



Scottish Rural Development Programme

**SRDP 2014-2020: Rural Development Operational Committee (RDOC)
Programme progress report**

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1. Actions/issues Log

Action	Timetable for action	Action status
Meeting held on 4 October 2020		
Amend May minute to correct AECS monitoring completion date.	01/11/2019	Minute has been amended.
Seek further information on the Professor Bell group and circulate.	05/11/2019	A link was sent to RDOC members for the consultation that ran from 05/11/2019 – 12/02/2020. Once the results of this consultation are published they will be shared with group.
Amend Woodland Crofts Partnership typo on page 10 of the Programme Progress Report.	01/11/2019	The typo in the Programme Progress Report has been amended.
Share FPMC evaluation with the RDOC.	01/11/2019	Evaluation was shared with RDOC when draft minutes were sent out.
Scheme update table to be revised to include reasons for indicator colours and changes.	12/05/2020	Revised on scheme update table and reason for change clearer in comment column.
Further detail on the modification to be issued by correspondence to formally seek the RDOC's opinion.	01/11/2019	Continuing dialogue has been had between the RDOC and Scottish Government in regards to the most recent modification of the SRDP.
Further discussions on the monitoring and evaluation of SRDP are required. This topic will be revisited at the next RDOC.	12/05/2020	This was put on the agenda for the May RDOC, with session dedicated to monitoring and evaluation of the SRDP. A paper has been circulated for the May RDOC but this item will also be taken forward to the next RDOC to allow further communication and discussion to take place.

2. Programme update

Partnership Agreement

- All funding programmes continue to make commitments across Scotland.
- Delivery of the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes have continued against the respective Operational Programmes. Extensions and new operations have continued to be considered and approved. To date £572m committed out of a total value of €872m (£745mbased on £1: €1.17).
- Programmes are currently in suspension, we are working closely with the EC and lead partners to resolve the issues raised.
- Annual Implementation Reports are currently being drafted.
- The recent consultation to consider the replacement of the ESF and ERDF programmes closed on 12 February, and a report, led by Professor David Bell, will be sent out to Ministers in due course to outline the findings.

EU exit/future issues

- Funding guarantees - SRDP projects are guaranteed, for the lifetime of the project, where contracts are entered into before 31 December 2020. The UKG has committed to guarantee the current annual budget to farmers in every year of the next Parliament and that they will use the structural fund money that comes back to the UK following Brexit to create a UK Shared Prosperity Fund. However, we do not have any details yet of these commitments, including how much funding will be received and that it will not have any conditions attached. Ministers and stakeholders continue to push for all Pillar 2 (and Pillar 1) to be guaranteed in full.
- 2021 – 24: Proposals focus on retaining existing CAP schemes, in broad terms, to provide certainty for farmers and land managers, while simplifying the administration of those schemes. The Agriculture (Retained EU Law and Data) (Scotland) Bill was laid in Parliament in November and is progressing through Parliament. An Agricultural Transformation Programme has been announced to focus on climate change, sustainability, simplicity, profitability, innovation and productivity.
- 2024: The Farming and Food Production Future Policy Group has met several times to develop broad themes for recommended action, taking a holistic approach to developing the rural economy, sustainable food production, protecting the environment, and innovation to deliver. Updates are available at <https://www.gov.scot/groups/farming-and-food-production-group/> They will publish a report in summer 2020.
- No substantial progress on the next CAP is expected until decisions on the MFF budget. The Commission have introduced legislation to extend the current CAP for a year in recognition that there will be a delay in the implementation of the new CAP.

3. Programme monitoring

Modification Update

- Modification 6 was approved in December 2019. It included a change to the co-financing rate and financial plan; introduced the LFASS payment rate for 2020 (in line with EU rules); removal of all references to the JPMC from the programme; adjustment of indicator plan to reflect budget realignment and provided ability to extend AECS contracts.
- Consideration is being given to a seventh modification before the end of the programme, to align measure budgets to final spend to allow for a smooth closure process. A decision is yet to be taken on the timing of this process.

