

Consultation on Scotland Rural Development Programme (SRDP) 2014-2020

Stage 1: Initial Proposals

May 2013

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MINISTERIAL FOREWORD



I am delighted to present this initial set of proposals for you to consider as part of our development process for the new Rural Development Programme for Scotland. This is a crucially important programme to ensure the Scottish Government continues to provide a wide range of public support to businesses and communities across Rural Scotland.

The current SRDP delivers around £1.2 billion of funding to Rural Scotland, contributing to the Scottish Government's commitments to make Scotland greener, wealthier and fairer. It had a challenging start but after making early improvements it has provided vital funding all across Scotland.

Wide ranging support for over 7,500 businesses has been delivered through Rural Priorities, over 2,000 community projects through LEADER, and the Food Processing, Marketing and Co-operation Scheme has provided almost £40 million to 156 projects. Support has reached everything from a range of environmental actions and woodland creation in Dumfries and Galloway, to business support in Gairloch, community halls across Argyll and Bute and a farmer owned co-operative, near Inverness, which supplies the whisky industry.

The shape the new programme takes will be crucial and I am determined to make sure there will still be excellent opportunities to continue to support economic growth, develop vibrant rural communities and further utilise Scotland's natural environment and heritage.

The funding for this programme comes from both the national and European Union budgets. As Scotland will face real pressure in relation to both these budgets, not least as a result of decisions taken by the UK Government, it is becoming increasingly important that we focus our efforts on ensuring the key priorities for Scotland are adequately addressed. We face significant challenges as a nation to respond to Climate Change and continue to grow our economy in a sustainable way. I encourage you to consider what the key areas for the SRDP to focus on are, to ensure we respond well to the challenges we all face.

Despite its clear successes, the SRDP has come in for some valid criticism regarding the complexity and administration of parts of the programme. I am committed to ensuring this is improved for the future programme period and I am pleased that we have developed proposals in partnership with stakeholders that could help achieve this. Obviously, there is only so much we can do as much of the complexity is due to the European audit requirements and underpinning legislation. However, the EU rules will give us substantial discretion, and it is this area where I expect to see significant improvement in the new programme.

Please take the time to read and respond to this consultation. Your views will help us design a better SRDP for all of us, and I will take careful note of your responses in order to come forward with a more detailed set of final proposals later this year. I look forward to hearing from you.

A handwritten signature in black ink that reads "Richard Lochhead". The signature is written in a cursive, flowing style.

RICHARD LOCHHEAD MSP

Cabinet Secretary for Rural Affairs and the Environment

EXECUTIVE SUMMARY

1. The Scotland Rural Development Programme (SRDP) is part funded by the European Agricultural Fund for Rural Development (EAFRD) and Scottish Government providing support for a range of economic, environmental and social measures. The current programme will end on 31 December 2013 and will have delivered around £1.2 billion of support to rural Scotland since it was launched in 2008.
2. To access the European funding to cover the period 2014 – 2020, which will then be part funded by the Scottish Government, we are required to submit a new SRDP to the European Commission. This will include how we will deliver against European Union (EU) objectives for rural development and the funding articles we intend to use. This is the first of two consultations where we are seeking views on our proposals on how best to do this to support and develop rural Scotland, while making best use of public funds when resources are likely to be reduced.
3. This first consultation outlines the European and Scottish context for the SRDP including the priorities for rural development. In addition the paper considers how the SRDP will align with other EU funds under a Common Strategic Framework. It discusses the investment articles that Europe allow us to use and asks which of these are the most important to Scotland, within the limited resources that are likely to be available.
4. A key aspect in developing the next SRDP is consideration of lessons learned from the 2007 – 2013 SRDP and how we can use these to improve on past performance. This is particularly relevant for how we deliver much of the funding for land-based options and the consultation document proposes ways in which we can simplify and speed up the application process, while ensuring we meet the necessary EU and verification requirements.
5. In addition it discusses how we can ensure the right thing happens in the right place through strategic targeting. The principles of collaboration, integration and innovation are also important and the consultation document considers how we can encourage these under the next SRDP.
6. To support the delivery of the SRDP 2014 – 2020 the consultation document proposes how advice available to applicants can be improved to ensure we remain customer focussed while getting the best value for public funds.
7. Written responses to the consultation paper are welcomed and should be sent to SRDP2014-2020Consultation@scotland.gsi.gov.uk or the contact details given on the covering letter. **The closing date for responses is 30 June 2013.**
8. **We will also be holding workshops, during the consultation period,** to gather opinions which will help the Scottish Government make decisions about the way forward. More details on these events is available on the [Scottish Government SRDP 2014 – 2020 website](#).

SECTION 1: INTRODUCTION

9. The Scotland Rural Development Programme (SRDP) 2014 – 2020 will fund a wide range of projects across Scotland to deliver against Scottish Government priorities. The current programme will deliver around £1.2 billion in rural Scotland for projects aimed at: the environment; modernisation of agriculture; support for community groups; support for those living and working in fragile remote areas; forestry; climate change; and other rural businesses.

10. The SRDP is part-funded by the European Agricultural Fund for Rural Development (EAFRD) and is governed by European and domestic legislation. This legislation is being renewed and is currently going through the European legislative process. Although **some issues remain to be resolved (i.e. future Less Favoured Area (LFA) support)** there is enough certainty on the majority of the future legal framework that we can consult on our initial proposals now. We need to do this in advance of the legal framework being agreed to ensure we have enough time to **launch the programme in 2014** (the current legal framework ends on 31st December 2013).

11. In parallel with the EU legislation, the EU budget is also being set to cover 2014 – 2020. The SRDP budget will flow from this and based on initial positions by EU member states it is likely that all EU budgets will face a significant reduction. **Discussions within Europe are ongoing, and expected to reach a conclusion around June/July of this year.** However, based on the views expressed by member states during budget negotiations, **Scotland could see anywhere between a 10% – 20% reduction in the SRDP budget.** For Scotland this will mean we need to focus on our key priorities, ensuring we secure maximum value from any grants provided.

12. This consultation builds on the engagement work we have already undertaken with stakeholders to help shape the future programme and on the many lessons learned from implementation of the current programme. **Eight stakeholder working groups were set up** to look at the following subjects and make recommendations for the future programme: Areas of Natural Constraint (ANC/LFA); Rural Economy; Environment and Climate Change; LEADER; Forestry; Monitoring and Evaluation; Animal Welfare and Plant Health; and Advisory Service. **Each working group produced a final report setting out its recommendations.** These can be viewed at:

<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012>

13. **This consultation document sets out our initial thinking**, taking account of the reports from the working groups and on-going stakeholder engagement. We are consulting for an eight week period. **We will be undertaking a second consultation later this year which will take account of the feedback received from the first.** This second consultation will contain more detailed proposals and will seek final views before we submit the final Programme document for approval by the European Commission by the end of this year. The Scottish government will also be consulting on the priorities for the European Social Fund and the regional Development Fund. This consultation will also explain in more detail how Structural Funds, Rural Funds and Fisheries Funds will seek to work together in Scotland. This consultation will launch on 14 May.

14. The **indicative timetable for implementation of the SRDP** can be viewed at **Annex A**. This is reliant on the European legislation being agreed by October 2013.

15. The questions we would appreciate responses on are set out throughout this document and reproduced in full on the Respondent Information Form (RIF).

16. As set out above, your responses to these questions will be used to help further develop our proposals with a view to finalising them by the end of this year.

Please send your response with the completed Respondent Information Form to:

SRDP2014-2020Consultation@scotland.gsi.gov.uk

or

SRDP 2014-2020 Consultation
D Spur
Saughton House
Edinburgh
EH11 3XD

17. **The closing date for responses is 30 June 2013.** Late responses cannot be included in the analysis or published report but will be read and taken into consideration.

SECTION 2: SETTING THE CONTEXT

18. This section describes the governing priorities for the SRDP and how it fits into the wider approach to investing the range of European Union (EU) funds in a way that delivers maximum value for money

EU Thematic Objectives

19. The following list are the priorities agreed by the 27 Member States as being the key focus for all spending within the EU:

- Research & Development & Innovation
- ICT
- Competitiveness
- Low Carbon
- Climate Change
- Environment
- Sustainable Transport
- Employment
- Social Inclusion
- Education and Lifelong Learning
- Capacity Building

EU Rural Development (RD) priorities

20. Underneath the EU Thematic Objectives sit the EU Rural Development priorities. The investments made through the SRDP must fit into these priorities and the European Commission will be monitoring all programmes across the EU to ensure that is the case. The priorities for RD are:

- 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
- Promoting social inclusion, poverty reduction and economic development

Scotland does not have to address all six of these priorities if any are demonstrated to be irrelevant, however with both the thematic objectives and RD priorities **it is clear that Scotland shares these as issues that need to be addressed.**

Scottish Government's Purpose

21. The Purpose of the Scottish Government is to make Scotland a more successful country, with opportunities for all to flourish, through **increasing sustainable economic growth** as outlined in the [Government Economic Strategy](#) (GES).

Scotland's National Performance Framework (NPF)

22. Scottish Ministers are committed to the outcomes based approach as set out in 2007 in the National Performance Framework's (NPF) 10 year vision. The 'Scotland Performs' process is used to measure and report on progress, using seven Purpose Targets, 16

National Outcomes and providing detailed data on 50 National Indicators. For more information see:

<http://www.scotland.gov.uk/About/Performance/scotPerforms>

Common Strategic Framework (CSF)

23. The European Commission (EC) have proposed that The European Agricultural Fund for Rural Development (EAFRD) will fit into the new Common Strategic Framework (CSF), which also applies to the Social and Regional Development Funds and the Maritime and Fisheries Fund. **This involves the development of a Partnership Agreement** between the Member State and the European Commission (for the UK this will involve individual chapters for each of the devolved nations). The aim of the CSF is to ensure improved coordination and strategy between the funds and better targeting of investments to reduce any inefficiencies.

24. **The Partnership Agreement (PA) is the key element for utilising EU funds for Rural, Growth and Fisheries from 2014-20**, and will set out how the funds will jointly achieve an impact on the [Europe 2020](#) targets.

25. The European Commission (EC) issued a position paper for the UK in November 2012. This sets out three related challenges which the EC believes the UK and Scotland should address using European Funds, if there is to be measurable progress against the EU 2020 targets. These are:

- Increasing labour market participation, promoting business competitiveness and research and development investment
- Addressing social exclusion and unemployment
- Developing an environmentally friendly and resource efficient economy

26. The EC's analysis aligns well with the Scottish Government's Purpose, the Government Economic Strategy (GES) and the NPF; which align well with the overall EU 2020 objective of creating a smart, sustainable and inclusive Europe.

OUR PROPOSALS

27. Our proposal for Scotland is that **EU Funds are marshalled into three 'Scottish Funds'** which seek to explicitly address Scottish Government and EU priorities:

- Competitiveness, innovation and jobs
- Low carbon, resource efficiency and environment
- Local development and social inclusion

28. **Each of the three Scottish Funds would have resources allocated to it from the European programmes (including SRDP)**, depending on the eventual allocations agreed at EU and UK level and individual analysis of need against relevant priorities as set out in operational programme legislation. These funds will then provide budgets for individual schemes (such as LFASS).

29. To ensure that the funds are, and remain, targeted at areas where intervention will be most effective and have the best prospect of achieving the desired outcomes, **a single Programme/Partnership Agreement Monitoring Committee (PMC) is proposed. This PMC would oversee the performance of each of the Scottish Funds and ensure that**

their activities link clearly back to operational programmes and the Partnership Agreement. If required, specific advisory groups or sub-committees could be added to the arrangement to engage directly with the proposed Delivery Partnerships (delivery partners for each of the three Scottish funds). The PMC would involve stakeholders from across all funds, these will be identified once the PA has been finalised (for current SRDP PMC members include: Environment LINK; COSLA; NFUS; Scottish Land and Estates; SCVO).

Question 1: Given the EU's Common Strategic Framework approach do you agree or disagree that EU funds in Scotland should be marshalled into three funds (paragraph 27)?

Please explain your views.

Question 2: Do you agree or disagree with the proposed establishment of a single Programme Monitoring Committee to ensure all EU funds are targeted effectively (paragraph 29)?

Please explain your views.

SECTION 3: OUR INVESTMENT PRIORITIES FOR RURAL DEVELOPMENT

Introduction

30. Our priorities for Scotland's Rural Development Programme are set out in the SWOT (see Annex B) undertaken for rural Scotland as part of the programme design process.

31. These priorities are addressed using the **individual investment articles provided by the European legislation**. These articles set out in more detail what the programme can fund. The use of any individual articles is optional, and given the likely programme budget reductions at both EU and national level referred to at **paragraph 11 there is a need to ensure we focus on those articles that will contribute the most to Scotland's priorities**. It is also important to note that the more articles that we use, the more complex the programme will be to administer and run.

Investment Articles

32. The articles from the regulation are listed below, along with information on how they are currently used in the SRDP to fund a wide range of priorities.

RDR article	Description	Use in Scotland
Article 15 - Knowledge transfer and information actions	Vocational training including courses, workshops and coaching, demonstration and information activities.	This article currently funds the Skills Development Scheme, which is a scheme that looks to raise awareness of and spread best practice and innovative ways of working. There is a need to ensure we adequately allow for innovation to be possible throughout the SRDP and this article could help to roll out actions from the proposed Innovation Challenge Fund, as set out in Section 7.
Article 16 – Advisory services, farm management and farm relief services	Provision of advice to farmers, forest holders and SMEs on economic and environmental performance as well as climate change and resilience.	Would be used to fund the proposed advisory service, as set out in Section 11.
Article 17 – Quality schemes for agricultural products and foodstuffs	As with the current SRDP, provides support for producers participating in quality schemes, such as Quality Meat Scotland's cattle and sheep schemes.	The added value of being part of a quality assurance scheme (increased sales), means supporting this article, although helpful, may not be an essential priority for the limited funds available.
Article 18 – Investments in physical assets	Relates to agricultural investments, but also physical assets on farms in order to deliver environmental outcomes.	Key for economic growth, agricultural productivity (e.g. improved drainage) and ensuring we protect and enhance the environment.
Article 19 – restoring agricultural production	Provides for support for investments in preventive actions to reduce the consequences of natural	Not in current programme.

