

Scottish Government Report to Parliament:

Economic Condition of Crofting

2015 - 2018

**The Scottish Government's report under section 51 of the
Crofting Reform (Scotland) Act 2010**



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CONTENTS	2
Foreword	4
<u>ANALYSIS OF THE ECONOMIC CONDITIONS OF CROFTING SURVEY</u>	6
Key Findings	6
1. Background	9
2. Profile of Crofters	10
3. Crofting Activities	14
4. Income and Outgoings	18
5. Investment and the Future of Crofting	22
6. Sources of Information on Crofting	26
7. Conclusions	28
<u>MEASURES TAKEN TO SUPPORT CROFTING</u>	29
Introduction	29
8. Croft House Grant Schemes	29
9. Cattle Improvement Scheme	30
10. Common Agricultural Policy	31
11. Pillar 1: Direct Payments	32
Basic Payment Scheme and Greening	32
Young Farmer Payment	33
Scottish Upland Sheep Support Scheme	33
Scottish Suckler Beef Support Scheme	33
12. Pillar 2: Scottish Rural Development Programme	34
Crofting Agricultural Grant Scheme	35
LEADER	36
Young Farmers Start Up Grant, New Entrants Start Up Grant and New Entrants Capital Grant	38
Less Favoured Area Support Scheme	41
Agri-Environment Climate Scheme	41
Land Managers Options	42
Rural Priorities	43
Rural Advisory Services	43
Veterinary and Advisory Services	44
Highlands and Islands Veterinary Services Scheme	45
Forestry Grant Scheme	46
Knowledge Transfer and Innovation Fund	47
13. Farming Opportunities for New Entrants	49
14. Crofting Connections	50
15. Self Build Loan Funds	50

16. Election to the Crofting Commission Board	51
17. Rural Broadband Scheme	51
18. Highlands and Islands Enterprise	52
19. Registers of Scotland - Crofting Register	57
20. Crofting Commission	59
21. Crofting Legislation	68
22. Scottish Land Court	69
23. National Development Plan for Crofting – Crofting Stakeholder Forum	70

FOREWORD

I am pleased to submit this report to the Scottish Parliament in terms of section 51 of the Crofting Reform (Scotland) Act 2010.

This report reflects the economic conditions of crofting and the measures taken by the Scottish Ministers, the Crofting Commission and others to support crofting during the reporting period 2015 - 2018. This report builds upon the evidence base provided in the baseline report produced in 2010 and the first Economic Condition of Crofting report covering the 2011 - 2014 period.



The Scottish Government is committed to doing all that it can to support crofting for the benefit of present and future generations, a vision that is shared with the Crofting Commission and crofting stakeholder organisations. Crofting continues to form an integral part and contributes towards the social, economic and environmental sustainability of Scotland's rural and remote rural areas. There are over 20,000 crofts with over 33,000 people living in crofting households.

In preparation of this report the Scottish Government commissioned a survey which took place between July and September 2018, and sought the views of 4,000 crofters on a range of social and economic issues pertinent to crofters and crofting. I would like to take this opportunity to thank all those crofters who completed the survey. The first section of this report provides an analytical summary of the findings of this survey.

The survey responses provide a lot of valuable evidence which will be considered and used to inform the Scottish Government's Crofting Development Plan, which is due to be published in 2019. Although there are many conclusions that can be drawn from such a survey, it is particularly heartening to see an increase in the diversification of activities taking place on croft land, and an increase in the number of those entering crofting in the last five years. In the first 11 months of this year alone we have seen over 200 new entrants into crofting. It is also heartening to note that the Crofting Commission is making good use of the annual census exercise to help deal with longer term issues such as absenteeism and neglect.

We began this reporting period on the back of the biggest Common Agricultural Policy (CAP) reform in a generation. As we move towards the end of the current 2014 - 2020 CAP period and enter this era of unchartered business it is important that crofters continue to benefit from a period of stability and certainty in the interim period up to 2024, as preparations are made to deliver a new package of advice and support in the longer term.

We cannot underestimate the potential disastrous impact of a no deal Brexit on Scotland, and in particular, rural Scotland. This is a real threat to the resilience of crofting, which was expressed in a recent Scottish Crofting Federation survey which showed that crofters were wary of the livestock industry in the our Highlands and Islands.

The Scottish Government is proud of Scotland's crofting heritage and is committed to working with crofters, and all those who share an interest in crofting, to secure its future and mitigate the disruptive impact of Brexit for crofters and crofting communities.

Crofting is fundamentally linked to our values of who we are as a nation and who we want to be in the future. This involves keeping people on the land and supporting them to live productive and sustainable lives.

Fergus Ewing MSP
Cabinet Secretary for Rural Economy

ANALYSIS OF THE ECONOMIC CONDITIONS OF CROFTING

SURVEY 2015 – 2018

This report provides a detailed outline of the economic situation that crofters face, over the 2015-2018 period. The majority of the information in this report is taken from the results of a survey and report commissioned by the Scottish Government into the economic condition of crofting.

Broadly comparable with the last survey in 2014, this year's survey covered a wide range of social and economic issues such as the demographic composition of crofting households; the activities on crofts; the employment status of crofters; the investments made in, and the income from crofts; and the outlook of crofting households. It also touched on crofters' views of support and information sources available to the crofting community and the future of crofting more broadly.

On behalf of the Scottish Government, Ipsos MORI invited 4,000 crofters to participate in a self-completion postal survey during the summer of 2018. A total of 739 surveys were returned, giving a response rate of 18%, and the results were weighted to reflect the profile of the crofting population by local authority and tenure. The full report from that work is available on the Scottish Government website, and provides detailed explanation of the methodology of the survey work.

Key Findings

Overall, the economic position for crofting remains mixed. The median revenue reported was £2,000, unchanged since 2014, while the median running costs associated with crofting have slightly increased. Income from non-crofting income has increased over recent years, as has the median level of investment - but the proportion of crofters who state an intention to invest in coming years has fallen. There has also been increased polarization in the financial position in crofting – with an increase in the number of crofters reporting either high or low revenues and running costs.

Amongst crofters, there is also ongoing uncertainty about the future of crofting – with the majority of crofters stating that they do not have a succession plan in place, and widespread agreement that crofting is not viable without income from non-crofting activities.

However, there is evidence to suggest that crofters are diversifying their activities – with, for example, an increase in the number of crofters providing holiday accommodation. There has also been an increase in the proportion of female crofters and of crofters who have been in the industry for less than five years.

Profile of Crofters

- The majority of registered crofters are male, aged over 65 and living in one or two person households. There has, however, been a considerable increase in the number of female crofters (26% in 2018, up from 13% in 2014 in this survey). The Crofting Commission report that the proportion of female crofters is even higher, at 35%.
- While the majority of crofters have been crofting for more than 20 years, the proportion of crofters who began crofting in the last five years has increased (11% in 2018, up from 8% in 2014). Having been brought up in a crofting family remains the most common reason to become a crofter.

Crofting Activities

- While raising livestock and growing crops are still the most common crofting activities (undertaken by 80% and 42% of crofters, respectively), there has been some diversification. The proportion of crofters who provide holiday accommodation has increased from 8% in 2014 to 15% in 2018, and the proportion offering leisure activities has increased from 3% to 7% over the same period. These diversified crofting activities are more likely to be undertaken by crofters who have been in crofting for less than 20 years.
- In crofting households where at least one person actively worked on a croft, the median number of hours worked on the croft was 14.
- The proportion of crofting households in which at least one adult works on the croft exclusively has decreased, while the proportion of households in which no adults work (in any earning activity) has increased.

Income & Outgoings

- While the median annual income from crofting activities is the same as 2014 (£2,000), the crofting revenue has become more polarised. The proportion of crofters who received no revenue from crofting increased (from 18% in 2014 to 25% in 2018), but the proportion who received revenue of over £10,000 also increased (from 15% in 2014 to 21% in 2018).
- This polarised financial position can also be seen in the running costs which crofters faced. When compared to 2014, a larger proportion of crofters reported no running costs (13%, up from 9%), or running costs of less than £1,000 (30%, up from 22%). However this is also true on the other end of the spectrum – with the proportion of crofters reporting running costs of over £5,000 increasing from 23% in 2014 to 26% in 2018. The median running

cost was £2,000.

- The majority (59%) of crofting households have at least one resident who is employed off-croft, down from 62% in 2014. The median household income from non-crofting activities was £25,000, up from £21,000 in 2014.
- The median combined revenue from both crofting and non-crofting activities, minus business running costs was £29,000, higher than the median Scottish household income of £25,200 .

Investment

- There has been an increase in the proportion of crofters who have invested in their croft in the last three years (68% in 2018, up from 58% in 2014). However, only 16% of those who had invested in their croft report receiving an increase in income as a result. The median investment was £5,000 and the median increase in income as a result of this investment was £1,500 (down from £2,100 in 2014).
- Only 48% of crofters say that they plan to invest in their croft in the coming three years (down from 55% in 2014), and the median level of planned investment was £2,000 (£3,000 lower than the median invested over the last three years). Younger crofters were the most likely to say that they plan to invest.

The Future of Crofting

- The proportion of crofters who do not have a succession plan in place remains high (53%). The most common reasons for not having a planned successor are ‘no potential successor’ (23%) and ‘children/successor not interested in crofting’ (18%).
- The majority of crofters feel that crofting is not viable without supplementary income from work outside crofting activities, and that it is necessary for crofting to continue to diversify beyond agricultural activities in order to secure its economic future.

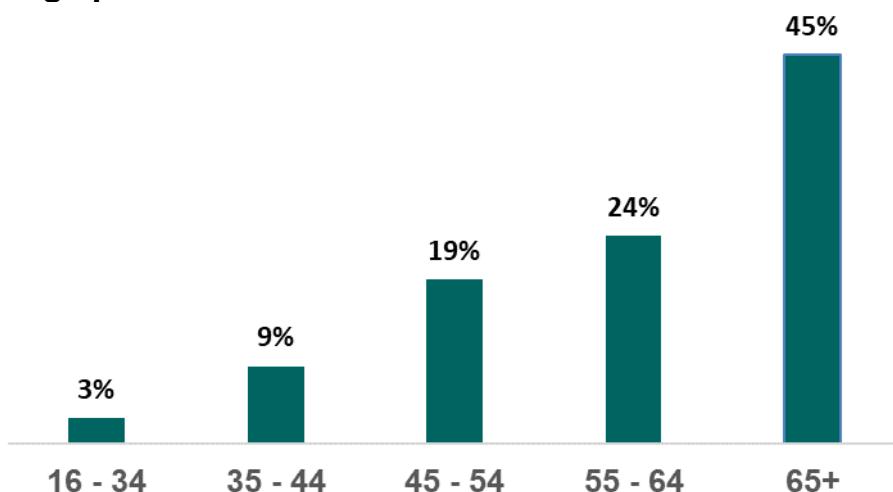
1. BACKGROUND

- 1.1 The Scottish Government recognises the contribution which crofting makes to the rural economy and rural communities, and is committed to securing the future of crofting. As part of this commitment to crofting, the Scottish Ministers are required (under Section 51 of the Crofting Reform (Scotland) Act 2010) to submit a report on the economic conditions of crofting to the Scottish Parliament every four years. The last report covered the period 2011-2014, and was published in December 2014.
- 1.2 This report provides a detailed outline of the economic situation that crofters face, over the 2015-2018 period. It also covers recent policy measures taken by Scottish Ministers and the Crofting Commission to assist the crofting sector – as well as measures planned for the future.
- 1.3 The majority of the information in this report is taken from the results of a survey and report commissioned by the Scottish Government into the economic condition of crofting. On behalf of the Scottish Government, Ipsos MORI invited 4,000 crofters to participate in a self-completion postal survey during the summer of 2018. A total of 739 surveys were returned, giving a response rate of 18%, and the results were weighted to reflect the profile of the crofting population by local authority and tenure. The full report from that work is available on the Scottish Government website, and provides detailed explanation of the methodology of the survey work.

2. PROFILE OF CROFTERS

- 2.1 The majority (69%) of crofters are aged 55 or older – with 45% of crofters aged over 65, and only 3% aged between 16 and 34 (Figure 2.1). The age profile of crofters has not changed significantly from the profile seen in the last report in 2014.
- 2.2 The age profile of crofters is considerably older than the general population. Just under one in five (19%) of the whole Scottish population¹ is aged 65 or older, compared to 45% of crofters. This is also the case when comparing the crofting population to that of Remote Rural areas Scotland² – where 25% of the population are aged over 65 (higher than the whole Scotland figure, but still significantly lower than the figure for the crofting population). In terms of the youngest population group, 17% of the Remote Rural population are aged 16-34, compared to just 3% of crofters.

Figure 2.1 – Age profile of crofters



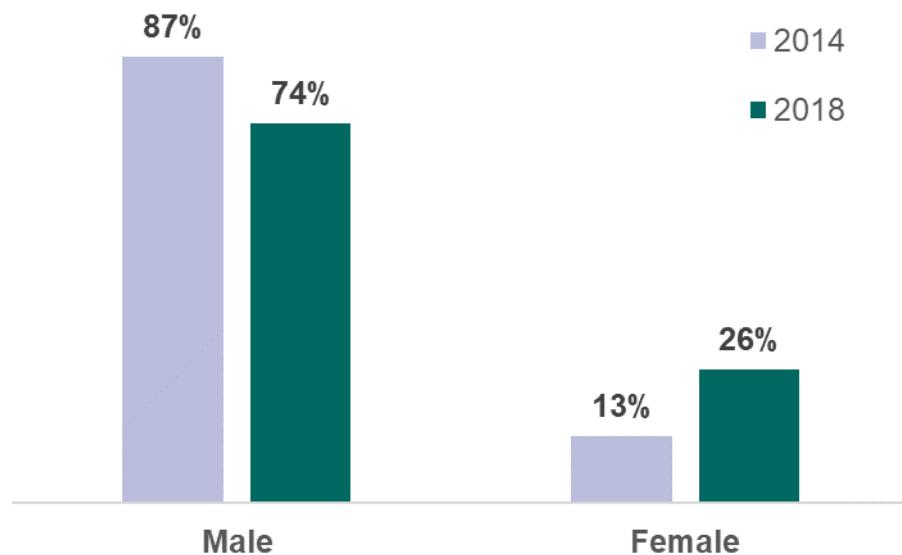
- 2.3 In line with the 2014 results, the majority (74%) of crofters were male. However, in the last four years, the proportion of female crofters has increased from 13% to

¹ National Records of Scotland, Mid-Year Population Estimates, Scotland (Mid-2017) (<https://www.nrscotland.gov.uk/files/statistics/population-estimates/mid-17/mid-year-pop-est-17-publication-revised.pdf>).

² Rural Scotland Key Facts, (<https://www.gov.scot/publications/rural-scotland-key-facts-2018/>).

26%³ (figure 2.2). The Crofting Commission report that the proportion of female crofters is even higher, at 35%⁴.

Figure 2.2 – Gender of crofters

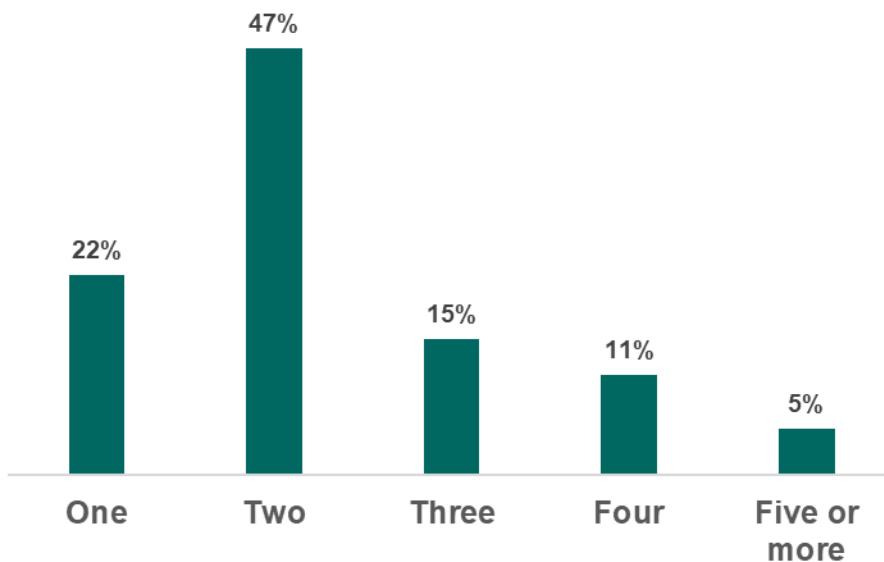


- 2.4 The majority (47%) of crofting households have two occupants. Only 22% of crofting households have just one occupant - which is lower than the national average. Thirty-four per cent of all households in Scotland have a single occupant, and 32% of households in Remote Rural Areas have a single occupant.⁵
- 2.5 Only 5% of crofting households have five or more occupants. The size of crofting households has not changed since the 2014 report (figure 2.3).

³ By law there can only be one named registered crofter per croft, and the survey asked for registered crofter to complete the survey. Therefore, it is possible that these figures underestimate the number of women in crofting.

