

**SCOTTISH GOVERNMENT REPORT TO  
PARLIAMENT:  
ECONOMIC CONDITION OF CROFTING  
2011 - 2014**



**The Scottish Government's report under section 51 of the  
Crofting Reform (Scotland) Act 2010**

**Report No. 2**

**19 December 2014**

**SCOTTISH GOVERNMENT REPORT TO PARLIAMENT**  
**ECONOMIC CONDITION OF CROFTING**  
**2011 - 2014**

**CONTENTS**

<b>Foreword</b>	<b>p4</b>
<b>Executive Summary</b>	<b>p6</b>
<b>1. Introduction</b>	<b>p8</b>
<b>1.1 General</b>	<b>p8</b>
<b>1.2 What is a Croft and Crofting</b>	<b>p9</b>
<b>2. Section 51(1)(a) – Economic Conditions of Crofting</b>	<b>p10</b>
<b>2.1 Introduction</b>	<b>p10</b>
<b>2.2 Data and Information Sources</b>	<b>p10</b>
<b>2.3 Economic Indicators</b>	<b>p12</b>
<b>2.3.1 Population</b>	<b>p12</b>
<b>2.3.2 Housing</b>	<b>p17</b>
<b>2.3.3 Economic Activity and Employment</b>	<b>p20</b>
<b>2.3.4 Crofting and Agricultural Based Activities</b>	<b>p29</b>
<b>2.3.5 Land Usage and Absenteeism</b>	<b>p38</b>
<b>2.3.6 Future of Crofting</b>	<b>p40</b>
<b>3. Section 51(1)(b) - Measures taken by the Scottish Ministers and the Crofters Commission during the reporting period; and</b>	
<b>Section 51(1)(c) - Further measures to address the economic conditions of crofting</b>	<b>p42</b>
<b>3.1 General</b>	<b>p42</b>
<b>3.2 Financial Support to Crofting</b>	<b>p42</b>
<b>3.2.1 Crofting Counties Agricultural Grant Scheme (CCAGS)</b>	<b>p43</b>
<b>3.2.2 Croft House Grant Scheme</b>	<b>p44</b>
<b>3.2.3 Cattle Improvement Scheme</b>	<b>p45</b>
<b>3.3 Designated Areas for Crofting</b>	<b>p45</b>
<b>3.4 Common Agricultural Policy (CAP)</b>	<b>p46</b>
<b>3.4.1 General</b>	<b>p46</b>
<b>3.4.2 Pillar 1: Direct Payments</b>	<b>p47</b>

3.4.3 Pillar 2: Scottish Rural Development Programme (SRDP)	p49
3.5 Scottish Government Support for Advice in the Crofting Counties	p58
3.6 The Crofting Commission	p58
3.7 Highlands and Islands Enterprise	p67
3.8 Forestry Commission Scotland (FCS)	p72
3.9 Planning	p75
3.10 Community Energy/Renewables	p77
4. Next Report	p79

## **FOREWORD**

I am pleased to submit to Parliament this second report under Section 51 of the Crofting Reform (Scotland) Act 2010 (“the 2010 Act”) addressing the wide-ranging issues contributing to the economic condition of crofting in the 21st Century. This report covers the period 2011 to 2014 and builds on the baseline report published in 2010 by providing a greater evidence base on which to develop future crofting policy. The Scottish Government has worked in collaboration with crofting representative bodies and other crofting stakeholders to develop this report.



To build on the evidence presented in this first report and to help develop an evidence base for future crofting policy, two bespoke reports were commissioned by the Scottish Government during the preparation of this report. The first was a survey which directly asked a sample of 2,000 crofters questions on a range of issues pertinent to crofters and crofting. The other sought the views of consulting experts and wider stakeholders on broader topics and concerns with the crofting community. This report has also utilised further sources within the Scottish Government to provide a fuller picture of the economic condition within crofting.

This reporting period has seen a number of developments following the introduction of the 2010 Act, including the reconstitution of the Crofters Commission to the Crofting Commission, with a focus on crofting regulation and the first set of elections to select six board members to the Crofting Commission, providing majority crofter representation on the board, alongside the 3 Ministerially-appointed members, from throughout the crofting counties.

Whilst there is some evidence provided in this report, it is too early to conclude with any certainty the full impact of the 2010 Act, particularly on longer term issues such as absenteeism, duties on tenant and owner-occupier crofters, speculation on croft land and succession arrangements. These provisions will therefore be covered in more detail in the next report, due to be published in 2018.

Since it succeeded the Crofters Commission in 2012, the Crofting Commission has worked assiduously as the crofting regulator and is making good progress in addressing the key issues that continue to blight crofting. I would like to thank Susan Walker, the existing Convener; Catriona MacLean, the Chief Executive Officer (CEO) and Accountable Officer (and her predecessors since 2011 – Nick Reiter and David Balharry); the Commissioners; and staff at the Commission for their efforts in delivering a public service to crofters, crofting and crofting communities throughout the crofting counties, particularly through a challenging period of significant change and new legislation. As we move forward I am sure the Crofting Commission will continue to help secure a positive future for crofting in Scotland.

Like Scottish Government crofting Ministers before me, I am particularly keen to ensure that our young people who are interested in becoming crofters have the best opportunities to succeed. Crofting needs young, active entrants to thrive and young, active crofters need opportunities to ensure they can safeguard the future of crofting for generations to come. Everybody interested in crofting has a collaborative role to

play to ensure that crofting remains sustainable for the benefit of crofters, our remote and fragile communities and for Scotland as a whole.

This report is just part of the Scottish Government's developing programme for crofting. With the evidence presented in this report, I hope that the Scottish Government can continue to work with stakeholders, crofters and other individuals between now and the next report to develop crofting policies which will help crofting not just to continue, but to thrive in the years ahead.

**Dr Aileen McLeod MSP**  
**Minister for Environment, Climate Change and Land Reform**

## **Executive Summary**

### **Background and Methodology**

Section 51 of the Crofting Reform (Scotland) Act 2010 requires Scottish Ministers to submit a report on the economic conditions of crofting to the Scottish Parliament every four years. The first report was produced shortly after the passing of the Act in 2010, reporting on the 2007-2010 period and acting as a baseline for future reports.

This report provides a detailed outline of the economic situation that crofters face, both as individuals and as a community over the 2011-2014 period. This report also covers recent policy measures taken by Scottish Ministers and the Crofting Commission to assist the crofting sector, and measures planned for the future.

This report builds on the 2010 baseline report by utilising a more expansive and detailed evidence base. In addition to a review of statistics on population, businesses, housing, labour and agricultural production, two surveys were commissioned to provide a detailed picture of the economic conditions faced by crofters. One survey covers social and financial statistics, asking crofters specific questions about their incomes, business running costs and plans for the future. The other survey reflected on the views of crofters and wider stakeholders about the main challenges within crofting and how these could potentially be solved in the future.

### **Main Findings**

Household Income and Employment:

- Crofting households spent an average of 11.7 hours per week on crofting-related activities over the last twelve months and received an average revenue of £4,900 for this work. Assuming the sample used in the survey was representative of the crofter household population as a whole, £85.8 million of revenue was generated by crofts over the last twelve months. Deducting the average business running cost of £3,900 (excluding any land and housing liabilities) gives a figure of £17.7 million for the total income to crofting households from on-croft activities.
- Whilst agricultural activities represent the vast majority of crofting related output, businesses who have chosen to diversify receive a significant proportion of their income from other activities. B&B facilities were the most common form of diversification and represented around half of the on-croft activity for those businesses running a B&B.
- For those households with at least one person engaged in non-crofting employment or self-employment, combined working hours of all persons in the household averaged 49 hours per week, with £27,500 average earnings from these activities over the last twelve months. Assuming the sample used in the survey is representative of the crofter household population, the total non-crofting income of crofting households was estimated at £482.2 million over the last twelve months.

### Common Agricultural Policy Support:

- Crofters were found to be much more reliant on Common Agricultural Policy (CAP) support payments than non-crofters, with 50% of crofters indicating they would reduce the intensity of their agricultural production if CAP support was reduced by 25%. This compared with 30% of non-crofters who said they would reduce agricultural production if CAP support was reduced by 25%.
- By 2019, Crofters are estimated to see an increase in the total Pillar 1 CAP support they receive. Based on the 2014 scheme year exchange rate of €1= £0.773, the total payments made to businesses with a registered croft are expected to rise from around £20 million in 2013 to around £33 million in 2019.
- Funding specifically designated to support crofters under Scottish Rural Development Programme (SRDP) has been maintained at £14 million under the 2014-2020 programme. Crofters will also have access to various other SRDP funds, such as Less Favoured Area Support Scheme (LFASS), Agri-Environment schemes, Advisory Services, and Young New Entrants Start-up Grants.

### Crofting Households and Absenteeism:

- Crofting households have an older age profile when compared to other households in the Crofting Counties or Scotland as a whole. 33% of adults in crofting households were over the age of 65, compared to 25% of adults in all households in the Crofting Counties and 21% for Scotland as a whole.
- Being brought up in a crofting family was the most frequently cited reason for becoming a crofter, mentioned by 68% of survey respondents. Other common reasons were the family croft becoming available (37%) and the crofting lifestyle (33%).
- Respondents to the SAC survey indicated that measures taken by the Crofting Commission to tackle absenteeism were having a positive impact on activity levels, however there was a unanimous view among survey participants that there was a greater issue of inactive resident tenants who are reluctant to release land to a new or active crofter.

### Investment:

- 58% of crofters reported investing in their croft over the 2011-2014 period. Assuming the sample is representative of the crofting population, £138 million was invested in crofts by crofters over the 2011-2014 period. The vast majority of investments were in some way related to agriculture and 68% of respondents indicated that all of their investments were related to agriculture.
- 55% of crofters were planning to invest in their croft over the 2015-2018 period. Assuming the sample is representative of the crofting population, an estimated £88.9 million is expected to be invested on crofts over the 2015-2018 period.

## **1. Introduction**

### **1.1 General**

1. The Crofting Reform (Scotland) Bill was passed by the Scottish Parliament on 1 July 2010 and received Royal Assent on 6 August 2010. The key provisions in the Crofting Reform (Scotland) Act 2010:

- reformed the Crofters Commission<sup>1</sup> to make it more democratic and accountable by including elected members;
- established a new Crofting Register to provide greater legal certainty over the extent of, and interests in, croft land;
- placed duties on tenant and owner-occupier crofters to live on, or within 32 kilometres of, their croft and to work the land, and for the Commission to enforce these duties; and
- addressed speculation on the value of croft land, and enabled protection of croft land for the benefit of future generations.

2. The 2010 Act can be viewed at:

<http://www.legislation.gov.uk/asp/2010/14/contents>

3. Section 51 of the 2010 Act places a duty on the Scottish Ministers to report to the Scottish Parliament once every 4 years on:

- (a) the economic condition of crofting;
- (b) the measures taken to support crofting during the reporting period by –
  - (i) the Scottish Ministers;
  - (ii) the Crofters Commission; and
- (c) the further measures that the Scottish Ministers intend to take to address the economic condition of crofting.

4. This second report therefore covers the period from 2011 to 2014 and uses the latest information available. Copies of both the first report and this report will be available on the crofting pages of the Scottish Government's website at <http://www.scotland.gov.uk/topics/farmingrural/rural/crofting-policy/>

5. During this second period, further crofting legislation was brought forward to address a specific issue highlighted after the implementation of the 2010 Act, that is, to equalise owner-occupier crofters' rights with that of tenant crofters and allow them to apply to the Crofting Commission to de-croft their land. In recognising the need for an urgent solution to address this issue, the Scottish Government brought forward the Crofting Amendment Scotland Bill, which was passed by the Scottish Parliament, following an expedited procedure, on 25 June 2013. The Bill received Royal Assent on 31 July 2013 and came into force that day. The 2013 Act can be

---

<sup>1</sup> As from 1<sup>st</sup> April 2012, Crofters Commission was reconstituted as the Crofting Commission.



viewed at <http://www.legislation.gov.uk/asp/2013/10/schedule/crossheading/crofting-reform-scotland-act-2010-asp-14>.

## **1.2 What is a Croft and Crofting?**

- 6.** Crofting is a system of land holding which is unique to Scotland.
- 7.** A croft is not, as many people think, a house but instead a relatively small agricultural land holding which is normally held in tenancy and which may or may not have buildings or a house associated with it. Crofts range in size from less than 1/2 hectare (ha) to more than 50ha but an average croft is nearer 5ha.
- 8.** There are presently 18,949 crofts registered on the Crofting Commission's Register of Crofts, occupied by an estimated 10,000-12,000 crofting households with a total population of around 33,000. A "crofter" is the tenant of a croft, as defined in section 3 of the Crofters (Scotland) Act 1993, however, the Crofting Reform (Scotland) Act 2010 introduced an "owner-occupier crofter" into section 19B of the 1993 Act who, as well as being subject to the same duties as a tenant crofter, both owns and works the croft. Usually, the tenant crofter holds the croft on the "statutory conditions", which apply to every croft tenancy, and will not have a written lease. These statutory conditions do not apply to owner-occupier crofters as they also own the land and therefore have no landlord. There is no control over changes in ownership of croft land, although there is a statutory obligation to advise the Commission, but every change in the tenancy of a croft is regulated by the Commission.
- 9.** Assignment is a term used in crofting to describe the permanent transfer of a tenancy from one person to another. In a normal year, 200 to 300 croft tenancies are assigned. In over half of these, the current crofter passes the croft to a member of their family and the majority of the remaining tenancies are transferred to people already known to the crofter.
- 10.** A number of crofts come onto the open market each year. Prospective crofters can look for tenancies in local newspapers or may contact crofting solicitors or estate agents to register their interest. Some have found a croft by placing a 'wanted' advertisement in the relevant local newspaper.

## 2. Section 51 (1) (a) – The Economic Condition of Crofting 2011-2014

### 2.1 Introduction

11. This section includes information on population, housing, economic activity and employment, crofting and agriculture, land usage and absenteeism and the future of crofting.

12. The evidence presented in this section attempts to provide a broad evaluation of the economic state of crofting over the last four years, and reports on crofters expectations of future prospects. This report draws on a number of data sources, including two bespoke surveys undertaken by independent contractors. Whilst much of this evidence focuses on traditional economic indicators, it should be noted that advocates of crofting emphasise the wider cultural benefits that crofting provides through sustaining rural communities. These are difficult to measure quantitatively but should be considered when examining future crofting policy.

13. Where reference is made to the “average” in this report it relates to the mean. The mean is the sum of a list of numbers divided by the size of the list. Where figures have been “aggregated up” from a sample, the mean has been used to calculate this. The median has also been reported at points and is referenced to as the median. The median is the “middle” number in list of numbers.

### 2.2 Data and Information Sources

14. To help inform this report, a number of data sources, both quantitative and qualitative, have been used. An outline and description of these sources is provided in the following table:

**Table 2.1 Data Sources**

<b>Data Source</b>	<b>Description</b>
Survey of the Economic Condition of Crofting 2011-2014.	The Scottish Government commissioned Exodus Market Research to undertake this survey to gather data on a range of issues pertinent to crofting businesses.
Exodus Market Research	<p>The survey was sent to a sample of 2,000 crofters and asked questions on key economic and social issues.</p> <p>The full text of the report by Exodus Market Research has been published alongside this report. It provides the questionnaire sent to the sample, the full results of the responses to the survey questions and a detailed analysis of written responses.</p> <p>Throughout the report this report has been referred to as either the “Survey of Crofters” or the “Survey of Crofters Report”.</p>

<p>Economics of Crofting – Qualitative Questionnaire</p> <p>SAC (Scottish Agricultural College) Consulting</p>	<p>The Scottish Government commissioned the SRUC’s SAC Consulting Branch to undertake an “intelligence” report which would provide a qualitative assessment of key issues in crofting.</p> <p>This involved seeking expert views from SAC Consultants in 11 area offices, covering all of the crofting counties and the additional areas to which crofting applies. The report covers a range of issues specifically relating to crofting, such as diversification, new entrants and the future of crofting. The views of non-crofting stakeholders within crofting communities were also sought in undertaking this research.</p> <p>A report on this research has been produced by SAC Consulting and has been uploaded alongside this report as a supporting document.</p>
<p>Crofting Commission’s Register of Crofts</p>	<p>The Crofting Commission’s Register of Crofts containing information on 18,949 crofts over the 2011-2014 period.</p>
<p>Scottish Government’s June Agricultural Census’ 2011-2014</p>	<p>The Scottish Government’s annual Agricultural Census collects information on land use, crop areas, livestock and the number of people working on agricultural holdings.</p> <p>This information has been summarised for holdings which contain crofts registered with the Crofting Commission to provide estimates for the crofter population as a whole.</p>
<p>CAP Intentions Survey: Crofting Note</p> <p>James Hutton Institute (JHI)/Scotland’s Rural College (SRUC)</p>	<p>As part of the Scottish Government’s Strategic Research Programme<sup>2</sup>, James Hutton Institute (JHI) and the SRUC undertook a survey into how farmers would react to a change in their Common Agricultural Policy (CAP) support payments.</p> <p>This survey included a sample of 267 crofters out a total of 2,256 respondents. This sample has been studied to provide a comparison between how crofters and non-crofters might react to changes in CAP support, as well as providing analysis other social and economic differences between crofters and non-crofters.</p>
<p>Office for National Statistics</p>	<p>Data from the Annual Business Survey were used to compare population and business output between the Crofting Counties and Scotland as a whole.</p>
<p>National Records of Scotland</p>	<p>Data from the Annual Census and population projections were used to compare population and</p>

<sup>2</sup> <http://www.scotland.gov.uk/Topics/Research/About/EBAR/StrategicResearch/future-research-strategy/Themes>

	<p>business output between the Crofting Counties and Scotland as a whole.  Data on housing stock and sales from the National Records of Scotland were used to provide a comparison between the Crofting Counties and the rest of Scotland.</p>
--	--

## 2.3 Economic Indicators

### 2.3.1 Population

**15.** Population retention within rural communities is an increasingly important issue. If the population is an aging one, new entrants to crofting are needed to replace retiring crofters and ensure a positive future for crofting. It is therefore important to measure how populations in crofting communities are changing if policy to address the issue of new entrants in crofting can be considered.

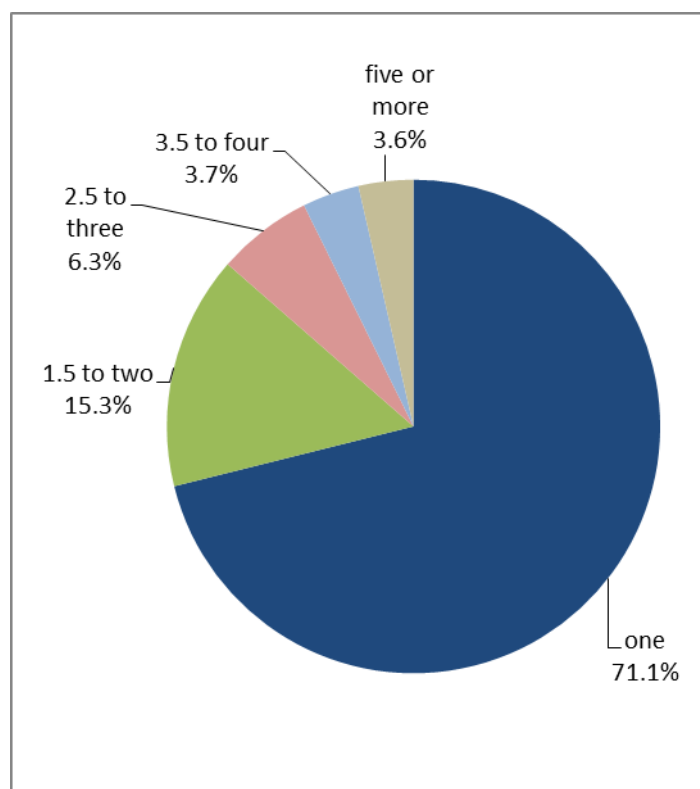
**16.** The Crofting Commission reports that the number of crofts on the Register of Crofts increased by 967 between 2010 and 2014, from 17,982 to 18,949<sup>3</sup>. These 18,949 crofts are spread out across the Crofting Counties, with the vast majority being in the Highlands (44%) Eilean Siar (37%) and the Shetland islands (13%).

**17.** The Survey of Crofters indicated that the vast majority of crofters, 71.%, owned or tenanted one croft. 25% stated that they owned or tenanted between one and half and four crofts. Just 3.6% stated they owned or tenanted five or more crofts.

---

<sup>3</sup>This large increase is mostly due to a ruling by the Scottish Land Court in relation to deemed crofts. See Section 3.6 for further details.

**Figure 2.1: Number of crofts reported on by respondents (base: 751)**



Source: Exodus Market Research

**18.** The following table provides Census data and population estimates for the Crofting Counties. As 2014 is not yet available and as 2010 was not included in the previous report on the economic condition within crofting, the period of 2010-2013 has been presented:

**Table 2.2 Population of Crofting Counties 2010-2013**

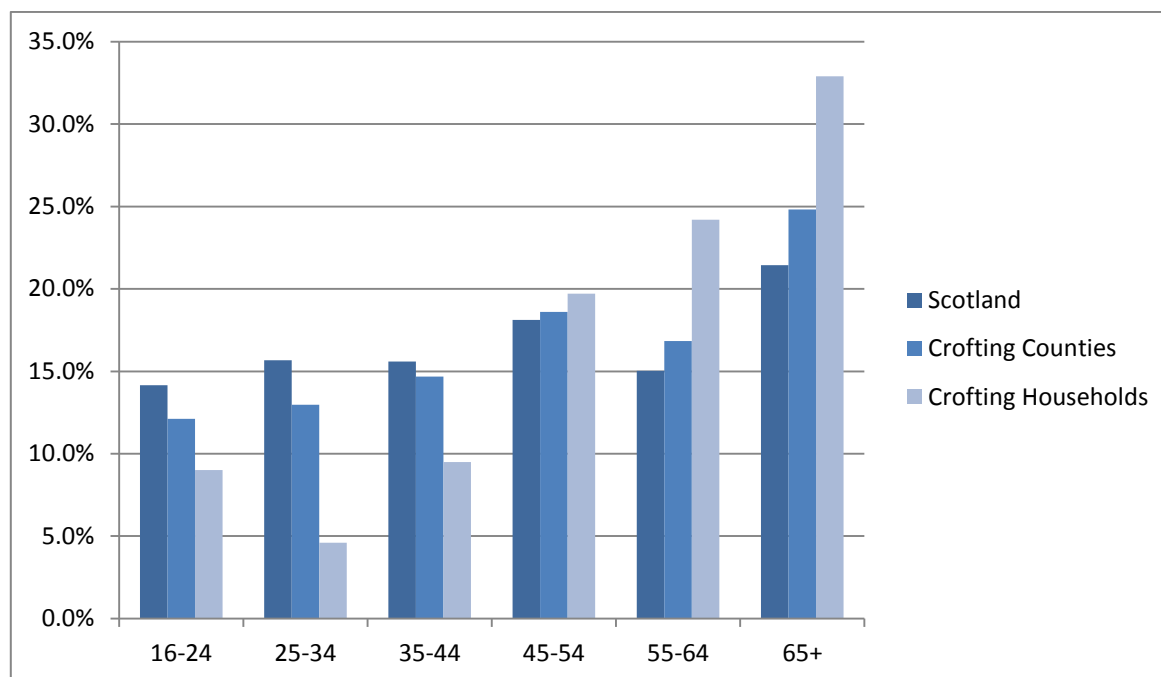
	2010	2011	2012	2013	% Change 2010-2013
<b>Argyll &amp; Bute</b>	88,620	88,930	86,900	88,050	-0.64%
<b>Eilean Siar</b>	27,600	27,690	27,560	27,400	-0.72%
<b>Highlands</b>	230,730	232,730	232,910	232,950	0.95%
<b>Moray</b>	93,690	93,470	92,910	94,350	0.71%
<b>North Ayrshire</b>	137,790	138,090	137,560	136,920	-0.63%
<b>Orkney</b>	21,220	21,420	21,530	21,570	1.63%
<b>Shetlands</b>	23,060	23,240	23,210	23,200	0.60%
<b>Crofting Counties Total</b>	622,710	625,570	622,580	624,440	0.28%
<b>Scotland</b>	5,262,200	5,299,900	5,313,600	5,327,700	1.24%

Source: National Records of Scotland

**19.** The population of the Crofting Counties rose by 0.28% over the period 2011-2013, lower than the 1.24% increase in population in Scotland as a whole. The changes in population within the Crofting Counties varied considerably. Orkney

experienced the largest gain in population of 1.63% of the 2010-2013 period, whilst Eilean Siar saw the largest drop in population of 0.72%.