<p>potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions</p>	<p>disasters and catastrophic events; and restoration of agricultural land and production potential damaged by such events.</p>	
<p>Article 20 – farm and business development</p>	<p>Business start-up aid for young farmers; farm diversification projects; development of small farms. Also investments in non-agricultural rural micro and small businesses. Payments to farmers participating in the Direct Payments small farmer’s scheme who are permanently transferring their holding to another farmer.</p>	<p>This is a key investment article that provides support to a number of sectors in the rural economy, also importantly new entrants. However the power to make payments to those transferring their holdings to others could use up a significant amount of funds and result in little more than consolidation of holdings.</p>
<p>Article 21 – Basic services and village renewal in rural areas</p>	<p>This article covers a lot and currently straddles Rural Priorities and LEADER. Touches on: renewables; broadband infrastructure; locality plans; other small scale infrastructure (not defined); basic services for rural population (including leisure and culture) and related infrastructure; investments by public bodies in recreational infrastructure; tourist information; studies and investments in cultural and natural heritage of villages and rural landscapes; investments targeting relocation of activities and conversion of buildings to improve quality of life or environmental performance of settlement. Mostly small scale infrastructure with exception of renewables and broadband.</p>	<p>This is another key article which we use in a variety of ways within the SRDP. It can aid economic growth, environment, rural communities and climate change.</p>
<p>Article 22 – Investments in forest area development and improvement of viability of forests</p>	<p>This overarching article sets out main areas of forestry support as:</p> <ul style="list-style-type: none"> • Afforestation and creation of woodland • Establishment of agro-forestry systems • Prevention and restoration 	<p>This is a key article to support the Scottish Government’s vision for forestry laid out in the Scottish Forestry Strategy. This seeks to encourage a range of social, economic and environmental benefits of forestry underpinned by sustainable forest management.</p>

	<p>of damage to forests</p> <ul style="list-style-type: none"> • Investments improving the resilience and environmental value of forest ecosystems • Investments in new forestry technologies and in processing and marketing of forest products <p>Our aim is to provide support under each of these areas. Details are provided under forestry specific articles below.</p>	
Article 23 – Afforestation and creation of woodland	<p>Covers costs of establishing and maintenance of new woodland.</p> <p>The draft EC Regulations exclude income forgone payments. The SG is seeking reinstatement via negotiations with the EC.</p>	The Scottish Government is committed to achieving 100,000 hectares of new woodland creation over the next 10 years. We will continue to support a range of Woodland Creation Models that encourage social, economic and environmental objectives.
Article 24 – Establishment of agro-forestry systems	This is a new article not previously funded under SRDP and will support establishment of agro-forestry systems.	Adding agro-forestry systems to the range of support through SRDP will implement recommendation 10 from the Woodland Expansion Advisory Group of encouraging better integration between woodland creation and farming.
Article 25 – Prevention and restoration of damage to forests	This article presents a new opportunity for Scottish Government to support woodland owners to cover costs for restoring forest potential from natural disasters including pests and diseases.	Tree pests and diseases have significantly increased in prominence since 2007 as important threats to Scotland’s woodland resource.
Article 26 – Investments improving the resilience and environmental value of forest ecosystems	<p>This allows for a continuation of the grant types currently available under the Woodland Improvement Grant (WIG).</p> <p>It is proposed to integrate the Woods In and Around Towns (WIAT) Challenge Fund into mainstream WIG grant based on standard costs (and annual payment under Article 35 – see below). This is a major simplification of WIAT funding that will reduce complexity for applicants.</p>	This article will support operations that help meet Scottish Biodiversity Strategy, UK Biodiversity Action Plan, EU Birds and Habitats Directives and Scottish Forestry Strategy commitments.
Article 27 – Investments in	This is a new forestry article that supports similar activity	This article will ensure we continue to fund rural businesses which help to

new forestry technologies and in processing and marketing of forest products	funded within Axis 1 of the current SRDP such as processing and marketing and adding value to forest products. Eligibility widened to include SME's as well as land managers.	sustain rural communities.
Article 28 – Setting up of producer groups	Facilitation of setting up of producer groups in the agriculture and forestry sectors.	Not in current programme.
Article 29 – Agri-env-climate	Support for land managers who carry out agri-environment-climate commitments on agricultural land. Currently used for Rural Priority environmental options.	Significant focus in the current programme and this will continue in the new programme to ensure we meet legal obligations and international commitments to climate change mitigation and adaptation, biodiversity and water quality and to continue to address National Performance Framework objectives.
Article 30 – Organic farming	Support for the conversion and maintenance of certified organic farming practices. Currently used for Rural Priority organic options.	Support to land managers to use organic farming methods and to encourage the expansion of organic production in Scotland in order to deliver environmental benefits.
Article 31 – Natura 2000 and Water Framework Directive (FWD) payments	Support to land managers for Natura 2000 sites and areas included in river basin management plans.	Not in current programme as this area is currently addressed by agri-environment, forestry and LFASS and this is likely to continue in future programme.
Article 32 – payments to areas facing natural or other specific constraints Article 33 – Designation of areas facing natural and other specific constraints	Funds current LFA support scheme, replaced by ANC as set out in Annex C.	A key article to ensure we continue to fund fragile rural businesses which help to maintain the environment and sustain rural communities by avoiding land abandonment.
Article 34 – Animal welfare	Support for undertaking animal welfare commitments.	In current programme and funds Animal Welfare Programme.
Article 35 – Forest Environmental and climate services and forest conservation	Support for forest-environment commitments. This allows for the continued support for the grant types currently available under the Sustainable Management of Forests Option.	Important article to encourage sustainable management to help meet Scottish Biodiversity Strategy, UK Biodiversity Action Plan, EU Birds and Habitats Directives and Scottish Forestry Strategy commitments.

	It is proposed to introduce a payment for WIAT woodlands in partnership with support through Article 26	
Article 36 – Co-operation	Currently used by both LEADER and Food Processing, Marketing and co-operation grants. Allows for support for co-operation including pilot projects, development of new products, processes and technologies, promotion of short supply chains and local markets, environmental projects, biomass production and drawing up of forest plans.	This could help to fund a wide range of activity. It is of particular importance for our approach to collaboration as set out in Section 10.
Article 37 – Risk management	Contributions to farmers for economic losses in crops, animals or plants caused by adverse climatic events or animal/plant disease or pest infestation. Contributions to a mutual fund to provide compensation to farmers who experience a severe drop in their income.	Not in the current programme.
Article 38 – Crop, animal and plant insurance	Support for insurance contracts which cover for loss caused by adverse climatic event or by animal or plant disease or post infestation.	Not in the current programme.
Article 39 – Mutual funds for animal and plant diseases and environmental incidents	Support for establishing a mutual fund and providing compensation to farmers in certain circumstances.	Not in current programme and although we see no need to use this at present it is an article we should keep under review.
Article 40 – Income stabilisation tool	Possibility to use this for any significant drop in income (more than 30%) as a result of, for example, severe weather. Farmers would have to provide a significant amount of justification to access this article.	Not in the current programme.

**Question 3: Given the need to prioritise our spending in the future programme (paragraph 11) which articles do you see as a priority for use within the next programme?
Please explain your views.**

SECTION 4: LESSONS LEARNED FROM CURRENT PROGRAMME

Background

33. The Scotland Rural Development Programme (SRDP) 2007 - 2013 was designed to develop a more integrated approach to agricultural and rural development, and to encourage applicants to connect their business and farm development activities better to wider regional and national objectives so as to achieve more balanced economic, social and environmental outcomes.

34. This was a new and very ambitious approach to wider rural development funding, bringing together a wide range of formerly separate support schemes including those covering the farming, forestry and primary processing sectors, environmental improvement, rural enterprise and business development, diversification and rural tourism. It included articles to support and encourage rural communities and delivered the LEADER initiative for local innovation in rural areas.

Implementation

35. The SRDP 2007 – 2013 was approved by the European Commission in late February 2008 (due to delays in European process, and Scottish Government elections resulting in a change of government in May 2007) and the approved programme was first published on 3 April 2008. Since then there have been a number of programme modifications to address issues identified as the programme rolled out and economic circumstances developed.

36. There have been two reviews of the programme to date. The first in early 2009 by Peter Cook was to learn from the first year of operation and focussed on Delivery and Programme Balance. The report concluded the following:

“The vast majority of the Programme is working well and receives little publicity. Much of the concern over the early stages of the SRDP has been directed at the “Rural Development Contracts – Rural Priorities” (RDC-RPs) delivery mechanism.”

37. The second published in March 2011 was the Mid-Term Review of the programme. Included in the conclusions are the following:

“The Challenge Fund for forestry and the menu-driven Rural Priorities scheme generate some dissatisfaction among beneficiaries, the former for its **administrative complexity** and **poor technical support**; the latter mainly for its **complexity**.”

“**The LMO and RP schemes** are logically coherent, but **have not to date delivered strongly evidenced transformative change**, though some positive effects are intimated”

“Overall, the **high level of dependence on agents in preparing RP applications reveals an administrative complexity** beyond the perceived ability of many applicants acting alone.”

“The complexity of the SRDP creates a substantial data challenge It is **necessary to improve data reporting and put systems in place to ensure across-the-board consistency** in reporting of impacts and outcomes. ...”

Conclusions / lessons learned

38. The current SRDP will successfully deliver some £1.2 billion of funding to Scotland's rural economy and we anticipate will fully utilise the available EU funding (almost €680 million) by the end of 2013. Close to 80% of applicants being funded is seen as another success. However there are questions around the level of applications in some parts of the programme and **around how the funding was targeted and whether best value was always achieved.**

39. The design vision of the Rural Priorities scheme was that applicants would be able to go through the application process just by reference to the electronic guidance available. The reality was far from that and the use of agents was the norm throughout the programme. **Complexity and ambiguity of guidance and the underpinning European and national legislation was a significant factor in applicants turning to agents for advice** to guide them through the process.

40. We recognise the level of change that was introduced to bring three different organisations together (Scottish Government (SG), Forestry Commission Scotland (FCS) and Scottish Natural Heritage (SNH)) into a common way of working while integrating a new set of customer registrations for LEADER and community type projects impacted on the way the programme was perceived by both staff and customers alike. **The lack of a sufficiently robust change management programme to support staff and customers through training and guidance was a major issue** at the start of the programme. However a real strength has been the engagement and interaction between a wide range of stakeholders which has built on the principles established under SEARS (Scotland's Rural and Environmental Services).

41. Much of the criticism of the Programme has centred around the implementation and administrative complexity of Rural Development Contracts – Rural Priorities. **The philosophy of regional prioritisation was sound in concept but has proved difficult to put into practice.**

42. **Complexity of options and guidance under RDC-RP has led to compliance issues** for applicants and a high level of audit risk for administrators.

43. The integrated approach was sound in policy terms however the lack of a robust and intelligent IT system to help deliver the programme led to frustration.

44. LEADER extended its coverage to 95% of Rural Scotland through 20 Local Action Groups and has delivered some £50 million of funding to innovative projects delivering wider community benefit in line with Local Development Strategies. Audit issues around clarity of guidance, availability of data and misinterpretation of rules have been significant. **Clarity of guidance, purpose and scheme rules will be essential in the new programme** to address the audit risk.

45. LEADER and the Food Processing, Marketing Cooperation Scheme (FPMCS) were both outwith the mainstream IT system for SRDP and this added significantly to the audit risk for both schemes particularly in terms of budgetary monitoring and control.

46. **The design of the next programme must be simpler and more customer friendly. Management information and monitoring requirements must also be incorporated from the beginning** – including improved spatial recording to allow for better targeting of funds.

47. **The next programme must sustain a strong level of ambition for rural Scotland** and to aid that should ensure that money is better targeted on the achievement of key objectives and outcomes.

48. See Section 7 for how we will seek to improve implementation and delivery of the next programme, taking account of these lessons learned and additional stakeholder feedback.

SECTION 5: STRATEGIC TARGETING OF INVESTMENTS

Introduction

49. To promote best value for money and delivery of Scotland's priorities for rural development, **we propose that investments under SRDP 2014 - 2020 will be strategically targeted, to direct support to commitments which will make the greatest contribution towards delivering these priorities.** This may include targeting support to the locations where investments will have the greatest impact, reflecting the variation in farming systems and environmental, community and business priorities across rural Scotland.

OUR PROPOSALS

50. As a basis for strategic targeting, **it will first be necessary to articulate Scotland's priorities for rural development and to identify where support should be focused to deliver them most effectively.** The availability of relevant investment options could be restricted to target areas, where evidence indicates that support has the potential to deliver a significant impact. For example, some investment options may be targeted within the ranges of priority species or habitats, protected areas or priority water catchments. Geographic restriction of option availability could be coupled with a qualitative assessment of individual applications, to evaluate the quality and appropriateness of proposals based on meaningful criteria tailored to each priority. **There would be no guarantee that every application within a target area will be approved.**

51. For certain rural development priorities, which are broadly relevant across Scotland, restricting the availability of investment options to certain locations will not be appropriate. Instead, **other criteria could be used to guide the qualitative assessment of applications, to ensure that support is targeted to the highest quality proposals** likely to deliver the greatest public benefit (e.g. a business application for a start-up grant or investment proposal will be assessed based on the quality of the application proposal).

Contributory factors

52. In addition to the approach outlined above, the following will also make an important contribution to strategic targeting:

- Budget allocation: As discussed in Section 8, the allocation of budgets among Rural Development Regulation priorities and articles will ensure that **the balance of support reflects Scotland's strategic objectives for rural development.**
- Stimulating uptake in priority areas: A key element of strategic targeting will be **to stimulate the uptake of relevant investment options within priority areas.** We will consider the role of targeted advice, facilitation and assistance with planning or application costs in helping to achieve this.
- Targeting at the holding level: Geographic targeting at a national level could be **complemented by the appropriate targeting of investments *within* holdings,** informed by descriptive maps and advice, as discussed in **Sections 9 and 11.**

**Question 4: Do you agree or disagree that we should geographically target our investment to areas where support will make the greatest contribution to our priorities?
Please explain your views.**

SECTION 6: INVESTMENT OPTIONS

Background

53. Stakeholders have told us that they want the new SRDP to be simpler. Allied to this is a clear steer from national and European audits that **there is a pressing need to improve the verification and control of the grant options available** in the new programme (e.g. capital investments; environmental improvement and maintenance; water quality; business development).

54. The Scottish Government has therefore instigated **a review of the existing grant options (grants for specific purposes which sit under the EU articles and designed by the Scottish Government and relevant agencies such as SNH and FCS)** to determine their suitability for meeting our national and international obligations whilst proactively considering ways to simplify and improve the new programme.

55. The objectives of the review are simplification; verification; multiple benefits; and, value for money. The key tasks are:

- To review, redraft (and potentially remove) existing options from SRDP 2007-13, ensuring that those that remain are relevant, straightforward, robust, flexible, measurable and verifiable.
- To identify any gaps in provision and propose new investment options as required.
- To address the simplification and customer focus agenda, by setting out clear requirements in guidance and amalgamating and grouping options appropriately.
- To consult internally and externally as required to ensure the options are fit for purpose, comply with regulatory requirements and can be delivered within the scope of the required operational and IT changes.

56. **The scheme guidance on the website will be reviewed**, along with all of the scheme literature and templates, to make the requirements for staff and applicants much clearer.

57. **Investment options must meet EU audit requirements.** In most cases this will be achieved via alterations to option eligibility requirements or processes, such as site inspections and robust business case assessments. However in some cases this may mean a greater responsibility on applicants to demonstrate that actions have been undertaken in line with scheme requirements. **This is important to ensure the Scottish Government and applicant are not penalised by the EU which would reduce the outcomes we are trying to secure.**

SECTION 7: DELIVERING THE SRDP: PROGRAMME STRUCTURE

Integrated approach to EU funds

58. As explained at **paragraph 27 to 29**, the **Partnership Agreement proposal is for Scottish EU Funds to be marshalled into three ‘Scottish Funds’** which seek to explicitly address Scottish Government and EU priorities:

- Competitiveness, innovation and jobs
- Low carbon, resource efficiency and environment
- Local development and social inclusion

59. Each of the three Scottish Funds would have **resources allocated to it from the Scottish EU fund programmes** (SRDP; EMFF; ERDF; ESF), depending on the eventual allocations agreed at EU and UK level and individual analysis of need against relevant priorities as set out in operational programme legislation.

60. **SRDP Delivery Partners (SNH, RPID, FCS) would continue to deliver land-based elements of the SRDP** funded from EAFRD (agri-environment; climate change; forestry), and the **LEADER scheme would continue to fund projects agreed by the various Local Action Groups (LAGs)** as set out in their Local Development Strategies (LDS) and agreed with Scottish ministers.

61. For SRDP 2014 - 2020 the main proposed change in structure is for all **business development proposals (e.g. agricultural and non-agricultural applications, including applications under the current Food and Drink scheme) to come through the competitiveness fund**. This could see a body, separate from the Scottish Government administering the grant process for these type of applications and taking decisions on those that merit support. This approach would allow those bodies to utilise all EU programme budgets to offer wider support, ensuring there is complementarity and we secure maximum value from our investments in this area.

62. For small local businesses it may be more appropriate, given their localised nature, for support to be directed through the Local Development fund (LEADER in rural areas). This would see small local businesses applying to their Local Action Group (LAG) for a grant rather than to a national or regional organisation.

Question 5: Do you agree or disagree that support for small local businesses should be provided through LEADER? Please explain your views.

63. **Fund priorities and targets would be set by the relevant fund delivery partners**, with decisions taken by the relevant delivery bodies (e.g. Community Planning Partnerships (CPPs) and Local Action Groups (LAGs) for Local Development; Scottish Enterprise (ScotEnt)/Highlands and Islands Enterprise (HIE) for Competitiveness).

LEADER

64. **We believe that under the next SRDP, LEADER will make a valuable contribution to the delivery of this Government's purpose** and provide opportunities for communities and business to:

- build partnerships, drive collaboration, co-operation and own the local agenda
- identify opportunity, take risks, innovate and realise ambition
- grow the local economy

65. **It will remain within the Rural Development Programme with a minimum spend of 5%** (set by European legislation) of total SRDP budget, with the possibility of working with other funds where appropriate.

66. Under the next programming period **the LEADER approach has the potential to be used across all EU funds**, applying a common approach, based on a single set of rules – using the term community led local development (CLLD).

67. The EC are of the view that mainstreaming of the leader approach across all EU funds also provides an opportunity to:

- Strengthen the role of the Local Development Strategy (LDS) as the central tool that meet local objectives.
- Be more flexible, innovative and responsive to local needs.
- Provide greater transparency of what the funds do and clarity about the respective roles of the parties involved.
- Focus on animation and capacity building.
- Strengthen private and third sector participation in delivery of funds.
- Strengthen networking and cooperation at all levels.