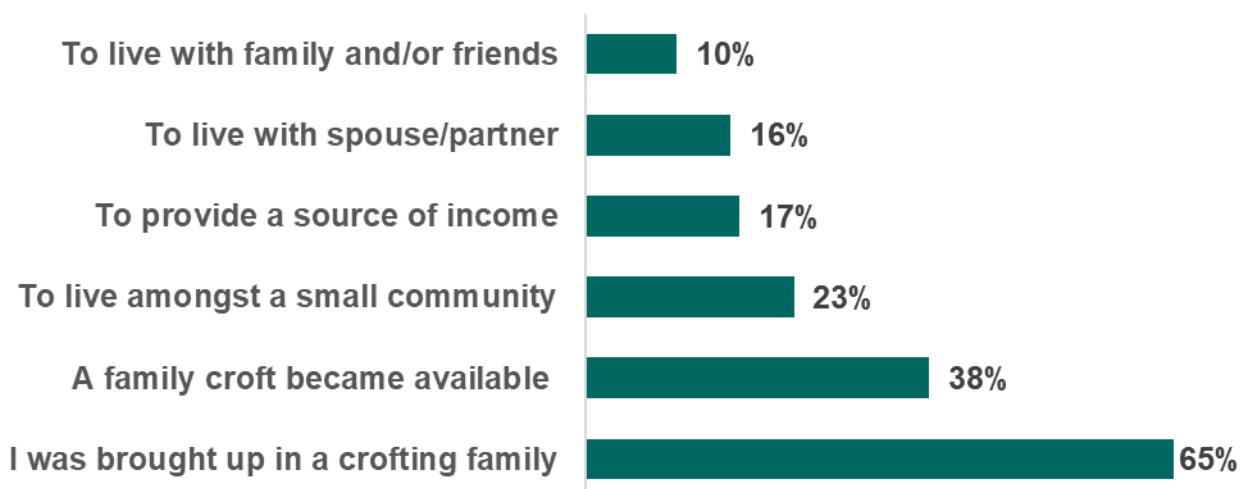
⁵ Rural Scotland Key Facts, (<https://www.gov.scot/publications/rural-scotland-key-facts-2018/>). (Total of Single Adult and Single Pensioners Households).

Figure 2.3 – Number of occupants in crofting households



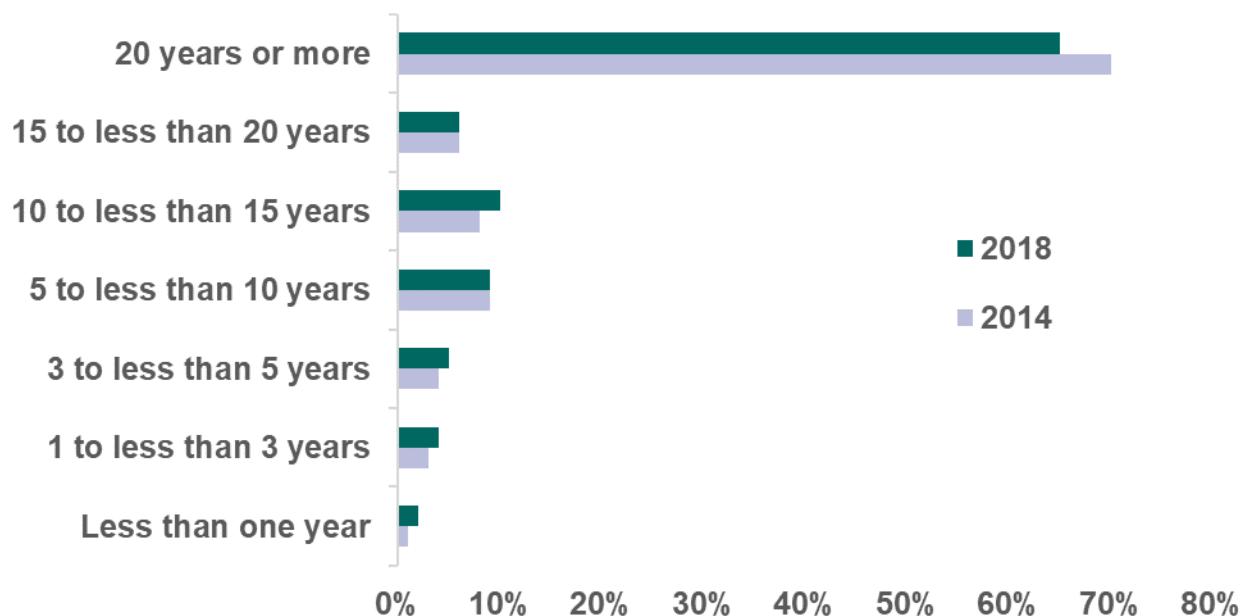
- 2.6 When asked why they became a crofter, it was most common for respondents to say that it was because they had been brought up in a crofting family. The next most common reasons were that a family croft became available (38%) or that they wanted to live amongst a small community (23%). These results are very similar to those received in 2014 (figure 2.4).

Figure 2.4 – Reasons for becoming a crofter



- 2.7 Figure 2.5 below shows that while the results relating to the number of years that respondents had been in crofting were relatively similar to those in 2014, there are some interesting differences. The majority (65%) have been in crofting for over 20 years, but this is down slightly from 70% in 2014. The proportion of crofters who have been crofting for between 10 and 15 years had increased from 8% in 2014 to 10% in 2018, and the proportion those who had entered crofting in the last 5 years increased from 8% in 2014 to 11% in 2018.

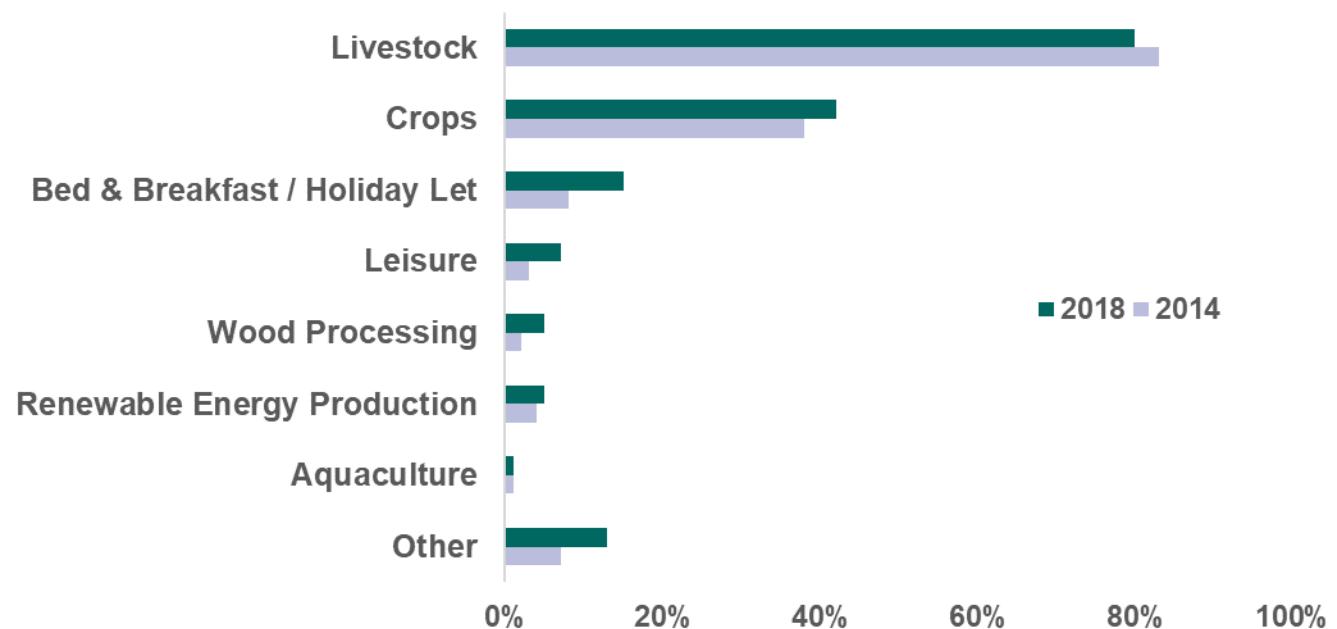
Figure 2.5 – Number of years as a crofter



3. CROFTING ACTIVITIES

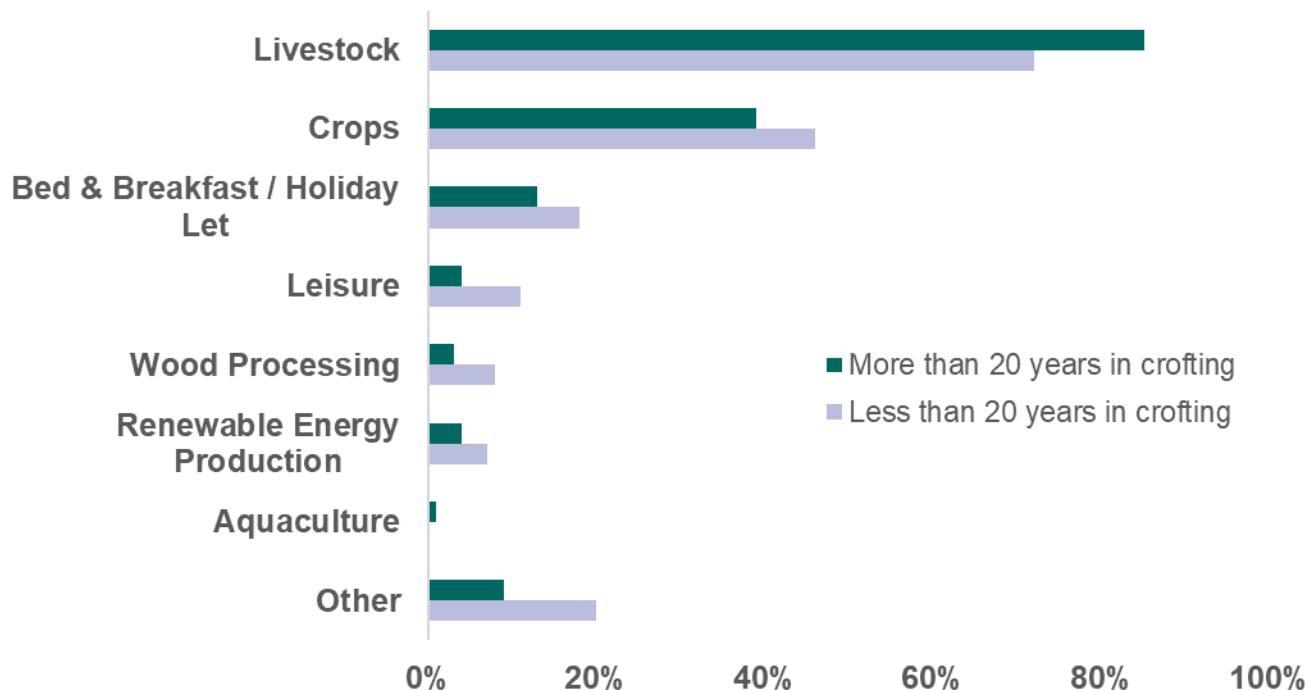
- 3.1 As was the case in 2014, the most common crofting activity was raising livestock. Eighty per cent of crofters spent at least some of their time raising livestock, while 24% did so exclusively. After raising livestock, the most common crofting activity was growing crops – which 42% of crofters spent some time doing (but only 2% grew crops exclusively) (figure 3.1).
- 3.2 While the order of popularity of crofting activities remains the same as in 2014, there is evidence of increased diversification. For example, 8% of crofters provided holiday accommodation in 2014, but this had increased to 15% in 2018; and the proportion of crofters providing leisure activities has more than doubled from 3% to 7% over the same period (figure 3.1).

Figure 3.1 – Crofting activities currently undertaken



- 3.3 Crofting activities undertaken appear to vary by the length of time the respondent had been a crofter. Most notably, those who had worked a croft for 20 years or more were more likely to keep livestock than those who had done so for less than 20 years (85% compared with 72%). The activities that have seen increases over time (holiday accommodation, leisure, and wood processing) were also those that were more likely to be done by those who have worked a croft for less than 20 years (Figure 3.2).

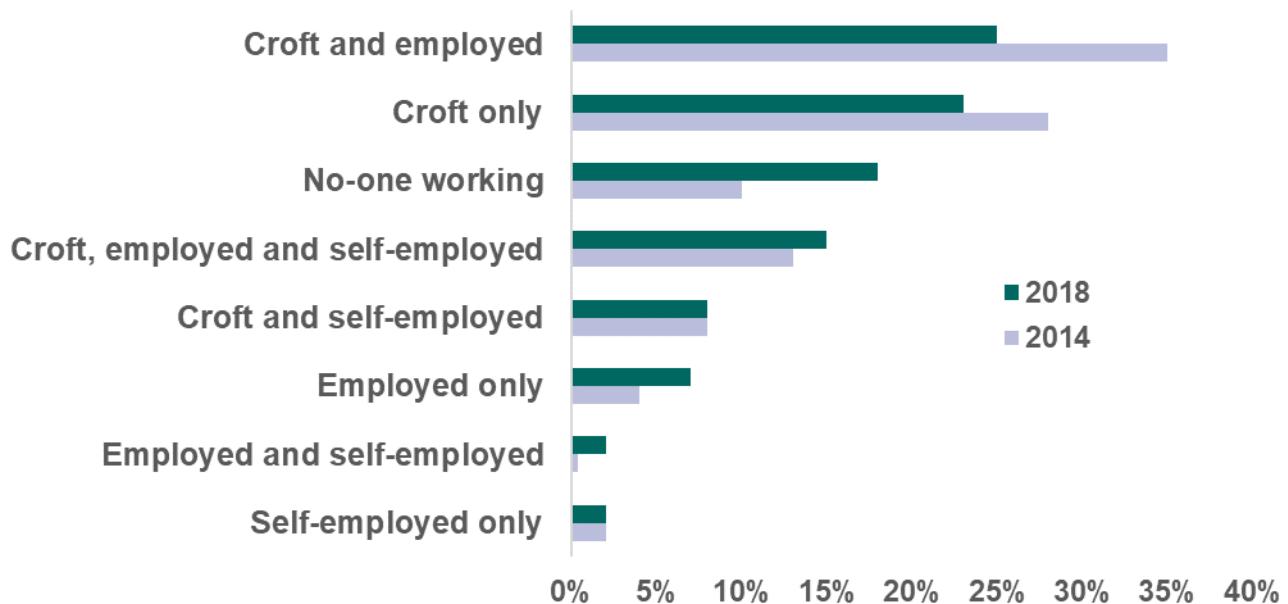
Figure 3.2 Crofting activities undertaken by length of time crofting



3.4 Figure 3.3 overleaf shows that in the majority (59%) of crofting households, at least one resident is employed outside of crofting⁶. This has decreased slightly from 2014 (when 62% of households had one or more residents working outside crofting). The proportion of crofting households where at least one resident was employed outside crofting *while also* working on the croft has fallen substantially (from 35% in 2014 to 25% in 2018). Meanwhile the number of households with *no residents working* (in crofting or elsewhere) has risen from 10% to 18%.

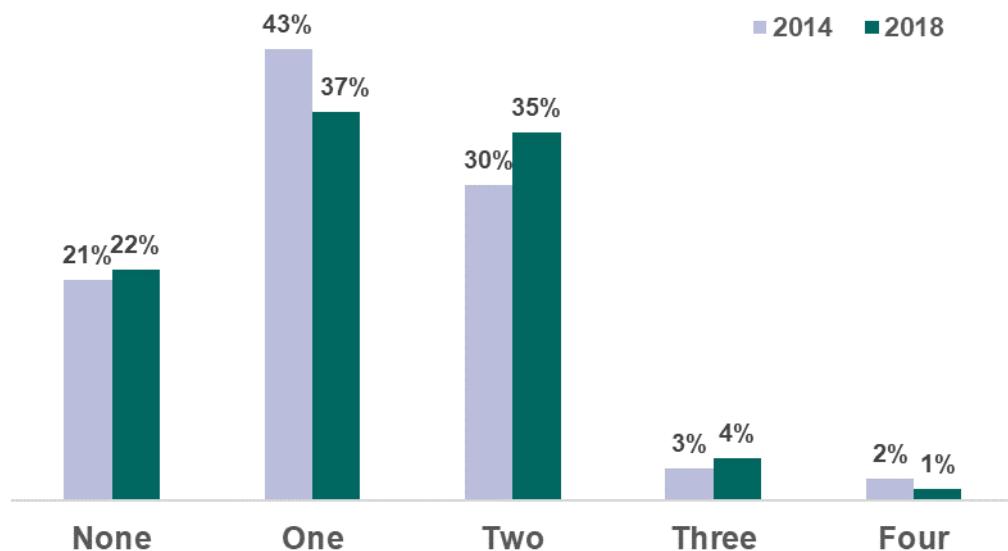
⁶ This figure is the total of all categories in Figure 3.3 with the exceptions of 'Croft only' and 'No-one working'.

Figure 3.3 – Working activities of crofting households



- 3.5 Figure 3.4 shows the number of adults within the crofting household who actively work on the croft. It was most common for either one (37%) or two (35%) adults in the household to work on the croft – a similar picture to 2014. However, there has been a decrease in the proportion of households that have one active croft worker, and an increase in the proportion that have two active croft workers.

Figure 3.4 Number of adults in the household working on the croft

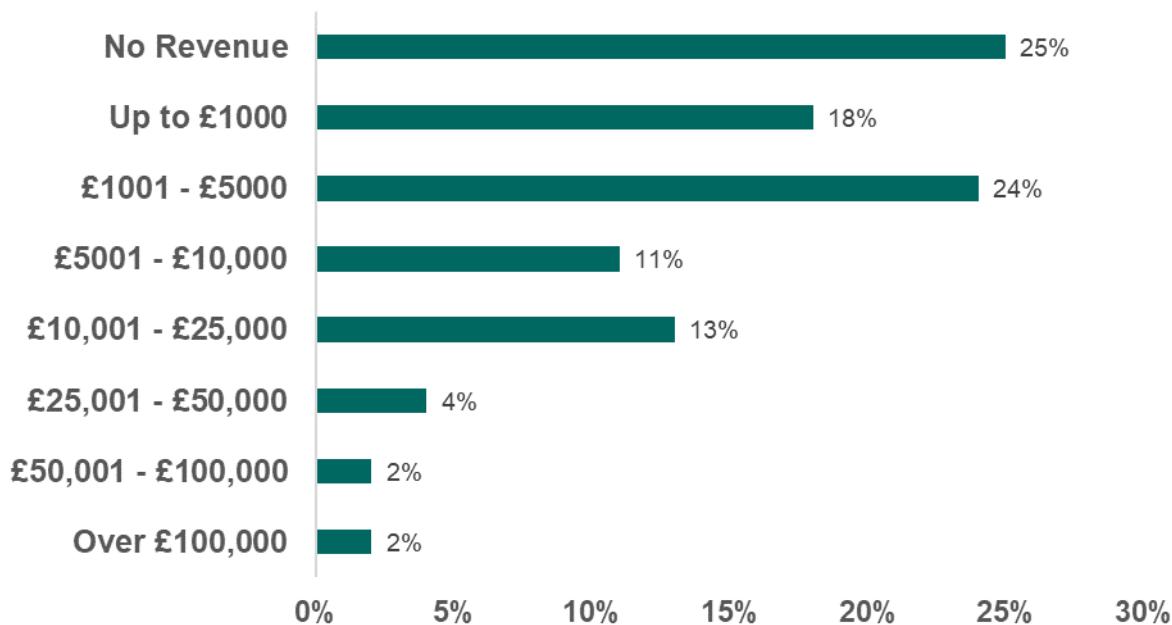


- 3.6 Crofting households where at least one person actively worked on a croft, spent a mean of 22 hours per week engaged in crofting activities (an increase compared with 2014 when households spent a mean of 12 hours per week on crofting activities). The median number of hours was 14.
- 3.7 Where there are one or more members of the household working on non-crofting activities, a mean of 40 hours was spent on these (a decrease from 49 hours a week in 2014). The median was 39.

