

Implementation issues for the Suckler Beef Climate Group Scheme

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Key Points

- Scheme implementation has to balance the need for accountability of public expenditure against preferences for simplicity but also targeted flexibility in delivering desired outcomes
- Consideration needs to be given to several inter-related issues, including:
- Whether payments are made for actions or intermediate outcomes, as emission proxies
- How payment rates are calculated, tiered & targeted given budget and WTO constraints
- How data are captured, stored and accessed for payments and inspections
- How farmers are supported via advice and communications

Introduction

1. The design and implementation of any policy scheme has to balance competing needs. For example, accountability for public expenditure requires an ability to check that funds have been used as intended within prevailing rules. This is easier to achieve for simpler schemes with limited scope for variation. Allowing for management flexibility and targeting to address pervasive context-specific heterogeneity can deliver better outcomes, but either incurs additional administrative complexity and cost or reduces public accountability. These, and other, trade-offs are apparent in the Suckler Beef Climate Group Scheme (SBCGS), as outlined below for a number of inter-related issues.

Basis for payments

2. In principle, support payments could be conditional on quantified reductions in scheme participants' GHG emissions. However, in practice, widespread measurement of actual emissions in-situ is not feasible. Similarly, the use of models to estimate emissions incurs additional validation and verification effort which generate significant administrative costs that can be disproportionate for small land areas (e.g. see the Woodland Carbon Code and Peatland Code). Hence proxy metrics need to be chosen.
3. One option is to pay for management actions deemed likely to lead to desired outcomes, as happens with most agri-environmental schemes. This either means limiting farmers' discretion by restricting management choices or incurring administrative complexity through trying to monitor a wide range of actions.
4. However, given that many management actions contribute to the key performance metrics of registered calving rates, on-farm mortality rates, slaughter ages and age of first calving, monitoring each and every management action in great detail can probably be avoided. Herd metrics are already available for each farm via CTS (soon to be superseded fully in Scotland by ScotEID) and SAOS has already undertaken a KTIF project exploring how they can be presented to farmers.

5. Yet herd metrics for a given farm often vary from year-to-year due to fluctuations in factors beyond a farmer's control. For example, good or bad weather. This suggests that rolling averages may need to be used, although this may dampen registered rates of improvement in metrics and delay progression to receipt of higher tier payment rates.
6. Payment for management actions may, nevertheless, be unavoidable in some cases. For example, with respect to manure handling and the use of methane inhibitors. In such cases, monitoring burdens could possibly be reduced through self-reporting and remote monitoring. For example, submission of photographic/video evidence of activities and input invoices plus Internet-of-Things environmental surveillance.
7. In other cases, if evidence of management actions is deemed necessary, it may be sufficient to record the presence (or absence) of particular actions rather than any detail of their timing, intensity, and calibre/standard. It is possible that QA inspections or farm advisors could support such monitoring.
8. The inclusion of biodiversity poses a particular challenge, with outcomes often being hard to measure and relevant management actions often being highly context-specific. This suggests an inescapable need for flexible management and corresponding administrative complexity.

Questions:

- a) Which, if any, management actions need to be monitored in detail?**
- b) Which herd metrics should be used, and how should year-on-year fluctuations be handled?**
- c) How should biodiversity be included?**
- d) Can use be made of self-reporting, remote monitoring, QA inspections and/or advisors?**

Payment rates and limits

9. If the basis for payments can be agreed, consideration then needs to be given to how payment rates are calculated. This may include tiering and/or targeting of payments according to different thresholds for metrics or actions, but also different farm types/sizes and/or locations. Eligibility criteria and duration of enrolment also need to be agreed. However, beyond the mechanics of tiering/targeting, rates are also constrained by budgetary limits and WTO rules.
10. In terms of budget, there is a notional beef envelope of funding currently provided to farms with beef cattle. This could all be allocated to the SBCGS. However, it is not certain that either overall funding levels nor sectoral shares will or should remain constant. In addition, for any given budget level, affordable payment rates will also depend on assumed uptake rates i.e. how many farms are likely to be enrolled. This may entail capping of enrolment or making explicit provision for how any over-spends (or under-spends) would be handled.
11. Separately, even post-Brexit, agricultural support payments have to comply with WTO rules. Given the emphasis on production efficiencies, it is unlikely that SBCGS payments can be portrayed as 'green box' compliant, decoupled from production. Hence, they either need to be portrayed as 'amber box' or 'blue box' coupled payments. The latter, which essentially involves production quotas, may be more appropriate since avoiding unintended increases in aggregate emissions will

itself require some form of controls on overall production (although market forces may curtail production anyway).

Questions:

- e) How should payment rates be differentiated? And for which metrics and actions?**
- f) What budget should be assumed? And how does this relate to other sectors/broader policy?**
- g) What uptake rate should be assumed, or how should over-spends be guarded against?**
- h) What eligibility criteria should be used for scheme entry and exit?**
- i) Do 'blue box' (and tradable?) production constraints need to be included from the start?**

Databases

- 12. If herd metrics are to be used, ScotEID is the obvious choice as a hosting database. However, consideration needs to be given to whether/how any other farm-level metrics and monitoring data would also fit easily into ScotEID. Separately, consideration may need to be given to capturing and sharing data from marts and abattoirs e.g. weights.
- 13. In addition, interactions between ScotEID and RPID would need to be agreed to support RPID needs with respect to payments and inspections, whilst also respecting good data sharing principles.

Questions

- j) Should ScotEID host all scheme data (and what are the resource requirements)?**
- k) Should data from marts and abattoirs also be sought (and what are the resource requirements)?**
- l) How would RPID and ScotEID interact (and what are the resource requirements)?**
- m) How should metrics be presented to farmers (and what are the resource requirements)?**

Advice & Communications

- 14. Accelerating widespread adoption of mitigation will require clear communication of the strategic rationale for change and how farmers can adapt. This is likely to need coordination across government and stakeholder bodies (e.g. NFUS, QMS). It is also likely to require significant advisory support, possibly accredited, and, perhaps, a shift in the nature of inspections. For example, in relation to farmers' engagement and intent rather than simply achievement (or not) of headline metrics alone.

Questions

- n) Who should be involved in designing and delivering Comms?**
- o) Should use of an advisor be mandated? If so, who pays for advice and how?**
- p) Should all advisors be accredited? And if so, how?**
- q) Is there any scope for broadening/softening inspection criteria?**