68. We are in the process of taking forward EC thinking alongside the recommendations of the LEADER Working Group to inform the next Programme, and make it as effective as possible from the start. These include exploring areas such as:

- Monitoring & evaluation
- IT systems
- Financing LAGs & projects (cashflow)
- Local Development Strategy preparation
- Technical guidance
- Co-operation & networking

*<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012/SRDP201420LEADER/LEADERWGFinalReport>

**<http://www.ruralgateway.org.uk/gd/news/futureofleader>

69. **We will shortly be inviting expressions of interest for the preparation of Local Development Strategies from prospective Local Action Groups.** Thereafter the Local Development Strategy development will be an iterative process to ensure consistency with emerging thinking across the funds. Updates will be made available on both the SG and the NRN websites in due course.

What does this mean for current SRDP?

70. The SRDP is currently structured around eight schemes:

- Less Favoured Area Support Scheme (LFASS)
- Rural Priorities (RP)
- Land Manager Options (LMOs)
- LEADER
- Forestry Challenge Funds (FCF)
- Food Processing, Marketing and Cooperation Scheme (FPMCS)
- Crofting Counties Agricultural Grant Scheme (CCAGS)
- Skills Development Scheme (SDS)

71. This was an ambitious approach to integrated delivery in order to achieve significant change in rural Scotland. We will continue this ambition in the new programme. However, based on the lessons we have learned through current programme implementation, and on-going feedback from applicants and other stakeholders, we believe small but important changes in design are necessary.

OUR PROPOSALS

Regional Project Assessment Committees (RPACs)

72. **For the new programme we are proposing to disband RPACs** (regional assessment bodies for RP applications) as we believe a more streamlined and evidence based targeting of investments would produce better results. Added to the new assessment process set out in Section 8, we believe this gives us a robust analysis of need allied to appropriate and informed decision-making for land based investments.

Question 6: Do you agree or disagree to the proposal to disband RPACs and replace with a more streamlined assessment process as explained in Section 8? Please explain your views.

Land Managers Options

73. **We also propose to remove the Land Managers Options (LMOs) delivery mechanism from the next programme.** At a time of reduced resources it is necessary to focus efforts on those investments that achieve the biggest outcomes for Scotland. Although a broad and shallow approach to investments can achieve improvements over a wide area, this can only be justified when it would not lead to a dilution of the priority outcomes we could achieve with the resources available. In addition having a non-competitive scheme where everyone who applies receives support significantly increases budget management uncertainty. We could not know the amount of funding required to ensure support was provided to eligible applicants until the end of the application process and the money was committed. This could have a serious impact on all other priorities for Scotland.

Question 7: Do you agree or disagree that LMOs should be removed from the future programme, given the spending restrictions we are likely to face and the need to ensure maximum value from our spending? Please explain your views.

Forestry

74. **Forestry support will continue into the new SRDP** and will be delivered by FCS as lead SRDP Delivery Partner. Applications would follow the Level 1 and Level 2 process set out at Section 8 with Level 1 following the ongoing approval thresholds for forestry options used in the current programme. Application above the current thresholds will be assessed through Level 2. It is proposed that Forestry Challenge Funds would discontinue with WIAT (Woodlands In and Around Towns) areas being funded through Rural Priorities and LEADER being explored as a mechanism for Forestry For People (F4P).

**Question 8: Do you agree or disagree that the Forestry Challenge Funds be discontinued with WIAT being funded through Rural Priorities and F4P funding being provided via LEADER?
Please explain your views.**

Food and Drink

75. **Food and Drink support will continue as a ring-fenced grant scheme.** This is a key growth sector for Scotland and as such it is essential there is tailored support available nationally to ensure key projects are enabled. However, there is merit in considering whether this support should be provided via the competitiveness fund delivery partners (yet to be identified), rather than sitting within the SG's food and drink unit as it does currently.

**Question 9: Do you agree or disagree that Food and Drink grants be decided via the wider decision-making process for business development applications or should they remain separate and managed within the Scottish Government as is the current practice?
Please explain your views.**

Crofting support

76. The Scottish Government appreciates the value-added benefits from the provision and maintenance of crofting systems in remote and rural Scotland. Crofting tenure contributes towards the maintenance of sustainable agricultural systems that produce supplies of safe healthy food, protect natural resources and enhance wildlife, habitats and cultural heritage. In addition, crofting helps provide and maintain jobs in rural areas and contributes more generally to the social inclusion dimension of sustainable rural development.

77. In recognition of the challenges faced by crofters, the Scottish Government currently provides around £2 million of financial assistance annually through the Crofting Counties Agricultural Grants (Scotland) Scheme (CCAGS). This provides grants to tenant crofters and other eligible occupiers of crofts living in the Highlands and Islands Enterprise Area of Scotland, towards the costs of a range of agriculture related operations on crofts.

78. Other additional assistance to crofters is provided under the Croft House Grant Scheme (CHGS) and the Crofting Cattle Improvement Scheme but these are administered out-with the SRDP using domestic funds.

79. In taking forward thinking and discussion on the type and scope of support that may be required under the new SRDP, Scottish Government officials have been in contact with key stakeholders including the Scottish Parliament's Cross Party Group on Crofting. Their SRDP Working Group (comprising representation from the Scottish Crofting Federation,

NFU Scotland, RSPB, Crofting Commission and others) has recently submitted suggestions on the type of support that it considers would benefit crofting.

80. Those suggestions require to be considered in detail against the criteria of overall justification and compatibility with European legal requirements and controls. However, in advance of the required detailed consideration, questions have arisen for which it is helpful to seek initial views from a wider audience of stakeholders before proposals are worked up in detail and a full consultation takes place on the proposals for a new Scotland Rural Development Programme.

81. A key issue is the scope of the CCAGS, which is currently focussed on aiding viability of crofts through provision of grants for a range of capital improvements to land, buildings and certain items of equipment. For the future programme some crofting stakeholders have suggested that a Crofting Support Scheme is developed which will fund all types of grants relevant to crofting. This has the benefit of ensuring support is ring-fenced specifically for use by crofters (and potentially small landholders, see below). However, it does mean support is fragmented rather than having a single route of entry for all agricultural businesses in Scotland. It could also mean that crofters (and perhaps small landholders) are restricted from applying for other SRDP schemes which offer similar support.

82. In holding preliminary discussions with stakeholders some have suggested that provision of support should be focussed solely on crofters, whereas others favour extending support to small landholders of “like economic status” to crofters, and who are located in the crofting counties. Our view is that there is merit in considering extending provision of support to small landholders in crofting counties.

**Question 10: Do you agree or disagree with crofting stakeholders that a Crofting Support Scheme is established in the new programme that will fund all grants relevant to crofting?
Please explain your views.**

**Question 11: If a Crofting Support Scheme is developed, do you agree or disagree that crofters (and potentially small landholders) be restricted from applying for other SRDP schemes which offer similar support?
Please explain your views.**

**Question 12: Do you agree or disagree on whether support for crofting should extend to small land holders of like economic status who are situated within crofting counties?
Please explain your views.**

Ensuring innovation is at the heart of Rural Development

83. Given the difficult economic climate it is clear that it is essential to improve agricultural productivity and the environment through research, knowledge transfer and promoting cooperation and innovation (including through the proposed European Innovation Partnership (EIP) on agricultural productivity and sustainability).

84. **The Scottish National Rural Network (SNRN)**, the **LEADER** model of delivery and the potential for the creation of **an improved advisory service** for farmers and land managers **all have significant potential to assist in the spreading and implementation of innovative ways** of improving working practices. As more becomes known about the EIP we will look to maximise the opportunities for linking these tools together to secure maximum value from the investments made under the SRDP.

85. Building on the successes gained through the current Skills Development Scheme (SDS) which has funded a range of innovative projects via Monitor Farms, **we propose to look at the potential to replace this scheme with an Innovation Challenge Fund** (which could continue to provide funding for Monitor Farms). This could be part-funded via the funds currently provided by SRDP to the SDS. Potentially adding to this budget, the current draft Direct Payments regulations provide for funds released as a result of the DP capping measure to be reserved for financing projects related to innovation. At present the DP regulations state this is in order to help farms increase their competitiveness so could only be accessed by farmers. However, the budget provided by SRDP can apply to other sectors so a holistic approach could be taken. Depending on the final legal framework for DP this could increase the resources available to drive innovation throughout rural Scotland. This challenge fund would aim to transfer the learning available through the EIP-LEADER-SNRN-Advisory Service network to on the ground improvements by enabling access to finance for projects looking to implement a new way of working.

**Question 13: Do you agree or disagree with the proposed replacement of the Skills Development Scheme with an Innovation Challenge Fund?
Please explain your views.**

Support for New Entrants/Young Farmers

86. If it is to prosper into the future, farming needs to attract a steady flow of new entrant young farmers with drive, innovation and entrepreneurial skills. At present, the average age of farmers is increasing and insufficient opportunities exist to attract the numbers of new entrant young farmers that the industry needs. It is therefore a clear priority for the Scottish Government to support generational renewal in agriculture in Scotland.

87. The Scottish Government is aware of the barriers to entry such as finance, lack of new tenancies and starter units, rising land prices, competition for land from established farmers and the move towards larger consolidated farming units. A key pledge in the 2011 farming manifesto was the creation of a New Entrants Advisory Panel which was announced in September 2012. The Panel advises government on the future role of support for New Entrants.

<http://www.scotland.gov.uk/Topics/farmingrural/Agriculture/NewEntrantsPanel>

88. Under the current SRDP a range of support articles have been put in place to help new entrant young farmers to gain entry to the industry and develop profitable, sustainable businesses. Articles provide enhanced grant rates to young farmers under the age of 40.

There is also support for new entrant young farmers who have set up as head of a farm business for the first time. It provides interest rate relief on a commercial business development loan and an establishment grant.

89. Notwithstanding the support currently provided to new entrants and young farmers under the current programme, the level of uptake has been less than hoped for. There have been 101 successful applicants securing £2.9 million of funding. The average median age of those in charge of agricultural units in Scotland continues to rise and currently stands at 57 (June Scottish Agricultural Census 2012). The recent SRDP SWOT exercise identified that there was still a reluctance to hand over to the next generation and a lack of opportunities for new entrants. There is a desire across the EU, and one that we share, to **encourage generational renewal** which could lead to new attitudes and approaches and sustain the future of agriculture in Scotland.

90. Over the past few months there has been active engagement with the New Entrants Panel to explore what further or different articles could be introduced under the new SRDP **to remove barriers to entry and/or incentivise new entrant young farmers to the industry.**

91. In order to provide this support, under the new SRDP **the Scottish Government proposes to make use of Article 18 (Investments in physical assets; 20% increase in grant rate for eligible young farmers) and Article 20 (Farm and business development; start-up grant for young farmers up to 70,000 euros split into 2 payments over five years) of the draft Rural Development Regulation.**

92. The New Entrants Panel has been considering a range of interventions to date including:

- Changing eligibility for accessing funding from those that are under 40 years of age to those that are 40 years old or under (**note**: the ability to do so will depend on the final wording and definition of the final Rural Development Regulation itself, currently the draft produced by the European Commission only allows support for those under 40 who are setting up for the first time).
- The definition of new entrant young farmers remaining flexible so as to include young people taking over farm businesses from their parents.
- Streamlining the funding application process and fast tracking applications from new entrant young farmers.
- Using the initial statement of intent submission date as a means to determine age eligibility rather than the full application submission date which would come later in the process and could result in individuals losing out on support.
- Greater attention being given to the production of robust business plans to support applications for funding articles introduced under Article 20 of the draft Rural Development Regulation.
- Support for the provision of free or subsidised support and advice to potential new entrant young farmers

93. **The Scottish Government is broadly in support of the proposed articles suggested by the New Entrant Panel**, subject to compliance with any legal considerations introduced by the final Rural Development Regulation.

**Question 14: Do you agree or disagree with the measures proposed by the New Entrant Panel (paragraph 92) to encourage new entrants to farming?
Please explain your views.**

SECTION 8: APPLICATION AND ASSESSMENT PROCESS FOR AGRICULTURE, ENVIRONMENT, LANDSCAPE AND FORESTRY

94. This proposal is a key element of ensuring that applicants are appropriately supported and guided through the application process. It takes account of the lessons learned discussed in section 4 and feedback from stakeholders. We have been testing this process over the last year with internal experts and stakeholders and the feedback received has been positive. It will help to deliver a significant proportion of the SRDP budget.

95. **The proposed process is focussed on the assessment of applications** that come through the SRDP application portal **for agricultural, environmental, landscape and forestry investments**. The schemes it would look to deliver are:

- LFASS (in time, new ANC scheme) – straightforward assessment of eligibility based on set rules
- CCAGS (or replacement) – level 1 assessment process
- Rural Priorities (possibly rebranded) – level 1 and 2 assessment process

96. **It would not deliver** the proposed **innovation challenge fund** (although learning from innovative projects and best practice can be disseminated widely through this process); **LEADER; FPMCS; or wider rural economy** beyond agriculture. These will be developed alongside the other funds, with the aim of providing as simple a service for each individual business/group as possible. Our goal is to ensure we identify the right agency/organisation to deliver each aspect based on relevant expertise.

97. The applications will come through the SG Rural Payments and Inspections Directorate (RPID) Paying Agency system for administration purposes (and use, for administration purposes, the current Rural Priority regional boundaries) **The assessment of Rural Priorities and CCAGS applications will be undertaken through a case officer assessment network** (see paragraph 102) **by the relevant SRDP Delivery Partner** (FCS for forestry; SNH for designated sites; RPID for all other land based investments including LFASS and CCAGS). **For applications that require a joint assessment** to ensure the delivery of multiple benefits **the process set out in paragraph 101 would apply**.

98. **We are working towards being open for applications in autumn 2014**. This timescale will be dependent on the EU legislation approval process, IT changes required and the priority for introducing the new DP scheme.

99. The approval system set out below proposes that **there would be a single entry route, with two levels of assessment depending on the cost/complexity of proposals**. This would be designed to focus on the delivery of priorities and to mitigate the risk of poor value for money. It would mean there is **a competitive approach across all SRDP grants**, ensuring we secure maximum value for money.

100. There would be 2 levels of entry.

- **Level 1** would be for applications up to an agreed threshold value (in process of being identified), focussed on regional and national priorities and approved at RPID Principal Agricultural Officer (PAO)/FCS Conservator/SNH Unit Manager level, depending on the application type. This would be done on a continuous approval basis, although a timetable could be provided at the outset to set out when

applications should be submitted at the latest in order to ensure the project could begin within a given timeframe.

- **Level 2** would be for applications above the threshold and would be considered nationally by an expert panel made up from: RPID; SNH; FCS; SEPA; and Historic Scotland. Stakeholders would also be invited to sit on the panel as observers. The panel would meet on a regular basis (monthly or quarterly, based on estimated demand and capacity).

Assessment network

101. To ensure that applications are assessed with appropriate knowledge and expertise feeding in, **a case officer assessment network is proposed**. This would entail an appropriately experienced “gatekeeper” allocating cases submitted via the application portal to relevant case officers. **Clear criteria** (e.g. a single application with several priority issues addressed), agreed between the relevant SRDP Delivery Partners and other relevant agencies (e.g. SNH, RPID, FCS, SEPA), **will be used by the gatekeeper to judge whether an application requires assessment by the network**. If that is the case the application will be sent to nominated officials from each of the relevant organisations so they can each input into the assessment. **The assessment and approval will be overseen by the responsible SRDP Delivery Partner** (FCS for forestry; SNH for designated sites below an identified threshold; RPID for all other agri-environment and agricultural investments).

Variable intervention rates for actual cost applications

102. In the case of investments that drive a potential profit or business benefit, to ensure that we properly assess the additionality provided by SRDP grants (required due to criticism of auditors that this is not addressed effectively in current programme) **it is proposed that intervention rates should be negotiated rather than set at a fixed amount**. This already operates successfully within the FPMCS and LEADER schemes.

103. **It is proposed that an assessment of the appropriate intervention rate to offer applicants is undertaken by the case officer**. This will be tied to clear guidance for managers and case officers (which would include the range of rates that could be offered, based on clear rules), with advice being provided to assessment committee members for Level 2 applications. This guidance, and an underpinning quality assurance process, will ensure there is consistency of approach across regions and case officer assessments.