4. INCOME AND OUTGOINGS

- 4.1 Revenue⁷ from crofting activities varied substantially from nothing to over £100,000 - but the median revenue from crofting was £2,000. This median revenue figure is the same as it was in 2014.
- 4.2 As shown in Figure 4.1, over half of those that reported some revenue (56%) had received £5,000 or less and a quarter of crofters (25%) reported no revenue in the last 12 months. The mean revenue reported was much higher than the median, at £13,095, indicating a small number of very high responses.

Figure 4.1 – Revenue from crofting activities



- 4.3 As shown in Table 4.1 and 4.2, median revenue from crofting activites varied substaintially by tenure type and by Local Authority⁸. Owner-occupier crofters report median revenue of more than £1,000 more than those of tenant crofters.

⁷ Revenue was defined as total income from crofting including from subsidies, before deducting outgoings including rental and mortgage costs.

⁸ Due to the small base size of this group, which are indicated in brackets, results should be interpreted with caution and no more detailed subgroup analysis can be conducted.

Table 4.1 – Median crofting revenue by tenure-type

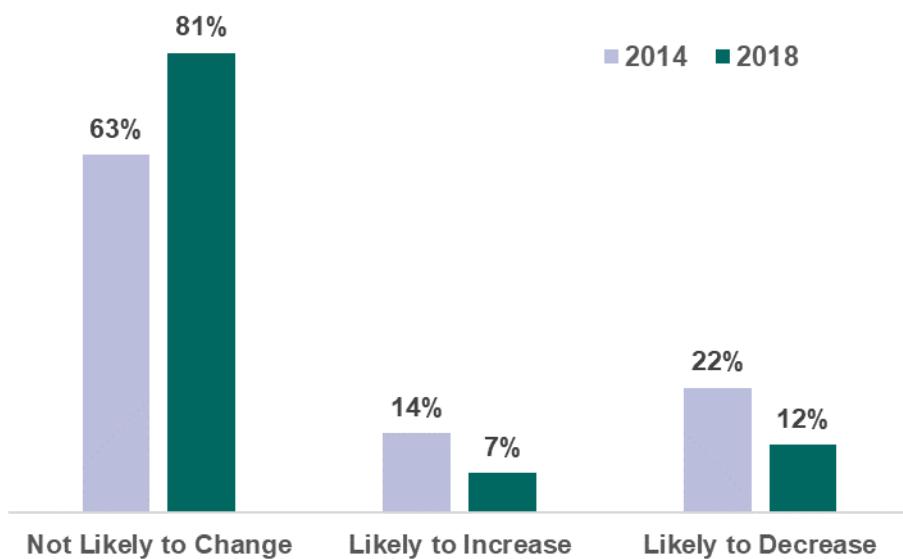
Tenant (550)	£3,967
Owner-Occupier (180)	£4,988

Table 4.2 – Median crofting revenue by Local Authority

Argyll and Bute (25)	£2,602
Highland (312)	£4,183
Eilean Siar (306)	£2,100
Orkney Islands (14)	£20,000
Shetland Islands (73)	£9,511

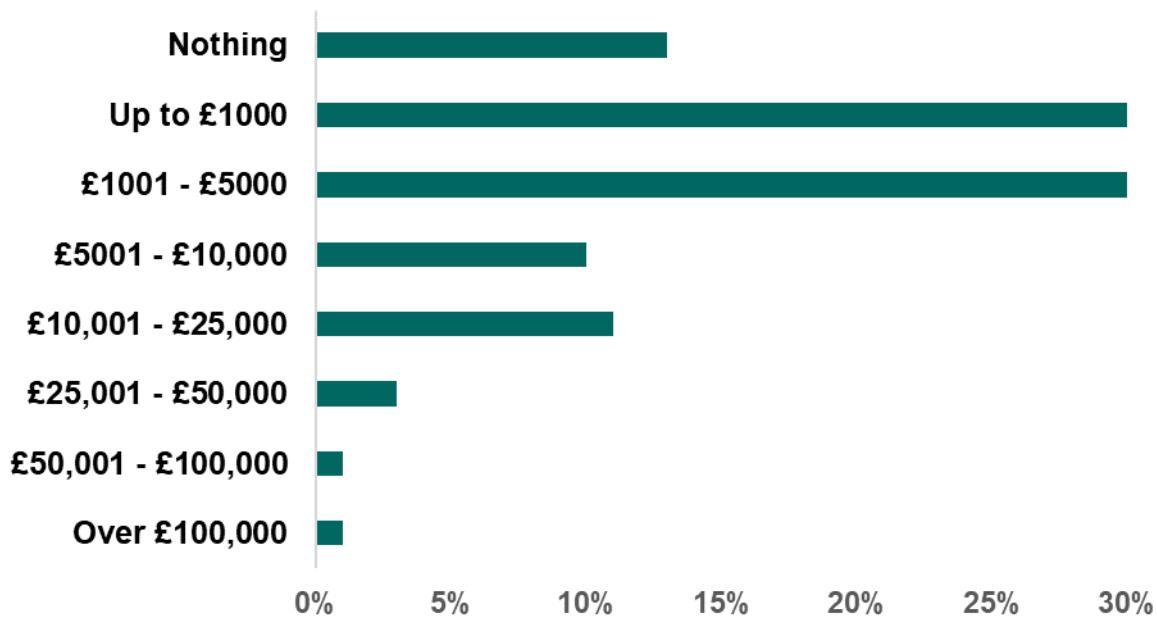
- 4.4 The proportion of crofters who expect their crofting based revenue to stay the same over the next twelve months has risen to 81% in 2018, up from 63% in 2014. Meanwhile, the number of crofters who predict that their revenue will either increase or decrease in the next year have both fallen. In 2018, 12% of crofters expect their revenue to decrease and 7% expect revenue to increase - this compares with 22% and 14% respectively in 2014 (figure 4.2).

Figure 4.2 – Anticipated changes to Revenue



- 4.5 Figure 4.3 below shows the running costs associated with crofting activities. Seventy three per cent of crofters reported running costs of less than £5,000 (with 13% reporting no running costs). When compared to 2014, a larger proportion of crofters reported no running costs (13%, up from 9%), or running costs of less than £1,000 (30%, up from 22%). However this is also true on the other end of the spectrum – with the proportion of crofters reporting running costs of over £5,000 increasing from 23% in 2014 to 26% in 2018. The median running cost was £2,000 (up from £1,500 in 2014).

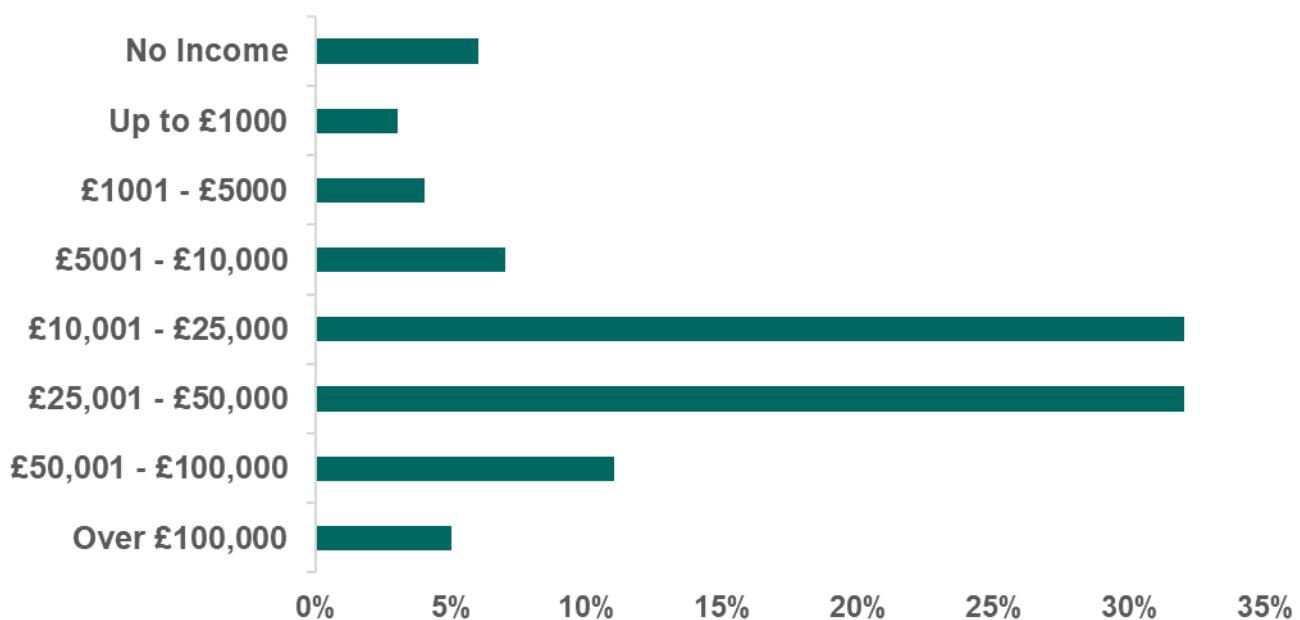
Figure 4.3 – Running costs of crofting activities



- 4.6 Given the high proportion of crofting households in which at least one resident is employed outside crofting, respondents were asked to report their household income from non-crofting activities⁹. The median household income (from non-crofting activities) was £25,000, up from £21,000 in 2014. As shown in Figure 4.4 overleaf, just under a third (32%) of respondents reported an income of £10,001 - £25,000, with the same proportion (32%) reporting an income of £25,001 - £50,000. The mean income reported for the last year was considerably higher than the median, at £41,760, up from £27,500 in 2014, which can be attributed to a small number of very high responses.

⁹ Non-crofting income includes all sources of paid employment and pensions, as well as interest on bank deposits and investments.

Figure 4.4 – Non-crofting household income



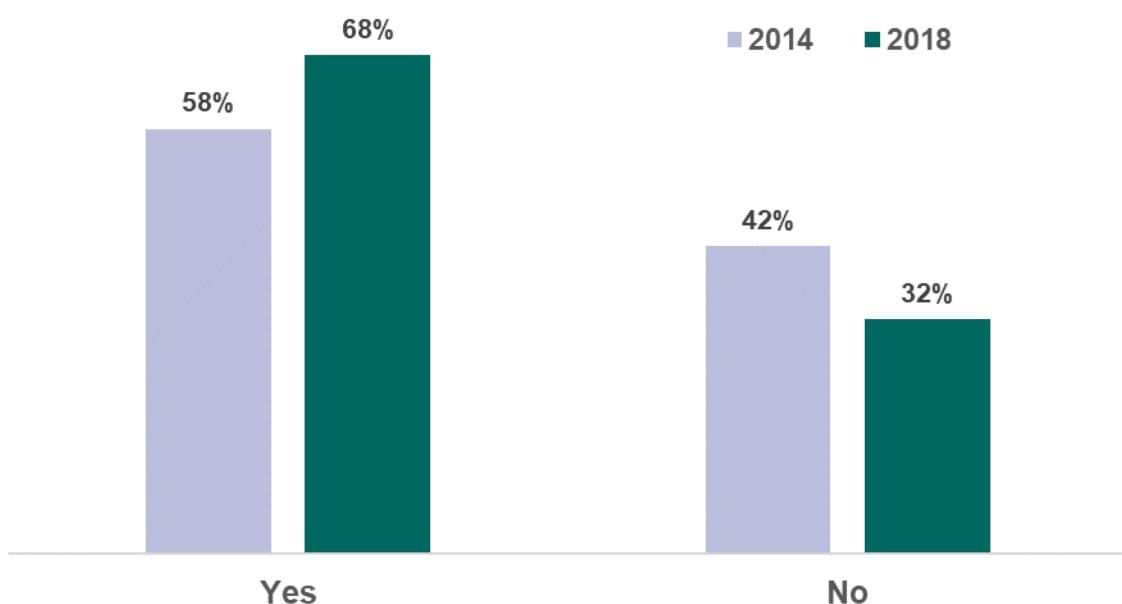
- 4.7 The median combined revenue from both crofting and non-crofting activities, minus business running costs was £29,000, higher than the median Scottish household income of £25,200¹⁰.

¹⁰ <https://beta.gov.scot/publications/poverty-income-inequality-scotland-2014-17> It should be noted that the figure for crofting households does not take into account household composition, however.

5. INVESTMENT AND THE FUTURE OF CROFTING

- 5.1 Over two thirds of crofters (68%) have invested in their croft in the last three years, while a third (32%) had not. This represents a considerable increase in the proportion of individuals investing, up from 58% in the 2011-2014 period (Figure 5.1).
- 5.2 Of those that had invested in their croft since 2015, the median figure was £5,000, while the mean was much higher at £20,007.

Figure 5.1 – Crofters investing in their croft in the last three years



- 5.3 Around one in six (16%) of those who had invested in their croft in the last three years reported receiving additional income as a result of this investment. The median additional income was £1,500 (down from £2,100 in 2014), while the mean figure was £6,219 (up from £4,400 in 2014).
- 5.4 As shown in Figure 5.2, the majority of those who had received additional income as a result of their investment had received up to £5,000 (83%).

Figure 5.2 – Additional income received as a result of investment made in the croft

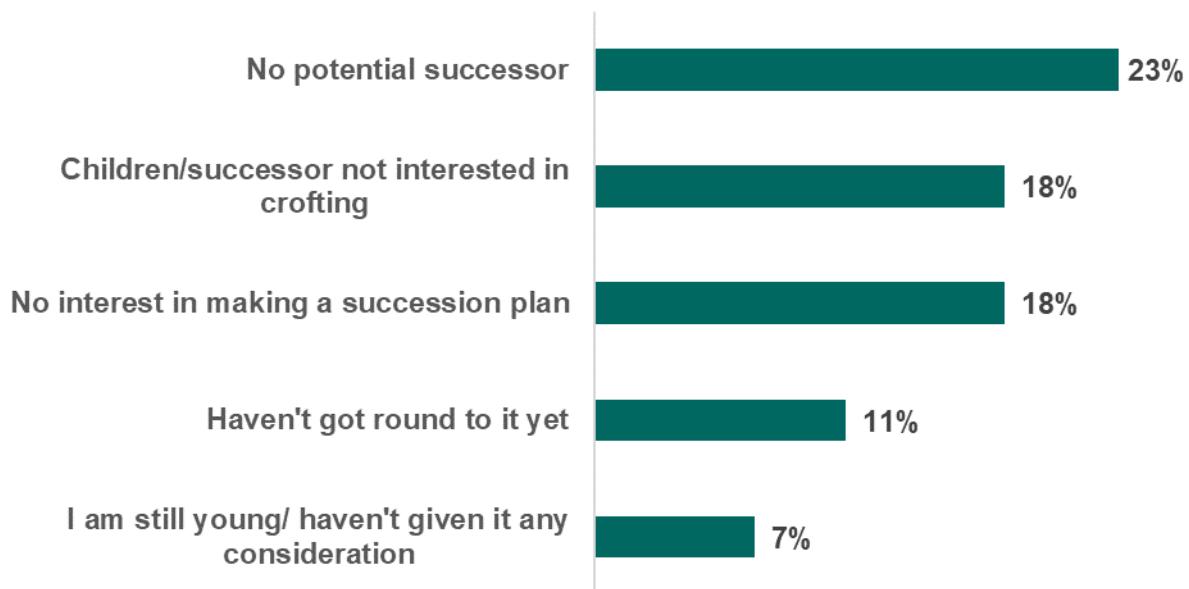


- 5.5 When asked about planned investment over the next three years, 48% of crofters say that they do plan to invest (down from 55% in 2014). The median amount of planned investment was £2,000 (£3,000 lower than the median invested over the last three years).
- 5.6 Younger respondents tended to be more likely to plan to invest than older respondents, with the highest proportion of 35-54 year olds planning to invest (70%) of all age groups, compared to just 30% of those aged over 65. Time spent crofting was also related to respondents' likelihood to invest in the next three years, with those who have been crofting for 3-10 years the most likely to invest, at 72%.
- 5.7 Consistent with 2014 results, the three most common reasons for not investing were uncertainty of the potential benefit of investing (35%), that the financial cost/outlay of investing was too great (33%) and that there was no perceived desirable opportunity to do so (22%). Some of the least common reasons cited for not investing included difficulty accessing secured finance (2%), the funding source having been removed (1%) and having had an application for funding denied (1%).
- 5.8 In addition to information on planned investment, respondents to the survey were asked a range of questions about the future of crofting. In line with the 2014 results, 53% of crofters stated that they do not have a succession plan in place for when they pass on their croft or tenancy agreement. This was in line with the wider agricultural sector – where over half of respondents to the Farmer Intentions Survey stated that they did not have a succession plan in place.¹¹

¹¹ Scotland Rural College and James Hutton Institute, Farmer Intentions Survey, 2018

