

Rural Policy Centre



Scotland Rural Development Programme
(SRDP) 2014-2020

SRUC, June 2013
Consultation Response



Leading the way in Agriculture and Rural Research, Education and Consulting

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.

28th June 2013

SECTION 2 : SETTING THE CONTEXT

Scotland's Rural College (SRUC): Supporting SRDP

Through our commitment to the communication and translation of knowledge, SRUC's vision is to lead innovation and sustainable development in agriculture, land and the rural sector. Supporting the SRDP is therefore a priority for SRUC with delivery via our combined research, education and consultancy services. We describe our contributions across four sectors as follows:

Competitive Agriculture

For over a century, through research, consultancy and education, we have been transferring knowledge and innovative practice to help those involved in agriculture and food production become more competitive. Working with the Scottish Government we share the same objectives for a Smarter, Wealthier & Fairer, Greener, Safer and Stronger Scotland.

Rural Development

SRUC continues working to enhance the quality of life in rural areas. Our support and training helps local businesses diversify their activities and aids economic development. Our research into services for rural communities addresses social issues. Through our Rural Policy Centre we deliver research and advice to policymakers.

Environment & Rural Landscape

The environment and landscapes which are vital to many rural businesses and communities are also valued by the public. SRUC is committed to maintaining a sustainable environment and comprehending the challenges posed by climate change. A well managed countryside provides both the background against which rural businesses can prosper and a recreational resource contributing to human health and well being. Working in partnership SRUC supports the development of policies and the exchange of information on these issues. This forms a substantial element of our research, consultancy and education activity.

Education & Skills

Our students come from all backgrounds with a wide degree of experience and varied aspirations. While our roots lie in agriculture the courses now available reflect the diversification of the land-based environmental and rural sectors. A wide range of

high quality courses, training and qualifications are available through flexible delivery, from our Ayr Riverside, Barony, Craibstone, Edinburgh, Elmwood and Oatridge campuses.

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 X Disagree

Please explain your views.

The EU's Common Strategic Framework (CSF) approach seeks to strengthen the coordination and integration of EU policies for the delivery of the Europe 2020 strategy: 'smart, sustainable and inclusive growth'. In practice, the CSF will coordinate the spending of a number of EU Funds, including the EAFRD, ERDF, Social Fund, Cohesion Fund and European Maritime and Fisheries Fund (accounting for 40% of the EU budget for 2014-20). The CSF at EU level will be 'transposed' into a Partnership Contract at national member state level, with a number of stakeholders and partners involved in drawing up the Contract. In Scotland, the proposal is that EU funds are marshalled into three funds: Competitiveness, innovation and jobs; Low carbon, resource efficiency and environment; Local development and social inclusion.

In principle, this approach will ensure complementarity of rural development programming with the programming of other shared-management funds, with monies from these other funds also being available to support the priorities in the Rural Development Regulation. The CSF promotes a common approach to support community-led development, build capacity and stimulate innovation and it will reinforce multi-level governance through integration with multi-funded local development strategies that ensure communities can shape the implementation of EU objectives.

On balance, the CSF approach seems sensible. It will avoid duplication and allow multiple funds to be used for individual projects. Pooling the funds should increase efficiency, coordination and targeting in seeking common priorities in line with Europe 2020. In principle it also supports a territorial (rather than sectoral) approach to development, promoting a recognition of the interdependencies between urban and rural areas, between agriculture and rural development, and between rural development and other issues such as health, infrastructure and technology, education and the environment. Integrating the instruments also has the potential to show the contribution of rural areas to the overall development of a territory by offering greater visibility and transparency, and it will increase the role of local stakeholders in guiding local development actions.

However, the move to a CSF also raises some concerns from a rural development perspective. It is important that administration costs and procedures do not increase, that rural priorities and specificities are not lost in the new framework, and that rural and urban areas do not have to

compete with one another for funds (particularly as rural projects may often be smaller-scale). Adequate coordination is also required between institutions at national, regional and local levels to implement the CSF and manage multiple funds efficiently and transparently.

