

## **Written submission from the Scottish Environment Protection Agency (SEPA)**

Thank you for providing the Scottish Environment Protection Agency (SEPA) with the opportunity to submit a copy of our response to the Scottish Government's consultation on the Scottish Rural Development Programme (SRDP) 2014-2020, Stage 2 Final Proposals to the RACCE Committee.

The key issues are noted below and our full response can be found in the attached annex.

- SEPA does not believe the current budget is sufficient given the crucial role the SRDP plays in the achievement of Scottish Government objectives.
- The Less Favoured Area Support Scheme (LFASS) should not be funded via the SRDP. Over a third of the SRDP budget is accounted for by LFASS. This severely constrains the ability of the other schemes, which are more aligned with the provision of public goods, to contribute effectively to the delivery of Scottish Government objectives.
- It is important that sufficient options are available within the Agri-Environment-Climate (AEC) Scheme to help land managers to go beyond the regulatory minimum and help reduce diffuse pollution risks on their farms.
- SEPA welcomes the proposals and the allocation of funds to encourage co-operative action. Such action can deliver much greater benefits for diffuse pollution control or natural flood management compared to farms acting in isolation within a catchment.
- SEPA is very supportive of the concept of providing an advisory service to offer support to land managers to help Scotland achieve improvements in agriculture and the environment.

**Annex**

### **Consultation on Scottish Rural Development programme 2014-2020, Stage 2 Final Proposals**

#### ***Q1. How would you rate your satisfaction with the budget as a whole?***

##### **Very dissatisfied**

The SRDP plays a crucial role in the achievement of Scottish Government objectives and in attaining the ambitious targets related to these objectives. For example the Water Framework Directive (WFD) requires that 98% of our water bodies are at 'good status' by 2027. In order to achieve these targets and meet the objectives, including those under the Flood Risk Management (Scotland) Act 2009, Climate Change (Scotland) Act 2009, Habitats Directive etc, the SRDP must be adequately resourced. The decision to restrict the transfer of budget from Pillar 1 to Pillar 2 to 9.5% severely restricts the funds available under 'Agri-Environment and Climate Change' and will mean that Scotland's ability to meet our legal objectives will be

limited. As it stands Scotland receives the lowest rate of Pillar 2 spend per hectare in the EU.

To meet our WFD objectives new SRDP options are required to help farmers invest in good practice measures and to help them improve practice and reduce environmental risks on their farm. Currently 33% of our waterbodies are at less than good status with diffuse pollution (Scotland's biggest polluting pressure) causing the down grade of 18% of all our waterbodies. Diffuse pollution from agriculture is the most important source of diffuse pollution in Scotland and is also a major factor determining the quality of Scotland's bathing waters. Other factors preventing waterbodies reaching good status and where agriculture is a significant contributor include over abstraction and morphological or engineering activities. As it stands the budget appears to be aimed at maintaining existing benefits gained under the existing programme. While it is important to maintain these benefits, to meet Scotland's objectives extra investment, in new options, beyond what has been achieved is required.

The SWOT analysis within the consultation recognises the very high natural value, extensive carbon storage and large quantities of high quality water that are associated with rural Scotland. For farmers, crofters and foresters providing these benefits it is often not possible for markets to reward them for providing these, non-market, public benefits. If this situation continues then protection and enhancement of our natural environment and provision of the ecosystem services that are associated with this could decline. This is obscure given the fact that the extensive ecosystem services that our natural environment provides to the Scottish public are increasingly being recognised by government, business and the general public.

***Q2. Are you broadly satisfied with the new application and assessment process for land based investments outlined in Section 5?***

**Quite satisfied**

The intention to develop a common application form for all SRDP land based investments and a single entry route for applications should help to simplify the process. Providing two levels of assessment, with level 1 being for applications less than £75,000 and level 2 for applications above this threshold seems a sensible approach. This should help encourage smaller, yet worthwhile projects and allow them to proceed through the applications process with less delay and incur less transaction costs for applicants and administrators.