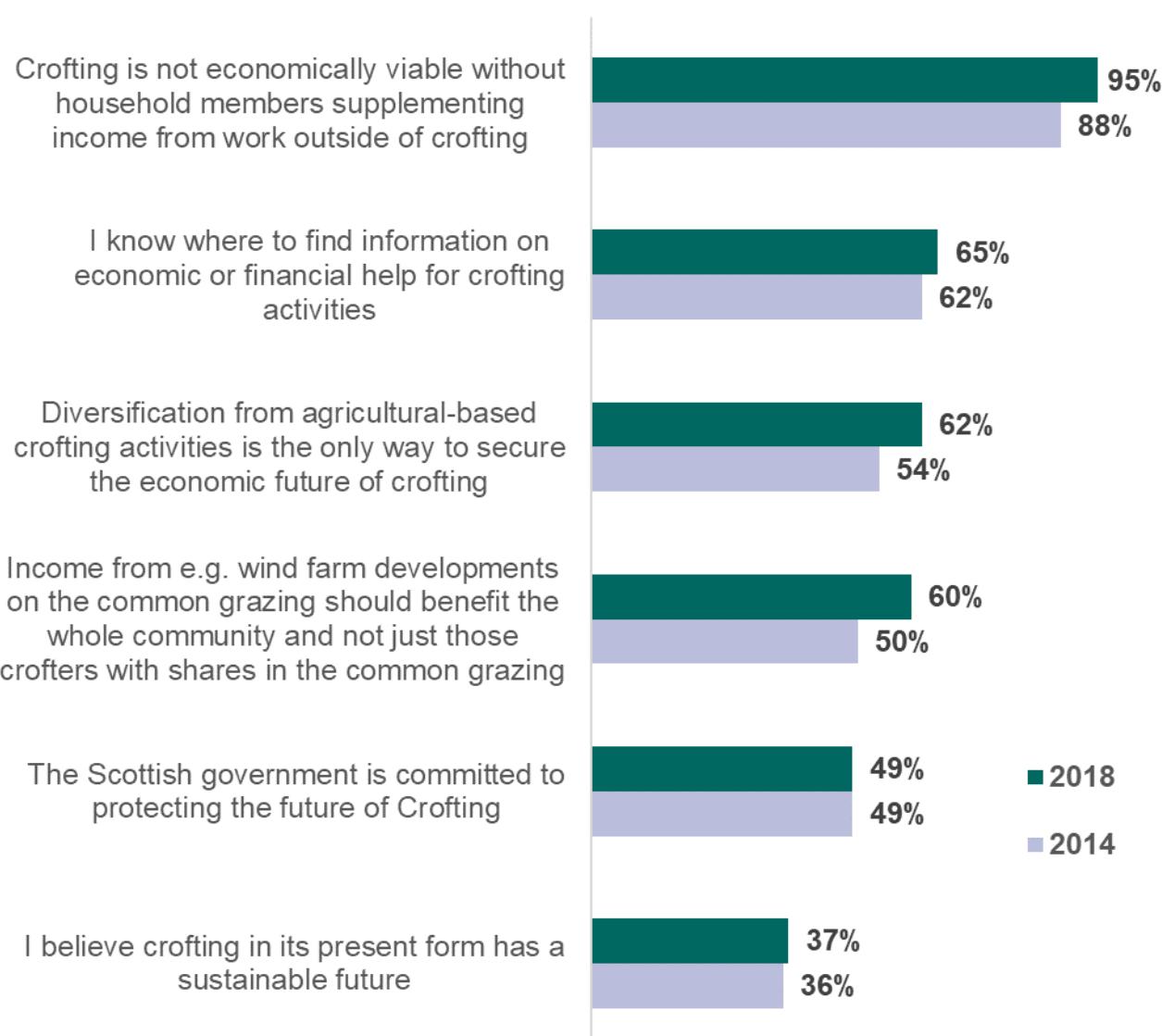
- 5.9 Those who had been in crofting for 20 years or more were most likely to have a succession plan in place, but still only 53% of this group have one. The main reasons for not having a succession plan in place are shown in Figure 5.3.

Figure 5.3 – Main reason for not having a succession plan in place



- 5.10 Respondents were also asked to consider the extent to which they agreed or disagreed with a number of statements about the longer term outlook and future role of crofting in Scotland. The results are shown in Figure 5.4 below.
- 5.11 There was almost a consensus among respondents that crofting was not viable without a supplementary income from work outside crofting activities, with 95% of respondents agreeing with this statement. Views towards other issues were more mixed. A majority (62%) of respondents expressed the view that it was necessary for crofting to continue to diversify from agricultural-based activities in order to secure its economic future, and less than four in ten (37%) respondents agreed that crofting had a sustainable future in its present form. Furthermore, most crofters (60%) were keen to see income from developments on the common grazings shared with the wider community.

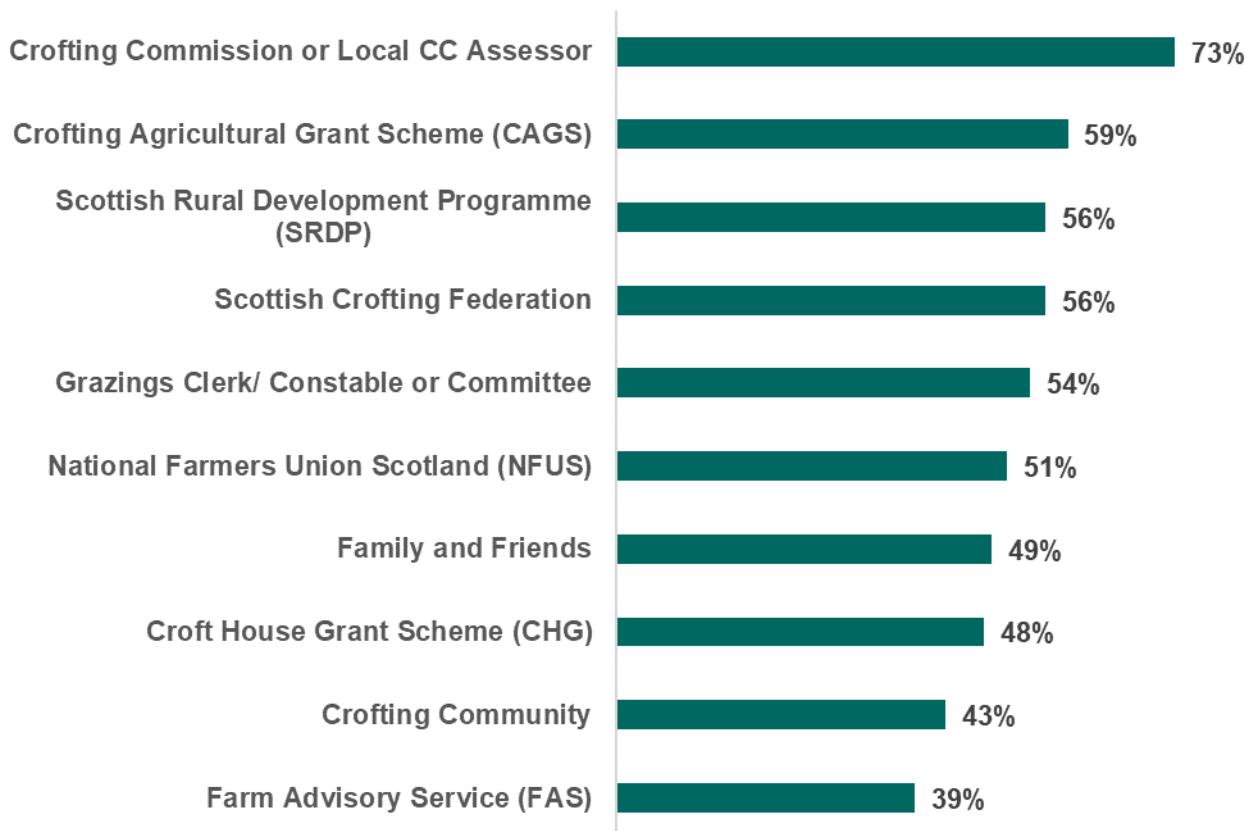
Figure 5.4 – Agreement with the statements on the future of crofting



6. SOURCES OF INFORMATION ON CROFTING

- 6.1 Just over a third of crofters had looked for advice or support on crofting activities in the last 12 months. Tenant crofters were more likely than owner occupiers to have looked for advice (43% compared to 34%), while those over 65 were most likely not to have looked for advice or support, with almost three quarters of this age group not having done so (74%).
- 6.2 Younger crofters were more likely to seek out advice or support than older crofters. Forty-seven per cent of 35-54 year olds and 44% of 55-64 year olds had sought out advice, compared with 26% of those aged 65 years or over¹².
- 6.3 From a list of support sources, crofters were asked to indicate which they were aware of. As shown in Figure 6.1, almost three quarters of participants were aware of the Crofting Commission or local ACC Assessor (73%), while almost six in ten were aware of the Crofting Agricultural Grant Scheme (59%) with similar numbers aware of the Scottish Rural Development Programme (56%) and the Scottish Crofting Federation (56%).

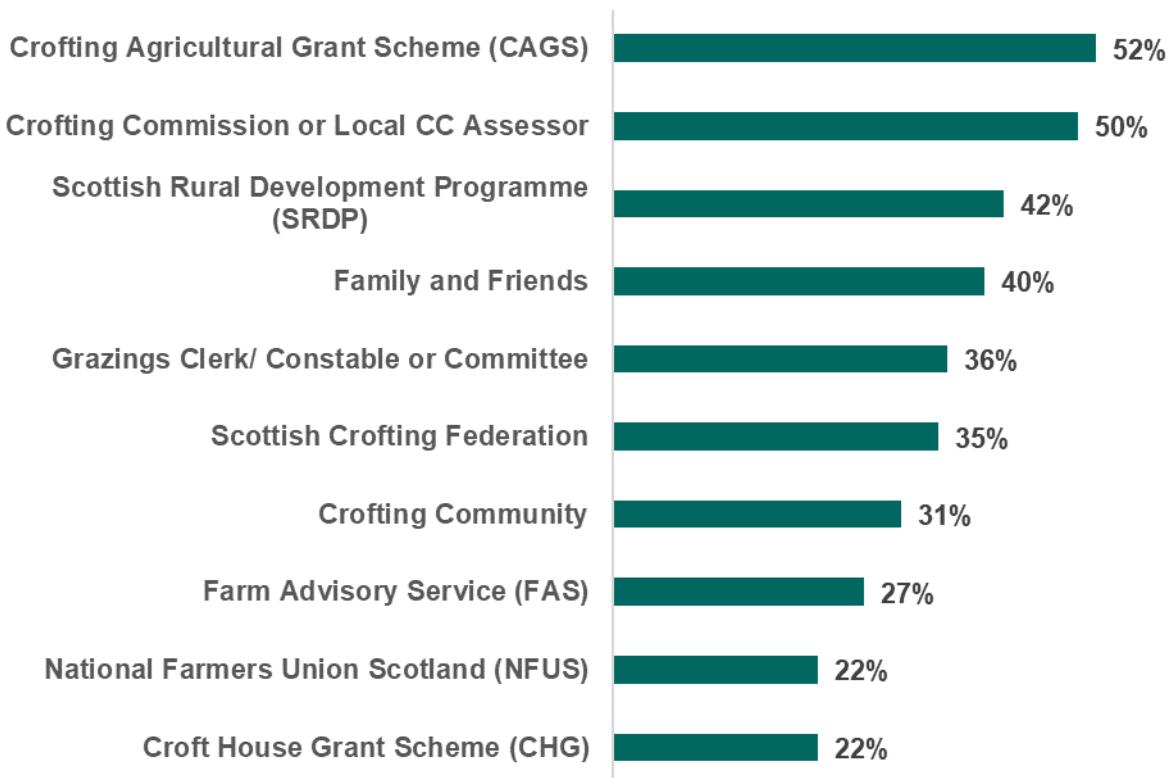
Figure 6.1 – Sources of advice/support that Crofters are aware of



¹² The base size for those aged 16-34 was too small to include in the analysis.

- 6.4 While crofters were aware of sources of advice/support, they were not always prepared to use these. The sources that crofters were most likely to use for advice/support were the Crofting Agricultural Grant Scheme (52%) and the Crofting Commission or Local CC Assessor (50%) (figure 6.2).

Figure 6.2 – Sources of advice/ support that crofters would choose to use



7. CONCLUSIONS

- 7.1 Overall, the financial position crofting has become more polarised – with an increase in the proportion of crofters reporting either high or low running costs and revenue.
- 7.2 The outlook for crofting remains mixed. Following an increase in the proportion of crofters making investments over the last four years, the proportion stating an intention to invest in the next four years has decreased – as has the median level of planned investment. The proportion of crofters without a succession plan also remains high, and the majority of crofters continue to believe that crofting is not viable without supplementary income from outside of crofting.
- 7.3 However, the crofting industry has seen increasing levels of diversification which is likely to be central to the continuing success of the industry - as the majority of crofters believe that diversifying beyond agricultural activities is necessary to secure the economic future of crofting. This diversification in crofting has come in many forms – with diversification in crofting activites, an increase in the proportion of female crofters and an increase in the number of crofters who have entered the industry in the last five years.

MEASURES TAKEN TO SUPPORT CROFTING

Introduction

The Scottish Government is committed to the future of crofting and recognises the role crofting has to play in helping make rural communities socially, economically and environmentally sustainable. The Scottish Government has a track record of investing in crofting, and will continue to support ways in which to improve its economic condition.

There are a number of support mechanisms made available to crofters by the Scottish Government. These include access to the Common Agricultural Policy (CAP) Pillar 1 direct payments and all the relevant CAP Scottish Rural Development Programme Pillar 2 schemes, together with the schemes targeted specifically at crofters such as the Croft House Grant, Crofting Agricultural Grant Scheme and the Cattle Improvement Scheme. Summary details of the support mechanisms put in place by the Scottish Government are provided in the paragraphs that follow.

8. CROFT HOUSE GRANT SCHEMES

- 8.1 The current and previous croft house schemes provide grants for crofters to improve and maintain the standards of crofter housing, with the aim of attracting and retaining people within the crofting areas of Scotland.
- 8.2 The current Croft House Grant (CHG) scheme, which was launched in April 2016, was developed following an extensive period of engagement. This included a public consultation and a subsequent targeted engagement exercise with key stakeholders.
- 8.3 The previous scheme support was available at 3 rates - £11.5k, £17k and £22k. The current CHG is available at 2 rates - £28k and £38k. This represents a 73% increase for those crofters previously eligible for the higher rate and an increase of between 65% and 143% for those previously eligible for the lower rates.
- 8.4 The new CHG scheme also allows owner-occupier crofters to apply for support, giving them parity with tenant crofters, and extends the scheme to include builds on land adjacent to, or adjoining, the croft. A formal selection mechanism was also introduced in response to the public consultation. This selection mechanism is designed to target support at those most in need and who would not be able to build or improve their home without grant support.

Table 8.1 provides details on the number of eligible applications and the value of grants approved each year.

Year	Eligible Applications		% Approved	Value Approved
	Received	Approved		
2015-16	41	41	100%	£0.691m
2016-17	57	42	74%	£1.396m
2017-18	89	74	83%	£2.468m
2018-19 ¹³	45	34	76%	£1.088m

- 8.5 In May 2017, a review of the CHG, including the selection mechanism, was undertaken to ensure that all checks and balances remained reasonable, that it stood up to scrutiny and offered a sufficient degree of flexibility. On reviewing the data it showed that the selection mechanism was helping the Scottish Government prioritise delivery of funding support to those most in need, whilst not excluding any application that failed to score high under any one criterion.
- 8.6 The Scottish Government has a track record of investing to improve croft housing and will continue to do so in the future. Since January 2007, the Scottish Government has approved grant payments of over £18 million, helping to build and improve over 900 croft homes.

9. CATTLE IMPROVEMENT SCHEME

- 9.1 The Scottish Government completed its £3 million renovation of the stud farm facilities at Knocknagael in Inverness in April 2013. The modernised stud facility provides quality modern accommodation for the bulls with an increased emphasis on health and safety for employees whilst optimising the bulls' welfare. Despite this level of investment, the hire costs of the bulls have only been increased in line with inflation and the scheme continues to subsidise bull hire, by groups of crofters, by up to 60% of the full cost. The scheme enables crofters to continue to benefit from access to high quality, healthy bulls and the supply of quality calves to the beef industry throughout Scotland and beyond. Table 9.1 below provides statistics on the number of bulls hired, the number of groups of crofters involved, and the number of beneficiaries.

¹³ 2018-19 year to date figures only. A further application window is scheduled for 1 December 2018.

Table 9.1 Cattle Improvement Scheme

Year	Bulls Hired	No. of Participating townships	No. of Crofters Benefitting
2015-16	105	96	499
2016-17	111	113	498
2017-18	111	136	497
2018-19	115	117	492

9.2 The scheme continues to supply bulls to the areas where no practical alternative means of service are readily available. Scheme staff are available to offer advice and guidance on all matters relating to the husbandry and welfare of the bulls, and by extension their mates and progeny. Some townships have returned to the scheme, citing that it is their best option to obtain a good quality sire for their cattle. Approximately 3,500 calves are sired annually by Scottish Government bulls, from which home-bred replacement heifers are retained and the surplus sold on.

9.3 The scheme helps crofting communities in a number of ways, such as:

Economic – The bulls purchased for the scheme are chosen using Estimated Breeding Values (EBV) as one of the criteria when choosing the animals to be purchased. All bulls purchased are in the top 50% of EBV for the breeds, producing a quality progeny to sell or to breed replacement heifers from.

Environmental - It encourages producers to keep cattle in environmentally sensitive areas. This helps with keeping these areas in good condition and encourage local wildlife.

10. COMMON AGRICULTURAL POLICY (CAP)

10.1 The reform of the Common Agricultural Policy (CAP) has been one of the most important decisions for Scotland's agricultural industry in recent years. In January 2015 the Scottish Government implemented the biggest reform in a generation.

10.2 The CAP is a European programme of funding and support that Scottish farmers and crofters, as well as rural businesses and communities, can access through the Scottish Government. Funding supports environmental, economic and community development across Scotland in a number of areas. This includes food and drink production, local community and tourism projects, forestry, and rural business developments.

10.3 Europe allocates funding to each member state in two ways (Pillars) –

- Pillar 1 – direct payments that farmers, crofters and land owners may be entitled to, based on the size and type of their farm and the livestock they keep.
- Pillar 2 – Scottish Rural Development Programme (SRDP), which will develop rural Scotland through a range of grants and support for rural communities, rural businesses, farmers, crofters and other land managers.