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 X Disagree

Please explain your views.

A single monitoring committee appears a logical approach to promoting integration of objectives. However ensuring adequate representation for a wide range of rural priorities/interests will be challenging. The use of specific advisory groups or sub-committees would therefore, very likely, be a requirement to provide the expertise to successfully monitor the range of disparate funds.

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 X Disagree

Please explain your views.

Given that spending will be reduced, some prioritisation will be required to ensure that the future SRDP contributes to Scottish Government priorities.

SRUC suggests that the following articles should receive high priority:

- Article 15 – as it can promote competitiveness and innovation
- Article 16 – as it assists success across all of the areas identified in each of the Scottish Government Priorities.
- Article 17 – benefits of competitiveness as well as value and reputation which are key to the food supply chain in Scotland.
- Article 18 – key to maintain and increasing productivity and helps to meet the priorities of resource efficiency and environment.
- Article 20 – important for succession, sustainability and jobs
- Article 24 – important from a climate change perspective
- Article 29 – an essential for meeting climate change, biodiversity and environmental objectives.
- Article 32 (Assuming Article 33 is necessary to achieve Article 32) - essential for the environmental and social and local development aspects of Scottish Government objectives.

- Article 36 - important for innovation and also the reputation and efficiency of Scotland's food production chains.

SRUC suggests that the following articles are of 'medium priority':

- Article 22 – important in terms of climate change, environment and resource efficiency and innovation
- Article 28 – supporting horizontal integration to achieve resource efficiency and development.
- Article 30 – although stated the environmental benefits suggested are not necessarily the main reason for prioritising this article. The continuation of a competitive organic farming sector is seen as helping to meet Scottish Government objectives for the reasons of business diversity.
- Article 34 – in order to achieve the highest standards of animal welfare.

We note the potential opportunity to use the SRDP funds to support insurance contracts. While providing cover for extreme weather events seems logical, this may be best left to the market to resolve. An independent study into how schemes are operated in other parts of the world and how applicable they would be to Scottish conditions could make a useful contribution to the debate.

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 X Disagree

Please explain your views.

Given that early indications are suggesting a 10-20% budget reduction in the SRDP budget in 2014-20, it seems likely that some geographical targeting of support will be necessary to focus on the areas that are most important to delivering Scotland's priorities, and therefore achieve 'best value'. This will avoid a situation where resources are spread too thinly. Establishing broad priorities could help to ensure that actions are appropriately targeted and ensure that sufficient attention is devoted to each.

However, targeting may be more appropriate for some options (e.g. specific habitats or species), while national coverage would be better maintained for others. It is critical that there is clarity and transparency about how targeting criteria are decided, and that all procedures are as simple and accessible as possible. Decisions about where/how to target funds must be based on accurate evidence which is gathered on an on-going basis. Flexibility is required to ensure that targets can be changed if justified by the evidence.

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 X Disagree

Please explain your views.

It is proposed that all business development proposals should go through the competitiveness fund in the new Programming period. However, given their localised nature, it has been proposed that support for small local businesses should be directed through LEADER, with businesses applying to their LAG for a grant (rather than a national or regional organisation).

Given that rural Scotland has a higher proportion of small – and particularly micro – businesses than the rest of Scotland, it may be appropriate to have a different arrangement for their support. There is a substantial body of research which suggests that rural microbusinesses may need tailored support schemes, due to their small size. For example, the criteria for judging a grant application from a rural microbusiness may be very different to that for an urban-based business which employs 50 people as the impacts are likely to be much smaller, but no less important to the local economy. LEADER offers a considerable amount of flexibility to respond to local business needs, with the LAG partnership approach to assessing applications of particular value.