Customer support

104. As part of this new approach, and tied to our work to ensure improved customer support to applicants across all services provided by SRDP Delivery Partners, **we are looking to increase the capacity of our staff** (working with other public agencies) **to assist applicants in understanding the rules and application system, and talking them through the investment options available. We will also look to increase the amount of pre-assessment inspections undertaken** so that, where it was thought appropriate, a visit to the farm or land can be undertaken by an official to better understand the application and assist the understanding of the applicant on the requirements they are signing up to. Given resource requirements at the beginning of the programme period this will be a medium-term ambition but one we will look to roll out on an increasing basis as capacity allows.

Regional budgets

105. One of the difficulties in managing the current programme was the lack of effective budget allocation, profiling and management arrangements being in place at the beginning of the programme. **We will be allocating budgets across articles, and will give an indication of the amount of resources that we believe (based on evidence) are appropriate for each of the Rural Priority regions under these articles.** This will be tied to regular central budgetary oversight to ensure allocations are being spent as forecast.

**Question 15: Do you agree or disagree with the proposed case officer approach to the assessment of applications?
Please explain your views.**

**Question 16: Do you agree or disagree with the proposed single entry route for applications with a two level assessment process?
Please explain your views.**

**Question 17: Do you agree or disagree with the proposed negotiation of variable intervention rates rather than setting fixed intervention rates?
Please explain your views.**

**Question 18: Do you agree or disagree with the proposed setting of regional budgets across Rural Development Regulation (RDR) articles?
Please explain your views.**

**Question 19: What support and assistance do you think applicants will need for this application process to work effectively?
Please explain your views.**

SECTION 9: INTEGRATED INVESTMENTS

Introduction

106. We need to ensure that our use of the land in Scotland supports our environment, our people and our economy in a sustainable way. When we make payments for managing land, we need to ensure that we are getting the best value for public money. One way to achieve this might be to encourage land managers to consider all of the impacts of their management (environmental, social and economic) when drawing up applications for funding from the SRDP.

Land Use Strategy

107. The principle of integrated land management is fundamental to the Land Use Strategy (LUS), which lays out how the Scottish Government and our public sector partners will take an integrated approach to land based investments to ensure that:

- Land based businesses work with nature to contribute more to Scotland's prosperity
- Scotland's natural resources are managed responsibly to deliver more benefits to Scotland's people and environment
- Urban and rural communities are better connected to the land, with more people enjoying the land and positively influencing land use

Further information about the Land Use Strategy can be found at:

<http://www.scotland.gov.uk/Topics/Environment/Countryside/Landusestrategy>

An Ecosystems Approach

108. The ecosystems approach is becoming widely recognised as a good way to approach land management, to ensure that the wider impacts of an activity are taken into account. In summary the three principles of an ecosystems approach are:

- Consider natural systems
- Take account of the services that those systems provide
- Involve people

109. By taking this approach we believe that even small changes at a local scale may be managed to deliver more benefits to more people. For example, when considering planting a new hedgerow, sometimes small changes to the siting and composition of the hedge can have positive biodiversity, water quality, soil, carbon and even flood control impacts with a minimal impact on cost.

OUR PROPOSALS

110. **These proposals are in addition to the approach detailed in Section 8 regarding the case officer assessment network**, which will ensure relevant applications are assessed for the potential delivery of multiple benefits.

Descriptive map of holdings

111. Tied to advice provision, some have suggested that **a key aspect of ensuring a more integrated approach is the production of a descriptive map of holdings** (available from local area offices and in time the new IT system for CAP) that could give applicants, advisors and assessment officers information about significant sites (including for example watercourses, sites of archaeological interest and landscape features, habitats and species) that could benefit from action or protection on each particular holding. This would complement the national targeting approach by drilling down to a holding level. **We would appreciate views on whether the potential to have this as a facility within the next SRDP would be worth exploring.**

Single application, assessed in partnership by relevant public agencies

112. A key issue, that has caused significant frustration amongst applicants in the current programme and has worked against integration, has been the separation of approval (RPAC) rounds into individual axes for the current Rural Priorities scheme. As a result, some businesses have needed to apply two or three times to secure support for multiple priorities on the holding. As explained earlier in this paper, we do not propose to continue with RPACs in their current form for the new programme, although there will be robust expert assessment across all applications as explained at paragraph 101. In addition, **as part of the process for grants we propose to enable single applications, which set out all land based investments/projects that the applicant would like to take forward on their land.** This would be underpinned by our proposed approach to targeting and mapping, and potentially assisted by the whole farm plan system.

**Question 20: Do you agree or disagree with the value of developing a descriptive map of holdings to help farmers and stakeholders understand the potential ecosystem value of specific holdings?
Please explain your views.**

**Question 21: Do you agree or disagree with the proposal to allow applicants to submit single applications which set out all investments/projects that the applicant would like to take forward on their land?
Please explain your views.**

SECTION 10: COLLABORATION

113. Many environmental challenges that we face require co-ordinated action across more than one holding. We want to make it easier for land managers to work collectively to deliver at the ecosystem level, for example, by managing wild deer populations or by reducing pollution in whole river catchments.

Collaboration - a Landscape Scale Approach

114. We recognise that a number of hurdles in the current programme have made it difficult for land managers to undertake collective action. **We want to ensure that landscape-scale projects can be effectively facilitated and co-ordinated** in the next programme and that land managers and others have access to advice and on-going support to assist this. Tied to this **we will investigate the potential for enabling a third party application approach for specific projects** where this is possible within the framework of the regulations and audit rules. We recognise that where a land manager will not receive any private benefit from a project it may be necessary to empower local existing networks to carry out work or fund projects directly (with the permission of relevant farmers/landowners/managers).

115. The proposed regulations allow programmes to **increase the intervention rate for physical asset investments by 20% for collective investments and integrated projects**. In addition, the cooperation article in the regulations allow **joint action to be taken to address (amongst many other things) climate change and environmental challenges**. This would pay for the planning, animation and running of a cooperation project. Both of these incentives, promoted effectively, will help achieve a landscape scale approach within the SRDP.

OUR PROPOSALS

116. We are keen to make more use of this type of support. **Public agencies will work together to identify priority areas that could benefit from co-ordinated action under the new SRDP** (e.g. priority water catchments).

117. **We are considering making funds available to allow groups of land managers and/or other interested parties to come forward to the SRDP with proposals to undertake collective actions**. To ensure this is tied to the national targets and priorities, and that an effective landscape scale approach can be taken, this fund could be situated within the SRDP land based assessment process outlined at Section 8.

**Question 22: Do you agree or disagree that it would be helpful to allow third party applications for specific landscape scale projects?
Please explain your views.**

**Question 23: Do you agree or disagree with public agencies working together to identify priority areas that could benefit from a co-ordinated third party application?
Please explain your views.**

**Question 24: Do you agree or disagree with the establishment of a separate fund to support collective action at the landscape scale?
Please explain your views.**

SECTION 11: ADVISORY SERVICE

Introduction

118. Any design of a new advisory service needs to take into consideration the requirements of the draft EU regulation. As currently drafted, the proposals require member states to offer tailored, one-to-one advice to individual farmers on a wide range of cross compliance, climate change, biodiversity, sustainable development and other issues. They also require member states to put delivery of the advisory system out to competitive tender. There is a requirement for a separation between advice and control and to ensure access to advice reflecting the specific situation of the relevant holding. Where justified and appropriate, advice may be provided to groups.

Current Rural Advisory Service

119. At present, the Scottish Government funds a wide range of public good advice through its Veterinary and Advisory Service delivered by Scotland's Rural College (SRUC). **This provision currently costs £2.8 million per year.**

120. The public good advisory services cover a wide range of topics such as rural diversification, organic farming, farm woodland, cross compliance, conservation and biodiversity, pollution and climate change.

121. The Scottish Government also funds the Whole Farm Review Scheme. This provides subsidised access to professional farm business advice. It also offers an additional grant to enable access to more specialised advice which might be needed to carry out any of the identified actions. The scheme is delivered by accredited advisors and so far 3,000 farmers have benefited from the scheme.

122. In addition, farmers can access a range of additional sources of advice. Some of these advisory services are specific to farmers and some available to all businesses. For example, advice is provided through the Enterprise networks, Business Gateway and other public and private bodies such as SEPA, SNH, the Soil Association and Scottish Agricultural Organisation Society (SAOS). In some cases SG support these services e.g. with grants through the Skills Development Scheme (SDS). Under this programme the SDS has funded 45 projects totalling some £4 million.

Analysis of the current Rural Advisory Service

123. During the past nine months there has been a significant amount of internal discussions and stakeholder engagement around the current service and what the new advisory service may look like, particularly through the Advisory Services Working Group. The group acknowledged that there were different sources of advice available and that the coverage was generally fairly good. There are advisors around who are trusted and have the right skills for the job with particular support for the Farm Business Advisor Accreditation Scheme for Scotland (FBAASS) and associated current whole farm review scheme.

124. However, the Working Group also concluded that advice was too fragmented and that we suffered following the loss of the Farming Wildlife Advisory Group (FWAG) and public bodies such as SEPA, SNH and FCS could not fill the gap that remained. The Working Group also felt that there are not enough skills providers or technical advisors around and not enough money available for a suitable advisory system.

125. The Working Group believe there could be great benefit in having a one stop shop, single point of entry for advice and that signposting needed to be better co-ordinated.

Potential model

126. Under current arrangements advice is provided outwith the SRDP. With the new programme there is a desire to introduce an advisory service that is fit-for-purpose and addresses any failings and shortcomings of the current provision. Affordability will be a key consideration and a detailed calculation of the likely cost of a service suggested by the EU proposals has yet to be carried out. However, on the basis of the draft regulation the **cost could reach tens of millions of pounds** over the programme period.

127. Currently the Scottish Government funds the Whole Farm Review Scheme. The majority of stakeholders are in favour of a similar service being provided under the new SRDP but feel, in its current guise, it does not deliver sufficient benefits. Stakeholders have asserted that there is a need for a much wider integrated approach to advice provision and that plans should include: agricultural performance; biodiversity; environment; woodland creation (particularly on small farms); water pollution control, waste management etc.

128. Like the current Farm Business Advisor Accreditation Scheme for Scotland there may be a need to set up a similar Farm Advisor Scheme under the EU regulations. The current system works well and there are currently around 100 accredited advisors available in Scotland.

**Question 25: Do you agree or disagree with broadening the Whole Farm Review Scheme to include biodiversity, environment, forestry, water pollution control and waste management?
Please explain your views.**

**Question 26: Do you agree or disagree that we allocate SRDP budget to advice provision when we move to the next programme?
Please explain your views.**

SECTION 12: FINANCIAL INSTRUMENTS

129. As part of the European Commission's proposals to better align EU funds via the Partnership Agreement, it is now possible to make available loans using SRDP funds. Scotland currently uses loan schemes through the Structural Funds (ESF and ERDF) and we are considering the potential to use the experience built up here to make available loan finance for businesses and communities.

130. This would help us make the increasingly scarce funds go further by only providing grants where these were absolutely required, with other areas being able to access finance through loans. Repayments could then be reinvested to increase the public support available. It also lessens any audit and state aid issues for revenue-generating projects.

131. For SRDP, based on initial discussions, key areas for loan finance support could be small businesses and community groups. Both of these sectors experience difficulties in accessing loans regardless of the merits of their proposals due to lack of assets. This is particularly true in the current economic climate. This prevents sound projects going ahead that could provide significant benefits in a rural context where small improvements can make a big difference to quality of life.

132. We currently run three basic types of funds:

- **Loan funds** which provide loans on a commercial basis (but not at commercial rates as public loan funds must be set at a marginally higher rate than the commercial sector to avoid state aid issues) are matched with a combination of SE, LA, pension funds and bank finance
- **Venture funds**, which create pots of funds from private investors, SE/HIE and Structural Funds – the private investors/business angles are part of the overall pot and bring in the deals, the structural funds lowers the overall risk profile for investors as losses and gains are taken on an equal basis, and the private investors are protected from audit burdens by finding the EU-required match funding from SE and HIE
- **Holding Fund – JESSICA** – effectively a vehicle to hold funds and attract deals for specific purpose, in the current case regeneration projects

133. Our thinking is at a very early stage on this but we are interested in hearing your views on the merits of providing loans for specific purposes and/or specific sectors.

<p>Question 27: What are your views on the merits of providing loans for specific purposes and/or specific sectors? Please explain your views.</p>

SECTION 13: VOLUNTARY MODULATION

134. The current SRDP is partly funded via Voluntary (and compulsory) Modulation. This is a tool available to Scotland to transfer funds from the Direct Payments (DP) scheme to the SRDP. In the current programme this has meant around an additional £25 million per annum for SRDP to be spent on a wide range of rural priorities. The current power to modulate funds between DP and SRDP is used in the following way:

Amount of Direct Payment (€ Euros)	Specified Proportion transferred to SRDP
€00.01 to 5,000	9%
€5,000.01 to 300,000	4%
€300,000 and above	0%

Note: Percentages are applied according to the threshold reached for total direct payments.

135. Until Scotland's budget for SRDP is known, it is impossible to take decisions on whether to transfer funds from DP to SRDP. However, in order to plan we need to make some kind of assumption. **Our working assumption at this stage is that we will need to transfer the same level of funds from DP to SRDP in the future programme to ensure we can continue to fund all our priorities for rural Scotland.** The table above means around 14% of DP is transferred to SRDP and the current draft DP regulations allow up to 15%. An important change is that this transfer could be in reverse, from SRDP to DP.

**Question 28: Do you agree or disagree with the proposal to maintain the current level of transfer from Direct Payments to SRDP in the new programme period?
Please explain your views.**

SECTION 14: EQUALITIES IMPACT ASSESSMENT (EQIA)

136. The public sector equality duty is a legislative requirement which obliges the Scottish Government to assess the impact of applying a proposed new or revised policy or practice on equalities groups. Equality legislation covers a number of characteristics including: **age, disability, gender, race, religion and belief, and sexual orientation**. An equality impact assessment (EQIA) aims to consider how a policy (a policy can cover: activities, functions, strategies, programmes, and services or processes) may impact, either positively or negatively, on different sectors of the population in different ways.

137. An EQIA is being conducted for the SRDP 2014-20 with the intention that it will consider how, through implementation of the SRDP, we can promote actions to reduce inequalities; avoid discrimination and take action to improve equality and enhance human rights.

138. As part of the EQIA for the SRDP, an initial review of research has been carried out on the equalities characteristics listed above for those residing in rural Scotland. This review has revealed particular gaps in our knowledge about the experiences and views of some equalities groups in rural Scotland. We are therefore interested in finding out stakeholders views on the equality impact of the forthcoming SRDP.

139. A specific equality question is contained in the Respondent Information Form that will be used to record responses to the consultation:

Question 29: Please tell us about any potential impacts, either positive or negative; you feel the proposals in this consultation document may have on any of the equalities characteristics listed in paragraph 136.

140. We welcome your views and comments to this question. They will be used to help us inform the draft EQIA which will be made available with the second consultation when stakeholders will have a further opportunity to comment on and contribute to these findings.