11. **PILLAR 1: DIRECT PAYMENTS**

11.1 **Basic Payment Scheme (BPS) and Greening**

11.1.1 The Basic Payment Scheme (BPS) acts as a safety net for farmers and crofters by supplementing their main business income. To qualify for this support, claimants must actively farm their land. Support under the BPS is available to those who are allocated payment entitlements. Farmers and crofters can apply for entitlements based on the land they farm and the activity they undertake.

11.1.2 The scheme also delivers environmental and other benefits by requiring claimants to meet certain practices and farm in a sustainable way. Together, these are called Agricultural Practices Beneficial for the Climate and the Environment but is more commonly called “Greening”. Greening is paid on top of the BPS.

11.1.3 When considering the implementation of the Greening requirements in Scotland, a balance was reached regarding the transfer of funds from Pillar 1 to Pillar 2, and the activities to be undertaken to meet the Greening requirements. Under reform of the CAP, it is mandatory for applicants to the BPS to comply with Greening requirements, where relevant, on their land. In return for this, an additional Greening payment will be made. The Greening requirements cover:

- permanent grassland
- crop diversification
- Ecological Focus Areas (EFAs)

11.2 Young Farmer Payment (YFP)

11.2.1 If a business qualifies for the Basic Payment, the beneficiary may also receive the Young Farmer Payment (YFP). They will receive this if they:

- submit a Single Application Form;
- farm a minimum of three hectares in Scotland;
- are a sole trader or head of the farm business; and
- are less than 41 years of age on 31 December of the first year they apply for the Basic Payment Scheme.

11.2.2 The level of YFP is based on a maximum of 90 eligible hectares and the rate is 25% of the average value of payment entitlements held for the scheme year concerned.

11.2.3 For businesses where the young farmer is classed as head of the farm business, this means *that* person is the main shareholder/partner in the business, takes the majority share of any profits, and makes the key business decisions. The YFP is made to eligible applicants for a maximum of five years from the date of their first application submission.

11.3 Scottish Upland Sheep Support Scheme (SUSSS)

11.3.1 This scheme was introduced in 2015 and gives direct support to help maintain sheep flocks in farm businesses who are reliant on poorer quality rough grazing found in Scotland's Basic Payment Region three.

11.3.2 It has an annual budget of approximately €8 million. Businesses that rely on poor quality rough grazing are defined as those which have: a) 80 per cent or more of their agricultural land in Scotland's Basic Payment Region three; and b) no more than 200 hectares of good quality agricultural land in Scotland's Basic Payment Region one. The scheme aims to maintain the environmental and social benefits that arise from extensive sheep grazing on the Scottish hills and uplands.

11.4 Scottish Suckler Beef Support Scheme (SSBSSM (Mainland) & SSBSSI (Islands))

11.4.1 This scheme was introduced in 2015 and gives direct support to specialist beef producers. It has an annual budget of approximately €38 million for Scottish mainland claims, and approximately €6.6 million for claims from the Scottish islands.

11.4.2 The scheme aims to maintain sufficient critical mass in the Scottish beef industry, and the environmental and social benefits that arise from extensive beef suckler herds on the Scottish mainland and islands.

Table 11.1 - Pillar 1 Number of businesses funded which declared a common grazing on their Single Application Form.

<u>Year</u>	<u>BPS & Greening</u>	<u>YFP</u>	<u>SSBSSM</u>	<u>SSBSSI</u>	<u>SUSSS</u>
2014	3693 ¹⁴		1080 ¹⁵		
2015	3985	155	382	674	769
2016	3750	126	372	634	664
2017	3652	159	343	597	720

Table 11.2 - Pillar 1 Funding Amounts provided to businesses which declared a common grazing on their Single Application Form.

<u>Year</u>	<u>BPS & Greening</u>	<u>YFP</u>	<u>SSBSSM</u>	<u>SSBSSI</u>	<u>SUSSS</u>
2014	€16,378,022 ¹⁶		€1,491,838 ¹⁷		
2015	€20,875,849	€68,175	€698,085	€1,298,372	€2,064,251
2016	€20,644,946	€73,018	€719,831	€1,401,544	€2,024,396
2017	€21,374,278	€90,948	€754,088	€1,312,106	€1,946,074

12. PILLAR 2: SCOTTISH RURAL DEVELOPMENT PROGRAMME (SRDP)

12.1.1 The Scottish Rural Development Programme (SRDP) 2014 - 2020 delivers Pillar 2 of the EU Common Agricultural Policy (CAP). It funds economic, environmental and social measures for the benefit of rural Scotland. The key purpose of the SRDP 2014-2020 is to help achieve sustainable economic growth in Scotland's rural areas; the priorities remain broadly the same as with the previous programme. The main priorities are:

- Enhancing the rural economy
- Supporting agricultural and forestry businesses
- Protecting and improving the natural environment
- Addressing the impact of climate change
- Supporting rural communities

¹⁴ Pre CAP reform – This number refers to the Single Farm Payment Scheme

¹⁵ Pre CAP reform – This number refers to the Scottish Beef Scheme

¹⁶ Pre CAP reform – The sum refers to the Single Farm Payment Scheme

¹⁷ Pre CAP reform - This sum refers to the Scottish Beef Scheme

12.1.2 After extensive negotiations, the SRDP 2014 - 2020 was formally approved by the European Commission on 26 May 2015. Although all of the schemes are open to crofters, not all are dedicated to crofters.

12.2 **Crofting Agricultural Grant Scheme**

12.2.1 The Crofting Agricultural Grant Scheme (CAGS) provides grants to tenant and owner-occupier crofters, towards the costs of a range of agricultural operations. CAGS is very popular and attracts on average over 700 applications each year.

12.2.2 Crofting exists in areas where agricultural production and investment costs are traditionally high. It is widely regarded as a socially, culturally and environmentally important activity, for the sense of identity it provides, the landscape it produces, and the systems of communal working it supports.

12.2.3 CAGS is designed to aid and develop agricultural production on crofting businesses, thereby sustaining the economic basis of crofting, and helping retain people in rural communities. Funding supports crofters in carrying out individual or collective investments that reduce production costs.

12.2.4 The Scottish Government has invested in a new I.T. system for CAGS in order to move away from the clerical nature of scheme administration. This development includes the functionality to make payments electronically. This will lead to a reduction in the time taken to process a case and lead to crofters receiving payments more quickly. This new system was launched on 1 October 2018.

Table 12.1 Number of CAGS applications and the value of grants approved each year.

Year	Applications		% Approved	Value Approved
	Received	Approved		
2015-16	645	270	42% ¹⁸	£1.025m
2016-17	778	665	85%	£3.285m
2017-18	765	654	85%	£3.038m
2018-19 ¹⁹	369	314	85%	£1.317m

¹⁸ A number of the applications received in 2015-16 were not approved until 2016-17

¹⁹ Figures are up to 31 October 2018.

12.3 LEADER (Liaison Entre Actions de Développement de l'Economie Rurale)

12.3.1 The LEADER programme aims to promote economic and community development in rural areas; the current programme runs from 2014 to 2020. Crofters, like other members of rural communities, can qualify for grant funding if their application is eligible against the local development strategy for their area.

12.3.2 Table 12.2 below details LEADER Local Action Groups (LAGs) and their current indicative allocations, alongside their farm diversification and enterprise target spend from which projects from Crofters can be considered.

Table 12.2 Indicative Allocations of LEADER Funding²⁰

LAG	Allocation	Farm diversification and enterprise target spend.
Argyll & Islands	£4.89m	£0.98m
Cairngorms	£2.97m	£0.59m
Highland	£8.80m	£1.76m
Moray	£3.45m	£0.69m
Orkney	£2.51m	£0.50m
Outer Hebrides	£3.18m	£0.64m
Shetland	£2.47m	£0.49m
Total	£28.27m	£5.65m

12.3.3 LEADER enables innovative approaches to rural problems, including small business and farm diversification. New ideas, co-operation, capacity-building and community empowerment are the central principles behind the bottom-up LEADER approach to decision-making. LEADER covers 95% of rural Scotland and certainly all of the remote rural areas.

12.3.4 Twenty-one LAGs are delivering LEADER funding under the SRDP (2014-2020). LAGs are a local partnership of mostly local public agencies working in the rural field and private socio-economic individuals or businesses. Local Authorities act as the Lead Partner for most of the LAGs, responsible for holding and accounting for the LEADER funds, and employing LAG staff.

12.3.5 Examples of projects supported are:

- Kilbride Hostel**

Kilbride Campsite operates on the applicant's croft in West Kilbride, Lochboisdale, South Uist. The business provides tourists with modern camping facilities, including hardstanding pitches and grass pitches for

²⁰ Figures are up to September 2018

caravans, campervans and tents. The campsite also includes a modern amenity block and purpose-built cafe.

The campsite opened in 2012 as a diversification of the croft, aiming to provide tourists with modern camping facilities. Initially offering 6 electric hook-up points, the site has been improved with more hardstanding pitches in place, with 26 electric hook-up points now available, and a further 4 points for tent pitches. Timber fences have been erected to provide privacy between pitches, and additional shelter; shrubbery has been planted for shelter and to encourage wildlife. Bird boxes have recently been added.

LEADER Funding £73,530.00
Total Project Cost £145,060.00

- **Na Bothain – Sandy Bay Croft Wigwams**

Na Bothain, a diversification to a crofting business, aims to offer a unique glamping experience on a working croft on the west coast of the Isle of Harris. The project will see the development of an existing site to house two timber glamping wigwam pods with car parking areas, a Shepherd's hut laundry/bike storage area, a cattle grid, bin/recycling area and two stone-dyke fire pit/BBQ seating areas.

The Project aim is to offer affordable, nightly accommodation, and glamping packages (breakfast/BBQ packs) for planned visitors, passing cyclists, motor cyclists, photographers/artist groups, hikers walking the Hebridean Way; as well as offering the hire of a beach/baby-toddler essentials kit, to reduce the luggage required if travelling to the Isle of Harris with a young family.

LEADER Funding £41,769.20
Total Project Cost £83,538.30

- **Celebrating the Spirit of Crofting - 5-6 October 2018, Grant Hall, Rothes, Moray**

The Scottish Crofting Federation (SCF), during the second half of 2018, held a two-day event in Rothes that celebrated the spirit and resilience of crofting. Moray is a new crofting area and the SCF wanted to share good practice from across the Highlands and Islands and encourage new take up of crofts throughout Morayshire.

The lead up to the event involved establishing a working group to make a call for entries to the Young Crofter of the Year Award and Best Newcomer Award. The award ceremony took place during the event in Moray.

The Cabinet Secretary for the Rural Economy, Fergus Ewing, gave the keynote speech at the event. In addition to the awards, there were

workshops on adding value to produce, talks from inspirational producers of food and drink, and site visits to showcase best practice. SCF staff and volunteers supported the intergenerational exchange of knowledge to make links between crofters and small scale agricultural producers.

LEADER Funding £14,179.15
Total Project Cost £17,723.94

12.4 Young Farmers Start Up Grant, New Entrants Start Up Grant and New Entrants Capital Grant

- 12.4.1 The Scottish Rural Development Programme contained three schemes dedicated to supporting new entrants, including two providing start-up finance.
- 12.4.2 The start-up schemes were very popular since opening in 2015, helping kick-start over 250 new agricultural businesses, with around £14 million of support. However, the uptake from the crofting sector was lower than expected.
- 12.4.3 Separately, capital support was made available to assist business development projects and over £8 million has been committed to around 600 projects.
- 12.4.4 All three scheme budgets have now been fully utilised.

12.5 Young Farmers Start Up Grant (YFSUG) and New Entrants Start Up Grant NESUG

- 12.5.1 These schemes aimed to contribute towards an increase in the number of young entrepreneurs who farm/croft and build profitable, innovative businesses that respond to the industry's changing economic environment.
- 12.5.2 Both schemes' support were aimed at helping young farmers and crofters. The grant was linked to the delivery of business plan objectives, and was central to core agricultural activities. For example, the grant was used for the acquisition of land or livestock.
- 12.5.3 The YFSUG was open to young farmers or crofters setting up as head of the holding of a new or existing business for the first time, and who were aged between 16 and under 41 at the point of application.
- 12.5.4 The NESUG was open to farmers or crofters who had started their business within 12 months prior to submitting their application. There was no upper age restriction.

Table 12.3 Annual Budgets

	2015-16	2016-17	2017-18	2018-19
New Entrants Start-up Grant	N/A	£0.232m	£0.094m	£0.31m
Young Farmers Start-up Grant	N/A	£6.974m	£2.388m	£3.707m
TOTAL		£7.206m	£2.482m	£4.017m

Table 12.4 YFSUG Number of Applications and Funding Provided

Year	Applications		Percentage Approved	Monetary Value
	Received²¹	Approved		
2015-16	N/A	N/A	N/A	N/A
2016-17	366	111	30%	£6.974m
2017-18	89	38	43%	£2.388m
2018-19	142	59	42%	£3.707m

Table 12.5 Crofting Data: YFSUG Number of Applications and Funding Provided

Year	Applications		Percentage Approved²²	Monetary Value
	Received²³	Approved		
2015-16	N/A	N/A	N/A	N/A
2016-17	29	2	7%	£0.126m
2017-18	24	6	25%	£0.377m
2018-19	22	8	36%	£0.503m

Table 12.6 NESUG Number of Applications and Funding Provided

Year	Applications		Percentage Approved	Monetary Value
	Received²⁴	Approved		
2015-16	N/A	N/A	N/A	N/A
2016-17	58	19	33%	£0.232m
2017-18	11	7	64%	£0.094m
2018-19	44	23	52%	£0.310m

²¹ Includes ineligible applications.

²² Low approval rates due to crofting applications being ineligible or scoring zero points for the business history criteria. Young farmers score points for the business history criteria where they have had no involvement in the previous business. Where a young farmer(s) have taken control of an existing business and holding they score no points for business history.

²³ Includes ineligible applications.

²⁴ Includes ineligible applications

Table 12.7 Crofting data: NESUG Number of Applications and Funding Provided

Year	Applications		Percentage Approved	Monetary Value
	Received ²⁵	Approved		
2015-16	N/A	N/A	N/A	N/A
2016-17	3	1	33%	£0.013m
2017-18	3	2	67%	£0.027m
2018-19	14	8	57%	£0.108m

12.6 New Entrants Capital Grant (NECG)

12.6.1 This scheme was designed to aid and develop agricultural production on small or recently established agricultural businesses, sustaining the economic basis of farming and helping retain people in rural communities.

12.6.2 Funding was to support eligible applicants in carrying out individual or collective investments that reduce production costs.

12.6.3 The NECG was open to crofters and farmers who had set up as head of a holding within an agricultural business for the first time in the last 5 years. The total amount of grant aid available in any two year period was £25,000 for individuals and £125,000 for groups.

Table 12.8 NECG Number of Applications and Funding Provided

Year	Applications		% Approved	Value Approved
	Received	Approved		
2015-16	255	31	12% ²⁶	£0.656m
2016-17	233	248	106% ²⁷	£4.308m
2017-18	268	206	77%	£2.934m
2018-19	482 ²⁸	230 ²⁹	N/A	£2.98m ³⁰

²⁵ Includes ineligible applications

²⁶ A number of the applications received in 2015-16 were not approved until 2016-17

²⁷ A number of the applications received in 2015-16 were approved in 2016-17

²⁸ This is the total number of applications received in 2018-19

²⁹ This is the number of applications approved as at October 2018. Many received applications have still to be processed.

³⁰ This is the amount approved as at October 2018. This number will increase significantly once all applications have been processed.

12.7 Less Favoured Area Support Scheme (LFASS)

12.7.1 Agricultural holdings cover 75% of Scotland's total land area, approximately 5.8m hectares; of this agricultural area, 85% is classed as less favoured.

12.7.2 The Less Favoured Area Support Scheme (LFASS) provides essential income support to over 11,000 farming and crofting businesses in remote and constrained rural areas.

12.7.3 The principal objective of LFASS is to compensate land managers in less favoured areas for the particular disadvantages that they face, and thereby sustain farming and crofting in these areas. This provides the associated economic, social and environmental benefits that are dependent on continued active farming/land management in these areas. A significant proportion of croft land falls within the less favoured area and therefore receives additional support.

12.7.4 Funding is used to:

- allow farmers and crofters to continue to operate as viable businesses
- avoid the risk of land abandonment
- help maintain the countryside by ensuring continued agricultural land use
- maintain and promote sustainable farming systems

Table 12.9 LFASS funding provided to businesses with common grazing

Year	Number of crofter recipients	LFASS Funding
2014	3386	£8.457m
2015	3362	£8.436m
2016	3377	£8.574m
2017	3276	£8.371m

12.7.5 The current scheme will continue until 2019; however, from 2015 Scottish Government introduced, in certain circumstances, more opportunities for active farmers and crofters who were refused LFASS support during 2010–2014, to receive funding. In 2018, there were 3400 LFASS claimants with common grazings, however the payments will not begin until next year.

12.8 Agri-Environment Climate Scheme (AECS)

12.8.1 The Agri-Environment Climate Scheme (AECS) promotes land management practices which protect and enhance Scotland's magnificent natural heritage, improve water quality, manage flood risk and mitigate and adapt to climate change.

12.8.2 It also helps improve public access and preserve historic sites.

12.8.3 One application round is conducted each year, the first round opened in 2015. AECS contracts usually run over a 5 year term.

12.8.4 Funding is used to:

- deliver the 2020 Challenge for Scotland's Biodiversity by supporting appropriate management for vulnerable and iconic species and habitats, strengthening ecological networks, controlling invasive non-native species, and enhancing the condition of protected nature sites;
- contribute to Scotland's world-leading climate change targets by reducing greenhouse gas emissions from agriculture, and securing carbon stores in peatlands and other organic soils;
- meet obligations to improve water quality under the EU Water Framework Directive by reducing diffuse pollution;
- control flooding through natural flood risk management;
- support organic farming;
- preserve the historic environment;
- improve public access.