**Figure 2.2 Comparison of the age profile of adults in Scotland, Crofting Counties and Crofting Households<sup>45</sup>**



Source: National Records of Scotland and Exodus Market Research

**20.** Evidence from the Survey of Crofters suggests that, as might be expected, the adult age profile of crofting households is considerably older than the age profile of the crofting counties or Scotland as a whole. 33% of adults in crofting households are over the age of 65, compared to 25% for the crofting counties and 21% for Scotland as a whole. Likewise, only nine per cent of adults in crofting households are between 16 and 24, compared with 12% in the crofting counties and 14% in Scotland as a whole.

**21.** The Survey of Crofters results revealed that just under nine in ten (89%) crofters were born in Scotland, with a further nine per cent being born in other nations in the UK and just one per cent born outside of the UK.

**22.** As might be expected given the age profile of survey respondents, seven in ten crofters indicated that they had been crofting for more than 20 years. Only seven per cent were new to crofting with less than five years' experience of working their croft.

<sup>4</sup> Under 16s have been excluded from the calculation of the percentages for Scotland and the Crofting Counties as information on under 16s was unavailable for Crofting Households.

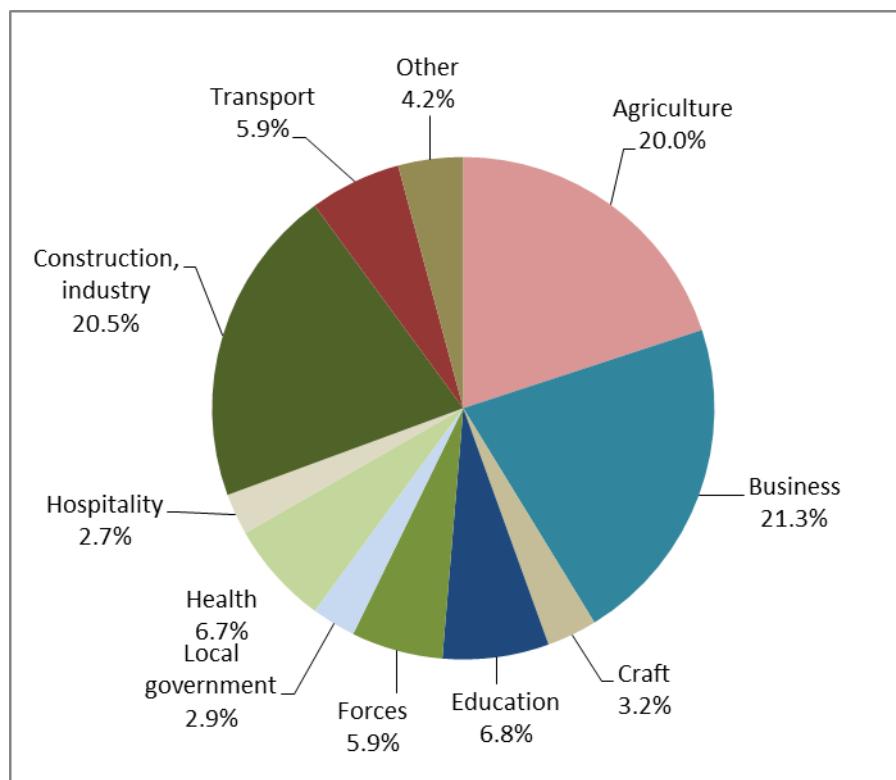
<sup>5</sup> Due to the availability of data, population estimates for 2013 were used for Scotland and the Crofting Counties, whilst data for Crofting Households was taken from the Survey of Crofters conducted in October 2014.

**23.** Understanding the background of crofters and why they decided to enter crofting as a profession is valuable if crofting policy is to help encourage new entrants and young farmers into crofting. To help provide information on this issue the Survey of Crofters asked questions about where crofters had worked before and their main reasons for entering crofting.

**24.** The vast majority of survey respondents, 81%, had been in other employment prior to becoming a crofter. Only 19% reported that they had always been a crofter. Respondents who were previously employed outside of crofting reported working in a number of different sectors, primarily the business sector (i.e. retail and administration) (21%), construction or industry (20.5%) or agricultural sector (20%).

**25.** Verbatim comments from the Survey of Crofters highlighted that many crofters felt that, for the crofting lifestyle to be financially viable, alternative employment opportunities in rural communities need to be more available. The wide variety of employment backgrounds and skillsets of crofters can be considered relevant to the development of any future employment policy within rural and crofting communities.

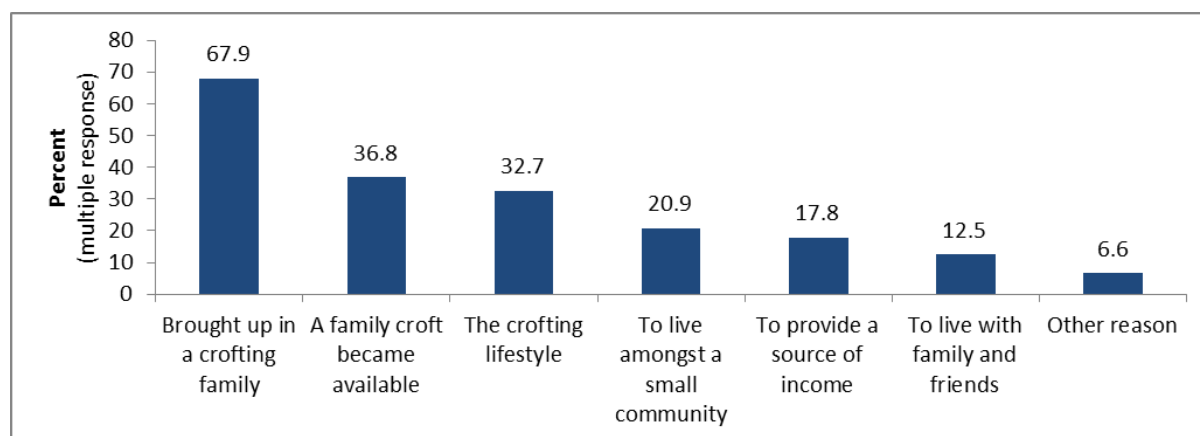
**Figure 2.3 Sectors worked in prior to / in addition to crofting (base: 526)**



Source: Exodus Market Research

**26.** Survey respondents often gave more than one reason for becoming a crofter. The most commonly cited reason was being brought up in a crofting family, as indicated by 68% of respondents. Other common reasons for becoming a crofter were the family croft becoming available (37%), the crofting lifestyle (33%) and to live amongst a small community (21%).

**Figure 2.4 Reasons for becoming a crofter (base: 742)**



Source: Exodus Market Research

**27.** A strong finding from the Schucksmith Report (2008)<sup>6</sup> to the Committee of Inquiry on Crofting was the widely held view that new entrants and young crofters were important in making a thriving crofting community. It reported that 96% of respondents felt that, to make a thriving crofting community, having young crofters was either very important or quite important, whilst 84% of respondents felt it was either very important or quite important that the community that welcomes new crofters and other incomers. Furthermore 63% of respondents felt that it was either quite unimportant or very unimportant for a community to have few incomers to produce a thriving crofting community.

**28.** Given the stated importance of new entrants and young crofters to crofting communities it is important to consider what the main barriers are preventing entry to crofting and what would encourage young people to start crofting.

**29.** The qualitative assessment undertaken by SAC sought views on the main barriers to facing new entrants to crofting. Most respondents indicated that information on vacant crofts was difficult for new entrants to obtain, the cost of assignments was too high, and it was difficult to purchase tenancies because borrowing is only an option for those purchasing an owner-occupied croft. The high capital cost of buying stock and infrastructure when establishing a new business was also cited as a significant barrier for potential entrants, which was particularly costly if the croft had been neglected or had received little investment.

**30.** Other commonly cited barriers faced by new entrants were the large amount of bureaucracy involved in crofting, the lack of Single Farm Payment (SFP) support to new entrants and the need to have stock in place in a qualifying year to gain access to Less Favoured Area Support Scheme (LFASS) payments. Finally, some respondents also cited that it was difficult to “fit in” crofting work around employment and that practical training was costly and limited.

**31.** The SAC report also asked respondents for views on potential ways in which new entrants or young people could be encouraged to enter crofting. Ideas proposed included the creation of a database of available crofts to be kept by the

<sup>6</sup> <http://www.croftinginquiry.org/Documents/final-report.html>, p20



Crofting Commission, a “fast-track” assistance service to allow regulatory and public support payments to be set up quickly, and improved employment opportunities in fragile areas to allow crofters to remain in or to move to these areas. It was also suggested that funds from Crofting Counties Agricultural Grant Scheme (CCAGS) could be used to finance community-owned infrastructure such as sheds for storage or handling facilities to reduce the high upfront capital costs that new entrants face. On a similar vein of community cooperation, it was also proposed that the establishment of machinery rings could allow new entrants the access to expensive machinery and labour, which would also help cover missing skills and experience.

**32.** Praise was also given to a number of current initiatives. Respondents noted: encouragement from support networks such as Monitor Farmers and Townships; the expected support for New Entrants under the new Common Agricultural Policy (CAP); the specific payments designated for Young Farmers under the new CAP; improved access to CCAGS under the new CAP; and training courses that are being provided by groups such as the Scottish Crofting Federation (SCF) and SAC Consulting.

**33.** The CAP Intentions Survey, undertaken by researchers at the Scottish Rural College (SRUC) and the James Hutton Institute (JHI), provided some further information on the demographics of crofters compared to the farmers across Scotland as a whole. They found that a greater percentage of crofters, 35%, are over the age of 65 when compared to the surveyed non-crofter population, 25%. This 35% figure is slightly lower than the figure reported in the Survey of Crofters, of 41% being over the age of 65.

**34.** The CAP Intentions Survey also found that crofters were more likely to identify themselves as hobby farmers, with 15% of crofter respondents indicating that they were hobby farmers compared to 7.5% of non-crofter respondents. Similarly, 68% of crofters indicated that their enterprise was run for profit compared to 83% of non-crofters.

**35.** The CAP Intentions Survey found no significant difference between crofters and non-crofters on their educational level, gender or number of years involved in their business. Similarly crofters and non-crofters were also alike in their environmental values, views of their own identity and business, and their assessment of their own prosperity.

### **2.3.2 Housing**

**36.** Access to affordable housing is an important aspect of any community and is vital if an area is to retain young people and encourage newcomers into the area. It is important to consider the state of the housing market in crofting communities to ensure that policy is tuned to fit the needs of crofters.

**37.** As it is difficult to define the boundaries and location of “crofting communities” within the crofting counties, specific data on housing stock in “crofting communities” is unavailable. Instead the number of dwellings in crofting counties and the number of houses sold in the crofting counties are reported here as a proxy for the supply and demand for housing in crofting.

**Table 2.3 Total Number of Dwellings 2010-2013**

	2010	2011	2012	2013	% Change 2010-2013
<b>Argyll &amp; Bute</b>	46,679	46,896	47,105	47,336	1.4%
<b>Eilean Siar</b>	14,258	14,396	14,458	14,490	1.6%
<b>Highlands</b>	110,788	111,830	112,812	113,703	2.6%
<b>Moray</b>	42,241	42,699	43,139	43,495	3.0%
<b>North Ayrshire</b>	66,461	66,648	66,888	67,082	0.9%
<b>Orkney</b>	10,265	10,438	10,613	10,717	4.4%
<b>Shetlands</b>	10,621	10,707	10,789	10,852	2.2%
<b>Crofting Counties Total</b>	301,313	303,614	305,804	307,675	2.1%
<b>Scotland</b>	2,488,496	2,500,849	2,515,042	2,526,870	1.5%

Source: National Records of Scotland

**38.** The total number of dwellings in Crofting Counties increased by 6,362 between 2010 and 2013, an increase of 2.1%<sup>7</sup>. Comparatively the total number of Dwellings in Scotland rose by 1.5%, from 2.49m to 2.53m over the same period.

**39.** All of the Crofting Counties saw an increase in the total number of dwellings over the 2010-2013 period. Orkney saw the greatest increase at 4.4% whilst North Ayrshire saw the smallest increase at 0.9%.

**Table 2.4 Number of Houses sold 2010-2013**

	2010	2011	2012	2013	% Change 2010-2013
<b>Argyll &amp; Bute</b>	1,366	1,358	1,325	1,396	2.2%
<b>Eilean Siar</b>	251	272	225	256	2.0%
<b>Highlands</b>	3,285	2,972	3,066	3,711	13.0%
<b>Moray</b>	1,409	1,198	1,385	1,525	8.2%
<b>North Ayrshire</b>	1,718	1,683	1,820	1,880	9.4%
<b>Orkney</b>	307	283	267	307	0.0%
<b>Shetlands</b>	272	292	290	320	17.6%
<b>Crofting Counties Total</b>	8,608	8,058	8,378	9,395	9.1%
<b>Scotland</b>	72,670	70,961	73,053	87,369	20.2%

Source: National Records of Scotland

**40.** The Report on the Economic Conditions in Crofting 2007-2010 detailed the large decline in the number of houses sold that occurred during the recession, over the 2007-2009 period, in both the crofting counties and across Scotland. Since then the housing market has picked up again. The total number sold in Scotland increased by 20% between 2010 and 2013. Movement in the Crofting Counties was comparatively more subdued, with a nine per cent increase in the number of houses sold between 2010 and 2014.

<sup>7</sup> Most of this increase is in Highlands, which might be accounted for by expansion of Inverness

**41.** This 9.1% increase in houses sold was not uniform across the crofting counties. Highlands and Shetlands saw the greatest increases in the number of houses sold, with 13%<sup>8</sup> and 18% increases between 2010 and 2013 respectively. Argyll & Bute and Eilean Siar saw smaller increases in the number of houses sold, both with an increase of around two per cent, whilst there was the same no change in number of houses sold in Orkney when comparing 2010 with 2014. Moray and North Ayrshire saw respective increases of 8.2% and 9.4% over the same period, close to the counties average.

**42.** Just over half of respondents, 56%, to the Survey of Crofters indicated that they were owner-occupier crofters, rather than tenant crofters. This result was however at odds with the CAP Intentions survey which found that 61% of crofters only had rented croft land compared with 30% who only had owned croft land and 9% who had both owned and rented croft land. The smaller sample of crofters in the CAP Intentions survey of 267 compared to 751 in the Survey of Crofters could explain this difference.

**43.** The CAP Intentions survey identified crofters as being any respondent who specified that their holding contained croft land, compared with the Survey of Crofters which used a random sample of 2,000 holdings which contained a croft registered with the Crofting Commission. This subtle difference in methodology may also explain the reported difference.

**44.** Nearly four in ten (39%) respondents indicated that they have no financial liabilities associated with their croft land or house. Of the remaining 61% who do have rent or mortgage costs, 13% indicated they were paid together whilst 48% indicated they were paid separately.

**Table 2.5 Cost of Land and Housing Mortgage or Rent per Year**

	<b>Average Cost (£)</b>	<b>Median Cost (£)</b>
<b>Land and Housing Costs paid together</b>	£1,400	£100
<b>Separate Housing Costs</b>	£1,500	£0
<b>Separate Land Costs</b>	£270	£25

Source: Exodus Market Research

**45.** Of those who do rent their house or land, the vast majority (77%) do not have their rent regularly reviewed. For the 23% that do have their rent regularly reviewed it was most commonly conducted on an annual basis.

**46.** The SAC report asked respondents to indicate how they felt the value of property had changed over the last four years and what, if any, impact this had had on crofting. Answers to this question varied across the crofting counties; in areas where there was strong competition for agricultural land such as Thurso and Oban, where the Forestry Commission is actively purchasing land or Orkney, where there is a high demand for agricultural ground, prices for land are seen as high. Similarly in

<sup>8</sup> Again, the large increase in Highlands may be due to expansion of Inverness

areas where there is significant demand for house sites, such as Skye, it is felt that many crofts are advertised above the 'agricultural value' due to the value of the house site. In less popular areas, respondents indicated that the value of land has decreased somewhat over the last four years, but that the cost of land and property was still unaffordable for many crofters.

### **2.3.3 Economic Activity and Employment**

**47.** Crofting, as a social system, is designed to keep people on the land and sustain rural communities rather than provide a sole source of income for a family. Survey data outlined in this report and from the Schucksmith Report showed that crofts only provide a relatively small proportion of a crofter's income, with most crofters receiving the majority of their income from non-crofting related sources. It is therefore important to consider the wider economic circumstances within crofting communities; crofting can only survive if there are strong employment or commercial opportunities to take advantage of in rural crofting areas.

**48.** The statistics presented below for the number of businesses and number of employees are from the Annual Business Survey (ABS) (formerly Annual Business Inquiry (ABI)) conducted by the Office for National Statistics (ONS). The ABS is an annual survey of registered businesses covering the production (including manufacturing), construction and service industries (including distribution) which represent the UK Business Economy. This is about two thirds of the UK's whole economy in terms of Gross Value Added. The latest available Annual Business Survey data were from 2012.

**49.** These statistics do not cover the whole economy, omitting the financial sector, parts of the agricultural sector and the public sector. This should be borne in mind when considering the data reported. The agriculture, forestry and fishing sector plays a much greater role in remote rural sectors, representing 15% of all employment in remote rural areas, when compared to the rest of Scotland where it represents less than 1%. Similarly the public sector and financial, insurance and real estate sector play a smaller role in remote rural areas when compared with the rest of Scotland, representing 19% and 2% of employment respectively in remote rural areas compared with 26% and 5% for the rest of Scotland.<sup>9</sup>

**50.** In both Scotland as a whole and in the crofting counties, the Wholesale, retail and repairs sector is most dominant both in terms of number of businesses and level of employment, representing around a fifth of number of businesses and people employed.

**51.** The greatest difference between Scotland as a whole and the Crofting Counties in terms of the number of businesses and level of employment is seen in the tourism industry. This is particularly evident in terms of the number of employees, with the tourism sector employing around three percentage points more people in the Crofting Counties when compared with Scotland as a whole.

---

<sup>9</sup> Rural Scotland Key Facts 2012, p40

**Table 2.6 Number of Businesses**

Sectors	Area	2010	2011	2012	% Change 2010-2013	Average % Contribution 2010-2012
Manufacturing	<b>Crofting Counties Total</b>	1,311	1,340	1,361	3.8%	5.9%
	<b>Scotland</b>	8,741	8,702	8,702	-0.4%	5.4%
Construction	<b>Crofting Counties Total</b>	3,033	3,045	2,992	-1.4%	13.4%
	<b>Scotland</b>	18,542	18,712	18,143	-2.2%	11.4%
Sustainable Tourism	<b>Crofting Counties Total</b>	2,694	2,719	2,733	1.4%	12.0%
	<b>Scotland</b>	14,841	15,138	15,099	1.7%	9.3%
Wholesale, retail and repairs	<b>Crofting Counties Total</b>	4,896	4,873	4,785	-2.3%	21.4%
	<b>Scotland</b>	36,075	36,065	35,523	-1.5%	22.2%
Other Sectors	<b>Crofting Counties Total</b>	10,418	10,803	10,859	4.2%	47.3%
	<b>Scotland</b>	80,497	84,932	86,206	7.1%	51.8%

Source: Annual Business Inquiry

**52.** Between 2010 and 2012 the total number of businesses<sup>10</sup> in the Crofting Counties increased from 22,352 to 22,730, an increase of 1.7%. This compares with a 3.1% increase across Scotland from 158,696 businesses to 163,673.

**Table 2.7 Level of Employment (Thousands)**

Sectors	Area	2010	2011	2012	% Change 2010-2013	Average % Contribution 2010-2012
Manufacturing	<b>Crofting Counties Total</b>	18.8	19.5	21.0	11.7%	11.4%
	<b>Scotland</b>	177.4	181.4	185.1	4.3%	10.8%
Construction	<b>Crofting Counties Total</b>	15.7	16.0	14.3	-8.9%	8.8%
	<b>Scotland</b>	124.2	127.8	113.4	-8.7%	7.2%
Sustainable Tourism	<b>Crofting Counties Total</b>	25.9	27.4	27.4	5.8%	15.5%
	<b>Scotland</b>	174.1	178.5	175.0	0.5%	10.4%
Wholesale, retail and repairs	<b>Crofting Counties Total</b>	39.7	39.0	36.6	-7.8%	22.2%
	<b>Scotland</b>	360.3	353.9	347.0	-3.7%	21.0%
Other Sectors	<b>Crofting Counties Total</b>	72.2	74.0	72.9	1.0%	42.1%
	<b>Scotland</b>	833.1	855.2	865.7	3.9%	50.6%

Source: Annual Business Inquiry

<sup>10</sup> Excluding the financial sector, public sector and parts of the agricultural sector.

