and Wales. What we do want, is that if the review was to conclude that the previous funding decision was wrong and that Scottish farmers have been denied money from 2015 onwards, that's there is a mechanism to right this wrong without clawing the money back from innocent farmers in other parts of the UK, by HMT giving what is due to Scotland - Why would SG go into a review without this being our position?.

7.9 Preparations within the UK if no deal: Little more clarity on this now – both within Scotland and at UK level. The various UK departments, including Defra, are beginning to write legislation – essentially as a contingency measure. We won't know whether there's going to be an exit deal until Autumn at the earliest, if we get to this point and there looks like there's no deal, there would then be insufficient time to do the preparations for a no deal between then and March 19. So each of the DA's are making preparations in case of a no deal, but in the knowledge that if the withdrawal agreement is agreed, then we would immediately be in a different scenario. UKG is drafting legislation which we may see some of before the summer, but more likely Autumn. In a statement from Mr Russell, he sets out that as a responsible Government, we have to prepare just in case. This is what has

previously been referred to as the deficiency fixing where we will roll EU law into domestic law, so it will be operable come March 2019. There will be a lot to do in a short time, so whist stakeholders view would be welcome, it might feel like a rushed process.

7.10 DB moved on to discuss the Defra Agriculture Bill. SG now has some intel on Defra's intentions and seen bits of the Bill in draft. In terms of timing, it won't be introduced before summer recess, think Defra have confirmed to Devolved Ministers, and the introduction of the Bill will be after Westminster summer recess – first half of September. The extent to which Bill might tie hands of DA's in guise of UK framework of farm support - Defra state they are not in a position to share information on this. The SG position is that any such rules would be agreed, not imposed. SG are not in a position where we would say we're happy with what we understand what Defra's intentions are - but need to see the final draft of the Bill first. DB also told the group that SG now has recommendations from the Agricultural Champions and there is a meeting scheduled with Mr Ewing on how he's going to take the recommendations forward. DB flagged up that one of the dilemmas SG faces, is how to handle the many things going on simultaneously – how are work strands linked. **Please see work strands slide that is attached separately.**

8. Brexit Transition Consultation

8.1 David Balharry (DB) gave a brief overview of the Brexit Transition Consultation. In its simplest, it talks about CAP support, and we'll still use these terms up until 2024 – this is key component. DB is looking for comments on what we want after 2024. The document details moving away from individual sectoral thinking, into a post-silo world - the environmental strategy is also vital in this. DB explained that intention is to retain as much of CAP, but simplify it, and this document is only one element in this debate. Day one readiness is a key part, ensuring we have a legislative framework. There is a simplification taskforce, whereby SG utilises internal staff, then looks to externals for thoughts on the process. Moving towards 2024, SG has the opportunity to move towards innovation. When we pull together the results of the consultation, we can start testing the options. The consultation largely structures it's thinking around Pillar 1 and Pillar 2 and contains proposals to simplify the SAF scheme - to make it easier – the scope to manoeuvre will depend on the legislative proposals and its complexities. Pillar 2 is more complicated as it involves LFAS, which is put in the bracket of Direct Payments. Currently, CAP is based on European decisions – in future we can make our own decisions, i.e. LEADER, we can take our own decisions on where this will sit. ID added that with Pillar 2, we're working to a shorter timescale as the programme ends in 2020 – decisions need to be made on how we deliver this support. As previously stated, is the lack of clarity around funding guarantees makes things more difficult. **Please see DB's slide attached separately.**

9. Strategic Environmental Policy Update

9.1 Ian Jardine provided an overview of the work being undertaken on the Strategic Environmental policy. The 2017/18 Programme for Government (PfG) committed to developing ‘a strategic approach on environmental policy to protect and enhance our environment, safeguard natural capital and continue Scotland’s leading role in addressing environmental challenges’. In ‘Developing an Environment Strategy for Scotland: Discussion Paper’ (June 2018), SG set out its intention to deliver this commitment by publishing an Environment Strategy in late 2018. The commitment to develop an Environment Strategy is reiterated in the 2018/19 PfG, which states that: ‘Regardless of the UK’s future relationship with Europe, Scotland will continue to lead action to protect, enjoy and enhance our environment and tackle global environmental challenges. To support this, SG will publish an Environment Strategy which will help to coordinate action and guide future activity across Scotland’s existing environment policies, addressing biodiversity, land use, water, air, seas, climate change, the circular economy and our connection with nature. The Environment Strategy will seek to achieve three key aims:

- To provide a strategic statement of the ambition that Scotland’s existing environment policies work collectively to deliver.

- To help coordinate action and guide future activity across Scotland’s existing environment policies by defining a set of evidence-based Priorities for action.

- To better mainstream environmental goals across the work of government by demonstrating the fundamental role our environment policies play in delivering sustainable, inclusive economic growth, social wellbeing and Scotland’s contribution to the UN’s Sustainable Development Goals.

- The Discussion Paper published in June invited feedback on a draft Vision (based on ‘One Planet Prosperity’), six supporting draft Outcomes and a series of draft Knowledge Accounts which will be used to help inform a set of high level Priorities for action.

SG are currently considering responses to the online discussion and engaging with public bodies and stakeholders to help inform the development of the Environment Strategy. **Please see presentation that is attached separately.**

10. AOB

10.1 ID informed the group that we are cancelling the next meeting of 27 August 2018, as we need time to analyse the consultation responses. The next ARD Stakeholder Group meeting will take place on 13 November 2018.