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**From:** [Redacted text] **On Behalf Of** Cabinet Secretary for the Rural Economy and Connectivity  
**Sent:** 07 February 2018 16:15  
**To:** [Redacted text]; Cabinet Secretary for the Rural Economy and Connectivity  
**Cc:** [Redacted text]  
**Subject:** RE: NR for clearance - LFASS - COP

[Redacted text]

Mr Ewing has cleared.

Regards

[Redacted text]

[Redacted text]

[Redacted text]

Cabinet Secretary for the Rural Economy and Connectivity  
2N.11 St Andrew's House | Regent Road | Edinburgh | EH1 3DG  
[Redacted text] Email: [CabSecRec@gov.scot](mailto:CabSecRec@gov.scot)

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**From:** [Redacted text]  
**Sent:** 07 February 2018 09:11  
**To:** Cabinet Secretary for the Rural Economy and Connectivity  
**Cc:** [Redacted text]  
**Subject:** NR for clearance - LFASS - COP

[Redacted text],

The below NR has been drafted ahead of NFUS on Friday announcing the LFASS loan scheme. Kate and officials are content. Grateful if we could get clearance by COP, if possible.

In addition, the below handling plan has been agreed.

Friday

- Mr Ewing delivers keynote speech
- NR issues to media
- NR sent to ARE staff and agents
- Link to speech, graphic tweeted on Rural Matters and GreenerScotland social media accounts

- Cab Sec clip posted to Rural Matters Facebook
- Q&A and NR uploaded to RP&S website
- Senior policy colleagues brief key stakeholders (date and time tbc)
- Media Huddle post speech (Scottish Farmer, Farmers Guardian, Scotsman, P&J, Courier)

Key stakeholders to include

NFUS, Scottish Tenant Farmers Association, Scottish Association of Young Farmers, Crofting Commission, Crofting Federation, Farm Advisory Service, Scottish Land and Estates, Scottish Beef Association, National Sheep Association, Agri champions, Dairy Hub , SRUC/Any other major agents association, SNH, Forestry Commission Scotland, Scottish Rural Network, Scottish Rural Action)

Thanks in anticipation,

[Redacted text]

**Loans scheme confirmed  
LFASS update.**

Hill farmers and crofters will be offered a nationally-funded loan for Less Favoured Area Support Scheme 2017.

The loan scheme will inject up to £55 million into some of our most remote and rural communities, safeguarding jobs and local agricultural businesses.

Eligible hill farmers and crofters will be offered a loan of up to 90% of their LFASS entitlement, with payments beginning in April.

Announcing the scheme at the annual NFUS AGM, Rural Economy Secretary Fergus Ewing said:

“I understand how important LFASS payments are to farmers and crofters in our most remote and marginalised areas, and that is why, we are again making available LFASS loans.

“I am delivering on the commitment I made last year to establish a loan scheme if I judged that this would be the best way to provide financial certainty to LFASS claimants. While we are making good progress in our handling of LFASS2017 scheme payments, and are on track to commence payments earlier than we have done in previous years, I want to offer as much certainty as I can right now.

“While this loan scheme will inject up to £55 million into some of our most vulnerable and remote areas, providing much needed financial security in the months ahead, I want to reassure farmers and crofters that this loan offer does not take away funding from any public services. It is theirs and they should have it.

“I have been clear that my priority is and will continue to be to protect and grow our rural economy and would therefore encourage eligible farmers and crofters to strongly consider taking up the offer of a loan.”

## **Background**

There are specific EU rules around advance payments which at this stage of processing 2017 claims would mean we could not make advance payments. Therefore, we are making the offer of loans from domestic funding which is not constrained by EU rules.

The scheme has been designed so the payment farmers and crofters receive under NLFASSS17 is less than the amount they should be due from their LFASS payment. The sum will be automatically deducted from their LFASS payment when it is fully processed and they should receive a balance payment. Where loans are fully recovered, Scottish Government will meet interest costs in compliance with state aid rules.

We will be sending out NLFASS offer letters in batches, the first offers will start to be sent from the end of February and will continue to be issued as claim eligibility is confirmed.

The full extent of eligible businesses is still being confirmed, but we expect this to be remain at around the same level as the 2016 loan scheme when offers were made to approximately 11,275 businesses. It is likely that a small number of applicants will not be in a position to be offered a loan. This was the case for the 2016 LFASS loan scheme too.

**[Redacted text]**

Scottish Government, St Andrew's House

**[Redacted text]**

**[Redacted text]**