**53.** Between 2010 and 2012 the total level of employment<sup>11</sup> in the Crofting Counties fell by a very small amount from 172,300 to 172,200, representing a 0.1% fall in the number of people in employment. This compares with a 1% increase in employment across Scotland. The falls in employment in the Crofting Counties mainly came in the construction and the wholesale, retail and repairs sectors, which saw falls in employment of 8.9% and 7.8% respectively. Conversely the manufacturing and tourism sectors saw considerable increases in employment in the Crofting Counties, with an 11.7% and 5.8% increase respectively.

**54.** The Survey of Crofters indicated that 65% of adults living in crofting households were in paid employment on activities outside of the household croft. The survey also revealed that 35% of adults living in crofting households were in paid non-crofting self-employment. In total, where there were one or more members of the household engaged in non-crofting activities, respondents reported an average of 49 hours per week spent on non-crofting related activities over the last twelve months.

**Figure 2.5 Number of adults in household working in non-crofting activities (base given in brackets after label on chart)**

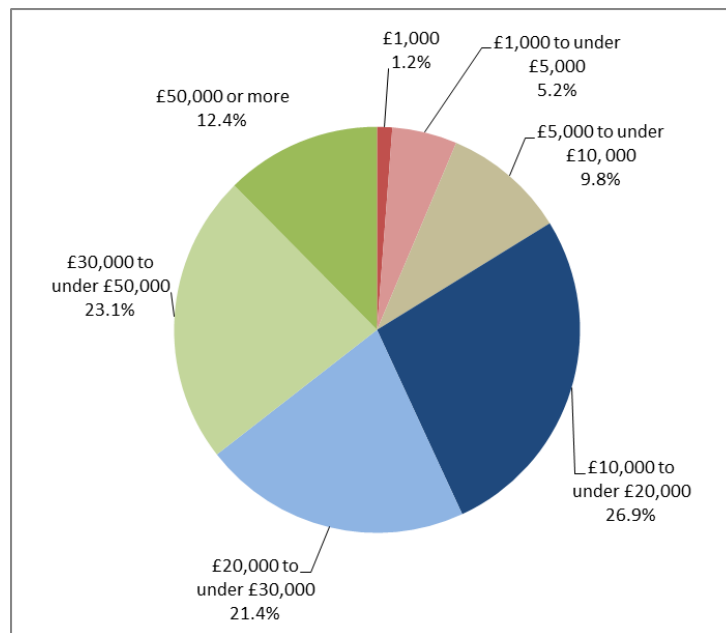


Source: Exodus Market Research

**55.** Respondents to the Survey of Crofters indicated that income received from activities outside of crofting (including pensions, benefits and interest from investments) over the last twelve months was on average £27,500. The median income earned from outside of crofting was reported to be £21,000. Assuming that this sample is representative of crofting households, the total income generated by crofting households over the last twelve months from non-crofting related activities is estimated to be £482.2 million.

<sup>11</sup> Excluding the financial sector, public sector and parts of the agricultural sector.

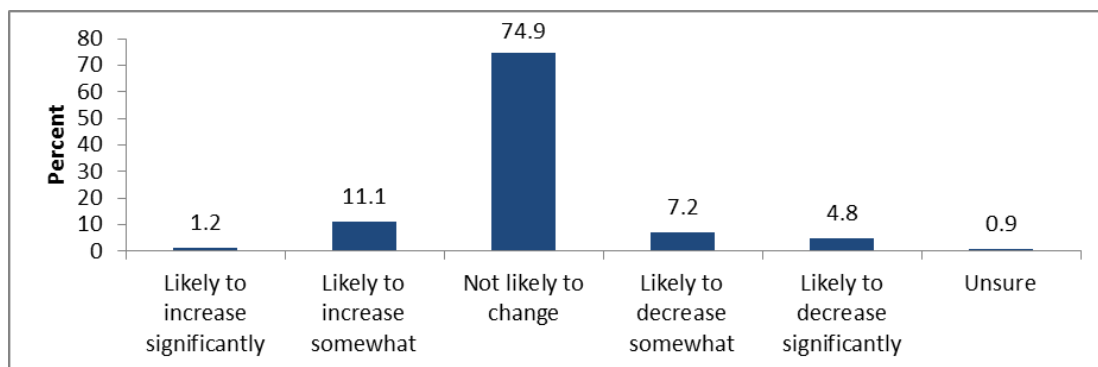
**Figure 2.6 Estimated Income from non-crofting activities (base: 580)**



Source: Exodus Market Research

56. Three quarters (75%) of crofters reported that they did not expect their household income from non-crofting related activities to change over the next twelve months. Respondents indicated that this was mainly due to income being fixed, for example from pensions. Around 12% reported that they expected income from non-crofting related activities to rise over the next twelve months whilst the same proportion predicted that it would fall.

**Figure 2.7 How non-crofting income is expected to change in the next year (base: 692)**



Source: Exodus Market Research

57. The SAC report asked respondents for thoughts on the main labour and skill shortages in crofting, and what impact, if any, these shortages have. Respondents indicated that there is a general shortage of labour and skills due to an ageing crofting population and a lack of new entrants. These shortages were most apparent in finding appropriately skilled labour to gather sheep from hills, to work with dogs and with a knowledge of the terrain. Positive comments were, however, made about training initiatives operated by the Scottish Crofting Federation (SCF) and SAC

Consulting, with respondents feeling that they have helped improve or complement the skills of new entrants and existing crofters.

**58.** The SAC report also sought views on the importance of non-crofting related commercial enterprises to the development and continuation of crofting communities. Respondents emphasised that as the returns from crofting fall, non-crofting enterprises in these areas are becoming increasingly important. The report concludes that entire crofting communities would collapse without the employment, products and infrastructure that these businesses sustain in rural communities.

**59.** Gross Value Added (GVA) measures the contribution to the economy of each individual producers, industry or sector in the economy. It differs from Gross Domestic Product (GDP) in that it excludes taxes and subsidies on products from its calculation. A full explanation of GVA is can be found on the Scottish Government's website here:

<http://www.scotland.gov.uk/Topics/Statistics/Browse/economy/gdp>

**60.** There are differences between Scotland and the Crofting Counties in terms of the sectors which produce the greatest level of output. In the Crofting Counties manufacturing plays a much greater role, representing a quarter of all GVA from the sectors covered under the Annual Business Survey, this compares with 14.6% for the whole of Scotland.<sup>12</sup>

**Table 2.8 Gross Value Added (£m)**

Sectors	Area	2010	2011	2012	% Change 2010-2013	Average % Contribution 2010-2012
Manufacturing	<b>Crofting Counties Total</b>	1,555	1,740	1,603	3.1%	25.1%
	<b>Scotland</b>	12,500	12,018	11,896	-4.8%	14.6%
Construction	<b>Crofting Counties Total</b>	817	633	714	-12.7%	11.1%
	<b>Scotland</b>	6,154	5,842	5,772	-6.2%	7.1%
Sustainable Tourism	<b>Crofting Counties Total</b>	378	432	463	22.5%	6.5%
	<b>Scotland</b>	2,904	2,846	3,240	11.6%	3.6%
Wholesale, retail and repairs	<b>Crofting Counties Total</b>	866	899	1,162	34.2%	15.0%
	<b>Scotland</b>	10,471	11,523	9,339	-10.8%	12.5%
Other Sectors	<b>Crofting Counties Total</b>	2,398	2,793	3,092	28.9%	42.4%
	<b>Scotland</b>	48,928	53,779	52,983	8.3%	62.2%

Source: Annual Business Inquiry

<sup>12</sup> This excludes the financial sector, public sector and parts of the agricultural sector.



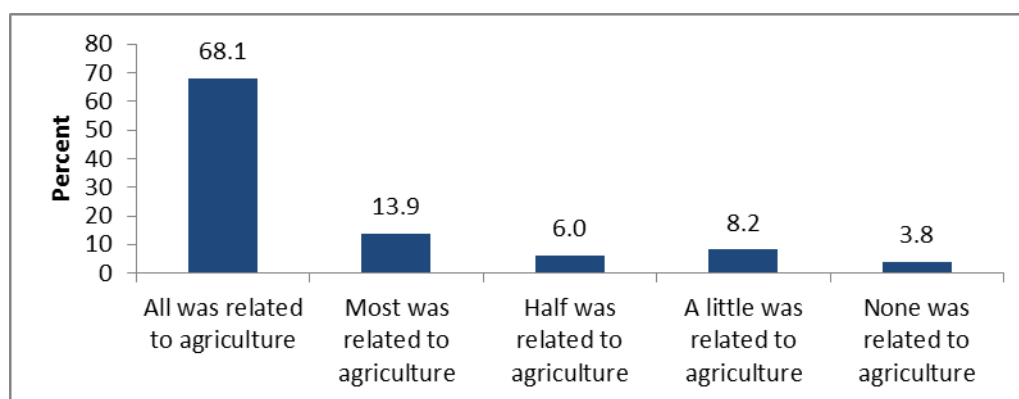
**61.** Between 2010 and 2012 GVA in the Crofting Counties increased by 16.9%, which compares to a 2.8% increase across Scotland.<sup>13</sup> The sectors in the Crofting Counties which saw the greatest increases were tourism and wholesale retail and repairs, which saw percentage increase of 22.5% and 34.2% respectively. One sector in the Crofting Counties, construction, saw GVA fall, with a 12.7% reduction between 2010 and 2012.

**62.** As in all sectors of the economy, investment is essential to ensure future growth and improve living standards. The Exodus survey asked crofters to provide an estimate of investment on their croft during the last four years (the reporting period of this report), and of planned future investment for the next four years (the reporting period of the next report on the economic condition of crofting). It also asked them to indicate the extent to which these investments were/would be related to agriculture, providing an insight into how crofters are developing their croft businesses. These estimates for investment are based on crofters interpretation of what investment is rather than National Accounting standards, this should be borne in mind when reviewing investment figures.

**63.** During the 2011-2014 period, just under six in ten (58%) crofters reported that they invested in their crofting business. For respondents who did invest in their croft during the reporting period, investment was reported to be £13,900 on average per croft. The median amount of investment was reported as £3,000 per croft. Assuming that the sample of crofters is representative of the crofting population as a whole, aggregating this figure up reveals that a total of £138 million was invested on crofts over the 2011-2014 period.

**64.** When crofters were asked to provide general comments about the future of crofting in the Survey of Crofters, many of the respondents who expressed optimism about the future of crofting felt that crofting could survive if crofters were willing to diversify their activities. Despite this, when asked about the extent to which investment made on crofts were related to agriculture, 68% of respondents indicated that all of their investments were related to agriculture. Only 3.8% of respondents indicated that none of their investments were related to agriculture.

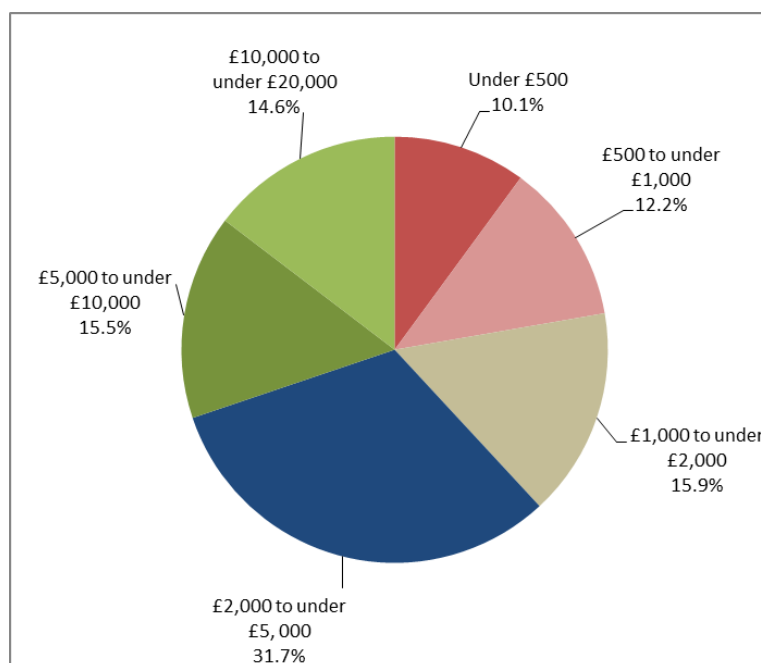
**Figure 2.8 Extent to which investment was related to agriculture (base: 282)**



Source: Exodus Market Research

<sup>13</sup> Excluding the financial sector, public sector and parts of the agricultural sector.

**Figure 2.9 Amount of investment in 2011-14 (base: 386)**



Source: Exodus Market Research

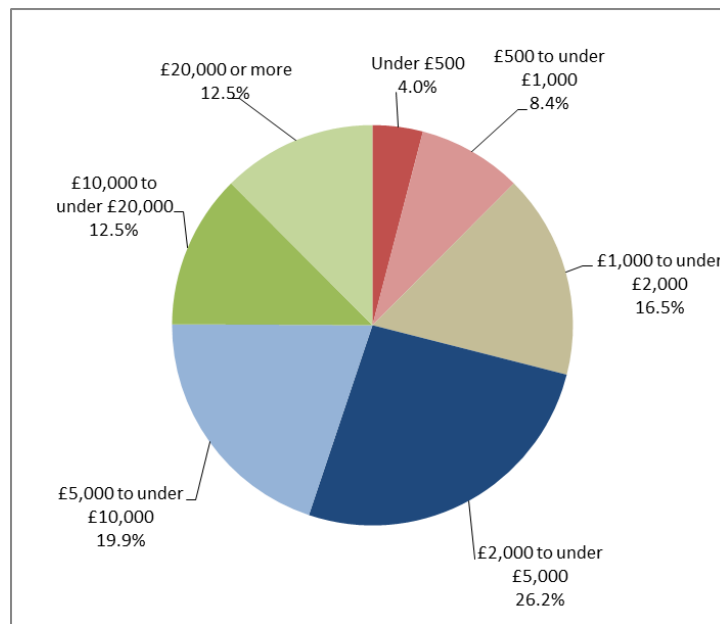
**65.** Around a quarter (24%) of those who said they had invested in their croft over the 2011-2014 period indicated that they had received public funding or government assistance for their investments. Of those who received assistance for their investments, the average assistance per croft was estimated at £4,900, with the median assistance being £2,200. Assuming that the sample used in the survey was representative of the crofting population as a whole, the total estimated government assistance provided towards investments on crofts over the 2011-2014 period was £20.7 million.

**66.** Only 12% of those who made a financial investment on their croft over the 2011-2014 period indicated that they had received additional income as a result; the average additional income for these was reported to be £4,400 (median £2,100). Assuming that the sample used was representative of the crofting population as a whole, if this figure is aggregated to the total number of crofts on the register, an additional £9 million of output over the 2011-2014 period was produced as a result of these investments by crofters on their crofts.<sup>14</sup>

**67.** When asked about planned investment over the 2015-2018 period, 55% of crofters stated that they were considering investing in their croft. Among those who were considering investment, the average amount of considered investment was reported as £9,100 per croft, with the median considered investment being £4,400. Assuming that the sample used was representative of the crofting population as a whole, if this figure is aggregated to the total population of croft businesses, a total level of considered investment over the 2015-2018 period by crofters is estimated at £88.9 million.

<sup>14</sup> The Survey of Crofters only provided information on those who gained as a result of their investment, as such there is no comparable data to report on those who lost as a result of their investment.

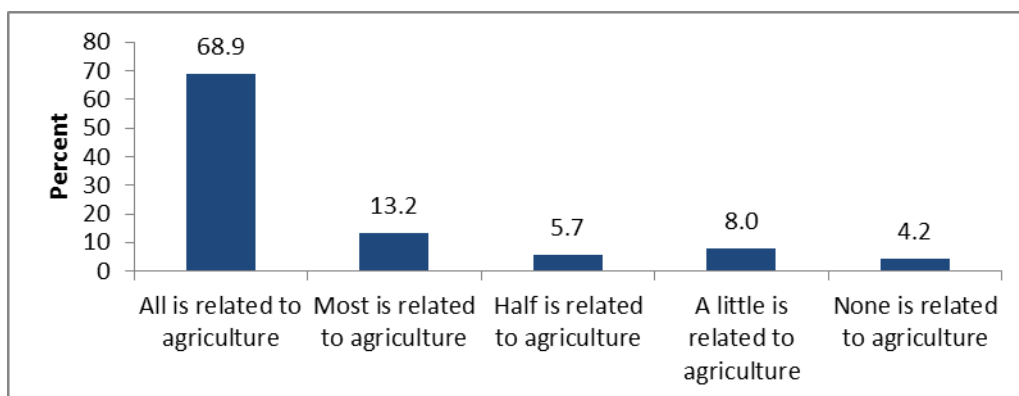
**Figure 2.10 Amount of investment planned in 2015-18 (base: 321)**



Source: Exodus Market Research

**68.** The extent to which planned investments over the 2015-2018 period would be related to agriculture was very similar to reported investments over the 2011-2014 period. Just under seven in ten respondents (69%) indicated that all of their investments would be related to agriculture and only 4% suggested that none of their investments would be related to agriculture.

**Figure 2.11 Extent to which future investment would be related to agriculture (base: 402)**

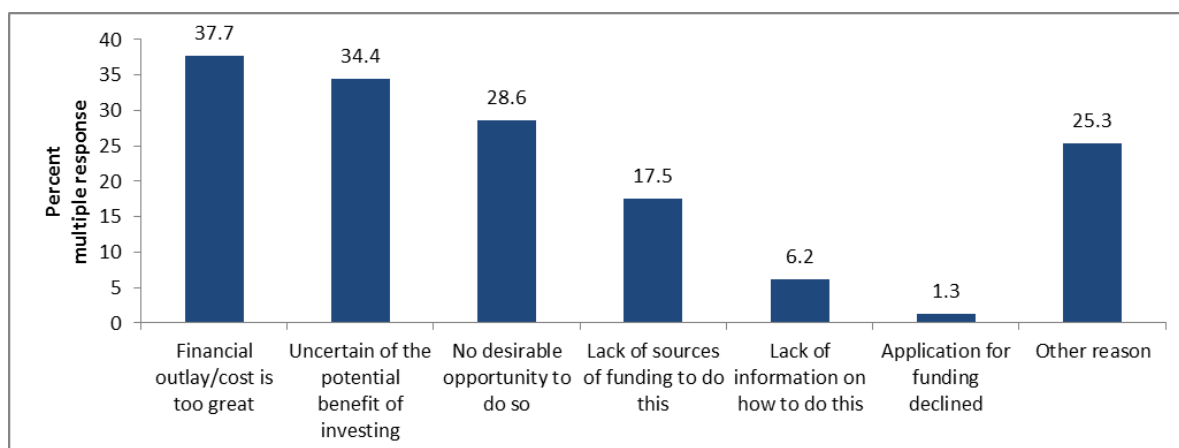


Source: Exodus Market Research

**69.** When asked why they were not planning to invest in their croft over the 2015-2018 period the most commonly cited reasons were: the financial cost being too great (37.7%); they were uncertain of the benefit of investing (34.4%); and that respondents saw no desirable opportunity to invest (28.6%).

**70.** Around a quarter (25.3%) provided other reasons for not investing in their croft, with the majority of these being related to age, ill-health or that they were planning to cease crofting.

**Figure 2.12 Reasons for not considering future investment in the croft (base: 308)**



Source: Exodus Market Research

**71.** The SAC report asked respondents to provide an indication of the extent to which crofters were investing in capital infrastructure, soil and grassland, livestock and other general investments. Respondents were also asked why or why not crofters are investing in these areas and finally what would incentivise crofters to invest.

**72.** Respondents indicated that investment on capital infrastructure is fairly low and is generally undertaken only by very active crofters who have the resources or by young crofters taking advantage of the additional support under CCAGS for those under forty. Investments in soil and grassland have seen a recent increase following a long period of inactivity and deterioration of past reseedings; most of this investment has been aided by CCAGS grants.

**73.** The main reasons cited for a lack of investment in these two areas were; poor returns and unviability of these types of investments; the complexity of CCAGS applications; the lack of machinery such as lime spreaders (and the short window of opportunity to get this machinery on the ground due to wet conditions); and a lack of skilled land improvement contractors and workers in crofting areas.

**74.** Livestock investment has focused on improving livestock quality; which may be a consequence of higher store prices for livestock.

**75.** Respondents indicated that the primary reason for a lack of investment in livestock is due to the feasibility of small scale operations and the significantly larger cost of materials to very remote rural areas.

**76.** Other investments have focused on renewable energy sources, tourism and horticulture, with some common grazings taking advantage of the Scottish Government's Community and Renewable Energy Scheme (CARES) to help fund infrastructure.

77. A number of suggestions for increasing the level of investment in crofting communities were offered by respondents: a fast track process for low cost CCAGS grants to reduce administrative burden; the early paying of contractors for CCAGS grants (as the long wait for payments deters or prevents investment); and the promotion of livestock stock clubs to receive a higher return when selling livestock at markets.

### 2.3.4 Crofting and Agricultural Based Activities

78. Whilst evidence suggests that the majority of income in crofting households comes from non-crofting related sources, agriculture remains an important part of the culture of crofting areas, keeping communities together and ensuring that land is still worked.

79. The data on agricultural output presented in this section are from returns to the Scottish Agricultural Census, for holdings which have a croft registered on the Crofting Commission's Register of Crofts for 2011 to 2014.

**Table 2.9 Agricultural Land on Holdings with Registered Crofts 2011-2014**

Type of Land (Ha)	2011	2012	2013	2014	% Change 2011-2014
Arable Land	18,163	18,477	18,818	17,014	-6%
Permanent Grassland	95,171	91,801	93,162	87,940	-8%
Rough Grazing	183,177	182,344	181,238	159,683	-13%
<b>Utilised Agricultural Area (UAA)</b>	<b>296,511</b>	<b>292,622</b>	<b>293,218</b>	<b>264,637</b>	<b>-11%</b>
Woodland	16,872	17,189	16,538	10,890	-35%
<b>Total sole right agricultural area</b>	<b>319,139</b>	<b>315,870</b>	<b>317,031</b>	<b>281,688</b>	<b>-12%</b>

Source: Scottish Agricultural Census

80. Over the reporting period the total land measured on holdings with registered crofts fell by 12%. Whilst this appears a significant fall, a closer examination of the data reveals that the majority of the reduction between 2013 and 2014 is from two large holdings which both had a croft registered until 2013. Otherwise the total amount of land fell by amount 2,000 ha between 2011 and 2013.