However, the rationale for having a separate system must be transparent and clear, particularly given the tightened future budget. Moreover, clarity over what constitutes a ‘small, local’ business is critical. Will a micro-business definition of employees be used (i.e. employing fewer than 10 persons)? How is a ‘local’ business defined? Is it a business which supplies a local market, or employs local people, and therefore plays a particular role in supporting the local economy and community?

We note that while differentiation of budget streams may be difficult to avoid, selected policy objectives may require such a focused approach e.g. LFASS.

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 X Disagree

Please explain your views.

A faster and more streamlined project assessment process is to be

welcomed. This would also avoid the current issues of varying results coming from different RPACs for similar projects meeting the same targets.

We do not underestimate the difficulties involved in providing such a streamlined quality system.

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 X but qualified Disagree

Please explain your views.

It is difficult to answer this question since LMO Option 23 presently supports critically important elements of livestock Health Planning and their replacement with other mechanisms of funding is presently uncertain. We appreciate that given the likely budgetary pressures, the effectiveness of all schemes/approaches should be assessed. We do require clarity on a possible replacement for LMOs. LMOs have clearly resulted in project management issues, among others. Therefore SRUC agrees with the proposal to disband the scheme. However, some of these issues surrounding LMOs relate more to design and operation of the scheme rather than the relative benefits of a 'broad and shallow' approach.

The statement that a broad and shallow approach can only be justified "when it would not lead to a dilution of priority outcomes" seems to assume that a broad and shallow approach cannot be used to achieve priority outcomes. What evidence exists to show that, for example, that England's ELS has been more or less successful in achieving positive environmental stewardship than the difficult to access HLS?

It should also be noted that, at the time of writing, an English farmer's ELS participation may be deemed sufficient to make that farm 'green by definition' and therefore exempt from further greening measures. Will the absence of broad and shallow scheme for Scottish farmers result in future discrimination related to other parts of the CAP?

Until details of any proposed alternative approach are known it is difficult to comment further.

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 X Disagree

Please explain your views.

Forestry Challenge Funds were competitively accessed through two routes, Woodland In and Around Towns (WIAT) and Forests for People. WIAT targeted woodland improvement/regeneration or creation near urban population centres. The Forests for People Challenge Fund is intended to help groups realise the potential contribution of local woodlands to the health, learning and strengthening of communities.

The main criticism of the Forestry Challenge Funds was that of administrative complexity and poor technical support.

The solution of integrating the application process and funding payout through Rural Priorities and LEADER should therefore improve the efficiency of technical support and reduce administrative burdens. It is useful to see that these schemes are considered worthwhile (WIAT was oversubscribed and all of the available funding was used up by 2012-13) and are going to be continued.

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 X Disagree

Please explain your views.

SRUC would wish to see a system which was delivered within the framework of the overall SRDP programme to ensure that there is fairness and equality of access for the full food and drink supply chain. It is important that primary sector businesses have adequate opportunity to add value to their output. The current administration and transparency of the food grants system has much to recommend it, but any simplification of the process and further integration with the overall rural development scheme would be welcomed.

Integration of the schemes under one umbrella would facilitate delivery of advice, support of applications and improve ease of understanding for businesses as to the eligibility and purpose of relevant grant income. It would be recommended that a separation of budgets would be retained, and that non-farm food and drink businesses would retain equality of access.

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 X

Please explain your views

The existing system works effectively with 'crofters' receiving CCAGS for agricultural improvements and then being allowed to bid into LMO and SRDP-RP (and occasionally capital) schemes, providing funding for agri-environment enhancement and diversification.

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 X Disagree

Please explain your views.

The collective feeling is that if crofters have their own scheme, they should not be allowed to apply for funding under another scheme, unless their own scheme does not cover the activity they are applying for. For example, if their own scheme covered agri-improvements but not agri-environment then they should be able to apply under both. If however the scope of CCAGS also included the agri-environment options both in scale and importance then there may not be need for crofters to apply to both schemes.

This will need careful consideration, given the amounts of environmental funding going to crofters at present. It will also be important to consider how the scoring systems weigh up small schemes in the west against larger "estate" based schemes elsewhere.