ANNEX A

SRDP 2014 - 2020 DEVELOPMENT: KEY MILESTONES

TASK	DEADLINE
Partnership Agreement (PA) framework (1 st stage)	March 2013
Launch SRDP stage 1 consultation	May 2013
Scotland RD financial allocation determined	June 2013
Financial allocations per priority	July 2013
Produce stage 1 consultation response	August 2013
Launch stage 2 consultation (possibly combined with PA consultation)	August/September 2013
Targeting (1 st stage complete)	September 2013
RD Regulation agreed	October 2013
Option design (1 st stage complete)	October 2013
Scheme design (inc LEADER, Regional Delivery)	October 2013
Delivery structure framework (includes final approach to PA)	October 2013
Approval of national priorities & RD strategy	October 2013
Produce stage 2 consultation response	October 2013
UK PA (including Scottish chapter) sent to European Commission	October 2013
Ex-ante & SEA complete	Nov 2013
SG approval of SRDP	Nov 2013
Formal submission of SRDP	December 2013
EC SRDP approval (EC has 6 months to approve)	June 2014
Legislation approved	August 2014
Open to applications	August 2014

These dates are subject to the timetable in Europe for agreeing the regulations

ANNEX B

RURAL DEVELOPMENT PROGRAMME (RDP) 2014-2020 SWOT ANALYSIS INCLUDING LINKS FROM THE COMMON STRATEGIC FRAMEWORK (CSF)

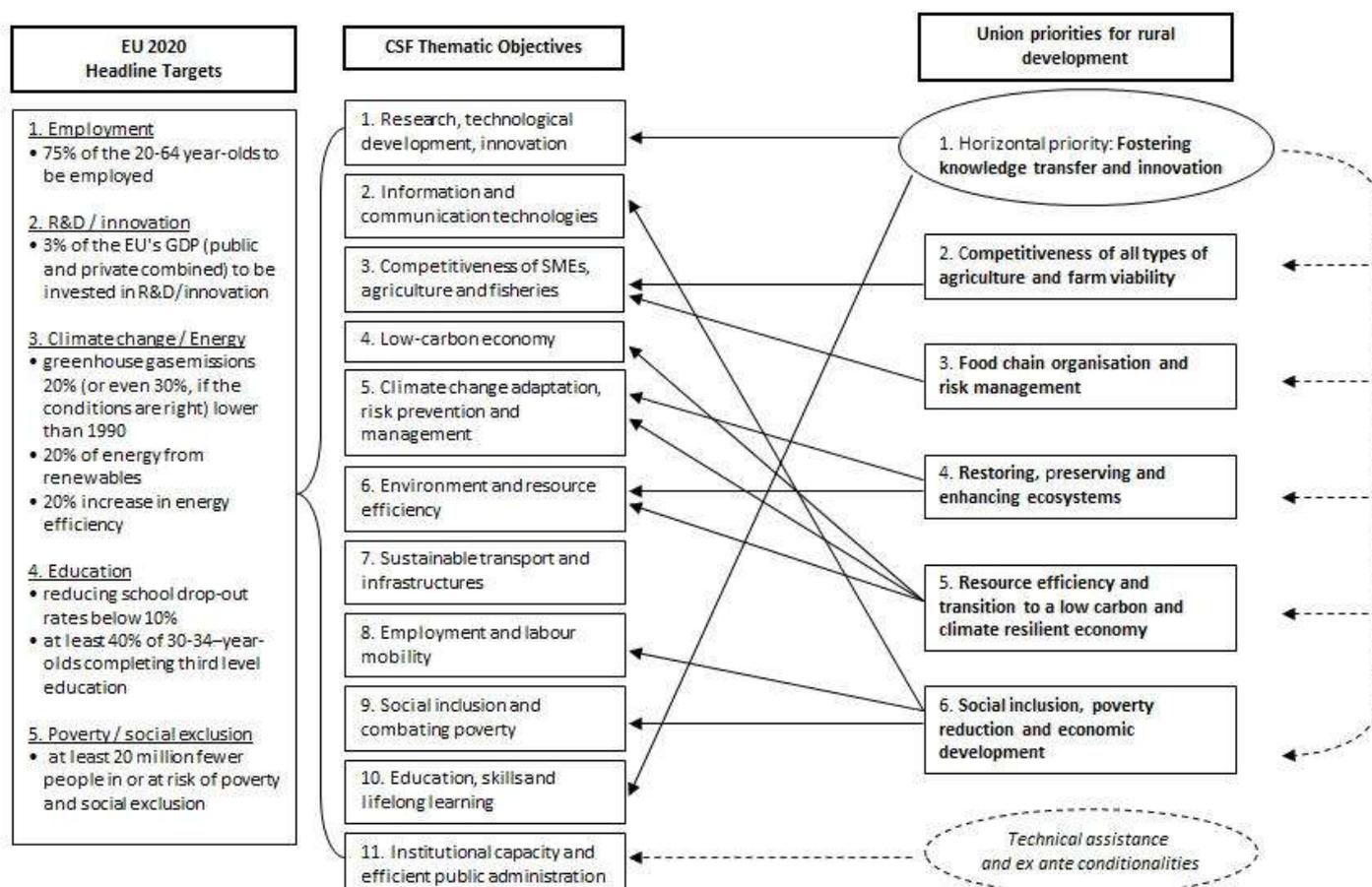
Introduction

141. This annex sets out the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for Scotland with reference to the Rural Development Programme's (RDP) key priorities for 2014-2020. It also shows how these priorities fit within the overarching thematic objectives of the EC's Common Strategic Framework (CSF).

142. The main bulk of this annex outlines the methodology taken to address this task and summarise the SWOTs. Baseline information and statistical trends that the SWOTs are based on are not included here but can be obtained on request.

Link Between the CSF and the Rural Development Programme

143. The Ex Ante Evaluation Guidance for the 2014-20 Rural Development Programme helpfully outlines how the 11 thematic objectives within the Common Strategic Framework fit in and relate to the 6 priorities identified for the Rural Development Programme (see diagram below).



Methodology for Undertaking the Baseline and SWOT Analysis

Common Strategic Framework Methodology

144. The Scottish Government undertook an initial baseline review of Scotland's performance against the 11 thematic objectives of the Common Strategic Framework (CSF). Given the significant overlap between many of the thematic objectives of the CSF and the Scottish Government's National Performance Framework¹ (NPF), evidence from the NPF was used to inform the baseline review.

145. Additional information from a variety of sources was also used to help inform Scotland's performance against the thematic objectives (including relative to the UK and EU average).

146. This desk-based baseline review for the CSF was then circulated to colleagues across the Scottish Government covering areas such as the Office of the Chief Economic Adviser, Rural & Environment Science and Analytical Services Division, Marine Scotland and the Structural Funds team. In addition, the key findings from this baseline review were sense-checked against a number of existing documents, such as Europe 2020: Scotland's National Reform Programme², the Scottish government's Economic Strategy³, the State of the Economy publications⁴ and Working for Scotland: The Government's Programme for Scotland 2012-13⁵. There were a couple of thematic objectives where there was a lack of clarity over how they link in with each other. For example, the overlap between the low carbon economy, climate change adaptation, risk prevention and management, and environment and resource efficiency. Therefore some of the indicators used for one thematic objective can also be used to inform relative performance against other thematic objectives.

147. For one of the thematic objectives – institutional capacity and efficient public administration – it is difficult to capture relative performance based on a specific indicator. Indeed performance against these issues are more likely to be qualitative rather than quantitative. However, where possible information is provided on Scotland's performance against these objectives.

148. The CSF baseline review was then taken as the starting point for undertaking the SWOT analysis for the CSF. This analysis was undertaken by a range of colleagues within the Scottish Government: colleagues from the Office of the Chief Economic Adviser, Marine Scotland, Rural & Environment Science and Analytical Services Division and European Structural Funds Division.

149. While the SWOT analysis drew on the baseline review, it also brought together existing knowledge of some of the key challenges known to be facing Scotland under the 11 thematic objectives. This reflects the fact that it would be disproportionate to try to capture every single indicator/factor within the baseline review and the fact that in some cases factors do not necessarily sit comfortably under one thematic objective (i.e. may be more

¹ The National Performance Framework is the tool with which the performance of the Scottish Government against key targets is tracked. <http://www.scotland.gov.uk/About/Performance/scotPerforms>

² <http://www.scotland.gov.uk/Publications/2012/04/5202>

³ <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy>

⁴ <http://www.scotland.gov.uk/Topics/Economy/state-economy>

⁵ <http://www.scotland.gov.uk/Publications/2012/09/8987>

cross-cutting). However, where possible additional sources of evidence to support issues raised in the SWOT analysis were provided (see footnotes 2 to 5).

CSF SWOT

The SWOT below presents the outcomes for the CSF SWOT exercise. On the following page a synopsis of the key statistical information and trends, which link into statements made in the SWOT, is presented against the 11 thematic objectives.

Strengths

1. "Scotland" brand, such as Scotch Beef, Scotch Whisky (see National Performance Framework indicator on Scotland's reputation)
2. Lower unemployment rates reflect Scotland's adaptable workforce
3. Households living in poverty have been declining
4. Higher proportion completing tertiary education
5. Progress towards reducing greenhouse gas emissions
6. World leader in university research
7. A number of growth sectors continue to perform strongly despite challenging economic conditions
8. Natural environment and renewable resources
9. The size of Scotland can be used to our advantage (i.e. such as being able to respond more quickly to challenges by adopting a 'Team Scotland' where public bodies in Scotland can work together effectively)

Weaknesses

1. Sparse population impacts on transport & access to services
2. Low R&D expenditure, low business birth rates and difficulties in accessing finance
3. Underinvestment has impacted on productivity & competitiveness
4. Located on the periphery of the EU
5. Low % with access to broadband relative
6. Difficulties in securing full time employment
7. High concentration of deprivation in parts of central Scotland
8. High youth unemployment
9. Some skill shortages in certain sectors such as in the oil and gas industry
10. Limited scope to increase food production

Opportunities

1. Develop new markets and growth sectors such as food and drink, renewables etc
2. Potential for step-change in productivity through improving resource and energy efficiency
3. Enhancing our export performance through seizing opportunities from emerging economies
4. Enhancing broadband coverage will support emerging sectors and help rural communities
5. Better utilisation of the highly skilled workforce will improve productivity
6. Scope to work in partnership with other countries so as to create new trade opportunities
7. Ageing population may create opportunity for companies to tailor goods/services to meet changing demands
8. Develop opportunities available for the marine economy

Threats

1. Recession could lead to a prolonged period of higher unemployment and loss of skills
2. Welfare reform may impact on ability to reduce poverty
3. Increased digitalisation could result in more age groups/communities being cut-off
4. Period of constrained finance could limit the productivity /competitiveness of businesses
5. Rising price of oil and other commodities
6. Euro Zone recession could prolong the recovery in Scotland
7. Reducing emissions may affect competitiveness of the Scottish economy
8. Demographic change will place pressures on Scotland's public services and maintaining a thriving workforce
9. UK policies not always the best for Scotland

Statistical data and trends for the CSF

1) Strengthening research, technological development and innovation

- Business expenditure on research and development as a proportion of GDP is substantially lower in Scotland than in the UK or EU 27 as a whole.
- Evidence from Scotland's knowledge exchange index, that measures how well universities disseminate knowledge to the wider economy, has shown an overall increase since 2002/03⁶).

(2) Enhancing access to, and use and quality of, information and communication technologies

- The proportion in Scotland with broadband access in the home in 2012 was 9 percentage points below the proportion in the UK as a whole.

(3) Enhancing the competitiveness of SMEs

- Since 2004, the registration rate of businesses (i.e. the business birth rate) in Scotland has consistently been below the UK rate.

(4) Supporting the shift to a low carbon economy

- Scotland and the UK are both making greater progress in reducing greenhouse gas emissions than the EU 27, with emissions from the EU 27 only 15% lower than in the 1990 base year (UK = 25%, Scotland = 24%).
- Scotland has ambitious targets to reduce emissions further (by 42% by 2020 and by 80% by 2050 both from the base year 1990). Although good progress has been made, there is a long way to go in meeting these targets.
- In recent years there has been an increase in the amount of electricity generated in Scotland by renewable sources. In 2011, provisional renewable electricity generation was equivalent to 36.3% of gross electricity consumption compared to 16.9% in 2006.

(5) Promoting climate change adaptation, risk prevention and management

- The rate of planting new woodland, which acts as a carbon sink, has declined over the last 40 years from around 30,000 ha per annum in the early 1970s to an average of 6,000 ha per annum between 2001 and 2010.

(6) Protecting the environment and promoting resource efficiency

- There has been a steady reduction in the amount of municipal solid waste arising in recent years in Scotland.

(7) Promoting sustainable transport and removing bottlenecks in key network infrastructures

- Since 2007, there has been a general decline in the percentage of driver journeys perceived to be delayed due to traffic congestion.
- Meanwhile, the proportion of adults in Scotland usually travelling to work by public or active transport has remained broadly stable at 30% over the past decade.
-

(8) Promoting employment and supporting labour mobility

- The Scottish employment and unemployment rates have generally tracked the UK rates over the past decade. Compared to the EU 27, the Scottish employment rate

⁶ <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicators/knowledgeTransfer>

has remained significantly higher and the unemployment rate significantly lower over the past decade.

(9) Promoting social inclusion and combating poverty

- The proportion of individuals living in relative poverty in Scotland has been on a downwards trend over the past decade, despite the impact of the recession.
- Over the past five years the proportion of individuals living in relative poverty in Scotland has broadly been in line with the UK. While no direct comparisons are available for Scotland with the EU 27, the Europe 2020 indicator on the proportion of people at risk of poverty after social transfers is higher in the UK than the EU 27 average.

(10) Investing in education, skills and lifelong learning

- The proportion of 18 to 24 year olds who leave school early in Scotland is below the UK but above the EU 27 average. It has been on an upwards trend in recent years. Furthermore, Scotland continues to have a significantly higher proportion of 30 to 34 year olds who have completed tertiary education than the UK and the EU 27.
- Further information from the National Performance Framework show that since 2001 there has been a steady decrease in the percentage of adults with SCQF Level 4 qualifications or below. The figure has fallen from 16.4% in the 2007 baseline year, to 13.9% in 2011.

(11) Administrative Capacity

- No obvious data sources available to measure this.

Methodology for undertaking RDP baseline and SWOT

150. Work on the RDP baseline and SWOTs was driven through the SRDP Reference Group. This is composed of policy officials in the Scottish Government who have an interest in the development of the RDP including those in policy areas such as:

- The core Rural Development Policy team
- Rural business development
- Climate change
- Rural communities
- Food grants
- Natural heritage/ agri-environment
- Rural Analytical Unit
- Structural Funds
- Rural Payments Inspections Division (RPID)

151. There is also representation on the group from the Forestry Commission, Highlands and Islands Enterprise, Historic Scotland and Scottish Natural Heritage.

152. Like with the CSF, initial work focused on developing a baseline review of evidence on how Scotland performs in relation to the 6 priorities of the Rural Development Programme set out by the EC. Where possible, existing information held within the Scottish Government, including indicators within the National Performance Framework, were used in order to assess Scotland's performance against the 6 rural priorities.

153. Having completed the baseline review, six groups were set up with colleagues across the Scottish Government and key external stakeholders in order to undertake a SWOT analysis for each of the EU rural development priorities. This approach was deemed appropriate as it would enable a more comprehensive assessment of Scotland's performance against each priority rather than attempting to formulate an overarching SWOT for the whole RDP first. Furthermore, given the time pressures, it was felt that the work could be undertaken more efficiently by bringing together smaller groups of colleagues with expertise within the different areas. This included members of the SRDP Reference Group (which in turn includes colleagues from out-with the Scottish Government).

154. The following SWOTs were carried out for each of the RDP priorities:

SWOT 1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas: colleagues from the Food, Drink and Rural Communities Division, Skills for Growth and Skills Development Policy (Scottish Government).

SWOT 2: Enhancing competitiveness of all types of agriculture and enhancing farm viability: colleagues from Food, Drink and Rural Communities, Rural Inspections & Payments Division (Scottish Government).

SWOT 3: Promoting food chain organisation and risk management in agriculture: Food, Drink and Rural Communities Division, Rural Inspections & Payments Division, Animal Health & Welfare Division (Scottish Government).

SWOT 4: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry: Natural Resources Division, Natural Assets and Flooding and Planning Divisions (Scottish Government) and Scottish Natural Heritage

SWOT 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors: Renewables, Climate Change, Waste (Scottish Government) and Forestry Commission.