**Table 2.10 Areas of Crops on Holdings with Registered Crofts 2011-2014**

<b>Crop Type (Ha)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change 2011-2014</b>
Cereals	3,156	3,026	3,143	2,838	-10%
Potatoes	220	178	213	187	-15%
Vegetables for human consumption	67	57	60	76	13%
Fruit	13	14	13	11	-18%
Other Crops	674	678	664	673	0%
<b>Total Crops</b>	<b>4,177</b>	<b>3,989</b>	<b>4,135</b>	<b>3,863</b>	<b>-8%</b>
<b>Fallow land</b>	<b>1,015</b>	<b>1,159</b>	<b>1,161</b>	<b>681</b>	<b>-33%</b>

Source: Scottish Agricultural Census

**81.** Again, whilst a fall in the total area of crops of 8% was recorded over the 2011-2014 period, the removal of the crofts from the register on two large holdings caused the majority of the difference. Examining the changes between 2011 and 2013 reveals that there was only a small decrease in the area of crops on holdings with registered crofts.

**82.** With a total of around 590,000 hectares of crop land (including fallow land) in Scotland in 2014, holdings with registered crofts accounts for only 0.77% of all crop and fallow land in Scotland. Despite this, evidence from the Survey of Crofters suggests that for crofters who do produce crops, cropping represents around 39% of their crofting related activities (see Table 2.12).

**Table 2.11 Livestock on Holdings with Registered Crofts 2011-2014**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change 2011-2014</b>
Female dairy cattle	1,198	1,169	1,111	1,015	-15%
Female beef cattle	34,673	33,855	33,252	32,770	-5%
Male cattle	6,400	6,425	6,365	6,338	-1%
Calves	21,318	20,713	19,917	20,128	-6%
<b>Total cattle</b>	<b>63,589</b>	<b>62,162</b>	<b>60,645</b>	<b>60,251</b>	<b>-5%</b>
Breeding Ewes	315,351	318,575	321,906	307,256	-3%
Lambs	308,423	308,065	312,635	306,816	-1%
Other Sheep	108,684	108,155	110,869	105,345	-3%
<b>Total Sheep and Lambs</b>	<b>732,458</b>	<b>734,795</b>	<b>745,410</b>	<b>719,417</b>	<b>-2%</b>
<b>Total Pigs</b>	<b>1,473</b>	<b>1,538</b>	<b>1,328</b>	<b>1,295</b>	<b>-12%</b>
<b>Total Poultry</b>	<b>25,926</b>	<b>26,760</b>	<b>26,614</b>	<b>26,987</b>	<b>4%</b>
<b>Other livestock</b>	<b>2,820</b>	<b>2,915</b>	<b>3,120</b>	<b>2,986</b>	<b>6%</b>

Source: Scottish Agricultural Census

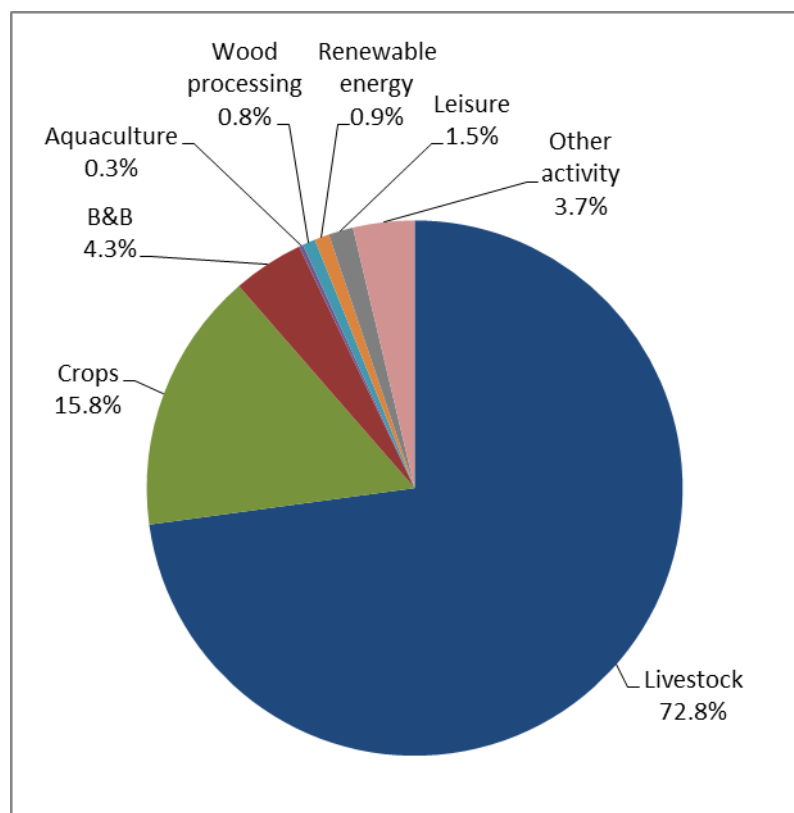
**83.** Across the 2011-2014 period there was a general reduction in the number of livestock on holdings with registered crofts, with a fall in all categories of cattle and sheep and an overall five per cent fall in the total number of cattle and an overall two per cent drop in the total number of sheep and lambs.

**84.** With a total of 1.79 million cattle and 6.69 million sheep in Scotland in 2014, holdings with registered croft held 3.8% of all of Scotland's cattle and 10.8% of all of Scotland's sheep and lambs in 2014.

**85.** The Survey of Crofters asked crofters to provide estimates to the nearest £1,000 for their revenue and costs from their crofting based activities. Crofting based activities were defined as those which are run on the croft and make use of the resources or products of the croft. This may include activities associated with farming, tourism, leisure and renewable energy production. Activities such as a hairdressing business or a shop selling produce from outside of the croft were not classified as "crofting based activities", even if they were ran from the location of the croft.

**86.** The results from the Survey of Crofters provide similar conclusions from the census data with a reported 73% of all crofting activity being related to livestock. The second largest proportion of crofting output came from crops which represents 16% of crofting output.

**Figure 2.13 Estimate of the proportion of all crofting activities**

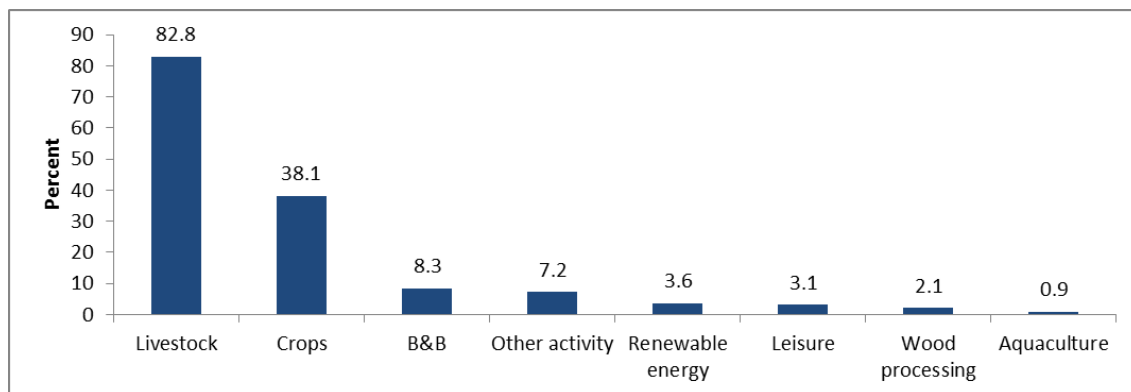


Source: Exodus Market Research

**87.** As expected, the most common activity undertaken on crofts is livestock farming, with 83% of crofters stating this to be the case. Furthermore nearly four in ten crofters (39%) reported that they exclusively manage livestock. Just under four in ten (38%) crofters reported that they grow crops on their land, with just 12% indicating that they grow crops exclusively.

**88.** Around 8% reported having diversified into offering holiday lets and around 7% indicated “other” activities were undertaken on the croft which included woodland/ nature related activities, environmental activities, bee-keeping and running a shop to sell the produce of the croft.

**Figure 2.14 Types of crofting activities currently undertaken (base: 751)**



Source: Exodus Market Research

**89.** Whilst activities that are diversified away from the agricultural practises of livestock rearing and crop growing constitute a fairly small proportion of all crofting based activities, for those who have diversified, these activities represent a fairly large proportion of their crofting based activities. For example, holiday lets represented on average 50% of crofting based activities for those who did operate them. This result ties up with the comments from some survey respondents who thought that crofting has a positive future if crofters were prepared to undertake diversification of their crofting business.

**90.** Table 2.12 illustrates the mean proportion of output that each crofting related activity represented for those that undertook the activities. So for example, for the 83% of crofters that reported undertaking livestock related activities, these activities on average represented 81% of all of their crofting related activities, whilst for the 0.9% of crofters who reported undertaking Aquaculture related activities, this represented 32% of their crofting related activities.



**Table 2.12 Average proportion for which each activity accounts**

<b>Activity</b>	<b>% of respondents undertaking activity</b>	<b>Mean % of all activities</b>
Livestock	82.2%	80.7%
B&B	8.3%	50.2%
Leisure	3.1%	40.9%
Crops	38.1%	39.4%
Aquaculture	0.9%	32.2%
Wood processing	2.1%	32.1%
Renewable energy	3.6%	21.6%
Other activity	7.2%	54.3%

Source: Exodus Market Research

**91.** The SAC report asked for views on the main trends in non-agricultural activities on crofts and what was motivating these trends. Respondents indicated that tourism is the main focus of diversification at the moment, with the main motivation being to provide an additional source of income. Some crofters have also adopted small scale renewables such as wind and solar power, which can provide some income and/or reduce electricity costs.

**Table 2.13 Labour on Holdings with Registered Crofts 2011-2014**

	2011	2012	2013	2014	% Change 2011-2014
Occupiers	7,188	7,210	7,150	6,857	-5%
Spouses	2,837	2,949	2,876	2,893	2%
<b>Working Occupiers and Spouses</b>	<b>10,025</b>	<b>10,159</b>	<b>10,026</b>	<b>9,750</b>	<b>-3%</b>
Full-Time Employees	281	257	279	258	-8%
Part-Time Employees	772	837	864	838	9%
Casual and Seasonal Employees	261	272	310	291	11%
<b>Total Employees</b>	<b>1,314</b>	<b>1,366</b>	<b>1,453</b>	<b>1,387</b>	<b>6%</b>
<b>Total Workforce</b>	<b>11,339</b>	<b>11,525</b>	<b>11,479</b>	<b>11,137</b>	<b>-2%</b>

Source: Scottish Agricultural Census

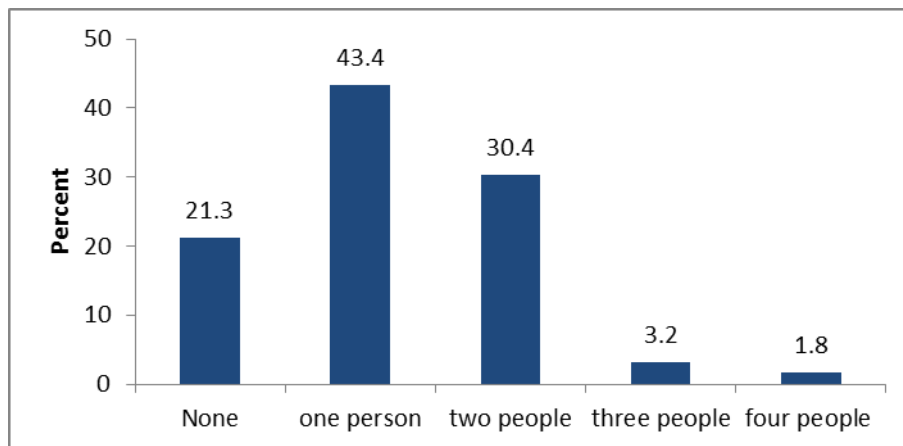
**92.** Holdings with registered crofts employed 1,387 people in 2014, a 6% increase since the start of the reporting period of 2011. This represents around 5% of the 27,314 people employed on holdings in Scotland in 2014.

**93.** Of the employees on holdings with registered crofts, 19% are full time employees, 21% are casual or seasonal and around 60% are part-time employees. This compares with 48%, 24% and 27% for the whole of Scotland respectively. The fact that a much greater proportion of employed labour on holdings with registered crofts are in either part-time or casual or seasonal employment is not entirely surprising, given the smaller-scale nature of crofting businesses.

**94.** The total workforce of holdings with registered crofts fell slightly over the reporting period from 11,339 in 2011 to 11,137 in 2014. The total workforce of crofting in 2014 represented 17% of the total agricultural workforce of Scotland, which was 66,303 in 2014. It should be noted though that this is a headcount figure; the percentage would be lower if the part-time nature of crofting were taken into account.

**95.** Respondents to the Survey of Crofters revealed that it was most common for just one occupant (43%) to be actively working the croft. Around a fifth (21%) indicated that no adult member of the household actively worked on the croft; these tended to be retired or infirm respondents or those who allowed their neighbours to use their croft land (e.g. for grazing purposes). Crofting households spent an average of 11.7 hours per week on crofting related activities.

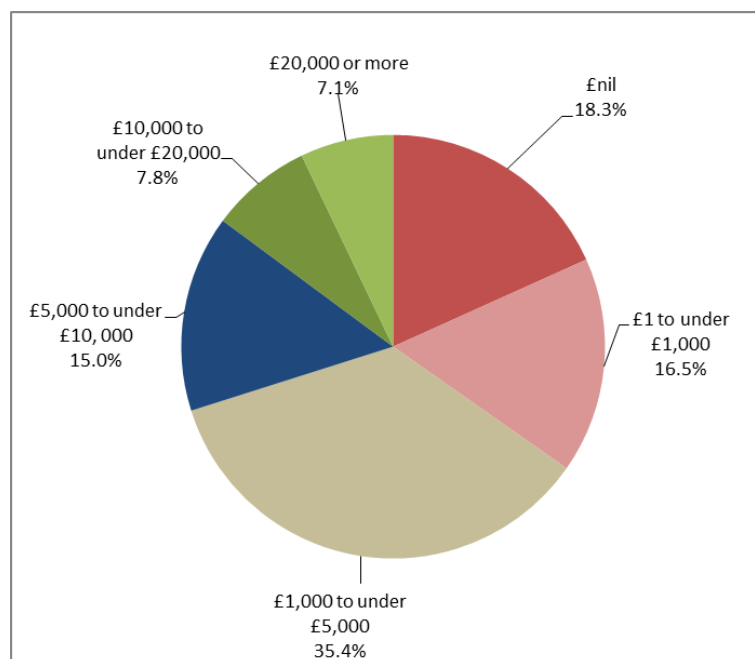
**Figure 2.15 Number of adults in household working on the croft (base: 492)**



Source: Exodus Market Research

**96.** Survey respondents were asked to estimate the revenue derived from crofting based activities, including all government and public support funding such as Single Farm Payment and funding from the Scottish Rural Development Programme, in the last twelve months, to the nearest £1,000. On average crofters received £4,900 in revenue per croft over the last twelve months. The median revenue per croft was reported as £2,000.

**Figure 2.16 Estimated revenue from crofting activities (base: 619)**

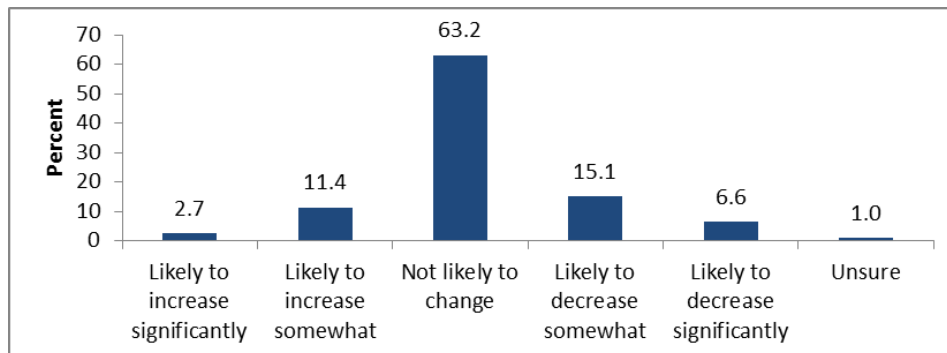


Source: Exodus Market Research

**97.** If the sample used in Survey of Crofters is representative of the crofting population as a whole, aggregating the average income earned from crofting revealed that the total revenue earned from all crofts was estimated at £85.8 million for the last twelve months.

**98.** When asked about how they expected their revenue from crofting-based activities to change over the next year, 63% of respondents indicated they expected no change. 14% of respondents expected this revenue to increase over the next twelve months, whilst 22% anticipated a fall in this revenue over the twelve months. The most commonly cited reasons for the expected fall in this revenue was from changes in Common Agricultural Policy (CAP) payments or from market forces (such as a decrease in the price paid for their agricultural output).

**Figure 2.17 How crofting-based revenue will change in the next year (base: 480)**

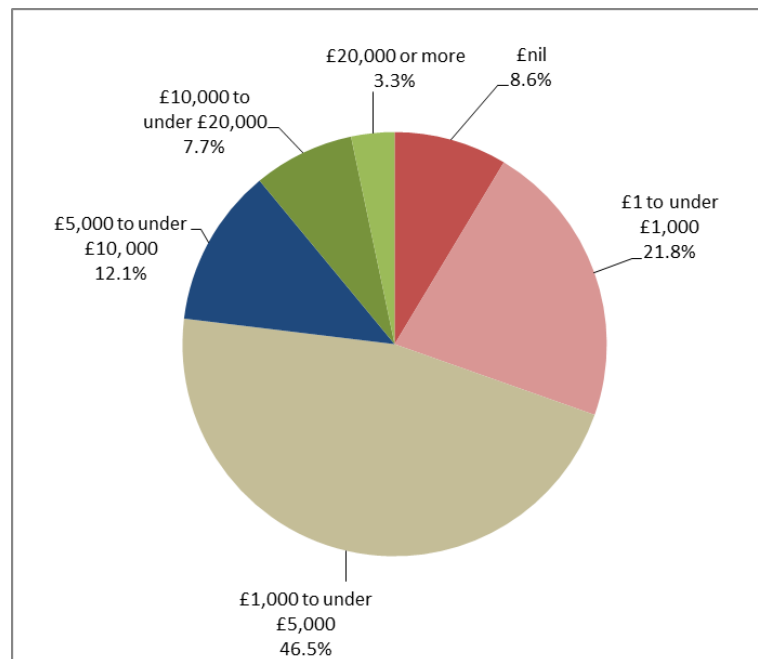


Source: Exodus Market Research

**99.** When asked about the running cost of their crofting based activities, fewer than one in ten crofters indicated that they had no business running costs at all. On average, respondents spent £3,900 per croft over the last twelve months excluding any land and housing liabilities. The median expenditure was estimated as £1,500. Assuming that the sample used in the study was representative of the crofting population as a whole, the total cost for crofting related activities over the last twelve months was £68.1 million

**100.** If this figure is subtracted from the revenue earned from crofting, the total income from crofting (excluding the costs of land and housing) is estimated as £17.7 million. Combining the income earned from crofting with the income earned from non-crofting related activities by crofting households provides an estimate for the total income for crofting households of £499.9 million.

**Figure 2.18 Estimated business costs of crofting activities (base: 546)**



Source: Exodus Market Research

**101.** The SAC report sought views on what would incentivise crofters to increase their crofting related output. On the agricultural side, respondents indicated that the main driver of agricultural output changes are gross margins. Whilst livestock prices have been high in recent years, the costs of inputs have also risen. Respondents indicated that without subsidies livestock enterprises are loss-making. In terms of increasing output from “diversified” sources, respondents suggested that grants from the SRDP were more difficult to receive in crofting counties, where enterprises tend to be more financially fragile. Furthermore respondents also thought that the process of receiving a grant from the SRDP was difficult, which discouraged crofters from applying.

**102.** The SAC report also asked respondents what they felt were the main restrictive factors affecting crofting in their area. In general the greatest restrictive barriers are financial; respondents indicated that the low-profitability of crofting enterprises means that crofters often undertake croft work for much less than the living wage, or in some cases have to subsidise their crofting enterprise through other paid employment. Under-activity and absenteeism were also seen as issues that restrict the potential of crofting communities; not only do they make crofts unavailable for use but they also reduce the potential demand for downstream enterprises and public services. The high cost of purchasing tenancies or crofts were also cited as a significant restrictive factor.

**103.** The CAP Intentions Survey provides information on the trends in how crofters and non-crofters have changed their output over the last five years, and presents three scenarios for how they might change their output over the next five years: one with no change to CAP subsidies, one with a 25% increase in CAP subsidies and one with a 25% decreased in CAP subsidies.

**104.** When comparing changes in output over the last five years, the CAP Intentions Survey revealed that increases in business output are less common among crofters than non-crofters, and crofters tend to have made fewer changes to their business over the last five years. This difference was most noticeable when comparing their agricultural output; crofters were more likely to maintain the size of their holdings, intensity of production, the number of commodities they produced and the number of livestock compared to non-crofters.

**105.** On non-agricultural production, such as diversification, forestry and renting out land, similar numbers of crofters and non-crofters increased production, though non-crofters were more likely to invest in renewable energy production whilst crofters were more likely to have invested in tourism and other recreational activities. Additionally, over the last five years crofters have also: made increased efforts to improve animal welfare; increased their investments in new technologies; and increased agri-environment activities.

**106.** With no change in subsidies provided over the next five years agricultural production within crofting is predicted to remain fairly stable, compared to a greater percentage of non-crofters who plan to increase their agricultural production. Similarly there is some planned take-up of new technologies and renewable energy production by crofters, but less than the percentage of non-crofters who plan to do so. Crofters and non-crofters reported equally that they plan to continue to improve animal welfare, agri-environment activity and invest in tourism/recreation if there are no changes to the CAP payments they receive.

**107.** With a 25% increase in CAP subsidies, a similar percentage of crofters and non-crofters indicated they would increase production in both agricultural and non-agricultural activities over the next five years. Non-crofters are more likely to increase their agricultural output at a result of the increased CAP support, compared to crofters who would be more likely to increase their diversification into tourism.

**108.** When asked about the impact of a 25% decrease in CAP support, both crofters and non-crofters generally indicated they would decrease their activities in all areas of their croft/farm except for the number of commodities they produce. The response could be much greater for crofters, with 50% of crofters indicating they would reduce their number of livestock and their production intensity, compared with 30% of non-crofters.

**109.** The CAP Intentions Survey found that a greater percentage of crofters are reliant on CAP support for at least half of their income. The report concludes that the potential for a greater reaction from crofters in response to a decrease in CAP support appears consistent with the higher income reliance on subsidies.

### **2.3.5 Land Usage and Absenteeism**

**110.** For a number of years, there has been an issue of absenteeism and unused croft land. Whilst the Crofting Act (Scotland) 2010 provided the Crofting Commission with increased powers to address these issues, it is possibly too early yet to indicate how effective they have been. The evidence presented in this report on land usage and absenteeism is mainly quantitative, reflecting the views of crofters and wider

stakeholders in the crofting community. Suggestions for how these issues could be addressed in the future are also presented.