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 X Disagree

Please explain your views.

Crofters and non-croft small holders are the backbone of rural communities. Both should be allowed access to the same support, with an economic test being the fairest way of determining access. This would avoid the situation where small owner-occupiers and small non-croft landowners are excluded from the schemes, whilst rent paying crofters can have significant financial means and still access support.

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

Agree X Disagree

Please explain your views.

The Innovation Challenge Fund is an important measure to ensure that the

sector can address many grand challenges in the sector and promote original thinking. Innovation is at the heart of driving sustainable growth in Scotland and beyond. Within the range of participative methods used to engage with the sector to encourage behavioural change and innovation the Monitor Farm network is one good example that SRUC has significant experience in delivery. Accordingly, SRUC supports the continuation of funding for Monitor Farms through the Innovation Challenge Fund.

We support the proposal to take a holistic approach to the Innovation Challenge Fund, drawing on funding available to both farmers and wider rural development. This will result in a situation where the Challenge Fund clearly targets the agricultural sector, but with scope to apply the scheme to other sectors (through the SRDP funding mechanism), for instance forestry and engineering, so that a more holistic cross-sectoral (and territorial) coverage is possible where appropriate. One such example is addressing climate change, where innovation may be required in working practices across economic, social and environmental activities. We also support the emphasis placed on sharing knowledge and learning from the EIP-LEADER-SNRN-Advisory Service to on the ground improvements by a variety of stakeholders.

It is also important that the positive and useful features of the Skills Development Scheme (including its support for group activity and adding value, for example, through Monitor Farms) are taken forward into a new Innovation Challenge Fund.

Finally, it is important that links are made between this Fund and its emphasis on innovation and knowledge exchange and the new advisory service arrangements.

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 X Disagree

Please explain your views.

SRUC provides input into the New Entrant Panel and therefore supports the proposed measures.

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 X Disagree

Please explain your views.

General agreement that Level 1 (small to medium) project applications should be considered on an ongoing basis (rather than at quarterly assessment meetings at present) by case officers.

Concerns have been expressed over inconsistency between individual case officers undertaking project assessment in the current programme (e.g. between regions). It would be helpful if the new programme could set out how such concerns might be addressed and a more consistent line be taken by the dedicated case officers.

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

Agree X Disagree

Please explain your views.

SRUC agrees with the proposal for a single entry route for all applications (for the benefit of applicants) and with the proposal to stream applications - on the basis of scale - to either to a local case officer/officer network or to a national expert panel (to ensure appropriate scrutiny of large project applications).

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

Agree X Disagree

Please explain your views.

There have been suggestions that some Rural Priorities capital project applicants in the current programme were awarded larger grants than they actually needed. The advent of variable intervention rates is to be welcomed in the new SRDP and should enable better use of limited resources. However, there is great risk of discrepancies between regions if this is not standardised. The grant rate for projects up to a certain threshold should be fixed and for those higher variable.

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

Agree X Disagree

Please explain your views.

In principle, the setting of regional budgets will encourage greater priority-setting at a regional level. Broadly, this will indicate a commitment to regionalisation of the Programme, and less top-down definition of priorities and targets by central Government. We are however conscious that such

'ring-fencing' of budgets can lead to imbalances. It is important that universally, the highest-quality applications gain support across the regions.

The challenges of adopting a more regionalised approach were apparent in the current Programme with all 11 RPAC regions adopting identical priorities, rather than using the opportunity to tailor their arrangements to their particular regional and local circumstances.

In reality, a balanced approach may be appropriate, where priorities are set nationally, but with input from appropriate regional 'experts'. Alternatively, some priorities (perhaps those relating to sums of money over a particular threshold) could be determined nationally, with others determined regionally and associated with regional autonomy over decision-making.

There remain some important fundamental questions to address before such a regional approach is workable, including the number of regions, the level of funding for each region, how to identify, and the role/s of, appropriate regional 'experts', and the practicality of administering and monitoring a more regional system. It will be important to learn from the experiences of the RPACs in the new system.