Table 12.10 Total AECS funding provided

Year	Total AECS Contracts	Total AECS Commitments
2015	0	£0
2016	565	£12.2m
2017	1471	£27.4m
2018	2173	£35.8m

12.9 Land Managers Options (LMO)

12.9.1 The Land Managers Options (LMO) was a non-competitive scheme under the SRDP (2007-2013) to provide support to land managers for the provision of economic, social and environmental improvements.

12.9.2 Despite the LMO scheme being closed, the Scottish Government continues to make payments to scheme beneficiaries, which benefits the rural economy.

Table 12.11 Total LMO funding provided

Year	LMO Businesses	Total Paid
2015	2753	£3.2m
2016	1298	£1.2m
2017	758	£0.6m

12.10 Rural Priorities (RP)

12.10.1 Rural Priorities (RP) scheme, which closed to new applications in 2013, is an integrated funding mechanism established to aid the delivery of the five key outcomes of the SRDP (2007-2013):

- business viability and competitiveness
- water quality
- adaptations to mitigate climate change
- biodiversity and landscapes
- thriving rural communities

12.10.2 RP contracts usually run over a 5 year term for Agri-Environment activities, and up to 20 years for Forestry activities. Therefore, despite the scheme being closed, the Scottish Government continues to make payments to scheme beneficiaries, which benefits the rural economy.

Table 12.12 Total RP funding provided

Year	RP Businesses	Total Paid
2015	3513	£26.8m
2016	2856	£19.5m
2017	2096	£13.11m
2018	421	£2.4m

12.11 Rural Advisory Services

12.11.1 Until mid-2016, The Scottish Government provided a rural advisory service in the crofting counties through the Veterinary and Advisory Services (VAS) under a long standing Memorandum of Understanding.

12.11.2 Since September 2016, private contractors deliver an integrated Farm Advisory Service (FAS) under the Scottish Rural Development Programme

2014-20. Aimed at farmers and crofters across Scotland, the FAS features two distinct components: a One-to-Many advisory service (delivered by SAC Consulting) and One-to One advisory service (delivered by Ricardo AEA).

12.11.3 The FAS is funded up to £3.9 million per annum up to end 2020 and similar to the VAS provisions, provides discounted fees for consultancy services for crofters as well as a range of free advice and information through workshops and meetings supported by numerous publications and a website.

12.11.4 Additionally, the FAS provides a helpline for up to 30 minutes of free advice per query. With offices in Lerwick, Kirkwall, Stornoway, Balivanich, Portree, Thurso, Inverness, Oban and Campbeltown, delivery is local, and the discounted service on a wide range of technical, public good and business issues is seen as a major benefit of the FAS support to the crofting counties.

12.11.5 In 2017 over 2000 crofters benefitted from a FAS Subscription, accessing advice on animal husbandry, cropping and grassland production, availability of grants, cross compliance and crofting regulations. Events in the crofting counties covered a range of topics, such as:

- A podcast covering a SCF lambing course, establishing shelter belts and reasons for soil sampling;
- Common grazing group meeting, leading to production of guidelines on the new CG regulations;
- An on-farm drainage event with demonstrations of machinery, cross compliance distances and effects on biodiversity;
- For corncrake, in partnership with RSPB Scotland, a leaflet and video were produced to explain corncrake habitats and how to create cover;
- Drop-in clinics on islands to provide advice to crofters in remote locations.

12.11.6 Annual Reports with a summary of delivery under FAS in 2016 and 2017 can be found on the FAS website.

12.12 Veterinary and Advisory Services (VAS)

12.12.1 SRUC Veterinary Services provide the farm animal disease surveillance for Scottish Government under this programme. It consists of post-mortem and diagnostic services that are carried out for Scottish livestock producers through their veterinary practitioners.

12.12.2 Those using the service pay for a proportion of the cost of the service. Livestock keepers, who are identified as crofters, benefit from a further 50% reduction in fees for the diagnostic services provided under this funding. In

2017 there were 5400 submissions from crofters, and this generated £182,448 of additional subsidy.

12.12.3 In addition, training and continuous professional development events are held for the veterinary practitioners who service Scotland's crofters, and this is also supported under the VAS programme.

12.12.4 SRUC Veterinary Services also initiated a programme to improve biosecurity and control of BVD and Johne's disease on the crofts where common grazing is used. The Scottish Government expect the benefits of this initiative to begin from the grazing season of 2019.

12.13 Highlands and Islands Veterinary Services Scheme (HIVSS)

12.13.1 The aim of the Highlands and Islands Veterinary Services Scheme (HIVSS) is to ensure the provision of an adequate veterinary service. This is to prevent and eradicate animal diseases for all animals kept for agricultural purposes and belonging to crofters, and others of like economic status, where no other provisions are available on the market.

12.13.2 It is necessary to support large animal veterinary practices in some remote areas of the Highlands and Islands, because without them, crofters and their animals would be completely without practical veterinary cover. It is important to ensure these practices continue to provide cover for remote areas as they play a vital role in prevention and identification of animal disease.

12.13.3 In practical terms, this means that crofters and other eligible persons can arrange a visit by a participating veterinary surgeon for a modest maximum charge. This charge is supplemented by a grant to the veterinary practice which will cover the costs of a visit when a vet is called out to take preventative and eradication measures for animal diseases.

12.13.4 The annual budget for the scheme is £760,000, and there are currently 24 veterinary practices participating in the Scheme.

Table 12.13 Total HIVSS funding provided

Year	Grant	Expenses	Total
2015	£721,489	£55,972	£777,461
2016	£715,704	£50,494	£766,198
2017	£703,388	£60,213	£763,602
2018	£688,303	£47,658 as at 30/8 ³¹	£735,962

12.14 Forestry Grant Scheme

12.14.1 Scotland's woodlands and forests are a vital national resource and play an important role in rural development and sustainable land use. As well as helping to reduce the impact of climate change and providing timber for industry, our forests enhance and protect the environment, and provide opportunities for public enjoyment.

12.14.2 The Forestry Grant Scheme (FGS) supports:

- the creation of new woodlands – contributing towards the Scottish Government target of 10,000 hectares of new woodlands per year;
- the sustainable management of existing woodlands.

12.14.3 Through the SRDP, the FGS opened with a budget of £252m, averaging out at £36m per year. There has been an increase in national funding year on year to pay for the additional national targets for creating new woodland, the budget is now between £42m - £46m per annum.

12.14.4 Grant support is available under eight categories:

- *Two for the creation of woodland:*
Woodland Creation
Agro Forestry
- *Six for the management of existing woodland:*
Capital Woodland Improvement Grant
Sustainable Management of Forests
Tree Health
Harvesting and Processing
Forest Infrastructure
Forestry Co-operation

³¹ Possible further £20k up to December 2018.

12.14.5 Within some of these categories, there is a range of funding options which relate to specific types of project or work.

12.14.6 Since it opened to applicants in March 2015, crofters have been able to apply for any of the grants, provided they meet the required eligibility criteria for each option. Due to the nature of crofting not all options under each of the categories will be appropriate. However, there are many that are suitable. For example, under Woodland Creation, there is the option to plant Scots Native Pine, where the minimum block size is 0.25 hectares in any one year. There is an initial planting payment and an annual maintenance payment for five years. There are also a range of capital grants available for operations such as fencing and tree protection.

12.15 Knowledge Transfer and Innovation Fund (KTIF)

12.15.1 The Knowledge Transfer and Innovation Fund (KTIF) is delivered under the SRDP (2014-2020), and started with an indicative total budget of £10m. It is designed to support projects that introduce innovative approaches to enhance competitiveness; enhance ecosystems; promote resource efficiency and shift to low carbon climate resistant economy.

12.15.2 KTIF launched on 15 May 2015. The scheme has two main aims. Firstly, it provides financial support for vocational training, skills development and knowledge transfer projects focused on agriculture. This is delivered through workshops, training courses, coaching, information dissemination actions and farm visits. This helps Scotland take advantage of its strong performance in research and development, and makes sure that the learning from here and elsewhere can be transferred to on-the-ground improvements in Scottish agriculture.

12.15.3 Secondly, the scheme funds eligible innovation projects under the European Innovation Partnership (EIP). They can include agricultural demonstration/benchmarking and similar types of projects (e.g. Monitor Farms); and experimental and/or pilot projects that aim to introduce new and innovative approaches in agricultural practice.

12.15.4 KTIF is aligned with the EIP for agriculture productivity and sustainability, which aims to promote a faster and wider transposition of innovative solutions into practice.

12.15.5 To date, the KTIF Project Assessment Committee has approved 19 projects with a total value of £4.98m.

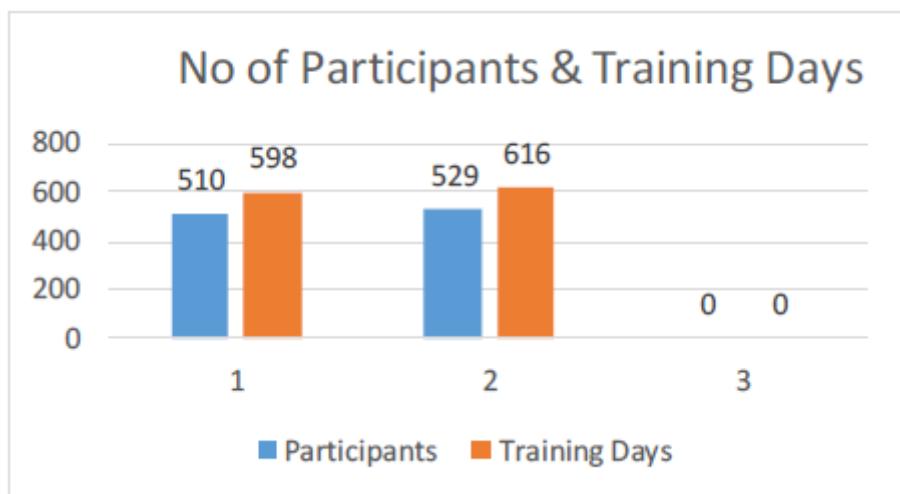
12.15.6 Nine of the projects support skills and knowledge transfer, and amount to £2.39m. Ten of the projects fall under innovation and amount to £2.59m.

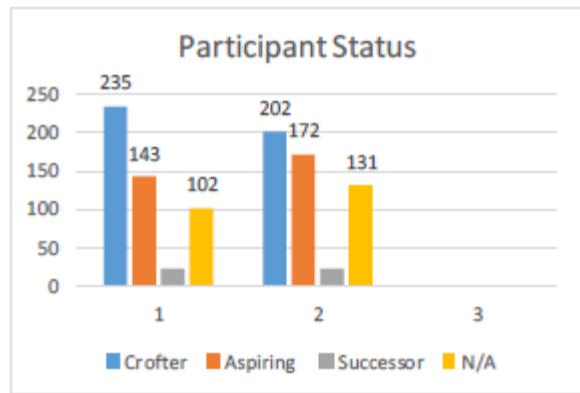
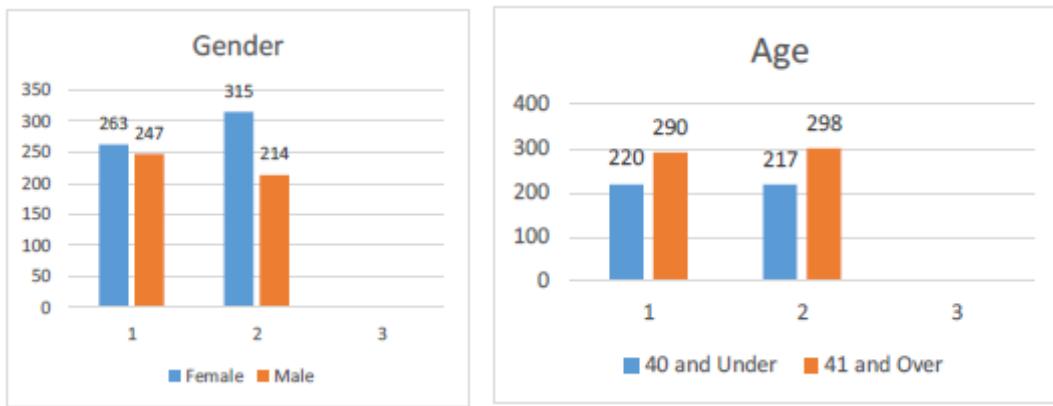
12.15.7 In creating opportunities for Crofters and Smallholders, the Scottish Government approved grant aid of £267,618 to the Scottish Crofting

Federation, alongside a contribution from Highlands and Islands Enterprise. The Crofters and Smallholders Skills Boost (2016–2019) project falls under skills and knowledge transfer funding, and is a 3 year project. Its aims are at increasing primary agriculture skills for 1200 participants - existing and incoming crofters and smallholders – over 1260 training days. Increasing skills will improve viability of crofting agriculture and will provide associated economic, social and environmental benefits to rural communities.

Table 12.14 - Courses and Participants Years 1 and 2

Project Area	Anticipated Outputs	Outputs Achieved
Access to Crofting Toolkit	100 Participants	175
	10 Courses	10
Bitesize	500 Participants	636
	50 Courses	61
Township Training	120 Participants	121
	12 Courses	9, 3 rolled over to Year 3
Croft Woodland	80 Participants	107
	8 Courses	8





32

13. **FARMING OPPORTUNITIES FOR NEW ENTRANTS (FONE)**

- 13.1 As part of the Scottish Government's commitment to developing opportunities for new entrants, one of the most visible initiatives of recent years was the chance to lease part-time starter units on Scotland's National Forest Estate.
- 13.2 As a result, in July 2015 the Scottish Government announced plans to set up a working group, to maximise the amount of publicly owned land used to help the farmers of the future. The Scottish Government put in place a new group to develop opportunities for the new entrants including those identified within the report.
- 13.3 The Farming Opportunities for New Entrants (FONE) group met for the first time in December 2016, with a specific remit to "Develop a Farming Opportunities for New Entrants Programme" – a remit that extends into crofting.
- 13.4 The FONE group have a number of key priorities including:

³² Four graphs (provided by Highlands and Island Enterprise) from the Scottish Crofting Federation's evaluation to date, highlighting quantitative details from the first two years of the Skills Boost Programme.

- Liaise with Councils and other organisations with publically owned land to identify opportunities;
 - Focus on Crofting and the way ahead with sub-letting on the Scottish Ministers' Estate;
 - Facilitate production of videos of New Entrants participating in the Farm Advisory Service New Entrant Programme;
 - Maintain momentum in FONE through marketing and promotion opportunities.
- 13.5 FONE are already delivering for both farming and crofting. Through FONE, two crofts, one on Barra the other Benbecula, have been let to new entrants.

14. CROFTING CONNECTIONS

- 14.1 Crofting Connections was a project run by Soil Association Scotland in partnership with the Scottish Crofting Federation, which enabled children and young people living in crofting communities throughout the Highlands and Islands to learn about crofting – past, present and future.
- 14.2 The project was delivered over two phases. Phase 1, which took place from 2009 to 2012, expanded the geographical and educating scope of a precursor project, “Planting to Plate” which ran in four schools during 2007. Phase 2, which ran from 2012-2016, was further developed to deepen and extend the project, with greater focus on secondary schools, skills progression, employment, and sustainability.
- 14.3 In total, Crofting Connections received £90,000 in funding from the Scottish Government. This was received over three years, contributing 28% of the total funding requested. The project received an additional £324,868 in funding from a variety of sources including the Highlands and Islands Enterprise.

15. SELF BUILD LOAN FUNDS

- 15.1 Self Build is a traditional form of housing supply in many parts of rural mainland Scotland and the Islands and, at times, the only form of housing supply.
- 15.2 The Scottish Government launched the £4m Self Build Loan Fund Pilot in the Highland Council area in April 2016. This was a two year recyclable fund developed specifically to address market failure, and encourage the market

to re-introduce appropriate funding. The Highland Small Communities Housing Trust (HSCHT) administered the fund on behalf of the Scottish Government. The pilot closed for applications in 2018, after having issued 14 loans, 2 of these to crofters.

- 15.3 Following a review of the Highland pilot, the Scottish Government announced its intention to launch a £4m national self-build loan fund which would be available in both urban and rural areas. This launched in September 2018 and has already generated considerable interest.

16. ELECTION TO THE CROFTING COMMISSION BOARD

- 16.1 In early 2016, the process began to elect 6 Commissioners to the Crofting Commission Board, an election due to take place on 17 March 2017. A budget of £100,000 was made available to run the elections. This included £50,000 for Comhairle nan Eilean to administer the election, £25,000 for additional Commission staff to work on election related tasks, including fulfilling the role of Registration Officer, and £25,000 for awareness raising and marketing activity.
- 16.2 Following a public consultation, significant marketing and engagement work was undertaken to improve voter turnout, encourage appropriately qualified candidates to stand, and increase the diversity of candidates.

17. RURAL BROADBAND SCHEME

- 17.1 The Scottish Government, alongside our partners, has invested over £400m in the Digital Scotland Superfast Broadband (DSSB) programme. Delivered via two contracts (one in the Highlands and Islands; one in the Rest of Scotland), DSSB has provided fibre broadband access to over 900,000 premises across the length and breadth of Scotland – many in rural locations – that would not otherwise have been connected.
- 17.2 The DSSB programme has delivered at a scale unmatched across the UK, even with Scotland's unique geographical challenges, and due to a higher than anticipated level of take-up on publicly funded infrastructure extended build will continue well into 2019.
- 17.3 In recognition of the transformational impact that access to fast, reliable broadband can have on the economy, the Scottish Government has committed to investing further, providing access to superfast broadband to every home and business across the country. Known as the Reaching 100% (R100) programme, SG will build on the success of DSSB and push coverage even further – into our most rural and remote areas – providing a

future-proofed, national fibre network that will make rural Scotland one of the best connected places anywhere in Europe. £600 million has been committed to the initial procurement for the R100 programme – the only universal superfast broadband programme in the UK.