It is critical that the case officer network, which will be responsible for assessing these applications, includes staff with appropriate knowledge and experience. This is particularly relevant to level 1 applications (which are assessed by RPID, FCS or SNH) relating to diffuse pollution and other measures relating to water quality and sustainable flood management etc which may be outwith the typical experience or expertise of those involved. The development of a set of criteria between the SRDP delivery partners and others including SEPA should help determine which applications may need to be assessed by the network (which can include SEPA) rather than by individual organisations.

The consultation does not provide a lot of detail with regard to targeting in relation to the agri-environment and climate change scheme. SEPA however fully agrees with the principle of targeting investment, using an evidence based approach, to priority areas where maximum benefit can be achieved. Effective targeting of both annual recurrent and stand alone capital options will be the only way to ensure limited SRDP funds are used efficiently.

To maximise the effectiveness of targeting it is important that the targeting is carried right through from the national scale right down to farm level. At a national scale environmental priorities can be assigned to specific areas for example water quality measures can be targeted to Scotland's diffuse pollution priority catchments. Targeting can then be refined regionally within these catchments to identify priority areas where action should be focused and identify potential opportunities for multiple benefits. For example strategically placed buffers next to watercourses can be used to connect habitats, improve biodiversity and improve water quality by helping to filter run-off and distance field activities from the water environment. The final targeting step is to make sure the option is best placed at the farm level and this is where good advice and in some cases (such as in relation to sustainable rural drainage features) expert design is essential.

***Q3. Should support for farmers operating in constrained areas be continued through the SRDP?***

**No**

Funding schemes for farmers in constrained areas, such as the Less Favoured Area Support Scheme (LFASS), should not come out of the SRDP budget. Of the proposed £1.326bn budget for the next programme, SRDP accounts for over a third (£459m) of this money and as such severely constrains the ability of other schemes, such as the Agri-Environment-Climate Scheme, which contain options that are much more closely linked to the provision of public benefits and more likely to deliver on specific Scottish Government objectives. LFASS is essentially a direct income support measure and as such should be paid through Pillar 1 with the other direct payment schemes.

***Q4. How would you rate your satisfaction with the proposals for the New Entrants Scheme?***

**Quite satisfied**

SEPA agree that it is important to support new farmers and encourage generational renewal in Scottish agriculture. Adequate advice and planning is important and it is encouraging to see that applicants will be required to submit a business plan and strongly advised to carry out a whole farm review which should take account of environmental protection factors and regulatory requirements where appropriate. The consultation states that the new Advisory Service will specifically support and mentor new entrants with one to one advice which will be essential, but it is not clear how much if anything new entrants will require to pay for this advice. SEPA's view is that such advice should be fully funded by Scottish Government.

***Q5. Should the scheme be expanded to provide capital support to small farms?***

**Yes**

During the existing programme there was a perception and much criticism that small farms struggle to access the SRDP. Allowing small farms access to the crofting schemes should help alleviate these issues. It will be important however to ensure crofters do not significantly lose out due to the £20m scheme budget being spread over a much greater number of potential applicants.

***Q6. Is a 3 to 50 hectare range appropriate for defining a small land holding?***

**No**

The given range to 50 hectares seems quite large and while Scotland's average farm size is over 100 hectares, 50 hectares would not be considered a small land holding. Particularly in comparison to crofts where the average croft size is approximately 5 hectares.

***Q7. Do you agree with the proposal for grants of £500 to be available to assist the establishment of Grazings Committees?***

**Yes**

The existence of properly constituted grazing committees will mean that it should be easier to target specific advice and guidance to crofters. Importantly it will also help encourage joint or collaborative applications. This will be important for measures such as those relating to peatland restoration and ensuring that the benefits gained from the £15m allocated for peatland restoration are maximised.

***Q8. How would you rate your broad satisfaction with the proposals for the Crofters and Smallholders Scheme?***

**Quite satisfied**

***Q9. How would you rate your broad satisfaction with the proposal for the Agri-Environment-Climate Scheme?***

**Quite satisfied**

Given the limited budget and increased scope of the next SRDP, SEPA is quite satisfied with the proposed options as listed in the Supporting Annexes and we are keen that these options remain as the programme develops.