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

Please explain your views.

It is important that clear guidelines are available for applicants that are easy to follow. The combination of applicants who are perhaps not computer-proficient and complex application protocols is not a popular or effective measure. External professional assistance may be required in some areas especially where collaborative multi-partner initiatives are desirable (i.e. Innovation brokers).

The level of support and assistance required will be dependent on the complexity of the application process. It is therefore difficult to comment meaningfully. A simple straightforward application process with clear unambiguous guidance is highly desirable.

Restricting the application process to on-line only is understandable but does disenfranchise some potential applicants who lack the skills/confidence/broadband connections.

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 X Disagree

Please explain your views.

We can appreciate the strategic value in the longer-term development of such a map-based data. The recent use of on-line and digital technologies in relation to the SG RPID applications could form some basis for such intelligence. However, it is easy to overstate the value of such mapping/data systems at this time. The consultation mentions that the rationale for having such a descriptive map of holdings would be to “*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*”.

In theory such a detailed descriptive map would indeed be useful for all concerned. But in reality it is difficult to see how anything but the most basic information on some of these aspects could actually be produced from a centralised system. For example, in Scotland, as elsewhere in the UK, information on species occurrence is very incomplete, while data on habitat occurrence outwith protected areas is patchy and information on habitat condition outwith protected areas does not really exist consistently. Given such gaps in basic data availability, there could be a danger that whatever maps that can be produced are taken ‘at face value’ thereby giving a false impression of what is, or more importantly what is not, present or valued on a particular holding. There would therefore need to be lots of caveats associated with the production and use of any such maps.

Hence any such maps should only provide basic information on those aspects (e.g. watercourses, sites of archaeological interest) but this should not be seen as a substitute for the need a map of the holding to be built from the bottom up (i.e. from knowledge of what is actually on the holding, particularly in terms of habitats and their location).

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 X Disagree

Please explain your views.

From the short description given in the consultation, this would clearly be sensible and helpful for those applicants who knew at the time of submission the range of investments/projects that they would like to take forward on their land. But we would still want applicants to have the opportunity, if they so wished, to submit additional applications at a later date, i.e. we would not applicants who submitted one single application to be thereby subsequently precluded from submitting an additional application for an additional investment/project.

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 X Disagree

Please explain your views.

In principle this would potentially be helpful, especially for the landscape scale projects for which it is intended. However, the text of the consultation does not seem to acknowledge that such applications would need to also be accompanied by some form of mandatory, legally-binding, agreement between all the parties concerned in order to be clear from the outset where the responsibility (and hence liability) for conducting each of the different aspects of the project lies.

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 X Disagree

Please explain your views.

Clearly it would make sense for public agencies to work together to identify such priority areas, e.g. at catchment scale on water quality issues.

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.

Insufficient information is provided in the consultation to allow us to answer this question. Clearly there is a need for collective/coordinated action at a landscape scale in order to address many environmental issues. However, other than in the body of the question, no further detail is provided in the text of what is meant by a 'separate fund' or why such a fund would need to be identified separately from the rest of the budget available.

SECTION 11: ADVISORY SERVICE

SRUC/SAC – A Century of Experience

SRUC is very aware of the renaissance of interest in the contributions that innovation brokers, knowledge transfer and exchange, and advisory services can make to improving the delivery and competitiveness of agricultural and rural services. This is now recognised in the EU across the European Innovation Partnership (EIP) with linkage to RDP and the Horizon 2020 research programme. In addition, strong

representation of KTE measures are to be found in the new UK Agri-Tech strategy and the Scottish Government's own strategic research programme (2011-16).