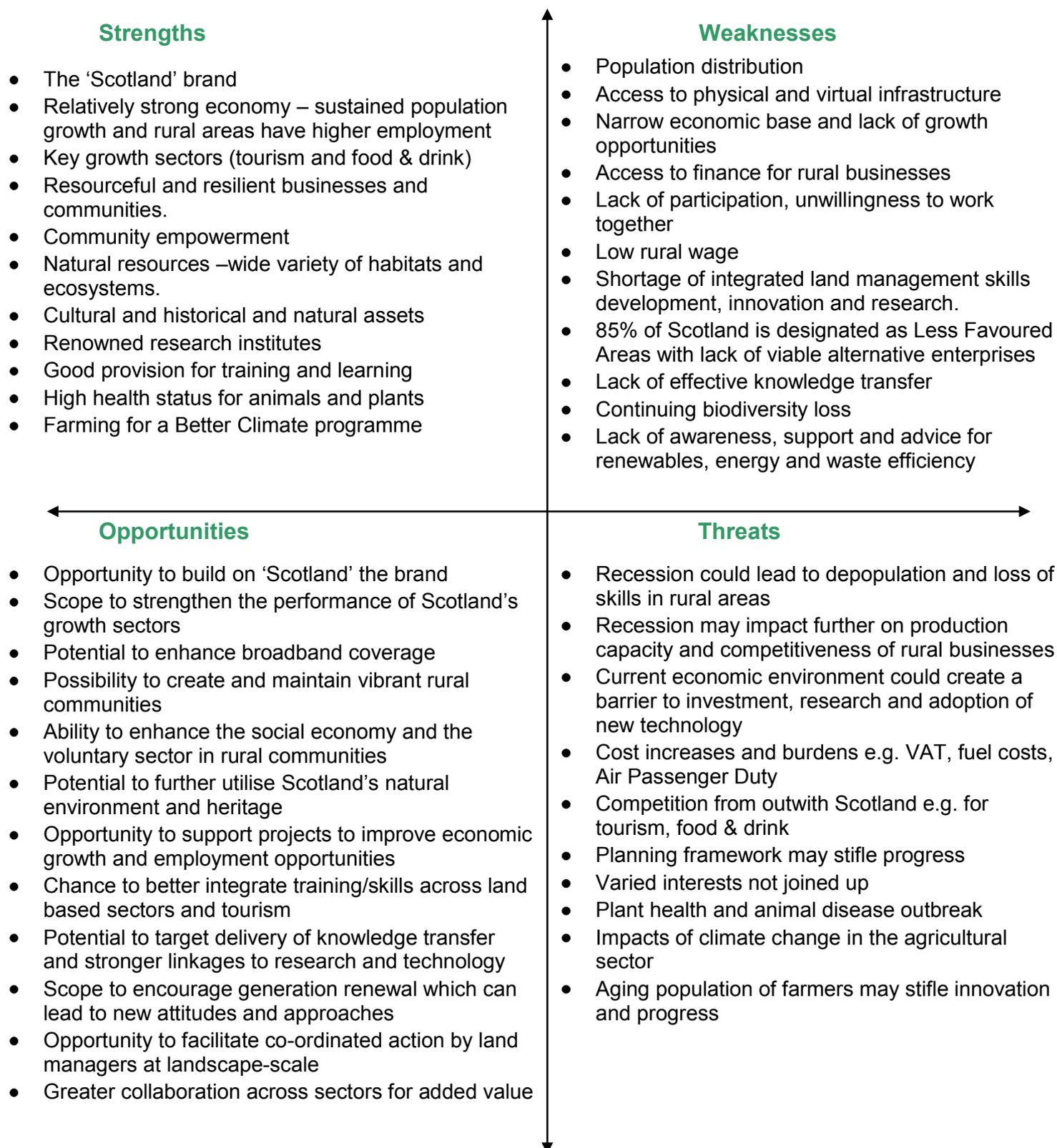
SWOT 6: Promoting social inclusion, poverty reduction and economic development in rural areas: Office of the Chief Economic Adviser, Local Economic Development, Tourism and Major Events, Community Empowerment Unit and Broadband (Scottish Government), Historic Scotland, Scottish Enterprise, Highlands and Islands Enterprise.

155. A short summary of the SWOT analysis for each of the 6 priorities was completed and used to help inform the identification of the main priorities for the 2014-20 SRDP programme. Both the baseline review and the SWOT analysis were circulated to members of the SRDP Reference Group and feedback was subsequently incorporated into the analysis. The SWOT analysis was then used to help identify the needs for action under the 2014-2020 RDP.

156. Following the six SWOTs being completed, an “**overarching**” **SWOT** for the whole RDP programme was pulled together from the six separate SWOTs. This has been presented in the next section ahead of the presentation of the six individual SWOTs to allow the reader to gain a summary view of the RDP and see the links between it and the CSF more clearly.

Overarching SWOT for Scotland's RDP

The SWOT below presents the overarching SWOT from Scotland's RDP. It provides a summary of the six RDP priority SWOTs (which are presented below this section) and creates a clear link between the RDP and the CSF.



Focus areas under each RDP priority

157. Under article 5 of the Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ⁷ **18 focus areas or sub priorities** have been identified under each of the six priorities identified for rural development. We have demonstrated, where applicable, to align Scotland's needs with these.

158. Under each of the priorities, the following sub priorities are presented:

1. Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas with a focus on the following areas:

- (a) fostering innovation and the knowledge base in rural areas;
- (b) strengthening the links between agriculture and forestry and research and innovation;
- (c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.

2. Enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on the following areas:

- (a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;
- (b) facilitating generational renewal in the agricultural sector.

3. Promoting food chain organisation and risk management in agriculture, with a focus on the following areas:

- (a) better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations;
- (b) supporting farm risk management:

4. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, with a focus on the following areas:

- (a) restoring and preserving biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes;
- (b) improving water management;
- (c) improving soil management.

5. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

- (a) increasing efficiency in water use by agriculture;
- (b) increasing efficiency in energy use in agriculture and food processing;
- (c) facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non-food raw material for purposes of the bio-economy;
- (d) reducing nitrous oxide and methane emissions from agriculture;
- (e) fostering carbon sequestration in agriculture and forestry;

6. Promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas:

- (a) facilitating diversification, creation of new small enterprises and job creation;
- (b) fostering local development in rural areas;
- (c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.

⁷ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

RDR PRIORITY 1 SWOT and Needs

“Foster knowledge transfer & innovation in agriculture, forestry & rural areas”

(Links to CSF thematic objectives 1 & 10)

Strengths

- Extensive provision available in Modern Apprenticeships, FE, HE and accreditation schemes
- Over 40 schools delivering Skills for Work in Rural Skills
- Specific training organisation – Lantra, and support for employers.
- Skills Investment Plans for key growth sectors.
- Established training /knowledge transfer providers and renowned research institutes
- Successful Monitor Farms Programme
- Veterinary and Advisory Service programme
- Centres of Expertise and strategic partnerships

Weaknesses

- Shortage of integrated land management skills development, innovation and research
- Remote location makes accessing training difficult - costs of distance learning
- Lack of funding for non-legislative courses.
- Lack of overlap between forestry and agricultural training, research and innovation
- Difficult for self-employed to access funding
- High level of technical skills are not formally recognised
- Skills Investment Plans at national level and not tailored for rural needs
- Training can be low priority for businesses.
- Shortage of trained impartial advisors
- Research distant from commercial needs.
- Lack of joined up research and co-ordination across forestry and agriculture

Opportunities

- Opportunity to better integrate training & skills across land based sectors (forestry & agriculture) and tourism
- Possibility to improve leadership and management could help improve collaboration to improve productivity
- Potential to utilise accredited advisors
- Scope to introduce higher level skills training
- Skills Investment Plan could lead to industry needs and actions
- Opportunity to improve MAs delivery – cost and ability to share
- Opportunity to build on success of Monitor Farms
- Scope to support new entrants - recognise skills and gaps through competence framework
- Chance to target delivery of knowledge transfer and develop stronger linkages to research and technology

Threats

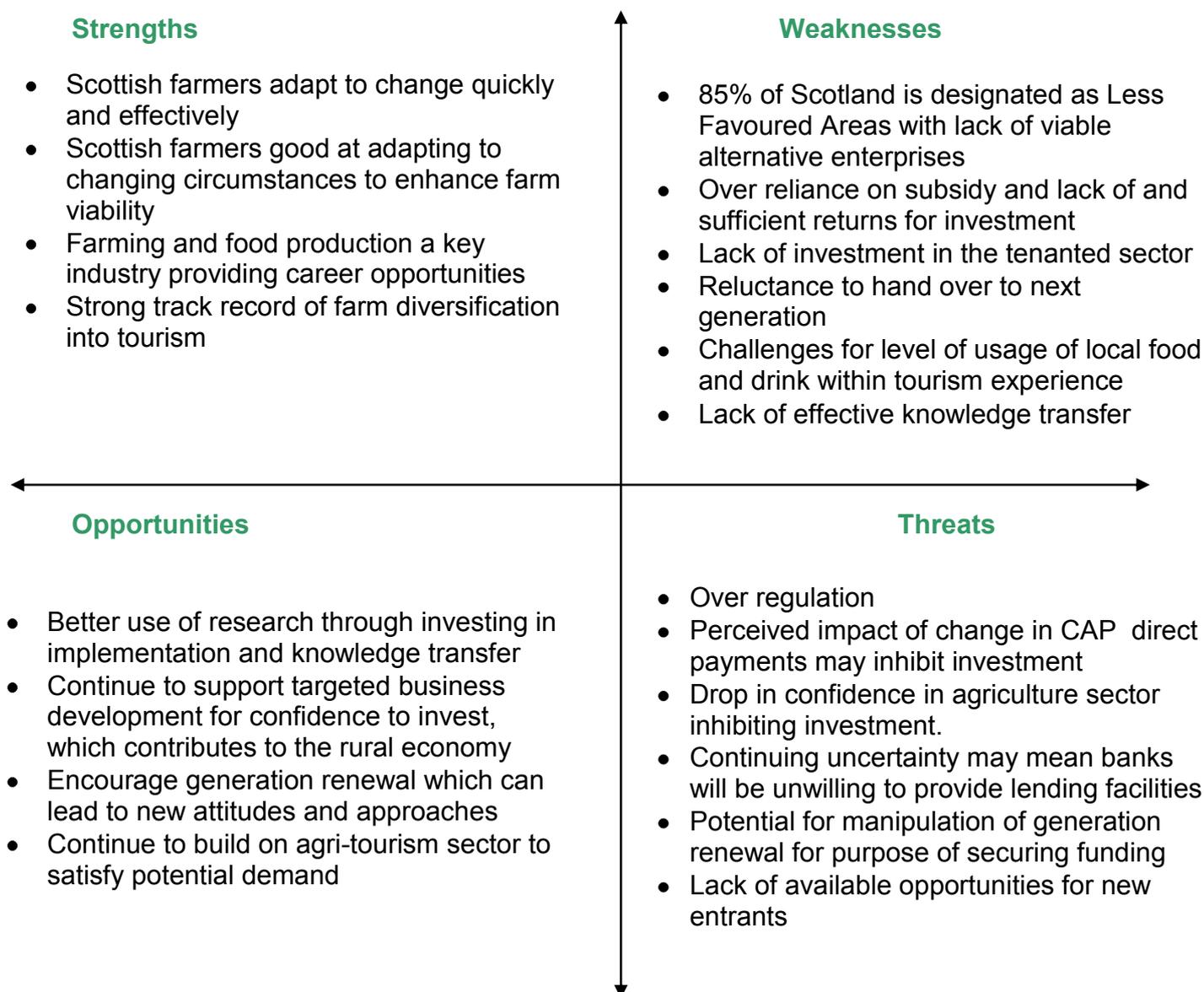
- College merger of SRUC could lead to rationalisation of land based sector courses.
- Resistance to change in rural areas
- Current economic environment could create a barrier to investment, research and adoption of new technology
- Differing interests and drivers
- Cost of developing new learning and MAs is a barrier
- SRUC dominate advice and knowledge transfer activities
- If skills development too targeted then could omit some land managers
- Long term planning can be difficult, especially with SRDP transition year(s)
- Research must demonstrate relevance to industry to encourage uptake

Statement of needs:

Continue skills development and take up through: improved co-ordination and integration of advisory services; increase focus on entrepreneurship, innovation and business management; develop and expand monitor farms; develop stronger linkages to, and take up of, research, technology and best management practice.

RDR PRIORITY 2 SWOT and Needs

“Enhancing competitiveness of all types of agriculture and enhancing farm viability”
(Links to CSF thematic objective 3)



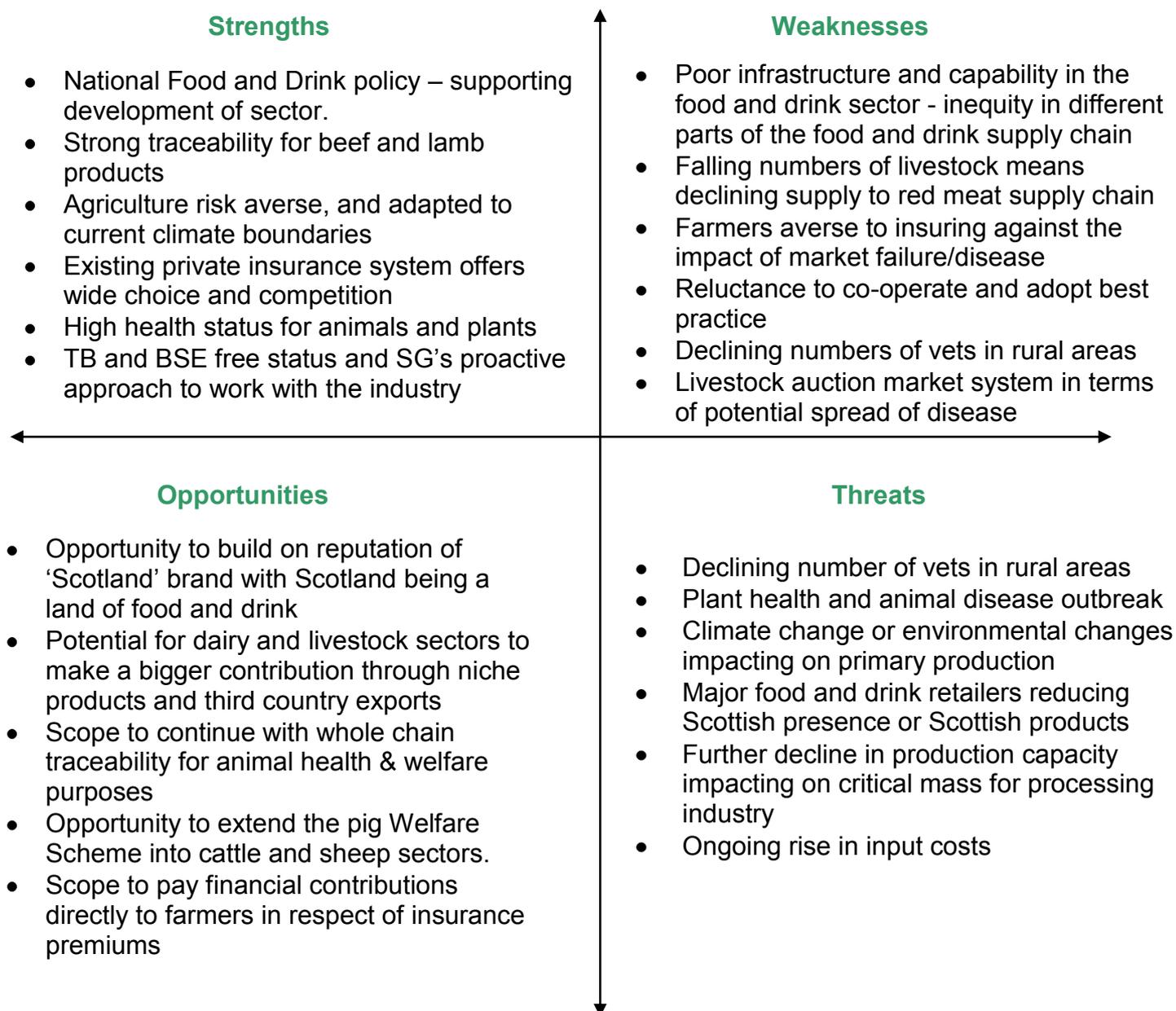
Statement of needs:

Invest in implementation and knowledge transfer, support new entrants and build on agri-tourism developments. Support should be targeted at business development focused on delivering on economic viability, improved efficiency, climate change mitigation and environmental improvement.