SRDP funding and in particular funding under the Agri-Environment-Climate Scheme, is heavily relied upon to help deliver Scottish Government objectives. To meet our WFD objectives in particular it is important that there are sufficient relevant options for farmers to choose from to help them improve the levels of good practice on their farms. These options must be adequately funded and there must be adequate advice and targeting to ensure these options are correctly implemented in

the right place. Without sufficient funding, advice and targeting there is a significant risk that the level of uptake may be insufficient to allow objectives to be achieved.

SEPA has carried out approximately 2,000 farm visits within our diffuse pollution priority catchments over the past 2 years. From this we have gained significant knowledge on the types of activities and practices which are posing risks of diffuse pollution on farms and farmland. This has helped us develop a greater understanding of the sources of agricultural diffuse pollution and pathways to watercourses and of the types of measures required to mitigate these impacts.

SEPA has submitted a number of options for consideration in the next SRDP and these have been selected because of their effectiveness in dealing with the diffuse pollution risks and because they can also realise multiple benefits. On livestock farms, predominantly in the south west of Scotland, run-off from farm steadings can pose significant pollution risks. In many cases these risks can be reduced through better management of run-off such as keeping clean and dirty water separate, treating lightly contaminated run-off via swales and wetlands, and having sufficient capacity to store slurry until it can be efficiently used as a fertiliser in the growing season. SEPA's work in the diffuse pollution priority catchments, has demonstrated that there is a need for investment in infrastructure to help manage slurry and dirty water better. For example, in the Galloway Coastal catchment, 71 visits by SEPA staff found 112 breaches and 156 advisory points in relation to pollution risks relating to the management of slurry and yard drainage. To help farmers make these significant investments to protect the environment and improve the efficiency of their business, SEPA has recommended that the SRDP provide funding for relevant options. Such options could include roofing dirty yard areas, guttering, re-profiling of yards etc to help keep clean water clean and therefore minimise the quantities of dirty water produced and needing to be collected. We have also recommended funding for constructed farm wetlands to allow farmers to treat lightly contaminated run-off to a standard that can be discharged to surface waters. SEPA also strongly recommends that funding is made available to support farmers to increase their slurry storage capacity. Sufficient slurry storage can contribute to a number of Government objectives including WFD, climate change mitigation and adaptation, and improving business efficiency. Where adequate drainage infrastructure and slurry storage is provided, the risk of contaminated run-off from farm steadings entering watercourses is greatly reduced through better collection and reduced risk of overflows. It also allows farmers to make the best use of slurry as a fertiliser.

Sufficient slurry storage allows the business to efficiently use these nutrients for crop / grass growth in the next growing season. This will reduce the need for the application of manufactured fertilisers, reducing costs, improving business efficiency, and reducing emissions linked to the production of fertilisers. Spreading slurry in good soil conditions will also reduce emission of nitrous oxide. Farms with inadequate storage are often forced to apply at times of the year when the crop cannot make use of the nutrients, potentially resulting in pollution.

Funding for slurry storage and better drainage management will also help farmers to adapt to climate change. With increased winter rainfall, the quantity of dirty water requiring collection is likely to increase. This underlines the importance of investment in measures such as clean and dirty water separation, wetlands and slurry storage facilities.

From the perspective of an arable farm, common diffuse pollution risks include cultivation too close to watercourses resulting in eroded soil, nutrients and pesticides entering watercourses from these fields. In such cases we use our Controlled Activities Regulations to require that a 2 metre no cultivation zone is established, however commonly this is insufficient to adequately control the risk. Options such as increased buffer strips, tramline management, sediment traps and ponds are all important options which can help reduce the risk of soil erosion.