- 17.4 Community Broadband Scotland (CBS) was a Scottish Government initiative, delivered by Highlands and Islands Enterprise. It was established to support the development of community-led broadband schemes in those areas least likely to receive access to superfast broadband infrastructure, either commercially or through the DSSB programme. €10.8 million (approx. £8.5 million) of investment funding was allocated from the 2014-20 Scottish Rural Development Programme to support superfast broadband delivery in Scotland's most rural and remote communities.
- 17.5 Fifteen community projects were developed – of these, six were in crofting communities. These were:
 - Kyles of Bute, Argyll and Bute
 - Fair Isle, Shetland
 - Strath (Helmsdale), Highland
 - Cairngorms National Park, Highland and Moray
 - North Skye Broadband, Highland
 - Elgol (Hebnet), Highland
- 17.6 Two undertook a EU procurement process, but received no compliant bids, and another three did not progress to procurement. The remaining project – Kyles of Bute – did make it to procurement. However, the community ultimately opted to be included in the intervention area for the R100 programme.

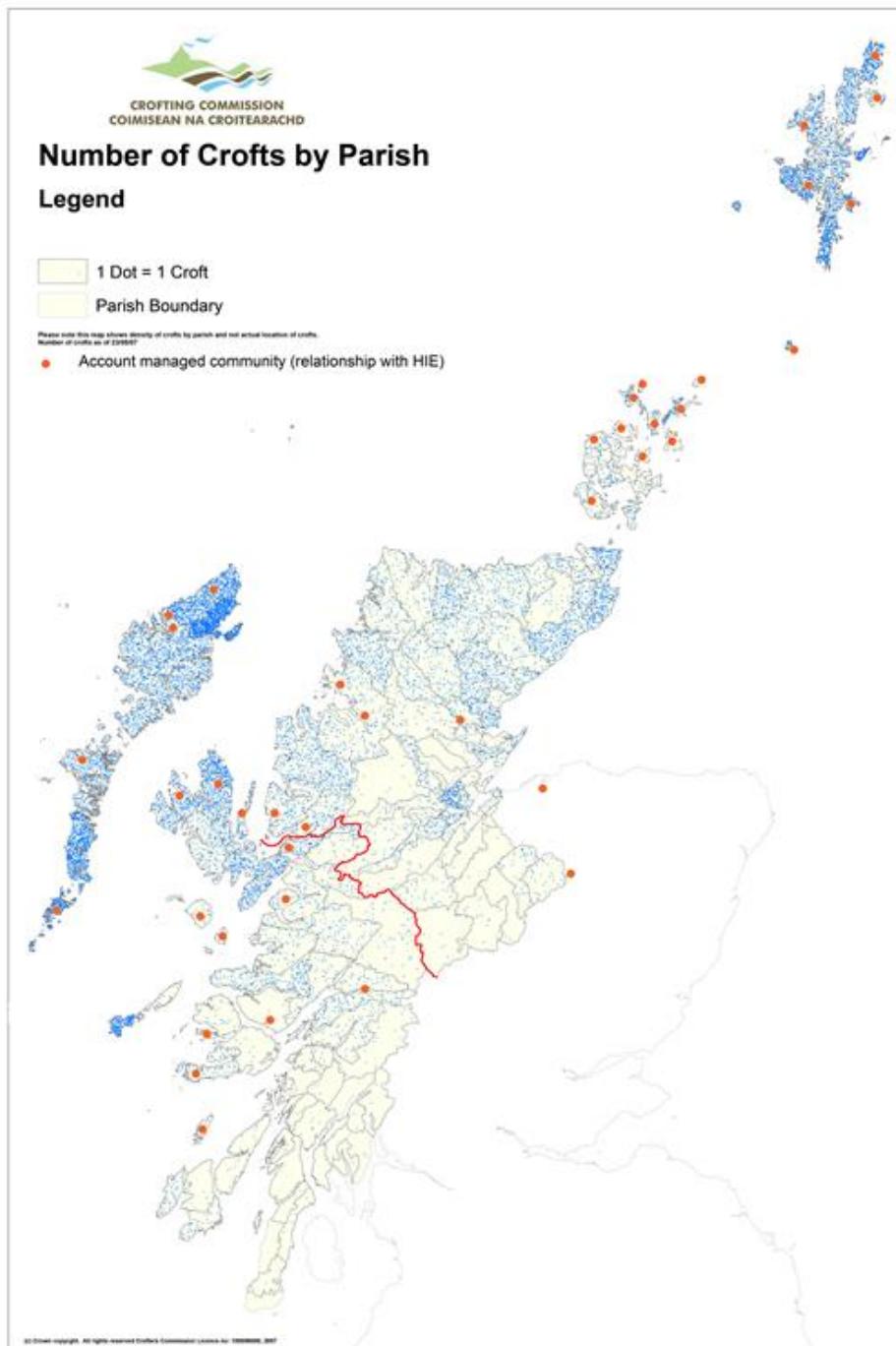
18. HIGHLANDS AND ISLANDS ENTERPRISE

- 18.1 The legislation which set up Highlands and Islands Enterprise (HIE) (and its predecessor organisation, the Highlands and Islands Development Board) recognised the imperative for the development of communities when seeking broader economic development objectives. Stronger communities delivering the confidence for business start-ups and business growth. This is no less applicable in crofting than in the wider context. It is therefore in this context that HIE's support for crofting communities contributes positively to the economic condition of crofting. HIE recognises the importance of crofting communities in attracting people to live and work in these areas, while also creating local employment opportunities. HIE works with whole inclusive crofting communities, including those with and without direct access to crofting.

- 18.2 HIE works in partnership with several other bodies which support individual crofters and crofting activity, to ensure that crofting communities continue to thrive, becoming more resilient and able to meet opportunities and challenges. Much of the work is done through the Crofting Stakeholder Group, involving public partners including the Crofting Commission, the Scottish Government, local authorities, Registers of Scotland and Scottish Natural Heritage and sector related partners including the Scottish Crofting Federation (SCF), Scottish Agriculture College, NFUS, and Scottish Land and Estates. The focus of recent work has been the vision for the future of crofting and the priority area considerations that are now informing the Scottish Government's development of a national crofting development plan.
- 18.3 HIE has been collaborating with the Crofting Commission for many years, and welcomes the encouragement from the Cabinet Secretary to enhance that collaboration in the pursuit of common and supportive objectives. HIE have well developed relationships at officer level, and are jointly developing opportunities to work together on a shared agenda.
- 18.4 Through each of HIE's eight area teams – covering Shetland; Orkney; Caithness and Sutherland; Moray, Inner Moray Firth; Lochaber, Skye and Wester Ross; Outer Hebrides, and Argyll and the Islands – the agency works directly with a broad range of local communities to support community-led development. HIE's role is as an enabler, providing advice, connections to other relevant supporters, investors and enablers, and our own investment. HIE recognises that each community is different, but all are resourceful, and many face similar issues such as demographic change, housing, service provision and employment opportunities.
- 18.5 Within communities, there is recognition of the contribution that crofting can play in addressing these issues. As a result, many of those communities have prioritised projects associated with crofting community development. HIE's assistance takes many forms and is always tailored to suit the needs and ambitions of each account managed community. In many cases, HIE has funded the employment of a local development officer who helps the community create growth plans to develop and deliver prioritised projects which make a real and practical difference. These projects are invariably led by the communities themselves, and typically contribute to the economy through generating income as well as providing services and jobs.
- 18.6 Some of the best examples include setting up and managing renewable energy projects, and running social enterprises, both of which generate profits to be re-invested in initiatives which benefit the community.
- 18.7 Through supporting account managed communities, HIE has helped local people deliver several successful renewable energy installations. Examples include several communities in the Outer Hebrides which have recognised the potential of using less productive, often communally-owned, ground to develop renewable energy projects which generate not just power, but wider

community benefits as well. For example, a wind turbine has been commissioned, is generating, and been re-financed (realising significantly increased community financial benefit over the life of the turbine) on common grazings in Coigach community.

- 18.8 HIE has supported communities in crofting counties to explore new ways to add value to energy produced locally. Crofting counties have an abundance of this natural resource and utilising this for local economic growth is a key opportunity. Examples of this include technical support provision to communities in Orkney and Shetland to scope the opportunities to use excess wind energy to generate Hydrogen for local transport demands.
- 18.9 Since 2015, through the tech advice framework, HIE has supported 21 communities across the Highlands and Islands to explore the opportunities to use energy innovatively and locally rather exporting for use elsewhere. This support has been used to catalyse local energy partnerships, the design of local energy systems and maximise investment from significant sectoral funding opportunities.
- 18.10 Support has also been provided to a consortium of communities in the Outer Hebrides to come together to develop a collaborative energy project to enable them to attain the scale required to access new UK policy support for larger renewable projects.
- 18.11 HIE has also proactively contributed to developing national policy in this space to ensure that any emerging support infrastructure is tailored to the requirements of communities in our region. We have worked collaboratively with our Team Scotland partners on the development of significant national support schemes. HIE played an advisory role in the COBEN scheme – which takes a place based approach to local energy planning - in the crofting communities on Barra & Vatersay, Drumnadrochit and Brae in Shetland.
- 18.12 HIE's work in supporting this local energy sector aims to increase the resilience of local communities in our region. This has been demonstrated through the recent success of Fair Isle, which for the first time has a continuous and reliable electricity supply, thereby ensuring that this crofting community has a higher standard of living and that restrictions on energy supply do not become a barrier to local economic and community growth.
- 18.13 In October 2018, HIE was working with 40 communities, and in all but two of those, crofting is practiced, in many extensively. The map below illustrates the density of crofts in parishes (each croft represented by a small blue dot), with an overlay of orange dots indicating where HIE has active account management relationships with communities. **Note: the orange dots only indicate location, and do not represent the geographical size of the communities**, which cover much larger areas.



18.14 HIE proposed further public sector collaboration to enhance the vitality and resilience of crofting communities, the crofting system and opportunities for individual crofters to diversify their activities and make the best use of opportunities for funding and other support.

18.15 This geographically focused collaboration has been designed to build on existing work which has centred on specific issues including research, cooperatives, stock clubs, marts, and micro abattoirs. The resulting pilot projects, which will be established during 2019, are expected to integrate and focus support from public sector partners to deliver greater impact through acting together.

- 18.16 This collaborative, multi-agency approach will aim to bring forward the development and resilience of crofting communities and greatly enhance the economic condition of crofting. If the pilots are successful, HIE expects to continue to work with partners to co-ordinate more widely in crofting communities across the region.
- 18.17 HIE has funded research on small private and community rural retailing in the context of evolving sector patterns, including the emergence of delivery services being offered by the larger grocery retailers. Models for the resilience of these traditional rural retailing services in rural communities are being sought, as the broader cohesion and social benefits of these fragile services are well appreciated.
- 18.18 Inspired by how HIE supported community work has helped create three new crofts on the Island of Rum, several other communities are also recognising that creating new crofts can play a part in helping to retain and grow population and enhance the local economy.
- 18.19 HIE sits on the Woodland Croft Stakeholder Group which supports the work of the Woodland Croft Partnership which encourages the creation of woodland crofts. A woodland croft is a registered croft with sufficient tree cover overall to be considered a woodland under UK forestry policy.
- 18.20 The ability to create woodland crofts was brought about by the Crofting Reform Act 2007, which allowed crofts to be put to other purposeful uses as well as giving the ability to create new crofts. The Partnership comprises Highland Small Communities Housing Trust, Scottish Crofting Federation, Community Woodlands Association and The Woodland Trust. The first woodland crofts (9 in total) were created in Mull in 2012, by community landowner North West Mull Community Woodland Company. In 2017 another community landowner, Kilfinan Community Forest Company, created 3 woodland crofts, and a private landowner created one in Leckmelm. Lochcarron Community Development Company has acquired a new access to its woodland which will facilitate the creation of woodland crofts in Kirkton Wood. South West Mull and Iona Development has identified sites for a potential woodland croft project on Tiroran Forest. Further woodland crofts are being planned on private land in Roy Bridge and Uigshader on Skye.
- 18.21 HIE has a long track record of investment in community asset acquisition and is a core source of advice and support for crofting communities contemplating land ownership. HIE is also working in partnership with the BIG Lottery Fund across Scotland to deliver the SG funded Scottish Land Fund, which creates significant opportunities for crofting communities and others to grow through owning and managing their own assets. This is the third year that the SLF, now helping both urban and rural communities to acquire assets, has enjoyed an annual budget of £10m.

- 18.22 The appetite for community ownership is nowhere more evident than crofting areas, where people have a strong attachment to the land, often associated with crofting tenure and practice. In the crofting areas, perhaps the two most significant community acquisitions in recent years have been the crofting estate of Pairc, completed in December 2015 (after a sustained 10 year effort from the community and its supporters), and Ulva acquired in 2018.
- 18.23 The Pairc Estate extends to an area of approximately 10,840ha. The majority of the estate is under crofting tenure. In total, there are 208 crofts on the estate, spread between 11 townships.
- 18.24 The island of Ulva, off Mull, has a tiny population. Population growth is a core objective of both these communities, and re-occupation of crofts and croft creation are likely to be part of achieving those visions.
- 18.25 HIE has commissioned The Highland Small Communities Housing Trust to develop a publication illustrating the options for developing affordable housing opportunities on croft land.
- 18.26 Further information on HIE's work, contact details and other useful information, can be viewed on its website.

19. REGISTERS OF SCOTLAND - CROFTING REGISTER

- 19.1 Introduced in 2012, the map-based Crofting Register, maintained by the Keeper of the Registers of Scotland (RoS), is the first official register to provide crofters and other interested parties legal certainty over the extent of, and interests in, croft land.

Table 19.1 Total number of applications to register croft land during the reporting period.

	2015/16	2016/17	2017/18	2018/19 ³³	Total (by form type)
Form A	1513	1300	1068	499	4380
Form B	94	332	406	264	1096
Form C	149	34	0	2	185
Form D	0	0	0	0	0
Form E	2	9	21	13	45
Form F (croft)	182	175	229	62	648
Form F (common grazings)	36	34	28	13	111
Form G	375	407	359	199	1340
Non-trigger updates³⁴	9	33	31	16	89
Total per year	2360	2324	2142	1068	7894

19.2 Form types:

- Form A: First registration of a croft
- Form B: Subsequent event affecting a registered croft
- Form C: First registration of an existing common grazing
- Form D: First registration of a new common grazing
- Form E: Subsequent event affecting a registered common grazing
- Form F: Rectification of the Crofting Register (information not currently available)
- Form G: Notification to the Keeper by the Crofting Commission following approval of a regulatory decision

19.3 RoS continues to offer support to crofters and landowners who are considering registering their croft land collectively through a community application. RoS is working collaboratively with other Government bodies (e.g. the Crofting Commission and Highlands & Islands Enterprise) and with external stakeholder groups (e.g. the Scottish Crofting Federation, the

³³ Figures are up to November 2018

³⁴ Non-trigger updates are changes to the register where there is no form type or legislative requirement to do so.

National Farmers' Union Scotland and Scottish Land & Estates), with respective initiatives being aligned to ensure that, where appropriate, the correct level and type of support for community registration is offered as part of a package of measures designed to enhance the local economy in rural areas. This is an opportunity for local communities to work together to agree extents and boundaries of, and interests in, croft land in advance of applying to register as, once agreed, the potential for challenge against a registered interest is reduced.

- 19.4 To date, RoS has registered 61 community applications totalling 773 crofts, accounting for 14% of the total number of 5,444 registered crofts.
- 19.5 Where appropriate, crofting landowners are also encouraged to apply for voluntary registration in the Land Register in support of the Scottish Ministers' target of completing the Land Register by 2024.
- 19.6 Registration fees for the Crofting Register are set by Order by the Scottish Ministers and can be viewed in the Registers of Scotland (Fees) Order 2014 (SSI 2014 No. 188). The current £90 fee per registration has remained unchanged since the Crofting Register was first introduced in November 2012.

20. CROFTING COMMISSION

20.1.1 The Crofting Commission is a Non Departmental Public Body (NDPB) which operates on a day-to-day basis independently of the Government, but for which the Scottish Ministers are ultimately responsible. The Commission currently consists of six Commissioners elected by crofters and three Commissioners appointed by the Scottish Government, and is led by a Convener. The Commission is supported by about 55 staff, led by a Chief Executive (who is appointed by the Scottish Ministers in consultation with the Convener of the Commission). The Commission is further supported by volunteer 'assessors', appointed by the Commission to assist and advise it. In 2018, a recruitment exercise resulted in the appointment of 23 assessors from across the crofting counties.

20.1.2 The Crofting Commission's principal functions are regulating crofting, re-organising crofting, promoting the interests of crofting and keeping under review matters relating to crofting. The Act also places a duty on the Commission to investigate reports of breaches of duty by both tenant crofters and owner-occupier crofters. It can advise the Minister on matters relating to crofting and it can also collaborate with other bodies for the economic development and social improvement of the crofting counties.

20.1.3 The Commission therefore contributes to the economic strength and sustainability of remote and rural communities in several ways. First and

foremost, the Commission seeks to protect the crofting system for future generations so that the crofting areas will continue to benefit from the economic, social, cultural and environmental activity that comes from having a sustained population base rooted in each area. Alongside this, the Commission seeks to take regulatory decisions which support economic activity, allowing appropriate developments within the context of the crofting system, and supporting innovation and diversification as well as traditional agricultural crofting. In addition, the Commission uses its enforcement powers to help sustain an active population across the crofting counties and to promote productive use of crofting land; and it helps grazings committees and shareholders to organise their use of common land.

20.2 Regulation of Crofting

20.2.1 The Commission processes around 1000 regulatory applications each year, the most common being decroftings, assignations and sublets. The Commission's decisions have to be made in accordance with crofting legislation and can be challenged in the Scottish Land Court.

20.2.2 The vast majority of valid applications are approved (sometimes after modifications), with historically fewer than 3% being refused in a typical year. The most common refusals are applications to decroft an entire croft, and applications for consent to be absent. In 2017-18, the Commission refused about half of the applications of each of these types. Other types of refusal are less common, but may occur, particularly where there are objections to the application from the local crofting community.

20.2.3 Recent examples of regulatory decisions with a very direct impact on the economic condition of the crofting areas include:

- **Whole Croft Decroftings to support affordable homes in remote communities**

In 2017, sale of land to housing association for construction of affordable housing in Skye. The association secured a grant from Scottish Government to assist with the purchase of the land. In 2018, site for new housing development in Aviemore for which planning consent was granted by the Cairngorms National Park Authority for the provision of 30 flats and 8 terraced units. This includes 9 affordable homes.