RDR PRIORITY 3 SWOT and Needs

“Promoting food chain organisation and risk management in agriculture”

(Links to CSF thematic objective 3)



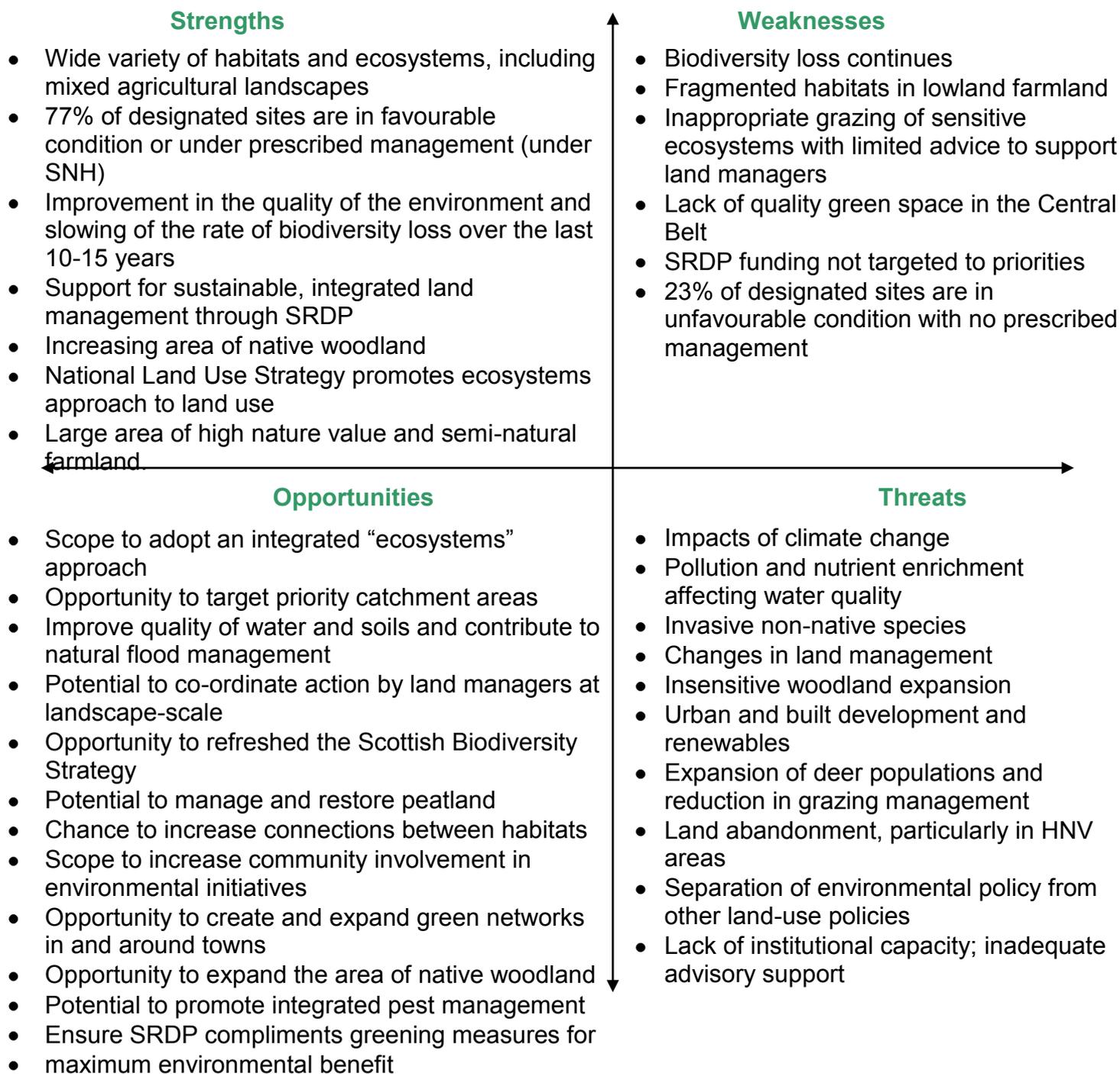
Statement of needs:

Continue to develop the reputation of Scotland as a land of food and drink, and improve co-operation in the food and drink sector to shorten supply chains. Support farm risk management and continue Scotland’s strong reputation for high health and animal welfare standards.

RDR PRIORITY 4 SWOT and Needs

“Restoring, preserving and enhancing ecosystems”

(Links to CSF thematic objective 5 and 6)



Statement of needs: To involve more people and communities in managing the environment at landscape scale. To halt the decline in biodiversity, improve the resilience of ecosystems and the condition of designated sites and address the negative impacts of land abandonment and decreased management in HNV areas. Improve quality of water and soils and contribute to natural flood management. Ensure P1 greening compliments P2.

RDR PRIORITY 5 SWOT and Needs

“Promoting resource efficiency and supporting the shift towards a low carbon economy”

(Links to CSF thematic objective 5 and 6)

Strengths

- Natural resources - carbon rich soils, suitable climate for new woodland.
- Existing rural buildings that embed energy through re-use.
- Community desire to develop local renewable energy projects.
- Good research capabilities.
- Farming for a Better Scotland programme with resource hub and practical demonstration.

Weaknesses

- Lack of strategic approach.
- Lack of awareness, support and advice for renewables, energy and waste efficiency and resource (carbon sinks, nutrient, drainage & buildings) management.
- Lack of access to independent advice.
- Low rate of afforestation.
- Nutrient management not widely undertaken.
- Unwillingness, skill shortage or lack of capacity to involve rural sector.

Opportunities

- Potential to amplify Farming for Better Climate programme and reduce greenhouse gases
- Scope to develop waste and renewables action plan – Scotland could lead the way in UK.
- Opportunity to improve support, advice and knowledge transfer for renewables, energy and waste efficiency and resource management.
- Possibility to provide a new Whole Farm Efficiency Review
- Scope to protect existing carbon sinks
- Chance to implement measures that save businesses money, increase efficiency and competitiveness.
- New initiatives to tackle common disease problems that will have GHG reduction benefits.
- Support woodland creation.
- Link into green tourism market

Threats

- Limited availability of funding including limited resources for Farming for a Better Scotland programme.
- Lack of vision.
- Resistance to change.
- Balance between voluntary and mandatory measures.
- CAP rules may restrict woodland creation progress towards targets.
- Impacts of climate change in the agricultural sector
- Planning framework can favour new build over restoration/conservation approaches.
- Public perception of wind turbines.

Statement of needs:

Reduce greenhouse gas emission and provide advice and support for renewable energy and energy efficiency initiatives; protection of soil carbon sinks and woodland creation; nutrient management; improved resource efficiency, recycling and waste prevention.

RDR PRIORITY 6 SWOT and Needs

“Promoting social inclusion poverty reduction and economic development in rural areas”

(Links to CSF thematic objectives 2, 8 & 9)

Strengths

- The ‘Scotland’ brand
- Relatively strong economy – sustained population growth and rural areas have higher employment
- Resourceful and resilient businesses and communities.
- Community empowerment
- Strong tourism and food and drink sectors
- Natural resources
- Cultural and historical and natural assets

Weaknesses

- Population distribution
- Access to physical and virtual infrastructure
- Narrow economic base and lack of growth opportunities
- Access to finance, particularly for small businesses and third sector
- Inconsistent quality of experience for visitors
- Lack of participation, unwillingness to work together
- Low rural wage

Opportunities

- Opportunity to build on ‘Scotland’ the brand
- Chance to strengthen the performance of Scotland’s growth sectors
- Scope to enhance broadband coverage
- Potential to develop business and leisure tourism
- Chance to create and maintain vibrant rural communities
- Opportunity to build on the social economy and the voluntary sector in rural communities
- Potential to greater utilise the natural environment and heritage
- Potential to improve economic growth and employment opportunities

Threats

- Depopulation and outmigration, especially of young people
- National measures and approaches risk losing sight of issues in rural areas
- Challenging economic climate and perceived complexity and cost of accessing SRDP may stifle innovation
- Cost increases and burdens outwith SG control e.g. VAT, fuel costs
- Competition from outwith Scotland e.g. for tourism, investment
- Planning framework
- Third sector has to do more than less, often with greater demands
- Varied interests not joined up

Statement of needs:

Supporting and developing existing and new rural businesses for economic development and employment, developing virtual and physical infrastructure and supporting community development

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Priorities, Focus Areas and Needs Summary

159. This section pulls together the focus areas set out under each RDR priority and links in the needs identified through the SWOT exercise and provides clear links between the EC priorities and Scotland’s rural development needs. For reference the relevance “National Outcomes” as set out by the Scottish Government are presented in the third column for reference.

Priority 1: “Fostering knowledge transfer & innovation in agriculture, forestry and rural areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) fostering innovation and the knowledge base in rural areas;</p> <p>(b) strengthening the links between agriculture and forestry and research and innovation;</p> <p>(c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.</p>	<ol style="list-style-type: none"> 1. Improve co-ordination and integration of advisory services; 2. Increase focus on entrepreneurship, innovation and business management; 3. Develop and expanded monitor farms; 4. Develop stronger linkages to, and take up of, research, technology and best management practice. 	<p>We are better educated, more skilled and more successful, renowned for our research and innovation.</p> <p>We realise our full economic potential with more and better employment opportunities for our people.</p>

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Priority 2: “Enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on the following areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;</p> <p>(b) facilitating generational renewal in the agricultural sector.</p>	<ol style="list-style-type: none"> 1. Invest in implementation and knowledge transfer, support new entrants and build on agri-tourism developments. 2. Support should be targeted at business development focused on delivering on economic viability, improved efficiency, climate change mitigation and environmental improvement. 	<p>We live in a Scotland that is the most attractive place for doing business in Europe.</p> <p>We realise our full economic potential with more and better employment opportunities for our people.</p> <p>We are better educated, more skilled and more successful, renowned for our research and innovation.</p>

Priority 3: “Promoting food chain organisation and risk management in agriculture, with a focus on the following areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations.</p> <p>(b) supporting farm risk management.</p>	<ol style="list-style-type: none"> 1. Continue to develop the reputation of Scotland as a land of food and drink 2. Improve co-operation in the food and drink sector to shorten supply chains. 3. Support farm risk management and continue Scotland’s strong reputation for high health and animal welfare standards. 	<p>We live in a Scotland that is the most attractive place for doing business in Europe.</p> <p>We realise our full economic potential with more and better employment opportunities for our people.</p>

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Priority 4: “Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, with a focus on the following areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) restoring and preserving biodiversity, including in Natura 2000 areas and high nature value (HNV) farming, and the state of European landscapes;</p> <p>(b) improving water management;</p> <p>(c) improving soil management.</p>	<ol style="list-style-type: none"> 1. To involve more people and communities in managing the environment at landscape scale. 2. To halt the decline in biodiversity, improve the resilience of ecosystems and the condition of designated sites, water, soils & priority catchment areas. 3. Address the negative impacts of land abandonment and decreased management in HNV areas. 4. Ensure P1 greening compliments P2. 	<p>We value and enjoy our built and natural environment and protect it and enhance it for future generations.</p> <p>We reduce the local and global environmental impact of our consumption and production.</p>

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Priority 5: “Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) increasing efficiency in water use by agriculture;</p> <p>(b) increasing efficiency in energy use in agriculture and food processing;</p> <p>(c) facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non-food raw material for purposes of the bio-economy;</p> <p>(d) reducing nitrous oxide and methane emissions from agriculture;</p> <p>(e) fostering carbon sequestration in agriculture and forestry;</p>	<ol style="list-style-type: none"> 1. Reduce greenhouse gas emission and provide advice and support for renewable energy and energy efficiency initiatives; 2. Protection of soil carbon sinks and woodland creation; 3. Promote nutrient management; 4. Improve resource efficiency, recycling and waste prevention. 	<p>We reduce the local and global environmental impact of our consumption and production.</p>

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Priority 6: “Promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas”		
Focus areas under the RDP	Needs identified through the SWOT	Relevant Scottish Government National Outcomes
<p>(a) facilitating diversification, creation of new small enterprises and job creation;</p> <p>(b) fostering local development in rural areas;</p> <p>(c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.</p>	<ol style="list-style-type: none"> 1. Supporting and developing existing and new rural businesses for economic development and employment; 2. Developing virtual and physical infrastructure and supporting community development 	<p>We realise our full economic potential with more and better employment opportunities for our people.</p> <p>We live in well-designed, sustainable places where we are able to access the amenities and services we need.</p> <p>We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.</p>

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ANNEX C FUTURE SUPPORT FOR LESS FAVOURED AREAS

Introduction

160. Support for Less Favoured Areas (LFA) in Scotland is important to both the rural and remote communities throughout Scotland and has been provided since the 1970s. 85% of agricultural land is currently designated as LFA and the Less Favoured Areas Support Scheme (LFASS) supports some 11,500 farming and crofting businesses through an annual budget of £65.5 million. Support is to ensure continued active farming/land management to provide environmental, economic and social benefits.

What do we have to do?

161. It is proposed by the new Rural Development Regulation that LFA support is replaced with a new scheme called Areas facing Natural Constraints (ANC) as a response to criticism of the LFA system by the European Court of Auditors about how LFA support is applied in some countries. This will mean re-mapping areas to receive support and redesigning the LFASS scheme.

162. The purpose of ANC is to provide income support to farmers operating in constrained areas. This helps ensure continued use of agricultural land in order to maintain the countryside, protect the environment and sustain rural communities.

What does this mean?

163. We will not know the full impact of the change to ANC until the regulation governing the scheme is published by the European Commission and we analyse the options and impact for Scotland. However, we do know that the change in how support is mapped and calculated will mean land managers are likely to see a change from the LFASS support they currently receive.

When will this happen?

164. The regulations that govern future LFA support are still being negotiated in Europe. However, it appears that we will be able to delay the introduction of ANC until 2016 to ensure effective design and implementation, and continue to pay LFASS until then. This would see changes to LFASS happen after the changes to the direct payments have been introduced, allowing us to consider the impact of both ANC and the changes to direct payments and allow land managers to prepare for the changes. We will continue to work with stakeholders to design future LFA support and will issue a separate consultation on ANC once the details and options for Scotland are clear.

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ANNEX D STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA)

165. In Scotland, we are required to assess, consult and monitor the likely impacts of our plans, programmes and strategies on the environment. This process is known as Strategic Environmental Assessment (SEA).

166. SEA is a key component of sustainable development, establishing important methods for protecting the environment and extending opportunities for public participation in decision making.

167. The SEA will ensure that the options developed for delivery of the SRDP are as environmentally acceptable as possible. The overall aims of the SEA are to ensure that:

- likely significant effects on the environment of implementing the RDP are identified, described, evaluated and taken into account before the plan is adopted; and that
- reasonable alternatives, taking into account the objectives and geographical scope of the plan, are evaluated for their likely significant effects and inform the nature and content of the proposed RDP.

168. As part of a wider evaluation of our plans for the SRDP 2014 – 2020 (the ex-ante evaluation), we have commissioned Collingwood Environmental Planning Ltd to undertake the Strategic Environmental Assessment (SEA).

169. The main stages of the SEA are:

- Setting the context and SEA objectives, establishing the baseline and deciding on the scope (completed)
- Developing and refining strategic options (underway)
- preparing the environmental report (underway)
- consultation on the environmental report
- preparation of a 'post-adoption' SEA statement
- monitoring implementation of the SRDP

170. The Environmental Report is currently being prepared and will be part of the SRDP 2014 - 2020 stage 2 consultation in the late summer/early autumn. This will allow all interested parties to comment on the environmental impacts of our proposals.

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ANNEX E BUSINESS AND REGULATORY IMPACT ASSESSMENT (BRIA)

171. The Scottish Government is committed to consulting with all parties potentially affected by proposals for new regulation or where regulation is being changed significantly. This process is known as a Business and Regulatory Impact Assessment (BRIA).

172. All policy changes, European or domestic, may have an impact upon business, charities or the voluntary sector and a BRIA aims to identify costs, benefits and effects of proposals before regulations are made.

173. The BRIA is required to identify the consequences of the options which have been developed for the SRDP. The overall aims of the BRIA are to allow those with an interest in the policy to understand:

- why the Government is proposing to intervene
- options the Government is considering, and which one is preferred
- how and to what extent the policies may impact on them, on business and on Scotland's competitiveness
- the estimated costs and benefits of proposed articles

174. A BRIA is currently being prepared and will be part of the SRDP 2014 - 2020 stage 2 consultation in the late summer/early autumn. This will allow all interested parties to comment on the impacts of our proposals.

175. Further information can be found on the Scottish Government website at

<http://www.scotland.gov.uk/Topics/Business-Industry/support/better-regulation/partial-assessments>

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ANNEX F MONITORING & EVALUATION

176. It is vital that an appropriate Monitoring and Evaluation framework is in place for the next programme to ensure that improvements can be made during the programme and that there is clear evidence of the programme's impact. Lessons have been learned from the current programme⁸ and the SRDP Monitoring and Evaluation Working Group⁹ has identified further areas where the Scottish Government can improve its monitoring and evaluation of the next programme.

177. A requirement of the European Commission is for a high-level Monitoring and Evaluation Plan to be incorporated within the SRDP programme document. This plan will therefore be part of the consultation exercise in late summer/early autumn 2013, however at this stage we would welcome feedback on our overarching principles which will help guide monitoring and evaluation activity:

- **Proportionate:** the scale of the monitoring and evaluation activity on different parts of the programme needs to be proportionate to the size of the different elements within the programme.
- **Targeted:** linked with the need for the monitoring and evaluation activity to be proportionate, it should also be targeted on capturing whether the programme is delivering on the main policy priorities. Consequently, a degree of prioritisation will be needed as financial constraints will limit the extent of data which the Scottish Government can collect on the programme.
- **Diverse:** different techniques will need to be deployed for monitoring and evaluating different aspects of the programme rather than a one-size-fits-all approach. For example, in certain situations it may be sufficient to use samples, case studies, or even logic modelling in order to demonstrate the impact of schemes. In addition, more use will be made of existing data collected by the Scottish Government and other organisations.
- **Timely:** ensure the monitoring and evaluation activity is undertaken at the right time in order to inform programme managers, Ministers and Stakeholders of the impact and effectiveness of the programme.