Monitoring & Evaluation

- The evaluation of the 1:1 part of the FAS showed that in terms of the benefits achieved, the FAS is mainly acting to improve the benefits farmers and crofters achieve through taking recommended actions. The full report is online.
- A review was conducted of the FPMC Scheme. To date the Scheme has awarded almost £60 million to 119 projects. The evaluation, available online, identified numerous benefits to the scheme. However, there were concerns about multiple awards for some participants and the extent to which large businesses were more able to access grants than smaller ones, owing to factors such as the use of agents.
- There has been good progress with the monitoring of the AECS. Work is progressing on the two pieces of work. As part of the data housekeeping exercise, SNH has set up an internal project and is producing a series of heat maps on AECS uptake. The evaluation of the scheme as a whole has compared in and out scheme farms on some variables. However, it is challenging to characterise the findings prior to finalisation.
- A process evaluation of LEADER has been produced and a more detailed evaluation by SRUC is awaiting publication. These have identified a range of benefits to the programme and ongoing support for the decentralised approach. The evaluations raise interesting questions for the development of similar policy in the future.
- The SRN evaluation is near completion. The evaluation notes that the network has effectively achieved their goals and makes some recommendations for developing the network going forward.
- The evaluations of FAS one to many and the NESUG and YFSUG are close to commencing. Both have been methodologically specified and are waiting for final ethical/data protection sign-off. Survey development is ongoing and the reports are tentatively expected in October.
- The KTIF evaluation is currently in development. Key research questions have been identified but further discussion of the available data and key policy concerns are ongoing. The evaluation is expected in December.

AIR - Annual Implementation Report

- Work on the AIR for 2019 is currently on-going.
- All the required data from the schemes has been gathered and it is currently being compiled and undergoing quality assurance checks.
- Once the AIR has been completed it will be passed to the RDOC as soon as possible for their consideration and approval.
- Given the current circumstances the deadline for the AIR to be submitted to the European Commission has been extended to the 30 September. It is still the intention to have the AIR completed and ready to submit by the usual deadline of 30 June.

4. Communications

SRDP Communications

- The Annual Strategic Communications Plan for 2020-21 summarises the key communications aims. These include:
 - To sign post and communicate to beneficiaries, stakeholders and the wider public information on; the practicalities of the end of the SRDP2014-2020 programme, the future rural support programmes during 2021-24, COVID-19 response and recovery , Brexit implications including the transition period and any future economic partnership.
 - Share information about individual schemes, targeting and budget availability, promoting the overall progress of the current programme as we move towards its closure.
 - To promote SRDP opportunities and achievements across the rural events calendar wherever appropriate.
 - To distribute findings from the ongoing evaluation of the SRDP evaluation project. A number of evaluations are in progress, with numerous completed and published evaluations expected over the course of the year.
- Activities over 2019-20 have included:
 - ARE communication team have used a number of communication channels to provide messaging across SRDP schemes including AECS application window extension, publishing payment timetables and promoting BES events.
 - The Rural Innovation Support Service (RISS) had a number of communication activities throughout the period including booklets on RISS groups distributed at the RHS 2019, case studies on their website and generating articles for the farming press.
 - Quarterly communication review summarising the main communications activity for 2019-20, produced by SRN.

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- Video filming over November & December of various SRDP and EMFF funded projects for development into video case studies.
- Facilitated Monitoring & evaluation (M&E) workshop session for Scottish LEADER staff group. Six core evaluation questions identified by group to inform M&E
- Funding of stakeholders to the European Rural Parliament in Spain (Nov 2019) in order to inform development of the next Scottish Rural Parliament.
- Support & promoted various SG consultations including Present Voices, Futures Line (a vision for housing for the next 20 years)
- Developed & delivered a Smart Village Network meeting for European partners including organisation of project visits & guest speakers
- Worked with Rural Youth Programme (RYP) to promote & support RYP Ideas Festival inc. support to the Minister for Rural Affairs & Natural Environment as keynote speaker.
- Worked with Highland & Moray FLAG & North East FLAG to develop & deliver a learning journey for a Swedish FLAG involving a programme of project visits to EMFF funded projects.
- Promoted various theme days from a rural perspective e.g. international day of rural woman, etc.
- Developed & facilitate a workshop hosted by Wester Ross Biosphere in Torridon to inform a tourism destination plan for Wester Ross
- Promoted Year of Coast & Waters including various funding streams
- Worked with Scottish Rural Action (SRA) to scope locations for the next Scottish Rural Parliament include site visits to potential venues, meetings with potential delivery partners, exploring funding and sponsorship options, etc.
- Worked with SRA to develop and support delivery of their annual conference inc. facilitation of workshops, on site event management
- Switch to COVID-19 activity – all previously planned activity on hold
- COVID-19 hub set up on SRN website targeted at rural audience and stakeholders.