- **Creation of Woodland Crofts**

In 2017, a community forest company created 3 new crofts in Argyll. As part of the wider Forest Management Plan, the woodland crofts will allow for replanting of native woodland in the wider forest. The introduction of 3 new tenanted crofts also helps sustain local services such as the local primary school, which has resulted in the school roll being boosted by 14%.

- **Re-organisation of township**

In an Argyll township, different crofts were, over the years, sold or let to different people leaving fragmented areas of land with a complicated make-up of owner-occupier crofters, tenants and landlords. The re-organisation of this township in 2016 has been invaluable as each person now has their own croft land recorded and registered to them as an individual unit with all involved in agreeing the boundaries. This guarantees the security of these crofts for the future as each croft now falls under the protection of the legislation in the Crofting Act and each tenant and owner-occupier crofter must comply with the duties of a crofter.

- **Diversification**

From 2015 onwards, several crofters with crofts in particularly scenic parts of the Western Isles and North Coast have developed small-scale, sustainable glamping pods to offer accommodation to visitors and tourists.

- **Renewable energy**

The Commission has provided consent for use of parts of Common Grazings land for hydro schemes. In addition, the Scottish Land Court has approved a number of small-scale wind turbine developments on croft land, following agreements between community landlords and individual crofters.

20.2.4 In addition to the cases it decides, the Commission receives notifications on succession of crofts, either through bequests or intestate successions. The Commission has an important role in updating its public records whenever crofts change hands.

20.3 Delegated Decision-making

20.3.1 The length of most regulatory processes increased after 2012, with the introduction of legal requirements for crofts to be registered before most regulatory changes could be processed. It has therefore become even more important for the Commission to make sure its processes are as efficient as possible. One way the Commission has sought to do this is by introducing Devolved Decision-Making.

20.3.2 Prior to November 2015 all decisions on regulatory applications were taken by Commissioners, either by a single Commissioner, a Casework Group comprising 3 Commissioners or the Full Board.

20.3.3 In November 2015, the Commission moved to a model of Devolved Decision Making. Parameters were drawn up and agreed by the Board which allowed the decision on regulatory applications to be taken by officials. Following a

short pilot project the model was rolled out to include the vast majority of regulatory functions.

20.3.4 The right to refuse an application has not been delegated. Applications can only be refused by a Casework Group of 3 Commissioners or by the Full Board of the Commission, depending on the case.

Table 20.1 Decisions made by each tier of decision making during the period covered by the 2017/18 annual report:

Tier	Decision Makers	Number of Case decided during period 1 April 2017 – 31 March 2018	% of cases dealt with at each level
One	Regulatory Casework Officers	678	73.2
Two	Two Senior Officials together with the Regulatory Casework Officer	186	20.1
Three	Three Commissioners supported by officials	57	6.2
Four	Full Board	5	0.5

20.3.5 From 2013/14, where 100% of regulatory cases were decided with Commissioner involvement, the Commission has progressed to the stage where fewer than 7% of its cases require the involvement of Commissioners. This has enabled the Commission to improve turnaround times for decision-making, and has also released Commissioner time to focus on the strategic leadership of the organisation.

20.3.6 The Commissioners retain an involvement in crofting regulation through:

- Approving the parameters for delegation as each new function is rolled out;
- Approving changes to parameters of existing delegated functions following a review;
- Participation in decision making in relation to delegated functions escalated by staff to Tiers Three and Four;
- Participating in decision making in relation to those few functions which are not currently delegated.

20.3.7 Decisions in the latter category would include the majority of whole croft decroftings, croft tenancy terminations as a result of a breach of statutory duty, requiring owner-occupier crofters to let their crofts as a result of a breach of statutory duty, and reorganisation of crofting townships.

20.4 Regulatory Applications

20.4.1 The principle function of the Commission is to regulate crofting both fairly and reasonably in a way that is fully compliant with crofting legislation. As a result, the majority of the work undertaken is processing regulatory applications and recording notifications.

Table 20.2 Number of regulatory applications received and approved

Year	Received	Approved³⁵
2014/15	1,019	599
2015/16	1,108	1,008
2016/17	1,345	912
2017/18	1,366	925
2018/19 (to date)	923	520
Total	5,761	3,964

20.4.2 Over the reporting period the majority of applications received are for assignation, decrofting (part croft), decrofting (house site and garden ground), and bequest (notifications).

20.5 The Register of Crofts and the Crofting Register

20.5.1 Since 1961, the Commission has been responsible for maintaining an up-to-date Register of Crofts, recording the status of the croft, its extent, and the identity of the crofter and the owner.

20.5.2 In August 2017, much of this information was made publicly available online. This resource has been widely used by crofters, agents and solicitors, as it makes it easier for them to check the status of the land before any purchase involving croft land.

³⁵ The difference between numbers received and approved includes cases which were invalid, withdrawn or refused; in addition, many cases are received in one financial year but concluded in a later year.

- 20.5.3 In the 15 months since its introduction there have been 81,000 searches and 26,000 copy entries. Having this information available directly to the public has improved the Commission's service to customers and reduced the number of general enquiries it receives.
- 20.5.4 The Crofting Register, held by Registers of Scotland, complements the Commission's Register of Crofts. It was introduced in 2012 by the Crofting Reform (Scotland) Act 2010 ("the 2010 Act"), which provides how information is added to it over a period of years. The crofting register is map based and provides a record of the extent of and interest in land within crofting. The register is publicly available to view. Its key benefit to crofters is that it provides certainty over boundaries of croft and grazings land.
- 20.5.5 Registration of crofts into the register is continuing as registration is a requirement for certain 'trigger events', such as decrofting or assignation.
- 20.5.6 Common Grazings can only be registered by the Commission, with input from the grazings owner and grazings committee. Over 5000 crofts and over 300 grazings have been registered by the end of 2018, which represents over a quarter of crofts and a third of grazings.

20.6 Enforcing Residency and Land Use

- 20.6.1 The 2010 Act also made substantial changes to the powers of the Commission to enforce the requirements for crofters to reside on or near their croft and to cultivate it or put it to another purposeful use. Among these changes were that each crofter is now required to complete an 'Annual Notice' confirming whether they are complying with these duties. This information is collected by the Commission in an annual exercise commonly known as the crofting census. The first such 'census' was conducted in 2014-15.
- 20.6.2 The Commission had inherited a legacy of initiated long term absentee cases which it continued to administer with the Absentee Initiative.
- 20.6.3 As a result, out of a total of 810 residency cases being considered in 2010, 588 were concluded by 2015, the majority by the crofter either returning to reside on or near the croft, or transferring the croft to a new crofter who could do so. On account of this, 415 crofts which did not have a resident crofter at the outset of 2010 now do. There were also 192 new entrants to crofting resulting from this activity.

20.7 2014/15

- 20.7.1 The Commission undertook an unprecedented data gathering exercise across the crofting community with over 16,500 crofting census forms sent out to all tenanted and owner-occupied crofts. These crofters are legally

obliged under provisions introduced by the 2010 Act to complete the census forms and return them to the Commission.

20.7.2 There was an 84.5% return on the forms. With it being the first such exercise, the Commission collected extra information about the use of crofts over and above the mandated requirements in order to establish a clearer picture of the current state of crofting.

20.7.3 Analysis of the data provided from the returns showed that:

- 87% stated they were resident on their croft
- 97% indicated that they cultivated and maintained their croft
- 11% indicated that their croft was put to another purposeful use
- 20% indicated they engaged in conservation activity
- 91% indicated that they shared in a Common Grazing

20.8 2015/16

20.8.1 Over 17,500 crofting census forms were sent out to all tenanted and owner-occupied crofts. The questions on this crofting census differed from those asked on the first census. There was a 73% return on the forms.

20.8.2 Analysis of the data provided from the returns showed that:

- 91.5% stated they were resident on their croft
- 94.6% stated that they cultivated and maintained their croft, or put it to another purposeful use
- 94.4% stated that they did not neglect or misuse their croft

20.8.3 The Commission dealt with approximately 500 enquiries as a direct result of the information provided in, or submitted along with, the forms.

20.9 2016/17

20.9.1 Approximately 17,500 census forms were sent out to all tenanted and owner-occupied crofts. There was a 76% return on the forms.

20.9.2 Analysis of the data provided from the returns showed that:

- 85% stated they were resident on their croft
- 82% stated that they cultivated and maintained their croft, or put it to another purposeful use
- 76% stated that they did not neglect or misuse their croft

20.9.3 As a result of the 2016 crofting census returns over 5000 updates were made to the Commission's Register of Crofts.

20.9.4 The Commission commenced working with Scottish Government estates to increase occupancy of crofts by dealing with vacant crofts, long terms successions and breach of duties. Which resulted in 8 cases being successfully resolved over the following 2 years – 3 vacant crofts, 4 long term successions and 1 breach of duty.

20.10 2017/18 and 2018/19

20.10.1 The 2017 crofting census saw the issue of 19,211 census forms to 18,040 crofts. The reason for the increase was that in previous years one form was issued per croft, whereas the 2017 census saw a form being issued to each crofter as there can be more than one owner-occupier crofter when the whole croft is jointly owned.

20.10.2 There was an 62% return on the census forms.

20.10.3 Analysis of the data showed that:

- 87% stated they were resident on their croft
- 90% stated that they cultivated and maintained their croft, or put it to another purposeful use
- 91% stated that they did not neglect or misuse their croft

20.10.4 In a new initiative from 2018, the Commission has been writing out to those individuals who have indicated on their crofting census that they are in breach of one or more of their duties, giving them options and timescales for resolving their breach.

20.10.5 By November 2018 the Commission had written to 100 crofters who had reported a first instance of breach of duty. This letter set out the options available to resolve the breach, such as taking up residence, assigning, subletting and/or seeking consent to be absent. The Commission has also written to 137 crofters who have been in breach for a longer period setting out a timescale for resolving matters. These latter cases will be escalated to the serving of a Notice stage of the enforcement process if they remain in breach of their statutory duties.

20.10.6 In all these ways the Commission takes seriously its task of encouraging crofters to reside on or near their crofts and to cultivate the land or put it to another purposeful use, so that population and community strength are upheld and the land is utilised.

20.11 New Entrants to Crofting

- 20.11.1 Since 2015 the Commission has approved over 850 assignations, 140 lets, and 120 divisions. A significant number of these have resulted in new entrants into crofting. In 2018, there have been over 200 new entrants into crofting.
- 20.11.2 Since early 2018 the Commission has started to work with private crofting landlords to identify and deal with issues relating to (i) vacant crofts, under Section 23 of the Crofters (Scotland) Act 1993 ("the 1993 Act") (ii) unresolved successions, under Section 11 of the 1993 Act and (iii) breach of duties, under Sections 26A-L of the 1993 Act. This work is with Estates throughout the crofting counties including Western Isles, Skye, Caithness, Lochaber, Argyll Islands and Rum.
- 20.11.3 The Commission has also become involved in working with Scottish Government and partner agencies in discussing how the FONE (Farming Opportunities for New Entrants) could be extended to include crofts as well as agricultural holdings as a CONE initiative (Crofting Opportunities for New Entrants). The Commission has identified a number of crofts on Scottish Ministers Estates and is liaising with the Scottish Government to have these crofts let to new entrants in accordance with FONE/CONE criteria.

20.12 Supporting Common Grazings

- 20.12.1 Common Grazings are an important feature of crofting's agricultural system in terms of rearing livestock but can also be used for forestry and other purposes. The need for co-operation in the management of a communal resource has traditionally been of importance and associated with the development of the crofting community's identity and cultural heritage.
- 20.12.2 There are a reported 1050 common grazings covering an area of 530,000 ha of land in the crofting counties. Common grazings are managed by grazings committees appointed by the shareholders. The declining number of crofters retaining livestock may to some extent be associated with a continuing decline in the number of grazings committees continuing to be elected every three years. In 2018 there were a reported 463 committees in office compared to 518 in 2015.
- 20.12.3 Following the elections to the Commission in 2017, the Commission's new Policy Plan recognised the issues surrounding common grazings. The Plan reconfirmed that the Commission would not become involved in grazings committees' financial affairs as it was not the appropriate authority to do so. In recognising that common grazings are a "focal element of the crofting system", the Commission advised that it would provide support and advice to assist grazings committee with their responsibilities to ensure effective

management of common grazings. The Commission is now operating on this basis.

20.13 Promoting the Interests of Crofting

- 20.13.1 Alongside its work of regulating crofting, enforcing residency and land use, and supporting common grazings, the Commission has a more general statutory role to ‘promote the interests of crofting’. It fulfils this role in various ways, including by responding to thousands of enquiries; providing general information for crofters and those interested in crofting; and by working with other organisations and the Scottish Government to consider crofting policy for the future.
- 20.13.2 A particular example of promoting crofting was the mentoring scheme in 2016. Prior to the 2017 Crofting Commission elections, 2 young crofters who had expressed an interest in becoming a Commissioner were allocated a Commissioner from their geographical area to act as a mentor. The Commissioners met with the young crofters and discussed the role of a Commissioner, what it involves and the standards expected for those who take up public office. The young crofters attended the Commission’s Board meeting and were given an overview of the role of each department within the Commission.
- 20.13.3 In 2018, the Scottish Government invited the Commission to develop joint initiatives with Highlands and Islands Enterprise, to ensure that crofting perspectives are better connected to HIE’s work to strengthen remote communities and to make the local economy more diverse and resilient.

21. CROFTING LEGISLATION

- 21.1 A Crofting Bill Team was created in September 2016 to take forward work on reviewing crofting legislation. The Bill Team held a series of meetings in late 2016 and early 2017, with crofters and stakeholders, to inform the development of a consultation on the future of crofting legislation.
- 21.2 The Scottish Government published “Crofting Consultation 2017: A consultation on the future of crofting law” in August 2017. This consultation asked for views on various aspects of crofting legislation and also what form future legislation might take. The analysis of responses to the consultation was published in early 2018.
- 21.3 In March 2018, the Cabinet Secretary for the Rural Economy announced his preferred way forward for crofting legislative reform; taking a two phased approach to developing crofting legislation.

- 21.4 Phase 1 involves drafting a shorter more focussed Bill that aims to provide practical improvements to the day to day lives of crofters.
- 21.5 Phase 2 involves identifying and resolving more complex issues in crofting law and considering whether a change to the form of the law itself is required. The aim of this second phase work is to produce a set of proposals that could form the basis of a more comprehensive Bill in a future parliamentary session.
- 21.6 A Crofting Bill Group was established in April 2018 to assist in developing the content of a Phase 1 Crofting Bill. The group has met monthly since that time and has been exploring a range of changes to legislation that should deliver practical every day help to crofters and crofting communities.

22. SCOTTISH LAND COURT

- 22.1 The Scottish Land Court (SLC) is a Court of law. The Court's jurisdiction is set firmly within the context of Scottish farming. It has authority to resolve a range of disputes, including disputes between landlords and tenants, in agriculture and crofting. The Court is based in Edinburgh, but holds hearings throughout Scotland.
- 22.2 From 1 April 2017 the SLC became part of the Supreme Courts structure within SCTS. however, the SLC retained its identity as a separate court.
- 22.3 Under current crofting legislation the SLC has, for example, jurisdiction to:
 - determine the extent and boundaries of a croft;
 - determine a fair rent for the croft;
 - authorise a landlord to resume (to take back) croft land or common grazings for a reasonable purpose;
 - authorise a crofter to acquire a heritable title to his croft from his landlord;
 - deal with appeals from decisions or determinations of the Crofting Commission;
 - deal with challenges to the first registration of crofts or common grazings in the Crofting Register.

Table 22.1 Resumption and other applications received

Year	Resumptions	Other Crofting Applications
2015	51	15
2016	82	15
2017	83	9
2018 ³⁶	71	20

22.4 During this reporting period the SLC decided its first Scheme for Development applications. The main developments have been renewable energy developments, such as wind farms.

23. NATIONAL DEVELOPMENT PLAN FOR CROFTING – CROFTING STAKEHOLDER FORUM

- 23.1 The National Development Plan for Crofting (“the Plan”) will set the long-term strategic direction for crofting, covering a period between 5 to 10 years. It will highlight the core elements necessary to ensure that crofting remains at the very heart of our rural and remote communities.
- 23.2 Scottish Government Officials have been using the responses from the Crofting Consultation 2017 and the Priority Papers which were produced by the Crofting Stakeholder Forum, amongst other things, to help inform the content of the Plan.
- 23.3 The first draft of the Plan has been shared with members of the Crofting Stakeholder Focus Group, and the Cross Party Group on Crofting, and is due for further discussion at the next Stakeholder Forum meeting in early 2019.
- 23.4 The Crofting Stakeholder Forum identified a vision for crofting which is: “*Living, Working, Growing Together*” and it is intended that this is established as a foundation and central core behind the Plan.
- 23.5 The overarching success criteria for crofting are:
- promote diversity, rural cohesion and resilience;
 - responsive to change; and
 - contribute to the creation, maintenance and enhancement of beneficial environmental, economic and social outcomes in rural Scotland.

³⁶ Numbers as at 22 November 2018

23.6 The vision for crofting will be supported by outcomes, such as:

- Population Retention and Rural Cohesion
- Opportunities for New Entrants
- Collaborative Working
- Economic Opportunity and Growth
- Environment and Habitats
- Regulation

23.7 The Stakeholder Forum was convened by the Scottish Government in July 2014, following requests from crofting stakeholders. The Forum has a broad remit and discusses, among other things, opportunities and challenges associated with crofting, and identifying and taking forward stakeholder collaboration and contributions.

23.8 The Forum is chaired by Scottish Government Crofting Policy, and its members include NFUS, Scottish Crofting Federation, Crofting Commission, COSLA, HIE, Registers of Scotland, Crofters, Scottish Natural Heritage, Woodland Crofts Partnership, Woodland Trust Scotland, Crofting Law Group, Registers of Scotland, and Scottish Land & Estates.

24. Next Report

24.1 In accordance with section 51 of the Crofting Reform (Scotland) Act 2010, the next Report to the Scottish Parliament will be due in December 2022.