

Written submission from the James Hutton Institute

The James Hutton Institute has already responded to the Stage 2 consultation on the new SRDP.

In this evidence to the Rural Affairs, Climate Change and Environment Committee, we summarise what we consider to be the most important parts of our response.

We strongly support the idea that the SRDP should be supporting transformational change in rural Scotland in ways that create a more sustainable, resilient and competitive rural Scotland. The notion of supporting transformational change was central to the work of the Pack Committee, albeit with an emphasis on Pillar 1 support, but we believe it can also legitimately be applied to Pillar 2. Indeed, the idea of Pillar 2 support as delivering transformational change ought to be easier to countenance, as the explicit European Commission objectives go beyond income support to a much wider set of objectives which include:

- The competitiveness of agriculture;
- The sustainable management of natural resources, and climate action; and
- A balanced territorial development of rural areas; (EU Regulation 1305/2013)

with priorities focussing on:

- Fostering knowledge transfer and innovation;
- Enhancing competitiveness;
- Promoting food chain organisation & risk management;
- Restoring, preserving & enhancing ecosystems;
- Promoting resource efficiency & transition to low carbon economy; and
- Promoting social inclusion, poverty reduction and economic development in rural areas. (Article 5, EU Regulation 1305/2013))

We support these specified objectives and priorities.

Whilst recognising the difficulties associated with the launch of the 2007-13 SRDP and, in particular, the application for the Rural Priorities Scheme, we concur with a desire for simplification. We would hope that farmers would be able to apply for support without recourse to a consultant to handle the administrative complexities of the scheme. But 'simplification' should not become an excuse for easy access to funding. There is a need to ensure that the funding streams deliver impacts; and, given the shortage of funds, there is need to be able to select high positive impact schemes in line with Scottish and European Commission priorities.

The new SRDP is, in practice, very much the old SRDP shorn of administrative complexity (hopefully) and with a modest leavening of new rhetoric towards emergent priorities such as climate change. It is a moot point as to whether the proposed allocations are based on path dependency or their perceived ability to support transformational change.

We recognise that the pursuit of multiple objectives of competitiveness/economic growth, sustainable development of natural resources and balanced territorial development, and enhanced quality of life requires policy makers to make trade-offs between spending on these various priorities within the guidelines laid down by the European Commission.

We are unsure of the strength of evidence that supports LFASS consuming 35% of the funding of the new RDP. Given changes taking place in Pillar 1, there is likely to be a flow of support 'up the slope', which will result in an increase in Pillar 1 support to LFASS farmers. It is unclear why this form of farming should be receiving proportionately increased support within a diminishing EU budget. LFASS is generally recognised as a blunt instrument for delivering either social subsidy or environmental outcomes (MTE SRDP 2013-17, 2010). By injecting substantial sums into rural areas it supports economic activity but is not targeted to smaller farms. We note it has been replaced in Wales, which has a very similar land resource base, and it could be replaced in Scotland with measures which would more effectively contribute to a sustainable and competitive farm sector characterised by resilience.

We recognise the need to support funding to ensure compliance with European Directives (Birds, Natura 2000 and Water Framework Directive). However, a substantial tranche of biodiversity support seems likely to be supporting other forms of biodiversity than Natura 2000 or Birds Directive species or sites. It is not clear what the intervention logic is for such spending. If it is based on the public good values of the delivery of enhanced farm and forest biodiversity then this should be made explicit in the measures. Such a move would make it incumbent on evaluators to assess the changes against economic as well as environmental metrics.

Although engagement with climate change is flagged, the mechanisms for delivering climate mitigation or adaptation are not well described. The take-up of measures to increase business efficiency and competitiveness will also contribute to climate change mitigation (and sometimes the reduction of diffuse pollution). However, although the new Rural Development Regulation stresses the virtues of the Polluter Pays Principle, the SRDP shows few signs of its application; or indeed of the Provider Paid Principle, which should ensure proper reward for the public good provider. Effective engagement with the climate change agenda arguably requires stronger action. For example, woodland creation or regeneration both have capacity to sequester carbon, but forestry schemes with high rates of carbon sequestration look unlikely to be rewarded appropriately for their mitigative potential.

There is a lack of innovation in the new SRDP, at a time when the European Commission is placing great emphasis on innovation. Institutional innovation may well be key to getting rates of woodland planting towards the Scottish aspirational targets. Equally, there is a strong case for institutional innovation in the form of area-based partnership approaches to enhancing environmental quality. The funding of pilot projects (similar to Nature Improvement Areas in England) to address water quality issues or habitat connectivity issues would be a step forward from the current approaches. Although the new SRDP hints at targeting, it is not clear how this targeting will be achieved.

In summary, there is insufficient attention being paid in the 2014-2020 SRDP to creating a sustainable, competitive, equitable and resilient rural economy. Too little attention is devoted to the support of the wider rural economy (as opposed to sector-specific support) and much more could be made of strengthening area-based development strategies for rural Scotland. More attention could be paid to empowering rural communities through engagement with, for example renewable energy initiatives so that both renewables and rural development targets can be approached in tandem. The climate change measures need clearer elaboration and durable solutions need to be created with innovative policy means to address environmental quality issues such as water quality, climate change and biodiversity. In addition, a higher proportion of funding going to Pillar 2 would be likely to promote sustainable economic growth, the Scottish Government's stated purpose.