It is worthy of note that SAC Consulting (a Division of SRUC) has employed these KTE and other extension methods for more than 100 years. In addition, unlike many innovation brokers, state advisory services and subscriber-based organisations, SAC/SRUC has direct access to a world class research programme plus an education and skills Division that delivers from access to PhD level courses across the geography of Scotland. Importantly, in the face of declining budgets and increasing demands on our sector, the SAC/SRUC – derived advisory service is unique in delivering from one Scottish organisation specialist multidisciplinary advice, a national support platform and a policy responsive business ethos.

Our century of experience as the leading, independent advisory service for Scotland and the growth of SRUC has secured a strong platform that SRDP beneficiaries can use to address the needs of our industry. Our contemporary services are summarised below:

From 23 Farm Business Service offices, SAC Consulting, a Division of SRUC, delivers specialist advice and other services to farmers and crofters in Scotland.

Advisory Activities include:

- Consultancy services to small holders, crofters and farmers in Scotland's remote areas, funded through the Scottish Government Veterinary and Advisory Service (VAS) programme.
- Advice, information and industry intelligence supplied to members of the SAC Consulting Subscription Scheme.
- Ensuring clients' IACS applications for CAP Single Farm Payments comply with regulations.
- Organising courses, on-farm demonstrations and other open invitation events.
- Training flock-masters to use SRUC's "Sheep Record Right" guide and comply with sheep identification rules.
- Helping deliver the Scottish Government New Entrants to Farming programme.
- Providing market intelligence and technical support to Scotland's organic farming sector.
- Producing technical publications such as the Farm Management Handbook and advice on farm woodland management, diversification, soil nutrient management and business efficiency programmes.

Research commissioned from economists and other SRUC specialists, including those from our Rural Policy Centre, informs decision making by policy makers and industry. Experts in the sciences of soils, livestock, crops, biodiversity and carbon management work to benefit farmers or inform national and global research programmes. Topics include the cost of a policy change, improving soil structure, new crop varieties, better animal welfare and reducing greenhouse gas emissions.

Our Impact on Agriculture and the Rural Economy

Through consultancy activities founded in cutting edge research, we help our customers embrace innovation to become more competitive and sustainable. A team of more than 375 consultants, veterinarians, technicians and support staff are proud to deliver independent, quality and accessible services to more than 12,500 farmer, rural business, food processing and supplier markets. Our activities span the length and breadth of the UK.

Almost 7,400 clients subscribe to our Farm and Rural Business Services each year. The £1.7 million those customers invest in our advisory services results in annual benefits to their businesses valuing an estimated £7.9 million.

Consultancy and advice has not only a financial impact but also drives efficiency and supports innovation and the application of new technologies. We assist many farming clients in applying for financial support through the Common Agricultural Policy (CAP). In 2011, this resulted in approximately £189 million in support payments to Scottish farmers:

- We completed 6,000 IACS forms for Single Farm Payments through the CAP (more than a third of all Scottish applications), which resulted in payments to Scottish farmers of £163 million. Some 95% of IACS applications (ex SAC Consulting) were on line, this accounts for almost 50% of the total on-line applications across Scotland.
- Payments resulting from applications to the Scottish Beef Calf Scheme totalled at least £7.1 million.
- Applications for Less Favoured Area support payment through the CAP brought in £19 million to help sustain farming in disadvantaged areas.

In addition, we help our customers with applications for support through the Scotland Rural Development Programme (SRDP) competitive Rural Priorities scheme. Between 2009 and 2012, we assisted with nearly 2500 applications, 79% of which were successful. This resulted in funding worth £229 million for improving agricultural competitiveness, maintaining and enhancing the natural environment, and improving quality of life in rural areas.

Conclusions

SRUC concludes that the significant positive impacts that our existing integrated advisory services have delivered (see above) can only usefully bring further benefits to the agricultural and rural sectors that we serve. The new SRDP policy environment may have complexity however, we intend to lead potential beneficiaries in the sector to secure thriving, sustainable businesses.

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 X Disagree

Please explain your views.

