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**SCOTTISH EXECUTIVE ENVIRONMENT AND RURAL AFFAIRS
DEPARTMENT CONSULTATION:**

**RURAL DEVELOPMENT PROGRAMME
FOR SCOTLAND 2007-2013**

**SUBMISSION BY
SCOTTISH ESTATES BUSINESS GROUP**

27th June 2006



**SEERAD CONSULTATION:
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1. BACKGROUND

The Scottish Estates Business Group (SEBG) represents a group of progressive land-based estates with significant agricultural and rural business interests. It aims to promote a modern business approach in the management of Scotland's land resource in ways which deliver social, economic and environmental benefits. The group seeks to secure a sustainable and prosperous future for rural areas.

Estates are proven business models that assist the development of smaller rural businesses, and landowners and estates have a vital role to play in the ongoing and future development and prosperity of Scotland. SEBG is committed to rural economies and its members work hard across Scotland across Scotland to stimulate enterprise and economic development.

2. OVERVIEW

SEBG welcomes the opportunity to comment on Scotland's Rural Development Programme proposals. Scotland's land management sector is facing challenging times, as the Single Farm Payment system of support beds in and markets are more and more open to global influences. At the same time, EU support - which with matched funding has historically underpinned the viability of land management, particularly in remote and fragile areas – is to be directed towards Eastern European competitors with less resource consequently finding its way to Scotland.

Scotland's agricultural and forestry sector may be one of the smallest in terms of workforce but its size belies the pivotal role of land management in the economic, social and environmental well-being of Scotland's rural communities. One of Scotland's most important sectors is tourism, with many hundreds of thousands visiting Scotland to enjoy its countryside, its wildlife and natural beauty, as well as its built heritage and country pursuits. It is Scotland's countryside managers who make Scotland's landscape what it is today. So any proposed changes to the historical regime of support must be considered carefully in the context of the need to maintain and encourage a viable rural land business sector. The SRDP must help the sector find its way towards greater viability and a more dynamic future, with the ability to respond to and service the market effectively and to seek out and take advantage of new and changing market opportunities and business innovation.

The Programme also needs to facilitate succession arrangements by encompassing ways to attract new entrants into the land management sector and offering assistance to those who want to leave the sector with dignity after a lifetime of service.

Against that background, SEBG has a number of concerns about the current proposals, including the:

- pooling of funds currently available for a range of support schemes, into a central fund which would then be open to wider access under Tier 3 of Land Management Contracts (LMCs). This arrangement would allow the diverting of funds away from land management measures into other areas.
- insufficient emphasis or priority given to the need to support farm business development.
- inclusion of farm business development measures in Tier 3, thereby open to a wide range of competing measures and interests with a consequent lack of any certainty of success for applications.
- implications of local decision-making on consistency of approach to applications.
- added bureaucracy, slower decision-making, lack of certainty and potential for distortion across the regions as different priorities are followed by different regional interests.
- implications for the land management sector of the Executive's intention of increasing modulation above levels required by the EU in order to channel funds into more general rural measures.

These are covered in more detail below, as part of SEBG's comments on some of the detailed issues put forward in the consultation.

3. CONTENT OF THE SRDP 2007-2103

Less Favoured Area Support Scheme (LFASS)

LFA support acts as a lifeline to many of Scotland's farmers and crofters, particularly those in fragile or very fragile areas, so SEBG welcomes the commitment of the Executive to limit changes to the current scheme before the EU-wide review is completed. Tying payment to the land which earned the support in 2006, the introduction of safeguards to ensure that payments are only made to those who are actively farming the land, and the continued need to fulfil environmental controls which currently apply, should help ensure effective use of the funds available. However, the Group would welcome clarification of the proposal to make "modest" changes to the current arrangements, and the information on which such a proposal has been based. Whilst LFASS should be seen as a specific fund to support farming activity in the uplands, no change should be made to existing arrangements without evidence to justify it.

Land Management Contracts

According to the consultation paper, the aims of Tiers 2 and 3 of LMCs are to provide support to a broader range of land-based activities, including the farmed environment and forestry, and to support other sustainable activities in rural communities. This by definition would mean wider access to funds currently available specifically for land managers. SEBG is concerned that this arrangement would allow for the diverting of funds, until now directed at farmers and crofters, to other purposes and to a much broader range of applicants.