**111.** The SAC report asked respondents if they thought crofters were taking on additional ground or crofts, or if land was being left unused. The report also asked what the attitude of crofters was to taking on new crofts and what prevents expansion. There were conflicting views across the different crofting counties as to whether crofters were taking on more crofts. However, most respondents felt that crofters would be happy to take on further land to increase the scale of their production to make a more viable enterprise. The main factor preventing expansion is the tenants or owner-occupiers being unwilling to let out land, either on a short-term basis or official sub-let due to the fear of losing their crofts. Furthermore, there is also a reluctance to relinquish tenancies in case the next generation of their family wish to return to work the croft, a feeling that is particularly strong where crofts have been held by the same family for many years.

**112.** The SAC report also sought views on how big an issue absenteeism was and what impact it has on crofting communities. Views again differed across the counties. Respondents in Shetland, Arran, Bute, Moray and Campbeltown indicated that they did not feel absenteeism was an issue. In all other areas however the response was unanimous in that whilst absenteeism was an issue, the larger issue was of inactive resident tenants who are reluctant to release land to a new entrant or active crofter.

**113.** Respondents indicated that where there is a high level of absenteeism there are insufficient numbers of crofters to meet the critical mass required for collaborative projects. This can be particularly problematic when working common grazings<sup>15</sup>, when a group of crofters wishes to apply for CAP agri-environment scheme funds or for arranging the shares of capital expenditure.

**114.** Another issue the SAC report asked for views on was the extent to which common grazings are fully utilised and what would help increase the usage of common grazings. Whilst there is variation across different communities, respondents thought that, in general, common grazings are underutilised. Where common grazings are well stocked, many have entered in co-operative ventures such as leasing the land for renewables or building community facilities such as sheds or handling facilities. Where there are under-utilised common grazings, active shareholders suffer from a shortage of people to gather livestock, a lack of fencing which would otherwise help stock management, missed opportunities to apply to agri-environment schemes and a general low level of investment in managing grassland.

**115.** A number of suggestions were provided by respondents to address the issue of under-utilised common grazings: training for common grazing office holders in keeping accounts, administrating meetings and dealing with conflict; assistance for the creation of sheepstock clubs so that sheep can be managed communally; raising

---

<sup>15</sup> Common grazings account for 584,000ha of land nearly all in crofting counties, though used by non-crofters as well. The area accounts for just under ten per cent of all agricultural land in Scotland. For further details see Section 3.6 of this report.

awareness of what CAP support is available to common grazings; and a structure to help improve the availability of unused shares such as improved information on where it is “safe” to sublet a grazings share (respondents indicated the rules on subletting common grazing shares are unclear) or feedback from the Rural Payments Inspections Division (RPID) on what shares are used.

### **2.3.6 Future of Crofting**

**116.** The Survey of Crofters asked crofters if they had a succession plan. This was to assess the extent to which crofters are thinking about the long-term operation of their croft.

**117.** More than half (54%) of crofters indicated that they do not currently have a succession plan in place. This is most commonly the case with younger crofters, with 68% of those under 45 years indicating that they do not have a succession plan compared to 48% of those over the age of 45 years

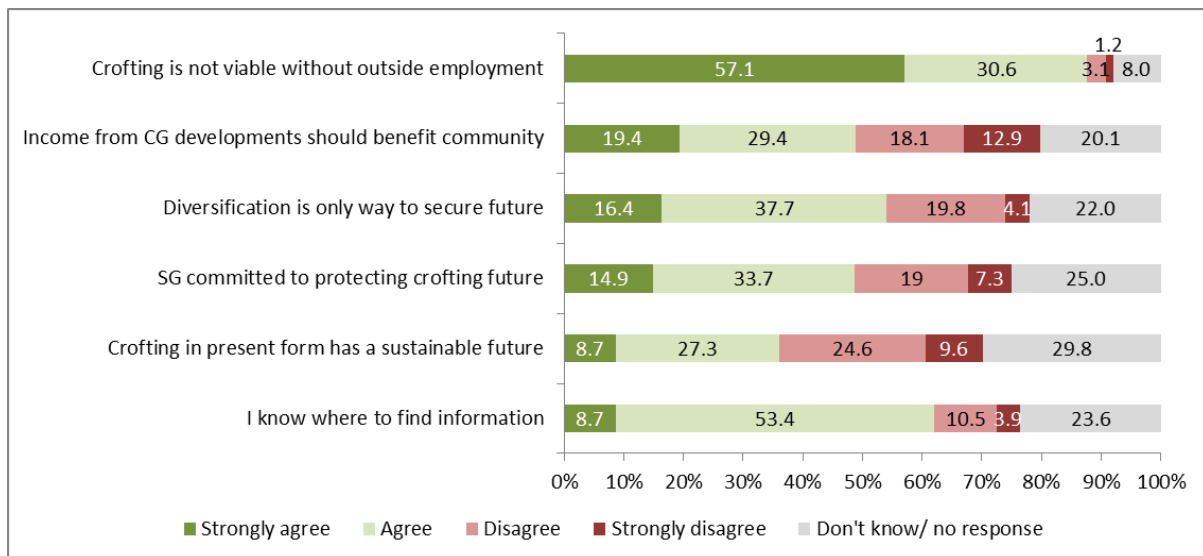
**118.** Where a succession plan had been made it most commonly involved making arrangements for the croft to be left to a family member, normally a child. For those who had not put a succession plan in place, many indicated that they had not previously thought about doing so. A small number also indicated that either they did not have anyone in mind to bequeath the croft to or that they did not see the benefits of doing so due to the uncertain climate within crofting.

**119.** Respondents were presented a series of statements related to crofting and asked to indicate the extent to which they agreed with those statements. Figure 2.19 displays the responses received for each statement.

**120.** Respondents most commonly agreed (88%) that crofting is not viable without employment outside of crofting. Respondents were most unsure about whether crofting has a sustainable future in its present form, with just under 30% indicating they did not know, or providing no response.



**Figure 2.19 Level of agreement with statements on crofting (base: 751)**



Source: Exodus Market Research

**121.** If “don’t knows” are removed from the responses, it was found that a substantial majority of crofters, 69%, felt that diversification is the only way to secure the future of crofting. Furthermore 65% of crofters felt that the Scottish Government was committed to protecting the future of crofting and 61% thought that income from common grazings should benefit the community and not just those who own shares in the common grazings. When “don’t knows” are removed 51% of crofters felt that crofting is sustainable in its present form compared to 49% who did not.

**122.** The SAC report asked respondents if they viewed the future of crofting more positively or more negatively, and asked them to qualify the answer to explain why they view the future of crofting in that way. Most respondents presented the view that, due to recent developments, the future of crofting was fairly positive. Active work by the Crofting Commission to tackle absenteeism has led to an increase in activity levels across the board, the support for new entrants under the new CAP is promising, and store livestock prices have been increasing, providing many crofters with additional income. Respondents did qualify this outlook by highlighting that the aging population profile within crofting communities and the decline of crofting skills remain an issue.

**123.** There was however some concern presented by respondents with regards to the community aspect of crofting, with fewer new and young people becoming crofters and a general lower level of communal activity than in the past. Furthermore, some respondents indicated that as crofts are amalgamated to make them more commercially viable, crofting is drifting towards farming, with fewer “pluriactive”, part-time crofters than in the past.

**3. Section 51 (1) (b)– The measures taken to support crofting during the reporting period by (i) Scottish Ministers and (ii) the Crofting Commission; and**

**Section 51 (1) (c) – The further measures that Scottish Minister intend to take to address the economic condition of crofting**

**3.1 General**

**124.** The Scottish Government continues to consider how to improve the economic conditions surrounding crofting. However, the various Government-funded schemes to which crofters can apply for financial support remain slightly undersubscribed. The Government will therefore continue to encourage crofters to apply for funding, particularly under schemes such as the Crofting Counties Agricultural Grants Scheme (CCAGS), the Croft House Grant Scheme (CHGS) and the Cattle Improvement Scheme, which are specific to crofters.

**125.** A further Government economic contribution in addition to scheme funding not always recognised as being contributory to crofting and crofters, and to other sectors, is civil service resources for delivering Government policies, administration and regulation of crofting, providing advice, making payments and ensuring impartiality between sectors. This resource has been provided throughout the reporting period and will continue to be so as demand requires. Key areas providing such administrative and advisory services include various parts of the Scottish Government, the Crofting Commission, Highlands and Islands Enterprise, Forestry Commission Scotland, local authorities and the Scottish Land Court.

**126.** During the next reporting period, the Scottish Government will consider carefully how to take forward encouraging all landowners – public sector, community landowners and the private sector – to release land for crofting purposes. This can be achieved by all landowners working collaboratively to safeguard the future of crofting and crofting communities in their locality, for the benefits of Scotland as a whole in ensuring our more remote, fragile areas continue to be maintained for the benefit of all.

**3.2 Financial Support to Crofting**

**Table 3.1 (Annual Budgets £000's)**

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Crofters/Crofting Commission	£3,216	£2,768	£2,491	£2,610	£2,589
Crofting Counties Agricultural Grants Scheme	£2,900	£2,000	£2,000	£2,000	£2,000
Croft House Grant Scheme	£2,900	£1,840	£1,389	£1,400	£1,411
Cattle Improvement Scheme	£311	£371	£293	£574	£556
<b>TOTAL</b>	<b>£9,327</b>	<b>£6,979</b>	<b>£6,173</b>	<b>£6,584</b>	<b>£6,556</b>

(The Cattle Improvement Scheme budgets for 2013-15 exclude depreciation)

**127.** The budgets are relatively stable over time but this does not necessarily mean that their real-terms effect has been reduced. The Crofting Commission, like other non-departmental public bodies and other Government departments, continues to be subject to the Efficient Government programme and delivers at least the same service as in previous years under a reduced budget. The earlier years in table 3.1 show a reduction in operating budget provided to the Crofting Commission owing to the transfer of the operation of the Croft House Grant Scheme (CHGS) and the Cattle Improvement Scheme to SGRPID, and the transfer of crofting development/crofting community development to Highlands and Islands Enterprise and other delivery partners.

**128.** The CCAGS and CHGS schemes are demand-led schemes contributing to three key aims of the Crofting Commission as agreed with Ministers: to maintain viable populations in remote areas; to promote active use of croft land; and to encourage joint management of assets such as common grazings. The CCAGS scheme continues to provide valuable support for key crofting activities, which help to maintain the active use of croft land and grazings, whilst the CHGS makes a significant contribution to providing housing for crofters on their crofts.

**129.** In addition to the operating budget supplied to the Commission, and the crofting-specific assistance administered by SGRPID, there was an estimated £37m a year in financial support to crofting communities through the less favoured areas support scheme and wider agricultural and rural development support.

### **3.2.1 Crofting Counties Agricultural Grants Scheme (CCAGS)**

**130.** The Crofting Counties Agricultural Grants Scheme (CCAGS) makes £2 million available on an annual basis to support crofters in making a range of improvements to their agricultural operations. This funding is designed to sustain the economic basis and way of life and so help retain population in crofting areas. Since April 2011, CCAGS has been made available specifically for crofting and a 10% uplift in grants to young crofters has been in place. CCAGS will continue under the SRDP 2014-2020, but the amounts that crofters will need to contribute towards improvements will be smaller.

**131.** Crofts come in many sizes and are used for a variety of both full and part-time agricultural purposes but, under European legislation, have to be classed as small or medium enterprises to be eligible for support. CCAGS can help in most respects of an agricultural business from improved stock protection and control to improvement of the agriculturally productive land itself. Assistance can be used for a number of purposes from keeping traditional crofting alive to enabling croft businesses, such as Saladworx in Dornoch, which started from the ground up and has gone on to become an award-winning niche business supplying the high end of the UK catering establishment. Table 3.2 below provides details on the number of CCAGS applications approved and the value of these grants per year for the period covered by this report.

**Table 3.2 CCAGS Number of Applications and Funding Provided**

Year	Applications		Percentage Approved	Monetary Value (£,000s)
	Received	Approved		
2011/12	866	686	79%	£1,446
2012/13	929	713	76%	£1,690
2013/14	971	750	77%	£1,784
2014/15	690 (est*)	509 (est)	74% (est)	£1,544 (est)

\* Estimates based on number of applications received between 1 April 2014 and end October 2014.

### 3.2.2 Croft House Grant Scheme (CHGS)

**132.** CHGS currently supports the construction or refurbishment of approximately 70 croft houses each year in the crofting counties. The Scottish Government is currently reviewing this support and will consult crofting stakeholders before making any final changes to the scheme. Research indicates that the review should propose increased levels of support. Table 3.3 below provides details on the number of CHGS applications approved and the value of these grants per year for the period covered by this report.

**Table 3.3 CHGS Number of Applications and Funding Provided**

Year	Applications		Percentage Approved	Monetary Value (£,000s)
	Received	Approved		
2011/12	112	70	62%	£1,281
2012/13	90	69	77%	£1,228
2013/14	76	71	93%	£1,230
2014/15 (until 31/10/14)	38	33*	87%	£625

\*3 applications still under consideration

**133.** The average of 70 family units per year being assisted by CHGS towards their housing needs are often in areas where there is limited public and private housing sector availability. In a number of cases, there is generation renewal as young families assume tenancy or ownership from an elderly relative who is no longer able to cultivate the croft. The assistance available from CHGS is important, not just in terms of making it more possible to sustain a house on the croft, but also in freeing up funds that can be used to help make the croft more productive. An award of CHGS assistance to build a home on the croft also often frees up space in the tenanted housing sector for others in the wider community when a crofter and his/her family move into the assisted house to become householders.

**134.** Applicants for CHGS support for new houses are required to agree a business plan, suitable to the individual circumstances of the croft that, in turn, becomes a condition attached to the award of grant. Adherence to these plans increases the amount of locally grown produce and makes a valuable contribution to the reduction of food miles. It also helps to bring land that may have been underused back into a number of productive uses, whether for livestock, vegetables or even the cultivation of willow for biomass use.

**135.** Going forward, the Scottish Government will continue to provide financial support to crofting through ongoing provision of CCAGS, CHGS and the Crofting Cattle Improvement Scheme.

### **3.2.3 Cattle Improvement Scheme**

**136.** The Scottish Government completed its £3 million renovation of the stud farm facilities at Knocknagael in Inverness in April 2013. The modernised stud facility provides quality modern accommodation for the bulls with an increased emphasis on health and safety for employees and optimising the bulls' welfare. Despite this level of investment, the hire costs of the bulls has only been slightly increased in line with inflation and this scheme continues to subsidise bull hire by groups of crofters by up to 60% of the full cost. This enables crofters to continue to benefit from access to high quality, healthy bulls and the supply of quality calves to the beef industry throughout Scotland and beyond. Table 3.4 below provides statistics on the number of bulls hired by crofters, the number of groups of crofters involved and the number of crofters who have benefited from the Cattle Improvement Scheme.

**Table 3.4 Number of Beneficiaries from the Cattle Improvement Scheme**

	<b>Bulls Hired</b>	<b>No of Groups</b>	<b>No of Crofters Benefiting</b>
<b>2011/12</b>	101	88	400
<b>2012/13</b>	97	82	372
<b>2013/14</b>	92	80	248
<b>2014/15</b>	99	87	368

**137.** The scheme continues to supply bulls to the areas where no practical alternative means of service are readily available. Scheme staff are available to offer advice and guidance on all matters relating to the husbandry and welfare of the bulls, and by extension their mates and progeny. Some townships have returned to the scheme, citing that it is their best option to obtain a good quality sire for their cattle. Approximately 3,200 calves are sired annually by Scottish Government bulls, from which home-bred replacement heifers are retained and the surplus sold on.

**138.** The progeny from participating townships regularly feature in the top lots sold. Examples include Eoligarry township from Barra, who have topped their sale at Dalmally for the last few years; and Upper Barvas from Lewis, who take their calves to Thainstone and regularly top their section. Calves sired by the scheme bulls also sell well at Lochmaddy, Portree and Dingwall, with a premium over non-croft cattle of up to £40 per head. Commercial cattle producers from the north and east of the country have also stated that they source females from participating townships because of their quality and health status.

### **3.3 Designated Areas for Crofting**

**139.** Arran, Bute, Greater and Little Cumbrae, Moray and the parts of Highland not already within the Crofting Counties were designated as new crofting areas by the Crofting (Designation of Areas)(Scotland) Order 2010. This allows new crofts to be

created in these areas. The seven local authority areas with land eligible for crofting tenure in their area are: Argyle and Bute; Highland; Moray; North Ayrshire; Orkney; Shetland; and Western Isles. At present, CCAGS assistance is open to crofters in those areas, and CHGS assistance is expected to follow in the next reporting period. Any holdings that are not yet crofts will be able to access all other agriculture support measures.

**140.** Extending the crofting areas provides opportunities for creating new crofts, thereby increasing the amount of land in crofting tenure. However, the initial take-up has been disappointing. While creating new crofts provides opportunities for individuals to enter into crofting and access crofting support, it is recognised that some landowners might be dissuaded by crofting legislation and the potential decrease in land value from converting their land from non-crofting to crofting tenure. However, landlords of holdings converted to crofting tenure by their tenants are eligible for compensation.

### **3.4 Common Agricultural Policy (CAP)**

#### **3.4.1 General**

**141.** The Common Agricultural Policy (CAP) is agricultural policy of the European Union, designed to ensure food security in Europe, improve farm productivity, provide farmers with a reasonable living, deliver a sustainable management of natural resources and safeguard the future of the rural economy. Member States have some flexibility on how to deliver CAP funding to farmers and rural economies through the two “Pillars” of the CAP.

**142.** Following the provision of the new regulatory framework by the European Commission in December 2013 and announcements by Cabinet Secretary Richard Lochhead in June 2014 on the Scottish Government’s implementation plans, substantial changes in the delivery of CAP funding will be made from 2015 onwards.

**143.** Pillar 1 will deliver funding to active farmers based on the size and quality of the land they own and also provide some payments that coupled directly to the production of livestock. Pillar 2 funding will attempt to target funding for more specific purposes, to develop and benefit rural Scotland.

**144.** Following the UK Government’s decision not to award the Scottish Government the additional convergence uplift it received as a result of Scotland’s large agricultural area, Scotland’s budget for both Pillar 1 and Pillar 2 will be lower over the CAP period of 2014-2019 compared with 2007-2013. Over the 2014-2020 period, Scotland’s Pillar 1 ceiling will be €3,499m whilst the Pillar 2 ceiling is €477.8m.

**145.** Crofting has benefited from the CAP funding through many of the different schemes that have operated over the 2011-2014 period and is expected to continue to benefit from a number of the prevailing schemes as well as some of the new ones.

### 3.4.2 Pillar 1: Direct Payments

146. The Scottish Government fought hard in the CAP negotiations to ensure that future Pillar 1 direct payments will only go to active farmers and crofters, closing the loophole that currently allows so called “slipper farmers” to claim subsidies on land that naturally meets the GAEC (Good Agricultural and Environmental Condition) requirement without carrying out any activity.

147. In addition, future new entrants and young farmers and crofters will be able to access the new Basic Payment scheme and other Pillar 1 support such as Greening, Voluntary Coupled Support (VCS) and the Young Farmer payments.

148. The following table covers Pillar 1 scheme payments made to businesses that have registered a least one croft with the Crofting Commission and are based within the crofting counties for the 2010 to 2013 period. As payments are still being made, data on payments made in 2014 are unavailable for the publication of this report.

**Table 3.5 Pillar 1 Funding provided to businesses with at least one registered croft.**

Year	SFPS (£)	SBCS/SBS (£)	Total (£)
2010	£20,644,220	£1,637,338	£22,281,558
2011	£20,686,503	£1,595,236	£22,281,739
2012	£18,681,072	£1,677,727	£20,358,799
2013	£18,729,081	£1,736,620	£20,465,700

149. An outline of the Pillar 1 funding schemes which provided funding over the reporting period as well as the Pillar 1 schemes planned for the 2015-20189 period are outlined below:

#### **Single Farm Payment Scheme (SFPS)**

150. The Single Farm Payment Scheme (SFPS) was introduced in 2005, and will end on 31 December 2014. This is part of the package that reformed the Common Agricultural Policy (CAP). It replaced certain production based support schemes. To participate in the scheme businesses must hold entitlements either through an original award, or having acquired them by transfer. They must claim on a yearly basis, declaring a minimum of three hectares of eligible land, be involved in an agricultural activity, and maintain their land in Good Agricultural and Environmental Conditions (GAEC), as well as meeting a number of Statutory Management Requirements covering the environment, food safety, animal and plant health and animal welfare (cross compliance).

#### **Scottish Beef Calf Scheme (SBCS) / Scottish Beef Scheme (SBS)**

151. The Scottish Beef Calf Scheme was first introduced in 2005 to enhance the quality of the suckler cow herd in Scotland and to provide an incentive to keep cows in the fragile areas where they are of environmental benefit. To achieve the latter, farmers receive a higher payment rate for the first 10 calves claimed; intended to benefit producers in the more remote areas in Scotland who, on average, have

smaller herds. Following the CAP Healthcheck and the Brian Pack Inquiry, the Scottish Beef Calf Scheme was superseded by the Scottish Beef Scheme in 2012. The scheme is unique to Scotland and worth around £25 million to Scottish beef producers each year.

**152.** Under the new CAP, the SFP will be replaced with a new Basic Payment Scheme which will be paid on an area basis, and only to farmers that meet active farmer requirements.

**153.** In order to reflect the variation in land across Scotland, there will be three Payment Regions as follows;

- Region 1 will include parcels of better quality agricultural land that have been typically used for arable cropping, temporary grass and permanent grass.
- Region 2 will include parcels of better quality rough grazing which have been designated as Less Favoured Areas (LFA) grazing categories B, C, D and non-LFA.
- Region 3 will include parcels of the poorest quality rough grazing which have been designated as LFA grazing category A.

**154.** In recognition of the difference in land quality, the budget will be distributed between these payment regions to achieve a balance in 2019 that reflects the variation in the productive capacity of the land. By 2019 all payment entitlements in a payment region will be of a similar value.

**155.** In addition to the Basic Payment Scheme there will be a mandatory Greening requirement for farmers which consists of 3 elements, Crop Diversification, Maintaining Permanent Grassland, and having an Ecological Focus Area (EFA) on their agricultural area. Farmers will receive a payment for meeting their greening requirements, the greening payments will account for 30% of Scotland's Pillar 1 ceiling.

**156.** Scottish Government also secured the ability to increase the amount of Scotland's Pillar 1 ceiling it uses for Voluntary Coupled Support (VCS). We will use around 10% of Scotland's revised Basic Payment ceiling for VCS and there will be three VCS schemes, two in the beef sector and one in the sheep sector. For the beef sector there will be the Scottish Suckler Beef Support Scheme (Mainland) and the Scottish Suckler Beef Support Scheme (Islands), which aim to maintain:

- specialist beef suckler herds on mainland Scotland and the Scottish Islands,
- sufficient critical mass in the Scottish mainland beef industry,
- the environmental benefits that arise from extensive beef suckler herds on the Scottish mainland and Islands, and;
- the social benefits that arise from keeping beef suckler herds on the Scottish mainland and Islands.