At SRUC, we consider that the complexities of modern farming enterprises require to be reviewed and opportunities appraised using both a breadth and depth of understanding. The use of multidisciplinary reviews of enterprises that cover financial, technical, social, legislative and environmental elements characterise our preferred holistic approach to business development.

Currently Stage 1 of a Whole Farm Review is expected to provide a description of the existing business including a summary of environmental performance, landscape features, climate change and other significant issues (e.g. NVZ/SSSI etc.). This could be deemed sufficient to cover the proposed inclusion of biodiversity and environment.

The pilot WFRS and the first version of the WFRS were both more prescriptive of the expected content of the review and included fixed elements that some participants found of little value to them in running their business. The re-launched version (May 2008) of the WFRS provided more flexibility by providing guidance on the content of a Whole Farm review, that allowed the participant and his/her consultant to focus on the key issues affecting the business. Uptake of the scheme, however, is understood to be very similar when compared on an annual basis for the original and the latest versions of the WFRS. It would, however, be reasonable to argue that without the increased grant and flexibility of the latest variant, then there would have been a significant decline in the numbers participating in the scheme and the current total of 3,056 WFRS approvals would have been reduced.

Maintaining the flexibility whilst at the same time including the expectation of delivery on forestry, pollution control and waste management within the WFRS will need to be achieved if uptake is to be maximised. In this manner the WFRS will not only provide good advice and direction for the farming business, it will bring attention to other key areas important for Scottish Government objectives. The danger is that an overly prescriptive approach to the content could limit uptake.

In some cases there has been criticism of the reviews prepared because they focussed too much on the analysis of the past three years financial performance with insufficient attention given to future planning, the technical performance of the business, and providing solutions and recommendations for business efficiency and growth that are practical and relevant.

By broadening the scope of the review (to include forestry, pollution control and waste management etc.) then a greater breadth of knowledge will be required from the consultant(s) preparing the reviews, and the possibility of sub-optimal reviews being prepared should also be reduced. Similarly a broadened scope may mean that the FBASS accreditation process may need to be reviewed to ensure that accredited advisers/consultants have the necessary skills – or access to the necessary skills – to address all of the component parts of a review. The possibility of accreditation of

advisers/consultants for the component parts of the WFR may be one approach, or alternatively a broader accreditation that covers a company or organisation that possess all of the necessary skills.

Further topics that would be worth considering as a component of a WFR would include climate change mitigation and adaptation options, the calculation of the business carbon footprint, or the completion of an energy audit, where each of these could be helpful to Scottish Government in achieving its climate change objectives.

Currently about 50% of the FBASS accredited consultants are SRUC (SAC Consulting) consultants and SRUC recognises the significant value that a WFR can be to a rural business if prepared correctly and if the problem issues of the business are addressed. Broadening the scope of the WFR is not seen as a dilution of that benefit, rather it ensures that all of the important issues are addressed.

The current guidance notes suggest a likely time requirement (3.5 days) to complete a WFR, which is considered to be too short a time to complete the current requirements in many (but not all) cases. With a broadened remit, then this suggested time requirement will need to be re-assessed.

The idea of a compulsory WFR prior to an application for assistance under the SRDP is one that has some merit, on the basis that it will provide an appropriate and thorough analysis of the business and its future plans to ensure a competitive application. It is possible perhaps to envisage two levels of pre-application WFR. One level (premier) where the complexity and size of the business demands a full multidisciplinary review. The second level of review (regular) is being focused on only technical and business elements of the enterprise.

We believe that such pre-application WFR's could give Government an improved position from which to gather intelligence and target the need for sectoral change – e.g. carbon mitigation and resource use efficiency.

While we support a broader, more comprehensive review mechanism and appreciate its strategic value, it is essential that adequate funding is in place to implement such improved policy and practice.

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

Agree X Disagree

Please explain your views.