**Q10. It is proposed to support forestry under six main areas as outlined below. Please identify whether you agree with these broad areas.**

**Yes. The areas below should be included:**

Woodland Creation  
Agroforestry  
Tree Health  
Woodland Improvement Grant  
Process and marketing  
Sustainable Management of Forests

**Q11. We propose nine woodland creation options with support through standard costs. Please identify whether you think these options should be included (Yes) or excluded (No)**

**Yes. The below woodland creation options should be included:**

Conifer  
Diverse Conifer  
Broadleaves  
Native Scots Pine  
Native Broadleaved W4  
Native Broadleaved Other  
Native low density  
Small or Farm Wood  
Northern and Western Isles

**Q12. Are there any other woodland types that should be supported? If Yes, please specify**

**Yes**

The Forest Research 2011 report entitled '[Woodland measures for meeting Water Framework Objectives](#)' discussed a number of options for using woodland to help reduce soil erosion and intercept run-off. Examples included providing shelterbelts to reduce wind erosion, encouraging water infiltration through the soil and the establishment of riparian woodland buffer areas for trapping suspended solids in run-off.

While the options stated in the consultation can have many benefits for water quality if targeted appropriately, SEPA considers that, in addition to these options, it would

be appropriate to include a 'riparian woodland' creation option and a option to create shelterbelts, with a specific purpose of helping protect water and soil quality.

At the same time, efforts should be made to reconsider some of the associated SRDP rules (e.g. on trees per hectare and minimum areas) which constrain imaginative approaches to integration. SEPA understand that there have been occasions when farmers have been unable to access funding to establish small scale woodland within riparian zones due to restrictions on minimum widths of planted area and planting density.

On-farm facilitation and advice will be helpful in promoting such approaches to woodland expansion, including agroforestry.

**Q13. Should the Central Scotland Green Network be allowed an 'Additional Cost Contribution'? If No, please briefly explain your reasons**

**Yes**

Given the higher costs associated with the creation of small woodlands in urban areas (as described in the consultation) an additional cost contribution would be justified. Woodlands close to urban areas have also the potential to offer greater public benefit due to their recreational and health values.

**Q15. It is proposed to support woodland creation through other means. Do you agree with the range of 'other support' for woodland creation?**

	Yes, include	No, should NOT be included	No opinion
Tree shelters and fencing	Y		
Improved stock for Sitka Spruce			Y
Bracken contribution	Y		
Community woodland	Y		

It would seem sensible to provide funding for shelters and fencing etc to protect the initial investment in trees and planting.

Targeting areas of land which are currently covered with bracken would help increase the environmental services provided from that piece of land and also reduce the need to control the bracken via chemical means.

As well as environmental benefits, woodland can provide many benefits to people in terms of recreation, mental and physical well being. Woodlands close to centres of population which encourage public access would therefore be of greater public benefit and justify support via SRDP.

**Q16. Should agroforestry be funded through the SRDP 2014-2020?**

**Yes**

Agroforestry has the potential to offer multiple benefits such as helping control run-off, erosion protection, improving biodiversity, flood prevention, carbon sequestration, increasing soil organic matter, improve soil structure as well as offering shade and shelter to livestock. It can also help to diversify the farm economy allowing the production of timber while keeping the ability of the land to graze livestock. SEPA would therefore be supportive of funding agroforestry via the SRDP.

**Q17. Should tree health be funded through SRDP 2014-2020?**

**Yes**

Our forestry is important not only from an economic point of view but also in terms of providing public goods and services such as for recreation, tourism and climate change mitigation. SEPA would therefore be supportive on the basis that the support is provided only where non-routine tree pests or diseases are causing significant impacts and that the level of support is restricted to ensure that it does not consume a disproportionate amount of budget to the detriment of other grant schemes.

**Q18. Do you agree with the range of Woodland Improvement Grants?**

**Yes, SEPA agree with the range of woodland improvement grants below:**

Long term forest planning - new  
Long term forest planning - renewal  
Reducing Deer Impact  
Woodland Habitats and Species  
Restructuring Regeneration  
Non- Woodland Habitats and Species  
Natural regeneration  
Woodlands In and Around Towns

**Q19. We propose to offer support to forest owners, micro-enterprises and SMEs for investments which enhance forestry potential or relate to processing and marketing, or adding value to forest products. Should these areas be supported through the SRDP?**

	Yes, should be included	No, should NOT be included	No opinion
Small scale premium processing sector	Y		
Equipment to increase harvesting in under-managed woods	Y		
Equipment to increase capacity for steep ground harvesting		N	

SEPA is supportive of the principle of businesses adding value to forest products by further processing and / or marketing and it would be appropriate to offer funding to allow businesses to invest in further processing.