**157.** For the sheep sector, there will be the Scottish Upland Sheep Support Scheme, which will have the following aims;

- To maintain sheep flocks in farm businesses reliant on poorer quality rough grazing found in Scotland's Basic payment Region 3;



- To maintain the environmental benefits that arise from grazing by extensive sheep grazing on the Scottish hills and uplands; and,
- To maintain the social benefits that arise from keeping specialist sheep flocks on the Scottish hills and uplands.

**158.** There will also be a young Farmer Payment that will see farmers up to 40 years old, at the time of applying, receive a top-up of 25% of the regional average entitlement value on the first 90 hectares of their claim.

**159.** The following table provides estimates for 2019 funding provided under the new Pillar 1 schemes for businesses that have at registered at least one crofting with the Crofting Commission and are based in the Crofting Counties. As the estimates are based on 2011 data and a number of speculative assumptions about the land possessed by these businesses in Region's 2 and 3, these figures should be interpreted only as an indication of the level of Pillar 1 support crofters might receive under the new CAP. Only once the Scottish Government receives land claims in 2015 will we be able to provide a more accurate prediction for the Pillar 1 funding that will be provided to crofters.

**Table 3.6 Estimates for 2019 Pillar 1 Funding to Businesses with a Registered Croft**

<b>Scheme</b>	<b>Estimated 2019 Funding (€)</b>	<b>Estimated 2019 Funding (£)<sup>16</sup></b>
Greening	€12.5m	£9.6m
Basic Payment Scheme	€24.7m	£19.1m
Mainland Beef Coupled Support Scheme	€1.3m	£1.0m
Islands Beef Coupled Support Scheme	€2.1m	£1.7m
Sheep Coupled Support Scheme	€2.1m	£1.6m
<b>Total</b>	<b>€42.7m</b>	<b>£33.0m</b>

### **3.4.3 Pillar 2: Scottish Rural Development Programme (SRDP)**

**160.** The SRDP is a programme of economic, environmental and social measures, and is designed to develop and benefit rural Scotland. This includes provision of support for crofting, which predominates in large expanses of land in rural areas of Scotland. The proposals for SRDP 2014-2020 are yet to be finalised and are currently being considered by the European Commission.

**161.** The key purpose of the SRDP 2014–2020 is to help achieve sustainable economic growth in Scotland's rural areas and the priorities for it remains broadly the same as the previous programme. These priorities are: sustainable economic growth; protecting and enhancing our environmental assets; adapting to, and mitigating, climate change; and vibrant and sustainable rural communities.

<sup>16</sup> These estimates are based on the 2014 scheme year exchange rate of €1: £0.773.

**162.** The SRDP 2014-2020 will contribute towards the European Union's ten year growth strategy, Europe 2020, which is designed to deliver growth that is **smart**, through effective investments in education, research and innovation; **sustainable**, thanks to a decisive move towards a low-carbon economy; and **inclusive**, with a strong emphasis on job creation and poverty reduction. The SRDP will assist the Europe 2020 Strategy through the six European Union priorities for rural development:

- Knowledge transfer and innovation in agriculture, forestry and rural areas;
- Farm competitiveness and risk management;
- Food chain organisation;
- Restoring and enhancing ecosystems;
- Promoting resource efficiency;
- Social inclusion, poverty reduction and rural economic development

**163.** In recognition of the fact that crofters and small farmers were underrepresented under the previous 2007-2013, SRDP improvements are planned under the SRDP 2014 -2020.

**164.** In order to address this and other concerns the Scottish Government plan a number of improvements. In particular the Scottish Government plan to keep it:

- as **simple as possible**, with a clear list of schemes;
- **straightforward**, through an improved application process and use of a two-tier approval process;
- **effective**, through better targeting, support for co-operative action and improved advice, and closer alignment with other EU and domestic funds;
- **customer focussed**, with improved guidance, better customer support, an expanded advisory service and the Scottish Rural Network; and
- **accessible** with an improved application/approval process for grants under £75,000 for land-based schemes.

**165.** A number of the measures previously offered will continue into the new programme, including support for crofting, forestry, LEADER and agri-environment actions and the programme will offer some new schemes, for example offering support for co-operative action for agri-environment measures at a landscape scale. Although many of the options will remain the same, some scheme changes will be applied to support better delivery. A number of the schemes that crofters have benefited from through the SRDP 2007-2013 and will continue to benefit from, as well as an outline of some of the new schemes under the SRDP 2014-2020, is provided below.

### **Less Favoured Area Support Scheme (LFASS)**

**166.** The Less Favoured Area Support Scheme (LFASS) is an EC Rural Development measure which aims to ensure continued land use and maintain the countryside. There are around 53,000 agricultural holdings in Scotland covering a total area of 5.6 million hectares, which is approximately 73% of Scotland's total land

area. Of this, around 85% of the agricultural land is marginal and designated as Less Favoured Area.

**167.** LFASS is co-funded by the EC, under Pillar 2 of the CAP, as part of the SRDP 2007–2013 and around 11,300 crofters and farmers each year benefit by around £65.5 million in total. Those who qualify for LFASS payments must actively farm eligible forage land for the majority of each calendar year.

**168.** The principal objective of LFASS is to compensate land managers in Less Favoured Areas for the particular disadvantages that they face, and thereby sustain farming and crofting in these areas. This provides the associated economic, social and environmental benefits that are dependent on continued active farming/land management in these areas. A significant proportion of croft land falls within the Less Favoured Area and therefore receives additional support.

**169.** As Table 3.7 outlines, crofters received on average £10.3m during the reporting period. This amounted to an average of £2,567 LFASS support per recipient per year.

**Table 3.7 LFASS funding provided to businesses with at least one registered croft**

<b>Year</b>	<b>Number of Recipients</b>	<b>LFASS Funding (£)</b>
2010	4,079	£10,594,231
2011	4,059	£10,378,650
2012	3,996	£10,158,988
2013	3,951	£10,163,918

**170.** Subject to approval by the Commission, LFASS will continue in a similar form under the 2014-2020 until 2018 when it will be replaced by the provision of support to Areas of Natural Constraint (ANCs). The Scottish Government will work with stakeholders, including crofting representatives, to undertake a review of this scheme as we move to the system of support for Areas with Natural Constraint by 2018 in line with European regulations. A separate consultation will be issued in due course.

### **Land Managers Contract Menu Scheme (LMCMS)**

**171.** The Land Management Contract Menu Schemes (LMCMS) was introduced in 2005 to provide assistance to land managers to improve the countryside and environment by choosing from a list of options up to the level of an allowance determined by the land in their Single Application Form. The scheme was non-competitive and was closed to new applications in 2006, with the last payments made in 2013. Table 3.8 outlines payments made to crofters over the reporting period.

**Table 3.8 LMCMS funding provided to businesses with at least one registered croft**

Year	Number of Recipients	LMCMS Funding (£)
2010	930	£1,458,907
2011	338	£395,357
2012	9	£16,973
2013	1	£457

### **Land Managers Options (LMO)**

**172.** The Land Managers Options (LMO) was a non-competitive scheme under the 2007-2013 SRDP to provide support to land managers for the provision of economic, social and environmental improvements.

**173.** Applicants could choose from a list of options based on the land included in their Single Application Form. Some options are for one-off payments while other options require a five year commitment. Options funded under the LMO include agri-environment measures, animal welfare improvement, native woodland plantings, skills training and improving the condition of vernacular buildings, archaeological or historic sites and historic landscapes. The LMO closed to new applications in 2014 but the Scottish Government continues to pay for ongoing commitments. Table 3.9 outlines payments made to crofters over the reporting period.

**Table 3.9 LMO funding provided to businesses with at least one registered croft**

Year	Number of Recipients	LMO Funding (£)
2010	385	£135,356
2011	809	£764,418
2012	872	£996,414
2013	863	£930,613

### **Rural Priorities (RP)**

**174.** The Rural Priorities Scheme (RP) opened in 2008 as a competitive scheme where land managers, individuals and groups could seek funding to help deliver strategic objectives in rural Scotland on a regional basis where priorities are agreed for each of the eleven regions with local stakeholders. Since its opening, contracts have been agreed for over 9,000 cases worth over £610m for areas such as business development, agri-environment, forestry, organic farming, renewable energy and supporting rural enterprise and rural communities. The last competitive funding round was completed in June 2013 for business development and rural enterprise/rural communities projects with ongoing approval in 2013 for agri-environment and forestry projects.

**175.** As the 2007-2013 SRDP came to an end in December 2013 and the new SRDP schemes will not be available until January 2015, funding is being provided under transitional arrangements by extending contracts for a further year for agri-environment contracts that expired in December 2013 and funding certain forestry

projects that were approved up to the end of 2013. Table 3.10 outlines the total grant payments made to crofters over the reporting period.

**Table 3.10 RP funding provided to businesses with at least one registered croft**

Year	Number of Recipients	RP Funding (£)
2010	254	£4,540,603
2011	339	£5,458,659
2012	390	£5,799,062
2013	498	£5,176,200

**176.** Examples where crofters have been supported over the reporting period through Rural Priorities include:

- Four crofts on the west coast of Lewis are working together to provide a suitable habitat for local wildlife. The crofts are in Ballantrushal and Upper Shader, two neighbouring villages with shared common grazings which lie between the two separate sites of the Ness and Barvas SPA. The crofters have been awarded £48,800 over five years to provide a link between the two protected sites, which will act as a refuge for corncrake. The project also includes late cutting and sowing of plant species such as bird's-foot trefoil, red clover and knapweed to provide a habitat for great yellow bumblebees.
- A group of West Harris crofters and grazing committees will receive £58,800 over five years to implement a comprehensive programme of grazing and land management. This will support the designated features of Luskentyre Banks and Saltings SSSI, and enhance biodiversity on moorland and salt marsh across the common grazings. Grazing management on the site's coastal areas will create a range of sward heights across several sizeable areas of machair to allow flowering plants to develop and set seed. The project will help to ensure that the designated features of this SSSI are maintained in favourable condition, and will support a range of locally and nationally important Biodiversity Action Plan (BAP) habitats and species.
- Five family-run crofts in the Balemor and Knockline area of North Uist will receive almost of £93,800 over five years to sustain and enhance habitats for local flora and fauna. The collaborative project will contribute to the Western Isles BAP, providing habitats for species including corncrake, corn bunting and other ground nesting birds like curlew and lapwing, as well as the great yellow bumblebee.
- A small croft at Kilmuir on the Isle of Skye will receive almost £4,200 towards an environment management project to protect and enhance local biodiversity. Plans include mowing grassland to benefit corncrakes and managing species-rich grassland to support a range of species including hen harrier, lapwing and brown hare.

177. Further case studies of funding provided to crofters, farmers and other groups within rural communities through Rural Priorities can be found in the case studies section of the Rural Priorities Key Facts on the Scottish Government's website: <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/RuralPriorities/KeyFacts>

### **Agri-Environment Climate Scheme**

178. The Agri-Environment Climate Scheme will support environmental actions to maintain and enhance Scotland's rich and varied natural environment.

179. The scheme has a total budget of £350 million and will target support for land managers to undertake management and capital work for environmental purposes such as: increasing the area and improving the condition of priority habitats of conservation interest and increasing the abundance of terrestrial breeding birds, pollinators and other priority species in agricultural and woodland habitats

180. There will be a range of payments available under the Agri-Environment Climate Scheme and crofters will be able to apply for these payments where relevant.

### **LEADER (Liaison Entre Actions de Developpement de l'Economie Rurale)**

181. The LEADER programme was established as part of the SRDP in 2007 and aims to promote economic and community development in rural areas. Under the current scheme that closed to new applicants on 31 December 2013, crofters, like other members of rural communities, could qualify for grant aid and eligibility is set out in Regulation 9 of the Leader Grants (Scotland) Regulations 2008.

182. A new programme LEADER 2014-2020 is now in development and an award of grant is at the discretion of the Local Action Group who will assess applications against their local development strategy, using locally developed criteria. New online applications are expected to commence from early 2015. Ministers have no locus to intervene at the local level.

183. Table 3.11 below details LEADER Local Action Groups (LAGs) and their current indicative allocations.

**Table 3.11 Indicative Allocations of LEADER Funding**

<b>LAG</b>	<b>LEADER</b>	<b>Convergence</b>	<b>Total</b>
<b>Argyll &amp; Islands</b>	£3.77m	£5.12m	£8.89m
<b>Cairngorms</b>	£1.35m	£1.17m	£2.52m
<b>Highland</b>	£9.09m	£7.50m	£16.59m
<b>Moray</b>	£1.94m	£0.40m	£2.34m
<b>Orkney</b>	£0.77m	£1.54m	£2.31m
<b>Outer Hebrides</b>	£1.28m	£1.98m	£3.26m
<b>Shetland</b>	£0.87m	£1.49m	£2.36m
<b>Total</b>	<b>£19.07m</b>	<b>£19.2m</b>	<b>£38.27m</b>

**184.** LEADER enables innovative approaches to rural problems, including small business and farm diversification. New ideas, co-operation, capacity-building and community empowerment are the central principles behind the bottom-up LEADER approach to decision-making. LEADER covers 95% of rural Scotland and certainly all of the remote rural areas. An extra £19.2m Convergence funding was made available to the Highlands and Islands area in recognition of its previous status as a disadvantaged and remote area and this has provided additional assistance in the predominantly crofting areas.

**185.** 20 Local Action Groups (LAGs) delivered LEADER funding under the SRDP (2007-2013), with 21 invited to deliver under the new programme (2014 – 2020). LAGs are a local partnership of local public agencies working in the mostly rural field and private socio-economic individuals or businesses. Local Authorities act as the Lead Partner for the LAGs, responsible for holding and accounting for the LEADER funds and employing LAG staff.

**186.** Examples of projects supported are:

- **Lewis & Harris Horticultural Producers**  
**Project: Regeneration of the Stornoway & Tarbert Farmers Market**

LHHP concentrate on the promotion of commercial horticulture, sympathetic to the crofting and ecological ideals of the Outer Hebrides. LHHP currently provide a platform for local food producers to selling their goods in a market place. The Project aims to further enhance the Stornoway & Tarbert farmers market and the produce that is for sale, which will help develop the potential for economic activity in home-based crofting diversification.

LEADER Contribution: £11,861

Total Project Costs: £26,957

- **Clachan Sands Machinery Group**  
**Project: Environmental Measures**

The Machinery Group purchased a tracked excavator and trailer for its transportation and associated activities. The primary reasons for acquiring these assets are to: maintain & improve field drainage for arable and pasture fields; slow/prevent further erosion of sand dunes which provide livestock with much needed shelter in the winter; provide improved access to the machair and surrounding beaches; and, in time, provide the wider community with cost effective drainage and dune erosion prevention services.

LEADER Contribution: £8,775

Total Project Costs: £29,250

- **Cunningsburgh and Districts Agricultural Society**  
**Project: Cunningsburgh Showfield Development**

To develop the Showfield at Cunningsburgh to provide additional space for exhibits and a proper horse arena. The annual Cunningsburgh Show is the

biggest agricultural show in Shetland and the only one which is open to exhibitors which includes crofters from all parts of Shetland. This project addressed the problems of a site which was struggling to cope with increased numbers of both visitors and exhibitors and will allow it to develop further as a showcase for Shetland products. Crofters from all over Shetland attend the show, both as exhibitors and visitors, thus benefitting crofting directly.

LEADER Contribution: £48,698

Total Project Costs: £114,150

## **Rural Broadband Scheme**

**187.** The Rural Broadband Scheme is a new programme developed for the SRDP 2014-2020 and aims to provide high speed broadband access to Scotland's most rural and remote communities. This will be achieved by €10.8m (~£8.5m) of investment funding for the deployment of passive broadband infrastructure, basic broadband networks and next generation access ("NGA") broadband networks and the delivery of a programme to stimulate and development digital skills in rural areas.

**188.** It is expected that the main beneficiaries of the Rural Broadband Scheme will be businesses and individuals living predominately in remote and rural areas across Scotland. Whilst difficult to measure the extent to which they will benefit from this scheme, as crofting communities are often in some of the most remote areas of Scotland it is thought that they could, collectively, be beneficiaries of this scheme.

## **New Entrants to Farming and Crofting**

**189.** In September 2012, a New Entrant Panel, consisting of key farming stakeholder representative organisations and individuals, was established to advise the Scottish Government on how more new entrant farmers and crofters can be supported to access opportunities to take up farming. Crofting is directly represented on the Panel.

**190.** The Scottish Government worked with the Panel to deliver a £2M New Entrant grant assistance scheme to hard pressed new entrant farmers and crofters disadvantaged by the previous CAP. To assist new entrants to farming and crofting, an advisory support programme was also introduced and is delivered by the SAC Consulting (SRUC). This currently engages directly with around 150 new entrants in Scotland and this year launched an additional support group in the Western Isles, predominantly to support crofting.

**191.** The new SRDP will continue to afford new entrants and young farmers and crofters with the best possible opportunity to develop sustainable and profitable businesses, including:

- start-up support up to €70,000 for young new entrant farmers and crofters to facilitate the implementation of an agreed business plan;
- separate capital support to further develop their holding;



- for the first time, it will provide access to one-to-one general consultancy advice and a mentoring service to new entrants through the new Advisory Service.

**192.** During its short existence in the reporting period 2011 to 2014, the £2M New Entrants scheme has provided a variety of opportunities for crofters and new entrants in the crofting counties. In this scheme, some 641 crofters and new entrants were successful in receiving a total of £1.86M of grant funding. Feedback on the scheme has been very positive and one new entrant within the crofting counties wrote to the Cabinet Secretary for Rural Affairs and the Environment and said “I just wanted to write a quick thank you for the New Entrants support, it has really made such a difference and, aside from the financial side of things, it makes us feel supported, valued and listened to”.

### **Scottish Crofting Federation (SCF) Skills Development Scheme**

**193.** In creating opportunities for crofters, the Scottish Government approved grant aid of £99,175 to the SCF under the SRDP Skills Development Scheme (SDS) in order to fund a pilot project to equip crofters with the skills necessary for crofting in the 21st Century. The project was completed in 2012 and a full evaluation of the programme has been undertaken. A copy of the evaluation report can be obtained from the SCF at Unit 26, Kyle Industrial Estate, Kyle of Lochalsh, IV40 8AX (Tel: 01599 530005 or e-mail HQ@crofting.org or HQ@crofting.org).

**194.** Following on from the 18-month pilot project, where 300 people attended the Entry Level courses, there is a database of over 500 people on the waiting list for courses at all levels. As a result of the success of that project, the SCF received a further £224,822 grant under the SDS towards a three-year Crofting Skills Training Programme, which will run through to July 2015. The project is aimed at aspiring and new crofters who are looking to make good early decisions and acquire a broad range of crofting skills.

**195.** The 3-year programme provides short-duration training for crofters and small holders in a progressive sequence from entry level through to nationally accredited short courses in selected skills. Training is offered at four levels:-

- Entry – Per annum
- Intermediate – Years 2 and 3
- Practical – Per annum
- Certified – Year 3

**196.** The programme runs courses across 8 different crofting communities. Feedback from Highlands and Islands Enterprise and the Scottish Government suggests that year 1 of the training programme has been very successful from a management, financial and administrative viewpoint.

**197.** In year 1, for the entry level course, there was a 10-week course and 7 2-day courses with a total of 130 learners (exceeding the target by 10). One learner was quoted as saying “great overall course, intensive but extremely helpful and valuable to young blood coming into crofting”. There were 45 practical skills courses run in

the first year, attended by 384 participants. The skills courses spanned a wide range of subjects such as fencing, horticulture, animal husbandry, spraying, drystone walling, butchering, lambing etc. In relation to the fencing course, one attendee said “The tutor was excellent and encouraging. Everyone had a go at attaching the wire, hammering in staples, twisting the ends to finish off and attaching lashings. I can feel confident about fencing at home”.

**198.** When asked about the success of the programme, Patrick Krause said “This is some of the most important work the SCF is doing. It is helping people to come into crofting and increasing essential croft-related skills. The passion and enthusiasm I have found in the training groups I have attended has been inspirational; you just have to talk to a group of trainees to know why we have to have an SCF and a skills development scheme under the SRDP”. Under the new programme, further funding will be available under the Knowledge Transfer and Innovation Fund (KTIF)

### **3.5 Scottish Government Support for Advice in the Crofting Counties**

**199.** The Scottish Government annually provides £2 million of funding towards the provision of the rural advisory service in the crofting counties. SRUC is commissioned annually and this service is delivered locally through its SAC consulting division as part of the Veterinary and Advisory Services (VAS) programme. This funding provides discounted fees for consultancy services for crofters as well as a range of free advice and information through workshops and meetings supported by numerous publications. A booklet has recently been published to highlight this service and can be found at the following link: [http://www.sruc.ac.uk/downloads/file/2166/scottish\\_governments\\_vas\\_programme\\_-\\_support\\_for\\_crofters\\_and\\_scotlands\\_remote\\_areas](http://www.sruc.ac.uk/downloads/file/2166/scottish_governments_vas_programme_-_support_for_crofters_and_scotlands_remote_areas)

### **3.6 The Crofting Commission**

**200.** The Crofting Commission recognises the contribution that it can make to the economic viability and sustainability of rural and remote rural areas of Scotland, despite other agencies having taken over the remit for the development of crofting in 2009. The Commission contributes to economic viability and sustainability by making decisions that support appropriate developments within the context of the crofting system. These decisions include approvals of decrofting applications for crofter housing, and other housing for residential use, for croft diversification projects or business developments, including renewable energy; by approving appropriately designed apportionments to allow expansion of crofting activities or ease of livestock management by individual crofters; by approving the creation of new crofts, including by division; by approving assignments to new entrants and to existing crofters wishing to expand their crofting activities.

**201.** The Commission also recognises the importance of regulation for ensuring crofters are ordinarily resident and using their crofts. This contributes to population retention and growth and encourages increased and self-sustaining economic activity connected to both crofting activity and population. The other main activity of the Commission to encourage and support economic viability is the regulation and promotion of sustainable and ambitious management of common grazings.

**202.** The number of crofts on the Register of Crofts has increased from 17,982 in 2010 to 18,949 in 2014, which represents an increase of 967 crofts. However, this figure requires some explanation. The figure for registered crofts has increased substantially from last year. The principal reason for this is the Scottish Land Court determined that, following the purchase of croft land, any associated common grazings shares which remain tenanted are deemed to be crofts in their own right and, as such, are to be recorded as a separate legal entity in the Commission's Register of Crofts.