As a Higher Education Institution that integrates research, education and consultancy services for the agriculture and rural sector, we consider the delivery of SRDP to be set in the new European context. Thus EU and UK governments now properly acknowledge the necessary contributions that advisory services, innovation brokers and knowledge transfer and exchange

(KTE) programme make to the food security, environmental and social well-being agendas. SRUC believes that our Scottish system and SRUC in particular exemplifies what an effective multidisciplinary advisory service with its foundations in research and innovation should look like.

The SRUC view is that the expectations of the Farm Advisory System will determine the likely cost and therefore the likely source of funding. As indicated in the consultation document the aspirations are for a wide range of topics to be covered - a range that is much broader than would be determined by the CAP reform proposals – and therefore more expensive to deliver. The SRDP provides an obvious source of funding for this purpose, but for such a principle to be acceptable to the industry at large there would need to be an understanding and an acceptance that the broader range of topics are indeed valid and relevant.

Some expectations of the Farm Advisory System are for a targeted approach, either in terms of location/geography (e.g. national parks), or in terms of topic (SSSI or Priority catchments), which if adopted would focus the spend in particular areas, and depending upon the availability of funding may leave some parts of the country with little or no funding for the provision of a Farm Advisory Service. SRUC would consider this to be an undesirable outcome that would be liable to leave some significant areas unsupported and without an advisory service. A level of advice provision should be available to all farmers, crofters and rural businesses, where the range of topics covered must include cross compliance and other key subjects. Additional geographic or topic focussed delivery can be made above this fundamental level of advice provision.

The delivery mechanism for the advice will be another key driver for the cost and therefore source of funding for the Farm Advisory System. Targeted 1-to-1 advice is generally recognised as being more effective at achieving uptake and outcomes than a 1-to-many approach, but is significantly more costly to provide. The WFRS (see Q25) is a mechanism that provides funding for the majority of the cost of 1-to-1 advice and this could be viewed as the 1-to-1 delivery of advice, albeit on a voluntary uptake basis. (unless WFR is a compulsory prerequisite of an SRDP application).

In summary the desired components of the farm advisory service are likely to make it more (potentially significantly more) expensive than the current delivery. In this circumstance an appropriate and adequate funding source is required, and the use of a proportion of the SRDP budget to fund the advisory service is an obvious conclusion.

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.

Given the budget uncertainties for the 2014-20 period, considering the possibility of offering loans as well as grants, would be worthwhile. This is particularly the case if such an approach can also ensure that money is reinvested to increase the public support available, and that some of the audit and state-aid issues for revenue-generating projects can be overcome.

Loan funding may be particularly appropriate for specific sectors or specific purposes, for example, small businesses and community groups which often struggle to access finance even for small-scale projects. It would also help to overcome some of the challenges often faced by such groups in terms of cash-flow – i.e. having to pay for (often costly) items upfront and then claim back in arrears.

Recent experience from the new entrants' assistance scheme suggests that loans are not particularly effective even when borrowing rates are low. The reasons for such low uptake should be assessed.

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 X Disagree

Please explain your views.

In recognition of the importance of encouraging and supporting wider rural development to support the Scottish Government's overall purpose, and given the stipulations in the current draft regulations (i.e. a maximum of 15%), SRUC supports the continuation of the current modulation arrangements (with 14% of DP transferred to SRDP).

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.

SRUC welcomes the work being undertaken to address equality issues in relation to the impact of all policies, including the SRDP.

The population of Scotland is ageing, a trend which raises some interesting questions about access to rural Scotland by the growing numbers of people in our older age groups. Moreover, the population of rural Scotland is ageing at a particularly rapid rate, and is becoming more culturally diverse. It is important therefore to monitor the extent to which measures and activities funded through the SRDP are responding to these dynamics.

There is an existing body of research which explores the extent to which ethnic minority groups, the disabled and low income individuals/families tend to be under-represented in terms of visits to the countryside. Again, it is important to monitor the extent to which the SRDP is able to 'reach out' to these groups.

Finally, given the trend towards making more information, application forms, etc. available online, it is important to continually monitor the accessibility of all of this information and documentation to people across age groups, ethnic groups, etc.