178. The Monitoring and Evaluation Plan will detail the different approaches to gather the necessary information on the performance of the next programme. Details of this will be outlined in the August consultation exercise. This will include information required by the European Commission (with the various indicators still to

⁸ Mid Term Evaluation of SRDP
<http://www.scotland.gov.uk/Publications/2011/03/21113609/0>

⁹

<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/SRDP20142012/SRDP201420MonitoringandEvaluation>

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be finalised), alongside any additional information the Scottish Government requires to inform the performance and impact of the programme.

179. While the Scottish Government continues to develop the Monitoring and Evaluation Plan which will include the range of data to inform the programme, **we would welcome any suggestions of additional data held by different organisations which could also be used within the Plan.** We have already taken on board suggestions from the Monitoring & Evaluation Working Group.

180. With the current financial pressures on budgets, the Scottish Government is particularly keen to ensure that the maximum use can be made of existing data held both by the Scottish Government and by other organisations which can be used to help inform the performance of the SRDP.

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ANNEX G ASSOCIATED STRATEGIES

181. In addition to the NPF the Scottish Government also have a range of strategies that set out in detail how the outcomes will be achieved. The SRDP covers a wide range of policy areas, however the key strategy documents underpinning the strategic direction of the SRDP are:

Government Economic Strategy (GES)

Faster sustainable economic growth is the key to unlocking Scotland's potential. It is the avenue through which we can deliver a better, healthier and fairer society and we remain committed to these aims. The Government Economic Strategy sets out how we will continue to deliver on the Government's Purpose.

Land Use Strategy (LUS)

The Land Use Strategy (LUS), published in 2011, lays out how the Scottish Government and our public sector partners will take an integrated approach to land based investments to ensure that:

- Land based businesses work with nature to contribute more to Scotland's prosperity
- Scotland's natural resources are managed responsibly to deliver more benefits to Scotland's people and environment
- Urban and rural communities are better connected to the land, with more people enjoying the land and positively influencing land use

Scottish Forestry Strategy (SFS)

The Scottish Forestry Strategy is the Scottish Government's framework for taking forestry forward through the first half of this century and beyond. It sets out a vision of a forestry sector that is:

- Diverse and strong
- In tune with the environment
- Employing many people in a wide range of enterprises
- Providing services and benefits that people need, now and for the future

Biodiversity Strategy

We have just completed a consultation on Scotland's Biodiversity Strategy (see <http://www.scotland.gov.uk/Publications/2012/07/5241>). We will be launching a refreshed strategy during the period of this consultation on the SRDP, and will use this strategy to clarify the biodiversity priorities that the SRDP will need to address. The over-riding objective of the Biodiversity strategy is to halt the decline in biodiversity. This supports our international commitment to the EU 2020 vision, and the Convention of the Parties on Biological Diversity (CBD) (<https://www.cbd.int/sp/>).

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Historic environment strategy

As with Scotland's wider environment, for people to gain full benefit from their historic environment it needs to be understood, protected, valued and championed. This lies at the heart of a new vision and strategy for the historic environment that has been developed in collaboration with the key representatives of the sector, as part of a recent review of Ministers' policy in this area. Read-across to SRDP exists in several areas such as environmental conservation at site and landscape scale, the potential of historic sites and buildings as core assets for rural development in terms of diversification and tourism, and the question of advisory services.

Agri-renewables strategy

The Scottish Government's Agri-renewables Strategy, due to be published in 2013, aims to support the uptake of renewable energy generation by agricultural businesses in Scotland while promoting energy efficiency and encouraging community involvement.

Digital strategy

Scotland's Digital Future: Infrastructure Action Plan, published on 31 January 2012, sets out the commitment to and the steps the Scottish Government is taking to deliver a step change in broadband speeds, paving the way for delivery of world-class, future proofed infrastructure across all of Scotland by 2020. Over £240 million of public sector funding (including ERDF) has been committed to achieving this vision.

Recipe for Success – Scotland's National Food & Drink Policy

The Scottish Government is continuing to deliver its national food and drink policy which promotes sustainable economic growth by ensuring that the Scottish Government's focus in relation to food and drink, and in particular its work with the food and drink industry, addresses quality, health and wellbeing, and environmental sustainability, recognising the need for access and affordability at the same time.

The policy reflects a wide range of action to:

- Support the growth of the food and drink industry
- Build on Scotland's reputation as a land of food and drink
- Ensure we make healthy and sustainable choices
- Make the public sector an exemplar for sustainable food procurement
- Ensure our food supplies are secure and resilient to change
- Make food both available and affordable to all
- Ensure that people understand more about the food they eat

Climate Change Mitigation and Adaptation

The Climate Change (Scotland) Act 2009 is a key commitment of the Scottish Government. Reducing greenhouse gas emissions and transitioning to a low carbon

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economy will help create a more successful Scotland through increasing sustainable economic growth. The Act creates the statutory framework for greenhouse gas emissions reductions by setting an interim 42% reduction target for 2020 and an 80% reduction target for 2050. Scotland's Climate Change Adaptation Programme, which is currently being developed, will help to ensure an effective response to the unavoidable impacts of climate change in order to safeguard our environment and communities.

<http://www.scotland.gov.uk/Topics/Environment/climatechange/scotlands-action>

Farming For a Better Climate

Scottish Government is working with the agricultural industry through our Agriculture and Climate Change Stakeholder Group to promote uptake of emissions reduction and adaptation measures. Our Farming For a Better Climate (FFBC) initiative, delivered by SAC Consulting, is an advisory programme for land managers to help them mitigate climate change and adapt to the impacts of a changing climate. It includes web-based advice, technical guidance, seminars and knowledge exchange through the farming press. The FFBC programme comprises Climate Change Focus Farm demonstration events as well as a range of FFBC events around Scotland that promote the benefits of climate friendly farming.

http://www.sruc.ac.uk/info/120175/farming_for_a_better_climate

Tourism Strategy

The Scottish Tourism Alliance (STA) is an independent trade body comprising trade associations, businesses, marketing and local area tourism groups who earn their living from tourism or have an active interest in tourism. The STA is leading delivery on an industry-led tourism strategy – “Tourism Scotland 2020” launched in June 2012. A representative from the Scottish Government sits on the strategy steering group.

<http://scottishtourismalliance.co.uk/national-strategy-2/>

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ANNEX H GLOSSARY

ANC	Areas of Natural Constraint
BRIA	Business and Regulatory Impact assessment
CAP	Common Agricultural Policy
CBD	Convention of the Parties on Biological Diversity
CCAGS	Crofting Counties Agricultural Grant Scheme
CHGS	Croft House Grant Scheme
CPP	Community Planning Partnerships
CSF	Common Strategic Framework
DP	Direct payments
EAFRD	European Agricultural Fund for Rural Development
EIP	European Innovation Partnership
EMFF	European Marine and Fisheries Fund
EQIA	Equalities Impact Assessment
ERDF	European Regional Development Fund
ESF	European Social Fund
EC	European Commission
EU	European Union
FBAASS	Farm Business Advisor Accreditation Scheme for Scotland
FFBC	Farming For a Better Climate
FCF	Forestry Challenge Funds
FCS	Forestry Commission Scotland
FPMCS	Food Processing, Marketing and Co-operation Scheme
FWAG	Farming and Wildlife Advisory Group
GES	Government Economic Strategy
ICT	Information Communication Technology
JESSICA	Joint European Support for Sustainable Investment in City Areas
LA	Local Authority
LAG	Local Action Groups
LDS	Local Development Strategies
LFASS	Less Favoured Areas Support Scheme
LMO	Land Managers Options
LUS	Land Use Strategy
NPF	National Performance Framework
PA	Partnership Agreement
PAO	Principal Agricultural Officer
RP	Rural Priorities
SAOS	Scottish Agricultural Organisation Society
SDS	Skills Development Scheme
SE	Scottish Enterprise
SEA	Strategic Environmental Assessment
SEARS	Scotland's Environmental and Rural Services
SNRN	Scottish National Rural Network
SRDP	Scotland Rural Development Programme
STA	Scottish Tourism Alliance
SWOT	Strengths, Weaknesses, Opportunities and Threats
RPAC	Regional Proposal Assessment Committee
RPID	Rural Payments and Inspections Directorate

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SRUC	Scotland's Rural College
SEPA	Scottish Environment Protection Agency
SFS	Scottish Forestry Strategy
SNH	Scottish Natural Heritage
WFD	Water Framework Directive
WIAT	Woods in and Around Towns

Scotland Rural Development Programme 2014-2020



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Title Mr Ms Mrs Miss Dr Please tick as appropriate

Surname

Forename

2. Postal Address

<input type="text"/>		
<input type="text"/>	<input type="text"/>	<input type="text"/>

3. Please indicate which category best describes you or your organisation (Tick one only)

INDIVIDUAL WITH PRIMARY INTEREST IN:	
Farming	<input type="checkbox"/>
Forestry	<input type="checkbox"/>
Fishing	<input type="checkbox"/>
Deer or game management	<input type="checkbox"/>
General land management (or interest in a combination of land uses)	<input type="checkbox"/>
Other rural community issues	<input type="checkbox"/>
Other - Please State:	<input type="checkbox"/>
ORGANISATION WITH PRIMARY INTEREST IN:	
Public Bodies (National)	<input type="checkbox"/>
Local Authorities and other local public bodies	<input type="checkbox"/>
Environmental and Nature conservation organisations, charities and representative bodies	<input type="checkbox"/>
Deer or game management organisations, charities and representative bodies	<input type="checkbox"/>

Farming organisations, charities and representative bodies	<input type="checkbox"/>
Forestry organisations, charities and representative bodies	<input type="checkbox"/>
Fishing organisations, charities and representative bodies	<input type="checkbox"/>
General land management organisation, charities or representative bodies	<input type="checkbox"/>
Local community organisation, charities or representative bodies	<input type="checkbox"/>
Other - Please State:	<input type="checkbox"/>

4. Permissions - I am responding as...

Individual / Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate

Yes No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

Yes

SCOTLAND RURAL DEVELOPMENT PROGRAMME (SRDP) 2014-2020: CONSULTATION QUESTIONS:

We are inviting written responses to this consultation paper and respondents can reply to all of the questions, or a selection, depending on where their interests lie. Everything you tell us will help us design a better SRDP. The consultation takes place over an eight week period and closes on **Sunday 30 June 2013**.

Please send your response with the completed Respondent Information Form to either:

SRDP2014-2020Consultation@scotland.gsi.gov.uk

or

SRDP 2014-2020 Consultation
D Spur
Saughton House
Edinburgh
EH11 3XD

SECTION 2 : SETTING THE CONTEXT

Question 1: Given the EU's Common Strategic Framework approach do you agree or disagree that EU funds in Scotland should be marshalled into three funds (paragraph 27)?

Agree Disagree

Please explain your views.

Comments

Question 2: Do you agree or disagree with the proposed establishment of a single Programme Monitoring Committee to ensure all EU funds are targeted effectively (paragraph 29)?

Agree Disagree

Please explain your views.

Comments

SECTION 3: OUR INVESTMENT PRIORITIES FOR RURAL DEVELOPMENT

Question 3: Given the need to prioritise our spending in the future programme (paragraph 11) which articles do you see as a priority for use within the next programme?

Agree Disagree

Please explain your views.

Comments

SECTION 5: STRATEGIC TARGETING OF INVESTMENTS

Question 4: Do you agree or disagree that we should geographically target our investment to areas where support will make the greatest contribution to our priorities?

Agree Disagree

Please explain your views.

Comments

SECTION 7: DELIVERING THE SRDP: PROGRAMME STRUCTURE

Question 5: Do you agree or disagree that support for small local businesses should be provided through LEADER?

Agree Disagree

Please explain your views.

Comments

Question 6: Do you agree or disagree to the proposal to disband RPACs and replace with a more streamlined assessment process as explained in Section 8?

Agree Disagree

Please explain your views.

Comments

Question 7: Do you agree or disagree that LMOs should be removed from the future programme, given the spending restrictions we are likely to face and the need to ensure maximum value from our spending?

Agree Disagree

Please explain your views.

Comments

Question 8: Do you agree or disagree that the Forestry Challenge Funds be discontinued, with WIAT being funded through Rural Priorities and F4P funding being provided via LEADER?

Agree Disagree

Please explain your views.

Comments

Question 9: Do you agree or disagree that Food and Drink grants be decided via the wider decision-making process for business development applications or should they remain separate and managed within the Scottish Government as is the current practice?

Agree Disagree

Please explain your views.

Comments

Question 10: Do you agree or disagree with crofting stakeholders that a Crofting Support Scheme is established in the new programme that will fund all grants relevant to crofting?

Agree Disagree

Please explain your views

Comments

Question 11: If a Crofting Support Scheme is developed, do you agree or disagree that crofters (and potentially small landholders) be restricted from applying for other SRDP schemes which offer similar support?

Agree Disagree

Please explain your views.

Comments

Question 12: Do you agree or disagree on whether support for crofting should extend to small land holders of like economic status who are situated within crofting counties?

Agree Disagree

Please explain your views.

Comments

Question 13: Do you agree or disagree with the proposed replacement of the Skills Development Scheme with an Innovation Challenge Fund?

Agree Disagree

Please explain your views.

Comments

Question 14: Do you agree or disagree with the measures proposed by the New Entrant Panel (paragraph 92) to encourage new entrants to farming?

Agree Disagree

Please explain your views.

Comments

SECTION 8: APPLICATION AND ASSESSMENT PROCESS FOR AGRICULTURE, ENVIRONMENT, LANDSCAPE AND FORESTRY

Question 15: Do you agree or disagree with the proposed case officer approach to the assessment of applications?

Agree Disagree

Please explain your views.

Comments

Question 16: Do you agree or disagree with the proposed single entry route for applications with a two level assessment process?

Agree Disagree

Please explain your views.

Comments

Question 17: Do you agree or disagree with the proposed negotiation of variable intervention rates rather than setting fixed intervention rates?

Agree Disagree

Please explain your views.

Comments

Question 18: Do you agree or disagree with the proposed setting of regional budgets across the Rural Development Regulation (RDR) articles?

Agree Disagree

Please explain your views.

Comments

Question 19: What support and assistance do you think applicants will need for this application process to work effectively?

Please explain your views.

Comments

SECTION 9: INTEGRATED INVESTMENTS

Question 20: Do you agree or disagree with the value of developing a descriptive map of holdings to help farmers and stakeholders understand the potential ecosystem value of specific holdings?

Agree Disagree

Please explain your views.

Comments

Question 21: Do you agree or disagree with the proposal to allow applicants to submit single applications which set out all investments/projects that the applicant would like to take forward on their land?

Agree Disagree

Please explain your views.

Comments

SECTION 10

Question 22: Do you agree or disagree that it would be helpful to allow third party applications for specific landscape scale projects?

Agree Disagree

Please explain your views.

Comments

Question 23: Do you agree or disagree with public agencies working together to identify priority areas that could benefit from a co-ordinated third party application?

Agree Disagree

Please explain your views.

Comments

Question 24: Do you agree or disagree with the establishment of a separate fund to support collective action at the landscape scale?

Agree Disagree

Please explain your views.

Comments

SECTION 11: ADVISORY SERVICE

Question 25: Do you agree or disagree with broadening the Whole Farm Review Scheme to include biodiversity, environment, forestry, water pollution control and waste management?

Agree Disagree

Please explain your views.

Comments

Question 26: Do you agree or disagree that we allocate SRDP budget to advice provision when we move to the next programme?

Agree Disagree

Please explain your views.

Comments

SECTION 12: FINANCIAL INSTRUMENTS

Question 27: What are your views on the merits of providing loans for specific purposes and/or specific sectors?

Please explain your views.

Comments

SECTION 13: VOLUNTARY MODULATION

Question 28: Do you agree or disagree with the proposal to maintain the current level of transfer from Direct Payments to SRDP in the new programme period?

Agree Disagree

Please explain your views.

Comments

SECTION 14: EQUALITIES IMPACT ASSESSMENT (EQIA)

Question 29: Please tell us about any potential impacts, either positive or negative; you feel the proposals in this consultation document may have on any of the equalities characteristics listed in paragraph 136.

Comments



**The Scottish
Government**
Riaghaltas na h-Alba

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