5. Finance

Budget

- Total budget remains €1.5bn (or 1.22bn sterling – assumed exchange rate of €1.20 = £1).
- The co-financing rate is 52% EU funds: 48% SG funds from 01 Jan 2020.
- Pillar 1 to Pillar 2 transfer – remains at 9.5%.
- Scheme budgets are indicative and modification 6 has updated budgets to reflect demand, uptake and priorities, for example changes to LFASS payment rates.
- The vast majority of budget committed and with on-going pressures on SG budgets, very limited flexibility for remainder of programme.
- SG 2020/21 budget was announced on 6 Feb 2020 before the UK March Budget and is in line with the latest modification.
- The UK Government has agreed to repay £160 million CAP convergence funds owed to Scotland's farmers and crofters.
- In March Convergence payments were made to 17,900 farmers and crofters with the total value of payments processed over £88 million. The second tranche is due in March 2021.
- The intra-UK funding allocations review under Lord Bew has concluded, with the UK Government accepting the recommendations. Scotland expects to receive £25m in 2020/21 and again in 2021/22.
- Careful monitoring of the budget will continue this year especially in light of the concerns already raised in relation to meeting contract requirements. Businesses have been impacted by COVID-19 and we will continue to monitor progress against commitments as we move from a period of response to recovery.

6. Error Rate Action Plan

Error Rate Action Plan

- The Error Rate Action Plan is in place to identify remedial action for deficiencies found in the management and control system. Those action plans are then assessed by the Commission to check whether they would, if properly implemented, actually remedy the identified deficiencies in due time.
- The error rate action plan has been closed following the Bilateral Meeting on 1 October 2019. During this meeting, it was agreed that the evidence provided around the Forestry income forgone payments had been addressed.
- There are currently no reservations relating to other EC related audits or the DG Agri Annual Report.

7. Risk Register – key risks

Risk	Impact	Mitigation
Brexit/funding guarantees: Guarantee for SRDP programme for contracts in place up to 31 December 2020. No guarantee for projects past this date	No impact for current SRDP which should allow SRDP objectives to be delivered on the rural economy and communities, including environmental and farming support. The on-going lack of clarity for funding post 2020 risks continued delivery of these outcomes. Potential delays to Brexit negotiations could extend the Implementation Period.	Central SG Finance, and Scottish Ministers continue to press on HMT for further clear, written funding guarantees on the UKG 'farm support' commitment and for information on the Shared Prosperity Fund. Continued engagement across UK administrations to allow issues arising from an extension to be understood and addressed.
Limited budget and tightening of public sector finances, continued pressure on domestic budgets risk to overall impact on delivering SRDP outcomes.	SRDP is co-financed by SG, budget impacts will come directly from SG's spending reviews. This may affect the ability of the programme to delivery expected outcomes, the balance between measures in the programme and the ability to deliver original level of support set out in the initially approved programme.	SRDP programme team continue to review financial allocations and demand to ensure allocated funds are provided to key priority areas, subject to ministerial decisions. Consideration will be given to the need for a further modification in 2020.
Failure to deliver SRDP payments	IT challenge could result in delay to SRDP payments and / or limit type of scheme payment. COVID-19 impact on normal application and claim processes.	Manual contingency has been developed for making payments if required. National loan scheme to deliver substitute payments for LFASS support as required offered for 2019 applications. Measures have been put in place to ensure the continued delivery of services e.g. changing to electronic claims, % of grants paid without completion certificates, area office answer phone ring back service.
Ability to continue support to rural and remote farms and crofts due to the changes to rules for LFASS payments at	A cessation or significant drop in support to the current less favoured areas risks the viability of up to 11,300 businesses, ultimately risking potential land abandonment and associated socio-economic and environmental impacts.	The Cabinet Secretary has committed to additional funding in the LFA area. For 2019 he has used the first tranche of CAP convergence money to make up the shortfall in funding, and he has stated that he intends to do the same with the Second tranche of convergence funding.

80% for 2019 and 40% for 2020.		
Monitoring & evaluation	Lack of evidence on performance of schemes against outcomes which is necessary to inform the design of future support.	Monitoring completed or underway for most schemes. Progress against programme targets is being monitored through Annual Implementation Reports and feedback from the Commission and contractors will help improve our monitoring. Share progress, good practice and approach with other administrations across the UK ,
Covid-19 Impacts	Covid-19 will have varying impacts on the agricultural sector and wider rural businesses. The main impacts on the SRDP so far are issues of claimants being able to fulfil contracts. This has already been noted where work has been paused, due to contracted work not being carried out.	Officials are in contact with stakeholders, area office staff, LAG's and claimants to monitor progress, escalate any issues raised and continue to review claims on a case by case basis if necessary.