**203.** Since 2010, 109 new crofts have been created by the division of existing crofts. This activity has therefore not increased the area of land under crofting tenure, but has increased the number of crofts available. In addition, since 2010, 48 new crofts have been created on land that was not previously under crofting tenure, using the new provisions introduced with the Crofting Reform etc Act 2007 (the 2007 Act). New crofts have been created at the following rate over the financial years:

**Table 3.12 Number of New Crofts on Non-Croft Land**

Financial year	New crofts created on previously non-croft land
2010-2011	14
2011-2012	11
2012-2013	10
2013-2014	13
<b>Total new crofts created</b>	<b>48</b>

**Table 3.13 Total Crofts Created or Now Recorded as Crofts 2010-2014**

New crofts through division	109
New crofts on previously non-croft land	48
Deemed crofts – now recorded as crofts	863
Decrofted crofts – no longer crofts	53
<b>Net change in number of registered crofts</b>	<b>967</b>

**204.** Over the financial years 2012-2014, the 36 new crofts approved represent a total area of 274 ha of new land under crofting tenure. The area of new land coming into crofting has only been recorded on an annual basis since the Crofting Commission came into operation in 2012. Under the 2007 Act, parts of the local government areas of Highlands, Moray, Argyll and Bute and North Ayrshire were added to the seven original crofting counties of Argyll, Caithness, Inverness, Orkney, Ross and Cromarty, Sutherland and Zetland. One new croft has been created in the Isle of Arran, in North Ayrshire however this is the only new croft that has been created in the designated areas.

**205.** Over the same financial years of 2012 – 2014, there were 20 whole crofts decrofted, representing a total area of 86 ha. The major part of that figure – 73 ha - resulted from the decrofting of 3 single crofts. Two of these were in Orkney, where crofting is generally subsumed within the farming system, and the other was a vacant croft out with a defined township in Lewis. In this instance, the community landlords, the Stornoway Trust, wished to utilise the land as part of a wind farm proposal. In addition, the de-crofting of parts of crofts saw the loss of a further 68 ha of croft land. Much of this was for house sites, including the sites of croft houses for which crofters have a statutory right to apply for a de-crofting direction. Taken together with land from new crofts on non-croft land, there was a net increase in the area of crofting land over financial years 2012-2014 of 120 ha.

**206.** The remainder of the increase in the number of crofts are largely explained by a change to how the Commission records croft statistics in the Register of Crofts. The Land Court held in 2012 that where a croft has been purchased, a section 3(5) 'deemed croft', comprising an unpurchased grazing right or apportionment becomes a separate legal entity from the purchased in-bye croft land<sup>17</sup>. Since that time, the Crofting Commission has been undertaking an exercise to record these deemed crofts as separate crofts in their own right in the Register of Crofts. The majority of the increased number of crofts since 2010 has been created by this means, although in most cases the use of the deemed croft (grazing share) remains unaffected and in many cases does not create opportunities for new entrants. A small number of crofts have been created through the letting of part of a croft to create a new unit

### **Population Retention, Residency and other duties**

**207.** The Crofting Reform (Scotland) Act 2010 (the 2010 Act) placed new emphasis on the importance of population retention, requiring the Crofting Commission to have regard to the desirability of population retention in exercising its functions. The Act also placed a duty on all tenant and owner-occupier crofters to reside on, or within 32 km of, their croft; not to misuse or neglect the croft; and to cultivate the croft or to put it to another purposeful use. In the event of a breach of these duties, the Crofting Commission now has the power to take action to address the breach. Furthermore, the 2010 Act introduced the power for the Commission to instigate action to address breaches, rather than to have to await a complaint. These duties and powers recognise the crucial role that the crofting system continues to play in retaining and growing rural population.

**208.** As crofters become more aware of the duties that have been placed upon them, it is expected that there will be an increase in crofting and other purposeful activity on previously underused croft land.

**209.** The 2010 Act also requires the Crofting Commission to gather information from crofters annually on whether or not they are complying with their duties. This will be known as the Crofting Census and is covered in more detail below. Additionally, that Act requires grazings committees to report to the Commission on a 5-yearly basis on the condition of the common grazing; the condition of every croft of

---

<sup>17</sup> <http://www.scottish-land-court.org.uk/decisions/SLC.121.11.rub.html>

a tenant and owner-occupier crofter sharing in the grazing; and any other matter the Commission may require.

### Croft Residency Duty

**210.** In 2010 the Commission began systematically to address long standing cases of croft absenteeism; namely those who had been absent at that point in time from their crofts for more than 10 years. The tables below illustrate the results of this activity, particularly in terms of securing croft residency and population retention:

**Table 3.14 Crofting Commission Residents Activity: Tenants**

Concluded Cases: Tenants	Cases Concluded	Croft with Resident	New Entrant Resident	New Entrant Non-Resident
Crofter now resident	178	178		
Croft tenancy assigned	158	128	81	26
Crofter deceased	32	9*	7	10
Croft tenancy renounced	10	7*	4	
Croft purchased and let	5	5	2	
Croft purchased & transferred	2	2	2	
Tenancy terminated	41	18*	9	
<b>TOTALS</b>	<b>426</b>	<b>347</b>	<b>105</b>	<b>36</b>

\*Indicates that the resultant vacant tenancy has been filled by succession to a resident crofter in the case of a deceased crofter or through re-let of the tenancy in the other instances.

**211.** The above table indicates the outcome of the cases that the Commission has concluded within the former section 22 (Absentee crofters) process of the Crofters (Scotland) Act 1993 . A total of 426 cases have been concluded by the crofter either taking up residence or no longer holding the tenancy as a result of another listed reasons. Of these concluded cases, there are now 347 crofts that have a resident crofter which did not do so at the outset of this initiative. Over half of these (178) are because the former absentee is now ordinarily resident. The other main method of resolution is by assignation, which provides for 38% of the crofts that now have a resident crofter. This has also been the main source of entry for new crofters, of which there are now 105 resident as a result of this Initiative. The 105 resident new entrants are included in the overall figure of 347 crofts with resident crofters.

**212.** At present there are 36 new entrants who are not yet resident. Of these, 26 have been assigned the croft tenancies from the previously absentee crofters. The Crofting Commission may approve an assignation of a croft tenancy to someone who does not yet fulfil the requirement to reside on, or within 32km, of the croft. This will be on the basis that the new tenant will become ordinarily resident within an acceptable period of time. The other 10 have been bequeathed croft tenancies from

absentee crofters who have died. The Commission is obliged to accept a valid bequest when notified within 12 months of the date of the crofter's death

**213.** As can be deduced from these figures, existing crofter may also benefit from this action. In the case of assignments, for instance, 51 crofts have been assigned to an existing crofter. The table shows that 5 crofts were purchased by the tenants and subsequently let by them as the owner to a tenant. As 2 of these are recorded as being let to the new entrants, the remainder will be to existing crofters. In the deceased crofter category, 19 of the tenancies have a successor in place. Of these, there are 17 who are new entrants to crofts. Therefore 2 will be existing crofters. The Commission also wrote on a number of occasions to croft owners who were also registered as being absent for more than 10 years in 2010. For a variety of reasons, including the change in legislation introducing the new owner-occupier crofter category, no formal action had been instigated beyond initial investigations and reminders. However, this elicited action that has resulted in the conclusion of **79** croft owner cases.

**Table 3.15 Crofting Commission Residents Activity: Owners**

<b>Concluded Cases: Owners</b>	<b>Cases Concluded</b>	<b>Croft with Resident</b>	<b>New Entrant Resident</b>	<b>New Entrant Non-Resident</b>
Owner now resident	24	24		
Owner deceased	10	1	1	5
Croft transferred	34	9	9	23
Whole croft decrofted	5			
Croft Let	6	6	2	
<b>Totals</b>	<b>79</b>	<b>40</b>	<b>12</b>	<b>28</b>

**214.** The croft owner cases that were not concluded will be addressed within the croft residency duty legislation. These crofters will also be joined by those former tenants who purchased their crofts in the non-resident owner-occupier crofter category. These will be considered at the investigation stage in the duties legislation process, as will all but 7 of the tenant cases that were being considered under the former section 22 process. In those 7 cases, the absentee tenants opted to remain in the former process rather than be considered under the residency duty legislation. The tables below illustrate those who have been entered at the investigation stage for both tenants and owner-occupier crofters. They also explain the number of those within this category who have become compliant with their residency duty, and the mechanism by which this has been achieved.

**Table 3.16 Tenants**

Investigations	Sublet	Consent to be Absent	Duty complied with
154	27	10	37

**Table 3.17 Owner-occupier crofters**

Investigations	Short Lease	Consent to be Absent	Duty complied with
149	1	5	6

**215.** Therefore 117 tenant cases and 143 owner-occupied cases are still under investigation.

### **Demographics and New Entrants to Crofting**

**216.** The average age of a crofter currently sits at 57<sup>18</sup>, which is slightly younger than the average age of farmers in Scotland, at 58<sup>19</sup>. The difficulty for young people trying to get into crofting is frequently cited in submissions to the Crofting Commission

**217.** The Crofting Commission is aware of an unsatisfied demand for crofts both by new entrants to crofting and by existing crofters wishing to expand their crofting activities. The Scottish Crofting Federation holds a list of aspiring crofters which currently sits at almost 100; some of the aspiring crofters want a croft in a specific township, whereas some would take a croft throughout the crofting counties if it was available. Storas Uibhist, a community landlord with a 93,000 ha estate in South Uist and Benbecula<sup>20</sup> has recently reported to the Crofting Commission that it has a list of 35 people wishing to enter crofting within their estate of 1,000 crofts

**218.** The creation of 157 new crofts, either by division or from new croft creation, has created some opportunities to satisfy the ongoing demand for crofts, while action on absentees has allowed another 181 new entrants into crofting, with a further 41 crofts in the process of letting following termination of tenancies through absentee action. In addition, since 2010, there have been 566 assignments and 216 lettings of crofts, many of which have allowed new entrants into crofting<sup>21</sup>. Despite the creation of opportunities such as these, the fact that the Scottish Crofting Federation and the Storas Uibhist cite the above figures would indicate that there is continuing demand for entry into crofting.

**219.** A study of assignment rates to young crofters in two crofting areas of Shetland and the southern Outer Isles shows that over 2013-2014, of 26 assignments in Shetland, over 50% were to people under 40. One of those assignments was to a 14-year old who had shown commitment to crofting from a young age and regularly helps with gatherings on the hill. In the southern Outer Isles, 33% of assignments were to people under 40, with a number going to young people in their 20s. In one case, a father assigned a croft to his son in his twenties specifically to try to halt the decline in population and to encourage a young person to remain on the island<sup>22</sup>.

<sup>18</sup> Crofting Commission Annual Report 2013-1014

<sup>19</sup> [http://www.sruc.ac.uk/info/120389/new\\_entrants](http://www.sruc.ac.uk/info/120389/new_entrants)

<sup>20</sup> <http://www.storasuibhist.com/estate-business/crofting/>

<sup>21</sup> Crofting Commission Annual Reports 2010-2011; 2011-2012; 2012-2013; 2013-1014

<sup>22</sup> Crofting Commission internal data

**220.** The sub-letting, or short term lease of up to 10 years, of 249 crofts in 2010-2014<sup>23</sup> has given opportunities to existing crofters to expand their activities and to those without a croft to gain access to the use of a croft for the first time. In some instances, after leasing the croft on a limited term through a sub-tenancy or short term let, an absentee sometimes decides to assign their tenancy or sell their croft to the person who has had the sub-tenancy or short term lease, thus resulting in a resident crofter who already uses the croft and a satisfactory conclusion to a case of non-residency. The Commission continues to re-build its data base and will provide further information in the next report in 2018.

### **Crofter housing for new entrants**

**221.** In the majority of cases, the 137 crofters who have taken on one of the new crofts that have been created, and the 181 new entrants to crofting as a result of absentee action will have either built a new house on the croft, or in some instances might have bought the former croft house or a house in the area. In addition, a number of assignments are of bareland crofts (i.e. a croft with no house), with the former croft house having been decrofted and retained by the former crofter, or sold separately from the croft. It is clear that making crofts available to new entrants results in them investing in housing, creating work for local architects and building firms and in crofters being enabled to provide their own housing solutions on their croft. Retaining and developing our more remote and fragile rural communities also contributes to wider economic benefits in sustaining local shops, schools, transport and other facilities.

### **Crofting Census**

**222.** The Crofting Commission sent out its new Crofting Census (i.e. the Annual Notice under section 40A of the 1993 Act) in October 2014, with the deadline for return January 2015. The census returns should provide more reliable information for the first time on residency of crofters; the use of crofts, including what kinds of crofting activity are taking place; how many crofts are used for other purposeful uses; and what kinds of non-crofting or 'purposeful use' activity is taking place. The returns will enable much more accurate reporting on the economic activity on crofts in the future

### **Croft Diversification**

**223.** Data collection by the Crofting Commission on economic activity and croft diversification is currently confined to case studies. However, these case studies show some interesting and innovative projects, which the Commission is aware of because they have required decrofting or apportionment applications that are required to release the land for the diversification activity to allow finance to be raised<sup>24</sup>. A balance, however, must be struck between personal development and benefit on croft land and, on the other hand, the sustainability of crofting and what is in the public interest as a whole. That is why the Commission would encourage crofters and landowners to consider carefully how they can protect the more fertile

---

<sup>23</sup> Crofting Commission Annual Reports 2010-2011; 2011-2012; 2012-2013; 2013-2014

<sup>24</sup> All case studies from Crofting Commission Annual Report 2013-2014 and internal data



areas of croft land and develop, where possible, on less productive land. Examples of diversification on croft land include:

### **Renewable energy**

- A crofter in Uist has erected 3 micro wind turbines to power North Uist's first wholly electric car, the croft house and a sheep shed.
- A crofter in Uist applied for an apportionment to erect a wind turbine, but asked for a fencing condition around the turbine mast only, which allowed him to run the cable trenches through his apportionment but the other shareholders to continue to use the land for grazing, thus having a minimal impact on their grazing area.
- Crofters in Shetland and the Isle of Coll erected wind turbines on apportionments.
- A crofter in Lochalsh applied for a small apportionment to develop a micro-hydro scheme on a common grazing, securing the agreement of two grazing committees and the landlord for the project.
- A sheepstock club in Skye is developing a hydro scheme on their common grazings.

### **Forestry**

- An apportionment for a 40 ha forestry scheme in Ross & Cromarty will provide an annual income from the forestry payments for the crofter.

### **Affordable Housing on Common Grazing**

**224.** A number of affordable housing projects have been developed on croft land, with the model developed by West Harris Trust being an interesting example. The trust has resumed an area of land from the common grazing, which had previously been an apportionment but was no longer used, allowing them to develop both some affordable house sites for self-build and some affordable houses.

### **Community, business and tourism facilities**

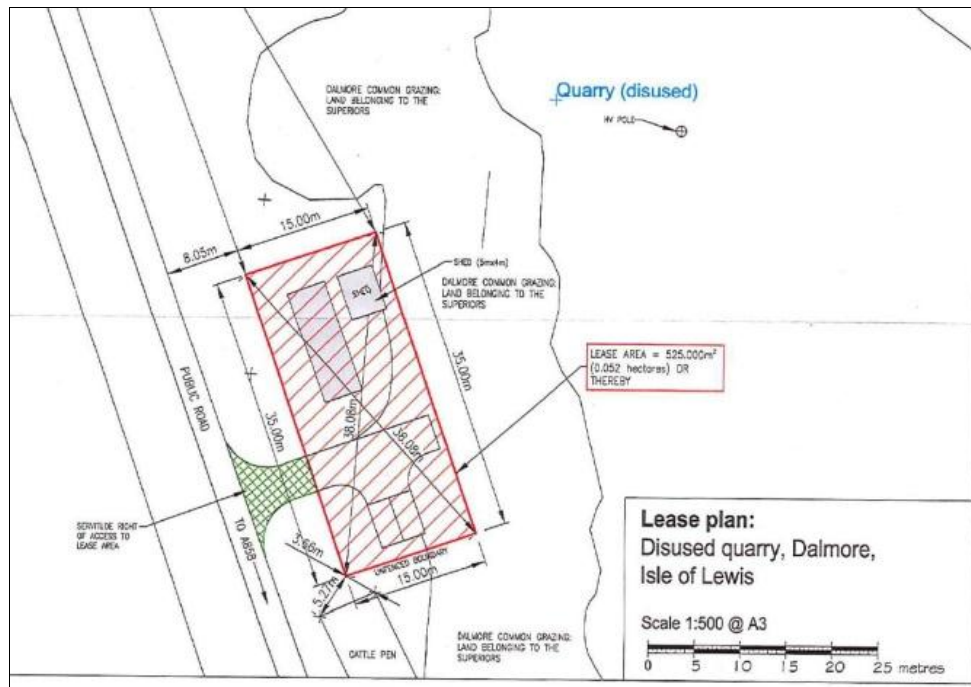
**225.** A number of innovative projects are being developed using croft land, including:

- A community, business and tourist hub in West Harris is now fully funded and being developed



Artist's impression of how site will be developed.

- The success of an outdoor museum with footpaths and heritage interpretation, developed on common grazing land through agreement between a community trust and common grazing shareholders in Skye in 2009, allowed the development of residential courses and resulted in an increase of 20,000 visitors to the area. The footpaths are also used by local and Skye residents. Consultation on whether to extend these walking routes is currently taking place with grazing clerks, grazing shareholders and the local community, with the community trust acknowledging the potential to grow the economy locally through the extension of the paths network.
- A community garden and polytunnels in Lewis on land resumed from the common grazing.



### Common grazings

**226.** There are 1,050 common grazings in the crofting counties, with common grazing land covering 538,000 ha of land in the crofting counties<sup>25</sup>. One new common grazing has been created since 2010, in Skye. It is recognised that common grazing committees are crucial for encouraging management and use of this important asset. The number of committees was 573 in 2011, dropping sharply to 512 in 2012 but then rising slightly to 528 in 2013 and 531 in 2014<sup>26</sup>. This may reflect a reduction in livestock numbers, and the associated reduction in use of common grazing land for livestock keeping. However, the Commission hope this recent upward trend will be supported by the introduction of new, simplified regulations.

**227.** The evidence of a small number of grazing committees coming forward with ambitious projects for their common grazings, including renewable energy, livestock handling facilities, and forestry, combined with options for grazing committees to apply for projects under the new CCAGS and SRDP which will open for applications in 2015 might help to encourage grazing committees to see the merits of remaining in office, and for new grazing committees to form, particularly if successful projects on common grazing land can be advertised to grazing committees and shareholders throughout the crofting counties.

### 3.7 Highlands and Islands Enterprise

**228.** The legislation which set up Highlands and Islands Enterprise (HIE) (and its predecessor organisation the Highlands and Islands Development Board) recognised the imperative for the development of communities when seeking

<sup>25</sup> What can SRDP do for crofting and small units

<http://www.crofting.scotland.gov.uk/userfiles/documents/SRDP%20paper%20final.pdf>

<sup>26</sup> Crofting Commission Annual Reports 2010-2011; 2011-2012; 2012-2013; 2013-2014

broader economic development objectives. Stronger communities delivering the confidence for business start-ups and business growth. This is no less applicable in the crofting, than in the wider, context. It is therefore in this context that HIE's support for crofting communities contributes positively to the economic condition of crofting. HIE recognises the importance of crofting communities in attracting people to live and work in these areas, while also creating local employment opportunities. HIE works with whole inclusive crofting communities, including those with and without direct access to crofting.

**229.** HIE works in partnership with several other bodies which support individual crofters and crofting activity, to ensure that crofting communities continue to thrive, becoming more resilient and able to meet opportunities and challenges. Key partners include the Crofting Commission, the Scottish Government (in particular the Rural Payments and Inspections Directorate, SGRPID), local authorities including Business Gateway, Registers of Scotland and Scottish Natural Heritage.

**230.** Through each of HIE's eight area teams – covering Shetland; Orkney; Caithness and Sutherland; Moray, Inner Moray Firth; Lochaber, Skye and Wester Ross; Outer Hebrides, and Argyll and the Islands – the agency works directly with a broad range of local communities to support community-led development. HIE's approach mirrors the way it supports client businesses to grow and is called community account management (CAM). It recognises that each community is different, but all are resourceful, and many face similar issues such as demographic change, housing, service provision and employment opportunities.

**231.** Within HIE account managed communities, there is recognition of the contribution that crofting community development can play in addressing these issues. As a result, many of those communities have prioritised projects associated with crofting community development. HIE's assistance takes many forms and is always tailored to suit the needs and ambitions of each account managed community. In many cases, HIE has funded the employment of a local development officer who helps the community create growth plans to develop and deliver projects which make a real and practical difference. These projects are invariably led by the communities themselves, and typically contribute to the economy through generating income as well as providing services and jobs.

**232.** Examples include setting up and managing renewable energy projects, and running social enterprises, both of which generate profits to be re-invested in initiatives which benefit the community. In August 2014, HIE was working with a total of 42 account managed communities, 15 of which featured crofting elements in their growth plans. These projects include:

- Creation and tenancing of three crofts on Rum
- Township development, croft diversification encouraging young croft entrants, Tiree
- Managing 5 tenanted community owned crofts on Colonsay
- Feasibility of common grazings development inc. a wind turbine on Colonsay
- Attitudes survey around affordable housing development on Barra and Vatersay common grazings
- Potential transfer of MacNeil Estate and Scottish Government Estate, Barra

- Wind turbine development on common grazings in Coigach community
- Investigation of creation of 'micro' crofts to retain young people, Glendale
- Restoration of cattle handling area, Glendale
- Establishment of farmers market, Glendale,
- Study into adding value to primary production, Ross of Mull
- Promotion of crofting opportunities, Helmsdale
- Community Diversity Scheme delivering crofting/environmental skills, Durness
- Maximising crofter forestry potential, Melness, Tongue, Skerray
- Crofting estate management, community renewables, carbon reduction, affordable housing development all on Galson Estate
- Investigating croft creation, and allocation of tenants, Raasay
- Scourie crofters 'taking the lead' in supporting CAM in Scourie, looking at renewable energy, harbour repair and development, fencing and sports field improvements
- Early development of woodland crofts, Lochcarron

**233.** Through supporting account managed communities, HIE has helped local people deliver several successful renewable energy installations. Examples include several communities in the Outer Hebrides which have recognised the potential of using less productive, often communally-owned, ground to develop renewable energy projects which generate not just power, but wider community benefits as well. For example, land based wind electricity generation projects have been achieved in Barra, South Uist and Galson. HIE's work developing Local Energy Economies – using the energy innovatively within the communities in which it is generated – already involves the Wester Ross village of Applecross and has huge potential for other crofting communities.

