Written Submission from Scottish Land & Estates

Introduction

The land-based sector has known for many years that the move from the current historic to an area-based direct support regime has been approaching. It will represent a massive change to the delivery of support to agriculture and a change that could actually result in some industry re-structuring, but we know that we have to move to area payments so the priority should be managing the change as smoothly as possible. Caution is needed to ensure that any change is not so drastic that it actually damages the industry, but change we must and we should not attempt to use all policy levers to limit change. It will be important to take the long view and do what is best in the long-run rather than react to all calls for help.

As an industry, we know that the new regime that has been developed in the EU will be more complex (despite the simplification agenda), but in this context the Scottish Government must attempt to introduce the simplest system it can. There will always be a balancing act to perform because the simplest systems are also the most blunt policy tools, but Scottish Land & Estates believes that the Scottish Government should avoid over-complicating the support regime.

On rural development support, the change to an area-based direct support regime will present challenges to many rural businesses and this provides an important context for thinking about the SRDP. Scottish Land & Estates believes that it is important to be pragmatic and cautious on the SRDP in the short- to medium-term. While we believe that the Scottish Government proposals are not very forward-looking, Scottish Land & Estates accepts that we should avoid changing everything at the same time. However, once the Scottish Government has a much clearer understanding of the impact of the changes in Pillar 1, it should revisit the SRDP budget and prioritisation in order to ensure maximum effectiveness of the funds available.

Pillar 1 - Direct support

Active farming

Scottish Land & Estates fully supports efforts to ensure that support payments only go to active farmers.

Transition

Scottish Land & Estates supports the standard internal convergence to achieve a flat rate by 2019.

Payment regions

At present, Scottish Land & Estates supports the move to a two region land type payment region model, but acknowledges the potential difficulties given the range of land potentially included in the RGR region and is keen that the extent of these potential problems are fully explored by Scottish Government prior to the final decisions being made.

Coupling

Scottish Land & Estates supports the proposal to devote 8% of the national ceiling to coupled support, but has yet to determine its position on 13% should this become available.

Greening

In general, Scottish Land & Estates has long held to the view that public goods are best delivered through Pillar 2 where targeted schemes can be designed to deliver targeted outcomes. The decision to attempt to deliver enhanced greening through Pillar 1 has resulted in generic measures that are unlikely to deliver much environmental benefit in Scotland; a situation which is highly regrettable because it could bring direct support further into question in the medium term.

However, now that we have to implement greening, Scottish Land & Estates takes the view that it should be implemented in the most pragmatic way possible. As such, Scottish Land & Estates:

- Supports the use of the standard greening measures
- Supports the ability to implement the EFA requirements at a regional level
- Supports the ability to implement the EFA requirements collectively
- Supports the use of weighting factors with regard to the EFA
- While there could potentially be increased flexibility in the use of equivalence measures, Scottish Land & Estates does not support the use of this mechanism in the short-term. Equivalence would involve the establishment of a certification scheme which would therefore be time-consuming and there is potentially a greater audit burden. Farmers need clear guidance as early as possible to be able to plan their operations.

It will also be important to iron out the complexities associated with undertaking greening in Pillar 1 and agri-environment in Pillar 2. It would be extremely unfortunate if greening had the consequence of making agri-environment options unattractive.

Pillar 2 - SRDP

Overall response to the government proposals

Scottish Land & Estates wants to see the SRDP support rural development in the widest sense so that rural areas can be supported to become dynamic and prosperous places with growing and vibrant rural populations, buoyant local economies and a high quality environment. From this perspective the proposals for the next SRDP are disappointing because the impression from the headline illustrative budget is that it effectively supports the status quo rather than providing the platform for proper forward-looking rural development.

However, Scottish Land & Estates acknowledges the changes that are about to take place with regard to direct payments and so accepts the need to maintain an element of stability in the Less Favoured Area Support Scheme in the medium term. Scottish Land & Estates believes that it would not be wise to change LFASS at the same time as direct payments because of the potential impact on our farming businesses.

Consequently, Scottish Land & Estates adopts a pragmatic stance and accepts that the Scottish Government should follow the course it is proposing at present, but review the budgets, especially LFASS, in the light of the impact of the changes in Pillar 1, at the earliest opportunity. LFASS is an extremely blunt tool for supporting rural development.

It is therefore important that the Scottish Government allows itself sufficient flexibility to move money between budgets in the programme without the need to submit formal programme modifications to the European Commission. Such processes take time and potentially limit the Scottish Government's flexibility in how the programme is managed.

It is also critically important that we develop a much better evidence base about our rural areas and how they are changing in order to develop a more targeted rural development policy and programme.

Budget

Scottish Land & Estates supported the Scottish Government in its proposal to transfer 9.5% of the pillar 1 national ceiling to the SRDP. We did so because while many of our members would have liked the full 15% transfer, it would have also compounded the impact of the changes in the direct support regime that will be felt by farmers. Scottish Land & Estates took the view that the current uncertainties surrounding direct support and the move to area payments warranted a degree of caution in transferring funds because we do not have a very clear picture of the precise consequences in terms of changes to support levels in different places and for different types of businesses. We did note, however, that the Scottish Government will have the ability to re-visit this decision in 2017, which could represent a useful opportunity to amend the Pillar 2 budget if necessary once the Scottish Government has a much better understanding of the implications of the move to area payments for the farming industry (taking into account the future changes involved in changing LFASS into ANC support).

80% of the budget is devoted to LFASS, agri-environment measures and forestry. This prioritisation is understandable. Scotland needs to do more to protect and enhance biodiversity and has set woodland creation targets that need support to be reached. Our more remote rural communities, within which farming plays a key role, are also fragile and need support. However, Scottish Land & Estates is somewhat disappointed at what appears to be a lack of vision for the next SRDP. Scottish Land & Estates wants to see the SRDP support rural development in the widest sense so that rural areas can be supported to become dynamic and prosperous places that contribute to the economy, but the impression from the headline illustrative budget is that the next SRDP effectively supports the status quo rather than providing the platform for proper forward-looking rural development.

While it is important to continue to support LFASS (in order to maintain stability during the period of change in Pillar 1), a small amount of change to the LFASS budget in the short-term would free up funds that could have a significant impact in other parts of the programme, especially small rural businesses.

Scottish Land & Estates believes that simply maintaining a flat forestry budget is a potentially a missed opportunity. Recent figures suggest that the suggested budget of

£36m/yr for forestry is not sufficient to deliver against the Scottish Government's own targets.

It is very disappointing that the Scottish Government is choosing to stop funding access options.

Processes

The proposed changes to the structure of the application process are welcome. Scottish Government appears to have listened to feedback on the current programme and is attempting to find ways of improving the process.

Customer support and advice

Scottish Land & Estates supports the Scottish Government's intention of improving the customer support with greater contact and possible site visits prior to application.

Scottish Land & Estates supports the Scottish Government's intention to utilise European funding to bolster our advisory support to land managers, but the detail of how the proposed Scottish Agricultural and Rural Advisory Service will be established and run remains unclear. Scottish Land & Estates believes that it is important that the new advice hub is introduced in a way that complements the existing advisory provision.