Consequent reduction in assistance for land managers would be unhelpful at a time when the sector is working hard to achieve greater efficiency, market responsiveness and development of opportunity in order to develop and secure future economic viability. Criteria for eligibility for LMC support should also be made clearer, as well as the mechanism to be used to regulate how allocations between national objectives will be decided.

Further, the national objectives set out for LMCs pay much attention to sustainable development and biodiversity, climate change and well maintained landscapes, but business development appears only as a third broad option after natural resources and countryside issues. The reality, however, is that only business diversification and development will be able to deliver the economic viability which is essential if rural communities are to survive and prosper. SEBG calls on SEERAD to ensure that sufficient emphasis, priority and assistance - with ring-fencing of funding - is directed at this national objective.

The intention to bring together a range of existing schemes under the LMC mechanism to provide a coordinated system of support is, on the face of it, laudable, if it leads to a streamlined approach which is able to deliver objectives. However, SEBG is concerned that:

- funding currently only available to land managers may be accessed under the proposed SRDP by non-land management interests, diverting valuable support away from farmers and crofters;
- that with all current scheme funds effectively being put into one pot, applicants will be required to compete against all other Tier 3 applicants across the board for the limited funds available, instead of only with others applying under the same scheme, with a consequent reduction in the chances of a successful application;
- funds may be dispersed in a way disproportionate to the totals currently available for each scheme, for example former FBDS funding could be diverted into other areas less directly relevant to business development.

LEADER

SEBG in principle welcomes the LEADER programme as a locally-based approach to economic and community development. With LEADER to become a mainstream part of the SRDP, and across all of the Axes, this would be an opportune time for land managers to become more involved in the programme. Lack of awareness of the programme has meant that the agricultural sector has not had much involvement in LEADER to date, so land manager involvement should be actively encouraged.

4. IMPLEMENTATION OF SRDP 2007-13

Regional perspective

SEBG questions how the regional approach proposed can deliver the streamlined and coordinated approach which SEERAD is aiming to achieve with its SRDP. Rather than cutting bureaucracy, simplifying procedures, introducing greater clarity and shortening timescales for the application procedure, the consultation proposals appear to hold out the prospect of the opposite.

Consistency of assessment has to be called into question when applications are to be considered at local / regional level according to locally set priorities. The use of the bottom-up approach for all Tier 3 funding, whilst allowing for local involvement and control, will introduce a subjective element and a lack of consistency across regions. National objectives may help to offset such impacts but will be open to interpretation. Whilst ratification of local decisions by a national committee would help to offset imbalance or local bias, the added layer of decision-making will necessarily extend the length of time take for applications to be adjudicated and extend uncertainty for applicants.

SEBG regards it as important that land managers and businessmen are actively involved in assessment of applications for support, to ensure greater balance in agreeing and applying local priorities. The Group is also concerned that the scope for unsuccessful applications to be re-submitted or rolled forward for subsequent reassessment could lead to a bogging-down of the system as failed applicants rejoin what would become an ever-lengthening queue of applicants.

In addition to detailed Rural Development Guidance, close monitoring would be required to ensure that decisions complied with national objectives. However, the development of Regional Rural Development Guidance “to identify local priorities for environmental, social and economic objectives in the SRDP” would serve to offset any consistency which the national Rural Development Guidance aimed to introduce.

Overall, SEBG sees the proposals as cumbersome, time-consuming, and costly to implement and maintain.

Modulation

With modulation due to reach 10% by next year, it is of concern to the Group that the Executive intends to increase voluntary modulation even further during 2007-13. As stated above, Scotland’s land management sector is facing challenging times and continued support is vital as the sector tries to forge a path towards greater viability. The proposed structure of the SRDP already holds out the prospect of a loss of valuable support to land managers, with funds looking likely to be diverted to other more diverse measures and interests. Further modulation can only lead to further pressure on the stability of farm incomes, and place Scotland’s land managers at a competitive disadvantage.

PMcP
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