SEPA however has reservations in regards to providing funding to harvest trees on steep ground. In such circumstances trees are often the only ground cover and when they are removed the risk of soil erosion and land slip is much increased. In certain circumstances it may therefore not be a beneficial use of public money to support harvesting.

**Q20. We propose six Sustainable Management of Forest Options. Do you agree with the range of Sustainable Management of Forest grants?**

	Yes, should be included
Native Woodlands	Y
Low Impact Silvicultural Systems (LISS)	Y
Public Access	Y
Public Access WIAT ((woods within 1 km of settlements with a population of over 2000 people)	Y
Livestock Removal	Y
Woodland Grazing	Y

**Q21. How would you rate your broad satisfaction with the proposals for the Forestry Scheme?**

**Quite satisfied**

**Q22. How would you rate your broad satisfaction with the proposals for co-operation?**

**Quite satisfied**

An allocation of £10m to help cover the costs of studies / plans and the costs of a project co-ordinator should help to encourage co-operative projects and ensure they deliver. The ability of the scheme to employ a project coordinator will be particularly beneficial in regards to bringing together a group of farmers, agreeing actions and timescales, and managing projects.

The consultation states that the SRDP delivery partners will identify the priority themes for this fund and work together to promote initiatives. SEPA is keen to be involved in this process and work with the SRDP delivery partners to identify these priority themes. Coordinated action on natural flood management and the improvement of water quality in diffuse pollution priority catchments are examples of situations where it is important to target collaborative action amongst farmers along a river catchment to achieve objectives.

**Q23. How would you rate your broad satisfaction with the proposals for Small Rural Business Support?**

**Quite satisfied**

**Q24. Should the Scottish Government continue to give significant support to the food and drink sector?**

**No** – SEPA consider that SRDP funds should not be used to provide support to the food and drink sector. This is because the food and drink sector operates in a functioning market environment whereby producers are able to obtain reasonable prices for their produce from customers. Food and drink producers are also able to market their produce appropriately so that they are rewarded through the market (by higher prices or more customers) for what they produce.

**Q25. Should selection criteria such as those listed below apply to the Food and Drink Scheme?**

**Yes the below selection criteria should apply to the Food and Drink Scheme:**

- Contribution to the Scottish Government's overall strategies for economic development and the rural economy
- Making a contribution to national policies for food and drink
- Assisting the Scottish Government with its wider social policies
- Supporting export targets for food and drink sectors

**Q26. Should steps be taken to streamline processes for food companies including a one stop shop for public support?**

See response to Q24

**Q28. How would you rate your broad satisfaction with the proposals for LEADER?**

**Quite satisfied**

SEPA support LEADER funding for small local businesses that are delivering public goods (such as environmental and social benefits) which are not paid for through the market place. LEADER is particularly important for businesses operating in locations where there is a lack of business support infrastructure or where there is a smaller customer base from which to make a project economically viable.

**Q29. Do you agree with the range of options listed below which are being included within the KTIF scheme?**

**Yes the below options should be included within the KTIF scheme:**

- Skills development
- Vocational training
- Monitor farms
- Setting up an EIP network

Monitor farms in particular are an excellent method of demonstrating innovations or new ideas. They could be used to help promote and demonstrate diffuse pollution mitigation measures within diffuse pollution priority catchments. They could also be used to demonstrate climate change mitigation measures, agroforestry, natural flood management etc.

**Q30. How would you rate your broad satisfaction with the proposals for KTIF?**

**Quite satisfied**

**Q31. How would you rate your broad satisfaction with the proposals for the Advisory Service?**

**Neither satisfied nor dissatisfied**

The rural advisory service has a key role to play in the delivery of the next SRDP and SEPA fully supports the intention to provide an expanded advisory service to offer support to land managers and help Scotland achieve improvements in agriculture and the environment.

Good advice will help ensure the right measures are put in the right place in order to maximise their effectiveness and get best value for public money. This is best delivered through one to one advice, but it is not clear from the consultation how available the consultancy advice will be and if it will be fully or partly funded.