#### **Account Managed Communities**

- HIE supports 42 account managed communities, of which at least 40 would be regarded as crofting communities.
- 15 of HIE's current account managed communities have crofting elements to their growth plans: Rum; Tiree; Colonsay; Barra and Vatersay; Coigach; Ross of Mull and Iona; Glendale and Duirinish; Helmsdale and District; Durness and Laide; Melness, Tongue and Skerray; Galson; Applecross; Raasay; Scourie and Lochcarron

#### **Crofting Skills Training Programme (figures from SCF's Annual Report May 2014)**

- HIE aims to support 480 participants in Entry Level / Intermediate Courses and 40 Practical Skills Learners in 2014-2017
- 130 Entry Level participants achieved in Year 1, exceeding target of 120

By July 2014:

- 425 people had attended Practical Skills Training Courses
- 161 had participated in Entry Level / Intermediate Courses
- A new e-learning Entry Level module had been developed along with Napier University

## **Crofting Connections**

- 127 schools (110 Primary and 17 Secondary) participating along with 75 crofters, 107 community volunteers, 105 small businesses and 49 NGO/LA/Agency staff.

## **Community Support for Larger-Scale, Income-Generating, Renewable Energy Projects (CRESP)**

- HIE has contributed £412,000 of funding to renewable energy projects, £151,790 of which has assisted six projects with crofting tenure elements.
- HIE has also facilitated finance via the Community Renewables Investment Fund (REIF) to 3 major projects driven by crofting communities.
- To date this has entailed £1.54M of direct finance with support to access around £18.7M from market sources endorsed by the Scottish Government.

**234.** In September 2013, HIE proposed further public sector collaboration to enhance the vitality and resilience of crofting communities, the crofting system and opportunities for individual crofters to diversify their activities and make the best use of opportunities for funding and other support.

**235.** This geographically focused collaboration has been designed to build on existing collaborative work which has focused on specific issues including research, cooperatives, stock clubs, marts, and micro abattoirs. The resulting pilot projects, which will be established during winter 2014/15, are expected to integrate and focus support from public sector partners to deliver greater impact through acting together. What is envisaged is that, in an account managed crofting community which is working with HIE to design and deliver a growth plan, the Crofting Commission will support croft occupancy and purposeful use and other regulation, Business Gateway will guide and assist croft business development opportunities, the Scottish Crofting Federation will offer access to skills and training opportunities, and the Scottish Government (through SGRPID) will provide localised grant support to individuals – all delivered in a carefully integrated and co-ordinated manner. Other organisations which are also expected to play a role include Scottish Natural Heritage and Registers of Scotland.

**236.** This collaborative, multi-agency approach will aim to bring forward the development and resilience of crofting communities and greatly enhance the economic condition of crofting. If the pilots are successful, HIE expects to continue to work with partners to co-ordinate more widely in crofting communities across the region.

**237.** Newcomers and existing crofters can benefit from an extensive programme of practical training delivered by the Scottish Crofting Federation (SCF) with funding from HIE and the Scottish Government Skills Development Scheme. Courses in subjects as varied as dry stone dyking, fencing, soil analysis, sheep shearing, livestock husbandry, poultry keeping, deer management, fruit growing and thatching are available across the region. These skills lead to enhanced efficiency in terms of the inputs to crofting.

**238.** HIE has funded the Community Retailing Network, now part of the Plunkett Foundation, which supports rural communities to establish co-operatives and community enterprises, including food initiatives. In 2013 the Plunkett Foundation

successfully ran a series of workshops in the Western Isles, Skye and Shetland, bringing together local food producers and community shops with the aim of increasing the availability of local food in local shops.

**239.** Through its community account management work, in recent years HIE has helped create three new crofts on the Island of Rum, thereby re-introducing crofting on the island and contributing to the diversified economy in the island. Several other communities are also recognising that creating new crofts can play a part in helping to retain and grow population and enhance the crofting economy.

**240.** HIE has also worked with partners, including Forestry Commission Scotland, to develop a strong rationale for the creation of innovative woodland crofts. As a result, new woodland crofts have now been successfully established in Mull, and the Community Woodlands Association is supporting communities to create more around Kilfinnan Forest, Colintrave, Glendaruel, Raasay and Lochcarron.

**241.** HIE has a long track record of investment in community asset acquisition and is a core source of advice and support for crofting communities contemplating land ownership. HIE is also working in partnership with the BIG Lottery Fund across Scotland to deliver the Scottish Land Fund, which creates significant opportunities for crofting communities and others to grow through owning and managing their own assets. With awards ranging from £10,000 to £750,000, and a total value of £9m over four years, the fund is currently open for applications until 30 November 2015.

**242.** The appetite for community ownership is nowhere more evident than the Outer Hebrides, and the areas and communities involved are overwhelmingly under crofting tenure.

**243.** Crofting Connections is an innovative educational project which will enable young people, aged 3 to 18 years and living in rural communities across the Highlands and Islands, to learn about crofting past, present and future.

**244.** The traditional crofting principles of providing food, shelter, clothing, energy and entertainment are very much aligned with the 21st century desire for sustainability and offer tremendous opportunity for outdoor learning and place-based education. This £325,000 project is delivered by Soil Association Scotland and funded by HIE, the Scottish Government, Bòrd na Gàidhlig, Heritage Lottery Fund and some small private trusts.

**245.** Crofting Connections is currently working with 127 schools covering every part of the region. The project is also attracting an 'in kind' contribution, valued at £150,000, from crofters, farmers, volunteers, business people and public and third sector employees. The project is firmly aligned with the Curriculum for Excellence and creates a natural link to sustainable living and working in places where people and the environment are valued and nurtured. It is also providing valuable professional development opportunities for teachers.

**246.** HIE has commissioned The Highland Small Communities Housing Trust to develop a publication illustrating the options for developing affordable housing opportunities on croft land. This will demystify the process and provide a diverse

range of case studies to showcase the community-led housing developments that have been achieved.

**247.** Further information on HIE's work, contact details and other useful information, can be viewed on its website at <http://www.hie.co.uk/>.

### **3.8 Forestry Commission Scotland (FCS)**

#### **Crofter Forestry and SRDP**

**248.** Woodlands on croft land can offer significant benefits – shelter for livestock, a source of woodfuel, enhanced environmental benefits and other commercial uses.

**249.** Since the introduction of the Crofter Forestry (Scotland) Act in 1991, grazings committees have been able to plant trees and woodlands on part of the common grazings and to receive grants for this purpose. Following this, a system of model agreements between crofter and landowner were developed. Although the Act opened the way for communal woodland creation, individual crofters also found they had more rights regarding woodland planting through individually apportioning parts of common grazings without the need for subsequent landlord permission.

**250.** Whilst the initial rate of uptake was slow, the legislation was a significant stimulus and, over time, awareness of the benefits of woodland creation improved. By 2007, some 11,000 ha of woodland was created on 541 schemes up to the closure of the Scottish Forestry Grant Scheme. However, since 2008 and the start of the Scottish Rural Development Programme (SRDP), it is estimated that only 600 ha of woodland has been created. Under SRDP, there have been fewer applications from common grazings and more from individual crofters.

**251.** By far the majority of these plantings were to create new native woodlands. By nature of the location of common grazings, the conditions for establishing trees are challenging, exposure and soils making many sites marginal for tree growth.

**252.** There is still considerable potential for further crofter forestry. Recognising the challenges of establishing woodlands on marginal sites this could perhaps be best focused on expanding existing native woodlands and establishing smaller woods on more sheltered and accessible sites capable of producing fuel wood or timber.

**253.** In 2012, the Woodland Expansion Advisory Group (WEAG) made a recommendation to the Scottish Government that it should explore how further interest in crofter forestry projects could be stimulated.

**254.** As a result, FCS has conducted a survey of grazing clerks on Scottish Government land and, with the imminent arrival of a new successor programme to the SRDP, FCS has set up a steering group with a range of organisations, including the Crofting Commission, the Scottish Crofting Federation, Scottish Land and Estates and the National Farmers Union Scotland, to identify how best crofter forestry can be supported and promoted.



**255.** In 2013, FCS commissioned Rural Analysis to investigate the barriers to determine why recent uptake has been relatively low and to propose possible solutions to encourage woodland creation on croft land.

**256.** In April 2014, FCS held a meeting with stakeholders to consider the final report by Rural Analysis. Finance and cash flow were identified as critical barriers. Addressing some of the issues around terms of conditions of SRDP contracts and claims was seen as crucial in order to encourage greater uptake. In particular, allowing the assignation of grant to third parties, improving claim turnaround times and allowing staged payments might help.

**257.** At that meeting, the NFUS highlighted the concern that members have raised about woodland planting on good in-bye croft land. This was acknowledged as an area that needs to be carefully considered when any planting applications are submitted.

**258.** Members of the group agreed it would be useful to have in place a Crofter Forestry Development Officer who could actively promote the benefits of woodland establishment on croft land as well as giving advice. FCS agreed to work with partners to secure funding for an officer post as well as develop a new leaflet and roadshow to coincide with the new programme.

### **The National Forest Land Scheme and Woodland Crofts**

**259.** The term “Woodland Crofts” has been adopted to distinguish the more fundamental cultural concept of Woodland Crofts from tree planting on crofts, and to avoid confusion with Crofter Forestry and grant aid.

**260.** The NFLS Guidance was revised in 2008 to include a separate part for Woodland Croft applications, to apply to the 7 crofting counties. To date there has only been 1 bespoke WC application in 2010 and this application, from the Embo Trust, failed to find funding and was ultimately withdrawn.

**261.** In May 2011, to develop the Woodland Crofts model incorporated into NFLS, a WC Seminar was organised and was well attended by representatives from a wide range of interest groups.

**262.** By 2011 the Woodland Crofts Implementation Group (WCIG) was fully established and extended from its original role (to develop the Woodland Crofts model for FCS) into supporting the recruitment of a dedicated Woodland Crofts Project Officer (PO) to promote the concept. FCS and Highlands and Islands Enterprise Community Land Unit formed a partnership to employ this post which was set up in June 2014. The PO led the formation of Guidance on WCs, still available on FCS and Community Woodland Association websites. Jamie MacIntyre is the current PO.

**263.** NFLS interest in woodland crofts has continued at number of sites including Kincaig (NFLS disposal 2008/09), Arran, Durnamuck (nr Loch Broom, NFLS disposal 2009/10) and Salachry (Argyll). There was also continuing interest at NW

Mull (NFLS disposal 2007/08). NFLS approved an application for Kilfinan (part of Acharossan Forest) which includes aspirations for WCs.

**264.** At the WCIG 2012 annual meeting at Abriachan, FCS encouraged shared ownership of the WC initiative and for responsibility for further WC development to reflect the wide interest on both public and private land. The group agreed to continue holding an annual meeting and for a new partnership of NGOs to be formed to take a pro-active role with WCs, form a new website and lead with promotion and advice. The new partnership was formed by the CWA, SCF and Highland Small Communities Housing Trust (HSCHT). Details can be viewed at: [http://woodlandcrofts.org.cp-27.webhostbox.net/?page\\_id=44](http://woodlandcrofts.org.cp-27.webhostbox.net/?page_id=44)

**265.** Wider interest was identified at NW Mull, who aimed to register 9 WCs, Kilfinan who intended to develop WCs within their Forest Plan, Roy Bridge (private land at Bohenie), Colintrave & Glendaruel, Eigg, Arran, Fernaig (Wester Ross) and Sleat (Skye).

**266.** When an approved NFLS application at Sleat for Tormore Forest was progressed, plans included the later establishment of woodlands crofts to reflect interest in the community.

**267.** Four houses have subsequently been built at Kincaig by the HSCHT and the site has been named Ardgeal. They are not WCs as such but innovative and efficient rural houses built from local timber on large sites incorporating suitable space to support diverse local business enterprise. They have become a model of this type of approach and have already won design awards. FCS has continued to support capacity building (skills training) with HSCHT via the H&I Conservancy Seedcorn Fund (now the Community Fund). HSCHT plan to double the size of the enterprise with a further 4 units. The HSCHT Ardgael project can be viewed at:

[http://www.forestry.gov.uk/pdf/fcs-ardgael.pdf/\\$file/fcs-ardgael.pdf](http://www.forestry.gov.uk/pdf/fcs-ardgael.pdf/$file/fcs-ardgael.pdf)

**268.** The WCIG annual meeting in 2013 was at Roy Bridge and consolidated the lead promotion now being taken forward by the WC Partnership (of NGOs). NFLS approvals at Raasay and Kirkton (Lochcarron) incorporated continuing interest in some form of later WC development within their plans for woodland management.

**269.** The 2014 WC Stakeholders meeting was held at Newtonmore. An NFLS application for further land at Acharossan Forest has recently been received from the established Kilfinan Community Forest group, which takes forward their ambitions for woodland croft style holdings. In November 2014, David Somerville Architects were engaged to carry out a feasibility study for a number of WCs on private land at Bohenie, Roy Bridge.

**270.** NFLS remains open to WC applications, but experience to date is showing that communities are rarely interested in the single dimension of WCs on former NFE land involving a limited number of beneficiaries and complex obligations. They tend to look more carefully at the wider benefits of woodland management that have emerged during their consultations and preparations for their NFLS application. The WC element is proving to emerge further down the line and after taking ownership,

when communities have consolidated their governance and management and sorted out their management plan priorities e.g. NW Mull, Kilfinan, Sleat, Kirkton, Raasay. Therefore it is much more likely for FCS to receive holistic management plan proposals or feasibility plans in NFLS applications that incorporate some element of woodland crofting as part of their long term development.

**271.** The NFLS Guidance is due to be revised in 2015 to update the advice provided and incorporate any changes required as a result of Scottish Government requirements for the Land Reform and Community Empowerment Acts.

### **3.9 Planning**

**272.** The Planning etc. (Scotland) Act 2006 introduced the concept of 'key agencies', bodies placed under a duty to co-operate with planning authorities in the preparation of their development plans. In order to help ensure that planning authorities are fully informed about crofting concerns and that the crofting interest is properly taken account of in emerging development plans, the Town and Country Planning (Development Planning) (Scotland) Regulations 2008 identified the Crofting Commission as a key agency in the crofting counties. As such, the Crofting Commission is consulted on, and inputs to, the preparation of development plans on behalf of crofting interests.

**273.** The third National Planning Framework was published in June 2014. The NPF3 is the Scottish Government's strategy for Scotland's long term spatial development and is the spatial expression of the Government Economic Strategy (2011). A sustainable, economically active rural area, which attracts investment and supports vibrant, growing communities, is essential to the vision of the Framework. Opportunities to develop strengths of our coastal and island areas in tourism and in primary industries like food and drink are stressed. The NPF3 states that land management practices on the islands and coast, including crofting, help to sustain unique cultural and natural environments.

**274.** The Scottish Government published the Scottish Planning Policy in June 2014. The SPP outlines the Scottish Government's policy on nationally important land use planning matters. Sustainability is a principal policy of the SPP highlighting the need to give due weight to net economic benefit in planning policy and decision making. On rural development, the SPP encourages development that supports prosperous and sustainable communities whilst protecting and enhancing environmental quality. In remote and fragile areas outwith defined small towns the policy emphasis is on maintaining and growing communities by encouraging development that provides suitable sustainable economic activity.

**275.** The Scottish Government expects planning authorities to apply these principles in planning for crofting communities. Parliament may wish to note, the adopted Highland Wide Local Development Plan (2012) contains policies on protecting inbye and apportioned croft land and on supporting the development of new or extended crofting townships. The Comhairle nan Eilean Siar adopted Local Development Plan (2012) similarly protects inbye land and provides detailed guidance on how to integrate development within a crofting settlement landscape. The Scottish Government will continue to work with these and other planning

authorities to plan for the future of crofting communities in a way which is responsive to local circumstances and priorities.

**276.** In 2011, the Scottish Ministers consulted on changes to the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008 to add a requirement for planning authorities to consult the Crofters Commission on planning applications where development may adversely affect the continued use of land for crofting. An amendment to this effect was made to the 2008 Regulations constituted in Schedule 5, paragraph 15 of the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013. This ensures that planning decisions take account of crofting interests more effectively, in particular, that the best quality crofting land is protected from inappropriate development. The aim is to protect in byelands from development protecting the agricultural productivity and potential of individual crofts. In addition significant development proposals on common grazing land could also affect a crofting township as a whole.

**277.** In some cases, it is not clear to local authorities if land subject to a planning application is croft land and it would be useful if the applicant clearly identified any croft land in their application. Doing so will allow an early opportunity for both local authorities and the Crofting Commission to consider any crofting issues as early as possible in the process. This could save unnecessary administration and disappointment if the applicant wishes to apply to resume or decroft the land at a later stage.

**278.** During the reporting period 2011 to 2014, the Crofting Commission was invited to comment on 512 planning applications which included croft land and responded on 331 applications. There was no need for the Commission to respond on the remaining 181 cases as no crofting issues arose.

**279.** To further protect croft land from inappropriate development that would be harmful to crofting, the Crofting Reform (Scotland) Act 2010 introduced new measures to protect against speculation on croft land. These included:

- limiting a crofter's nominee, following purchase of the croft land, to a family members;
- extending the "clawback" period, in which a crofter is required to compensate the previous landlord for half of the development value of the croft land, from 5 years to 10 years; and
- strengthening the position of the Scottish Land Court and the Crofting Commission in addressing resumption and decrofting applications, respectively, notwithstanding that the land is already subject to planning consent.

**280.** It is too early to identify with any certainty the impact of these legislative provisions, therefore this will be covered in more detail in the next report on the Economic Condition of Crofting.

### **3.10 Community Energy/Renewables**

**281.** The Scottish Government recently published a new Community Energy Policy Statement for public consultation, which sets a new direction for community energy in Scotland. It shows how Scotland is leading the way across UK in how we support local and community ownership of renewable energy.

**282.** The Scottish Government's Community and Renewable Energy Scheme (CARES) aims to act as the one-stop shop for advice and support to communities and rural businesses on renewables. In 2011, the Scottish Government launched the CARES loan scheme providing finance to community groups and rural businesses at the high risk pre-planning stage, with a binding legal agreement on community benefit. CARES also acts as the front-end of post-planning finance now available to communities via the £103m Renewable Energy Investment Fund, operated by Scottish Enterprise.

**283.** The Scottish Government is powering towards our 2020 target for 500 MW of community / locally owned renewables. As at 2013, there was just under 300 MW of community and locally-owned renewable generating capacity across Scotland – 168 MW electrical and 114 MW heat. This is a 40% increase on 2012. The Scottish Government's target has the potential value of up to £2.2 bn to Scottish communities and local businesses over the lifetime of those projects according to a study by Fraser of Allander Institute, University of Strathclyde, for ClimateXChange, July 2014.

**284.** The Scottish Government is also keen to encourage commercial developers to enter into JVs with local communities. It are encouraging developers to adapt their business models to allow direct community investment in schemes as joint ventures or to provide "community turbines" as a form of benefit. This has resulted in Scottish Renewables adopting this principle as good practice in their Community Benefits Protocol. The Scottish Government's new industry stakeholder working group will develop further guidance to encourage shared ownership with communities of commercial schemes. CARES provides advice to communities interested in investing in commercial schemes, with funding available via REIF. FCS has negotiated for new commercial wind and hydro schemes, on the public estate, the opportunity for communities to buy into individual schemes, up to 49% of equity.

**285.** The Scottish Government has also raised the bar on community benefit from commercial schemes through a Public Register of community benefits, backed up by national Good Practice Principles and a practical commitment to exemplary benefits from new wind and hydro schemes to be built on the National Forest Estate. The £5k per MW rate negotiated by FCS for the new commercial wind and hydro schemes is more than twice the industry standard and has directly led to Scottish Renewables putting in place an industry protocol adopting the £5k per MW rate for all new schemes, and to DECC recommending this rate in their 2014 Community energy Strategy. To maintain public trust in industry good practice, we need to ensure that all onshore wind schemes built in Scotland from now on reflect good practice and the baseline rate – especially the 4 GW of schemes that have been consented but are not yet built.

**286.** In the future, community energy policy will be at the centre of a wider drive to see local energy solutions which should help to strengthen security of supply and reduce consumer costs. To test this aim, in August, the Scottish Government announced our Local Energy Challenge Fund of up to £20m which will offer grant and loan funding from April 2015 for major demonstrator projects providing transformative innovative local energy solutions:

[www.localenergyscotland.org/challenge](http://www.localenergyscotland.org/challenge)

**287.** The Scottish Ministers' land holdings cover some 95,000 hectares of mainly croft and common grazing land over 58 crofting estates, situated throughout the crofting counties. This includes 1,524 crofting tenancies. There are also 6 fishermen's holdings comprising some 91 individual units.

**288.** Sporting (shooting and fishing) interests are also let and make a contribution to the local crofting and wider community interests in terms of economic benefit (local employment and services). In letting the sporting interest there is an increased emphasis on securing greater community interest and benefit.

**289.** Location for filming has been on the increase in recent years and also brings economic benefit to the local economy directly during the filming period and in helping to promote tourism further down the line.

**290.** The Scottish Ministers' crofting estates represent a considerable asset that has potential to deliver further benefits to crofters, crofting communities and to the wider community where it is in the public interest. In that regard, the Scottish Government recognises the considerable potential for renewable energy and other development at various scales on its crofting estates and has facilitated the progress of one such opportunity, which is now at the stage of seeking planning permission. This will deliver economic benefit to the crofters involved and to the local community through both the development and production phase projected over the next 25 years. However, in considering the benefits, the Scottish Ministers, as landlords, also have a responsibility to ensure that any development or sale of their land does not impact negatively on crofting in any particular area and that more fertile agricultural land is protected for crofting and other agricultural purposes.

**291.** Allied to that, the Scottish Ministers continue to welcome the opportunity to consider any proposals submitted to them from rural communities interested in purchasing their land in order to benefit the local community, particularly where this would be in the public interest. Crofting Communities can take their proposals forward through both legislative and non-legislative means, such as through Land Reform legislation, the Transfer of Crofting Estates (Scotland) Act 1997, or through discussions with Scottish Government officials in the Rural Payments and Inspections Directorate.

**292.** The Scottish Ministers will continue to encourage other public and private sector landlords to release land for crofting and will consider carefully how best to encourage all landowners – public, private and community landowners – to work collaboratively to safeguard the future of crofting in their locality. This would ensure that our more remote, fragile areas continue to be maintained for the benefit of Scotland as a whole.

#### **4. Next Report**

**293.** Section 51 of the 2010 Act places a duty on the Scottish Ministers to report to the Scottish Parliament once every four years on the economic condition of crofting, the measures taken by the Scottish Ministers and the Crofting Commission to support crofting during the reporting period, and further measures that the Scottish Ministers intend to take to address the economic condition of crofting.

**294.** Section 51(3)(b) requires each subsequent report to cover the four year period since the laying of the last report. The third report under section 51 of the 2010 Act will therefore cover the period 2015 to 2018 and will be laid before the Scottish Parliament in accordance with the 2010 Act.