The national 'one to many' advisory scheme will be a useful method of providing basic guidance and information to farmers and should help farmers (to a degree) find their way through the application system. However to meet WFD objectives and achieve climate change and other targets more specialist and tailored advice is needed at farm level.

The consultation does not provide significant detail regarding the integrated land management plans to be undertaken by the generalist advisors. However depending on the detail, this scheme may be an effective route for identifying those applications which require specialist or one to one advice. Providing the generalist advisor has sufficient training and knowledge in relation to issues such as diffuse pollution, climate change mitigation / adaption and soil management etc, this plan could be used to carry out an audit on the farm and identify where further expert advice is required. Where resource is limited it would be appropriate to target the one to one specialist advice to specific areas such as diffuse pollution priority catchments. The challenges of environmental change within these areas are such that a step change in land management is required. This will not be achieved without a concerted effort to improve farm level awareness of pollution risks and mitigation options through one to one advice. There is also an opportunity to build on the farm visits SEPA have carried out on farms within the diffuse pollution priority catchments, whereby specialist one to one advice could be targeted to deal with specific issues recorded during these visits. This could be a very efficient use of resource, using the information SEPA has gathered on farms to decide where specialist advice can be most effectively used.

To be successful, the advisors must be adequately trained and must be able to identify environmental risks and recommend and implement appropriate measures to deliver environmental benefits. It is therefore encouraging that €200,000 over 3 years has been set aside to train advisors, but it is difficult to judge at this stage if this will be sufficient.

***Q32. Do you think the tasks set out below are the most appropriate ways for the SRN to add value to the implementation of the SRDP?***

**Yes these should be included:**

SRN website  
Gathering of good programme examples  
Disseminating information to the public  
Organisation of events

***Are there other activities or services you would like to see the Scottish Rural Network provide? Please specify***

The SRN appears to be heavily geared around the business and social aspects of rural development. It is not clear how much of a focus the SRN has on environmental projects. There is however a great opportunity for the SRN to have a greater focus on businesses which have invested in projects that deliver environmental benefits. On-farm case studies highlighting projects which have received funding for options such as buffers or water margins and illustrating the

multiple benefits that this investment has delivered would help promote SRDP options.

***Q33. Do you agree with the proposal to establish thematic working groups as an approach to supporting the Rural Development Programme priorities?***

**Yes**

The principle of bringing people together to identify particular challenges or opportunities facing rural areas and to improve the effective delivery of the programme is sound. However it is not clear how the priorities identified by these groups will fit into the overall SRDP priorities and targeting of measures. There may be a useful role for such groups on co-operative projects such as identifying the need for specific projects in particular areas and encouraging collaborative projects to come forward.

***Q34. How would you rate your broad satisfaction with the proposals for the Scottish Rural Network?***

**Neither satisfied nor dissatisfied**

***Q35. How would you rate your broad satisfaction with the proposals for communicating the new Scotland Rural Development Programme?***

**Quite satisfied**

The provision of clear guidance and quality advice is essential to the success of the next SRDP. The communications plan outlined in the consultation covers the key areas such as knowledge transfer, improved guidance, advisory service and customer support, which are important. It is difficult to determine at this stage however how effective these services will prove to be in terms of getting the messages out to the key audiences and their ability to target effort in the priority areas. Improved guidance will be an important initial step. It is important that land managers are able to easily identify measures that are relevant to their situation and understand how to go about implementing them on the ground and how to get specialist advice where required.

***Q36. Information used to monitor and evaluate the SRDP will be gathered from a mixture of data sources. Three key data sources required to capture monitoring and evaluation data are summarised in 'More information' below. We would welcome feedback on the approach outlined.***

It is important that information that can be used to determine the effectiveness of the programme is collected. This will include basic information such as type of measure, location, scale (if appropriate), cost in terms of grant allocation, collaborative or not and if specialist advice was used. A measure of the environmental long term benefits that will be delivered as a result of implementing the measures would also be useful. It is assumed that much of this basic information will be contained within the application form. This will help us gauge the uptake of specific measures within catchments and highlight the need for better targeting or greater promotion of certain measures.