

## EQUALITY IMPACT ASSESSMENT RECORD

<b>Title of policy/ practice/ strategy/ legislation etc.</b>	<b>The Less Favoured Area Support Scheme (Scotland) Amendment Regulations 2019</b>	
<b>Minister</b>	<b>Fergus Ewing</b>	
<b>Lead official</b>	<b>John Kerr</b>	
<b>Officials involved in the EQIA</b>	<b>name</b>	<b>team</b>
	<b>Kirsten Beddows</b>	<b>SRDP</b>
	<b>Shirley Graham</b>	<b>SRDP</b>
	<b>Michael Wilson</b>	<b>SRDP</b>
	<b>Harriet Houlsby</b>	<b>RESAS</b>
	<b>Frederick Foxtton</b>	<b>RESAS</b>
<b>John Stuart</b>	<b>RPID</b>	
<b>Directorate: Division: Team</b>	<b>Agriculture and Rural Economy (ARE)</b>	
	<b>ARE: Agriculture and Rural Development</b>	
	<b>Scottish Rural Development Programme (SRDP)</b>	
<b>Is this new policy or revision to an existing policy?</b>	<b>Revision to existing policy</b>	

### Screening

#### *Policy Aim*

The policy objective for the Less Favoured Area is to maintain funding for 2019 and 2020, at least at 80% of the current funding levels, with a desire to reach 100% of current levels if possible. The policy objective of this amending regulation is to have the legal powers to deliver the maximum amount possible through the Less Favoured Area Support Scheme (LFASS). Any balance of funding will be delivered separately to LFASS.

Regulation (EU) No 1305/2013 (“the Rural Development Regulation”) provides for an area based support scheme for Areas Facing Natural Constraint (ANC). If Member States do not move to

an ANC scheme they are permitted to continue Less Favoured Area (LFA) support for 2019 and 2020 but with reduced payment rates and the introduction of degressivity.

The purpose is to amend the Less Favoured Area Support scheme (LFASS) to ensure compliance to allow for the continuation of LFASS for payment years 2019 and 2020.

Under European Union Rural Development Regulations, people farming in areas facing natural or other specific constraints may be eligible for an annual income support payment. LFASS provides this in Scotland. The scheme funding is intended to support the following aims for less favoured areas in Scotland:

- allows farmers and crofters to continue to run viable businesses
- avoids the risk of land abandonment
- helps maintain the countryside by ensuring continued agricultural land use
- maintains and promotes sustainable farming systems

LFASS is part of the Scottish Rural Development Programme (SRDP). The SRDP 2014-2020 was subject to consultation and as part of the [development](#) process a Business and Regulatory Impact Assessment, Strategic Environmental Assessment and Equalities Impact Assessment were prepared.

The SRDP operates under a broad strategic framework agreed by the European Union (EU), termed the EU 2020 strategy. This outlines thematic objectives to focus the strategic interventions. Linked to these are Scotland's National Performance Framework outcomes. This work is still applicable but we note recent revisions made to Scotland's National Performance Framework, which is mapped to the United Nations Sustainable Development Goals, and provide an update on the National Outcomes that LFASS will support:

[Communities](#) - We live in communities that are inclusive, empowered, resilient and safe.

[Culture](#) - We are creative and our vibrant and diverse cultures are expressed and enjoyed widely.

[Economy](#) - We have a globally competitive, entrepreneurial, inclusive and sustainable economy.

[Environment](#) - We value, enjoy, protect and enhance our environment.

[Fair Work and Business](#) - We have thriving and innovative businesses, with quality jobs and fair work for everyone.

[Poverty](#) - We tackle poverty by sharing opportunities, wealth and power more equally.

### ***Who will it affect?***

LFASS supports around 11,300 farming and crofting businesses in less favoured areas of Scotland. 85% of agricultural land in Scotland is classified as being less favoured area with support worth in the region of £65.5 million per year.

The reduction to payment rates for scheme years 2019 and 2020, and the inclusion of degressivity, is required by EU law. All eligible applicants will continue to receive a minimum payment of £385, as this is not being reduced. The minimum payment would apply to around 1,480, or 13%, of applicants.

### **Payment Rates**

- Scheme year 2019 at a maximum payment rate of 80% of the 2018 rates
- Scheme year 2020 at a maximum payment rate of 40% of the 2018 rates or €25/hectare

The Rural Development Regulation sets a minimum payment rate of €25/hectare. The SRDP uses a set exchange rate of £1 = €1.20. For 2020, when payment rates are reduced to 40%, one rate (of £13.64) falls below €25/hectare. To meet the Rural Development Regulation minimum payment rate this would increase to £20.83 (€25). The introduction of the €25/hectare minimum payment would affect approximately 4,000 applicants with land of standard quality and grazing category C+D, reducing the impact of payment reductions in 2020.

No applicant would be impacted negatively by the introduction of the €25/hectare minimum payment and the application of it does not have a redistribution effect as no money is taken from one group to give to another. However the overall share of LFASS spend by category would change as a result.

It is noted the minimum payment change will only support the better quality LFA land. The overall policy intent and the Cabinet Secretary for the Rural Economy's aim is to achieve 80% of LFASS funding in 2020. Utilising the minimum payment will help to mitigate the funding cut and will be used in combination with other measures to help achieve the overall aim.

### **Degressivity**

EU regulations stipulate that "Member States shall provide for degressivity of payments above a threshold level of area per holding" from scheme year 2019. The intent is to avoid over-compensation and to address extreme cases linked to very large holdings by reducing payments based on the size of the eligible area.

To achieve this the eligible land an applicant has over 4,000 hectares will be reduced by 10% for the purpose of calculating LFA support. The eligible land an applicant has over 10,000 hectares will be reduced by 25%. The relevant reduction is apportioned across each grazing category. The threshold is calculated with reference to eligible land as adjusted for the stocking density restriction.

- Less than 4,000 hectares payment on 100% of eligible hectares *then*
- 4,000-10,000 hectares payment on 90% eligible hectares *then*
- More than 10,000 hectares payments on 75% of eligible hectares.

Guidance on this is available on the [scheme website](#). The individual LFASS recipients who will be impacted by degressivity (less than 1%) will be individually contacted

once they have been identified following their claim submission for 2019.

There will be a financial impact on farmers and crofters who apply for LFASS funding due to the payment rate changes and the inclusion of degressivity. If the revision to the policy was not made the scheme would not be compliant with EU law and would have to cease. An unexpected end to LFASS would have an impact on applicants which could cause business volatility which would run the risk of land abandonment, socio-economic and environmental impacts in the less favoured areas of rural Scotland.

LFASS provides support to around 11,300 farming businesses.<sup>1</sup>

In some cases LFASS is a significant proportion of their subsidy:

- For around 14% of farming businesses who receive LFASS, LFASS makes up 50% or more of their subsidy (including Pillar One payments)<sup>2</sup>
  - This has a particular impact on those with the status “Very Fragile”, for 20% of whom LFASS makes up 50% or more of their subsidy<sup>2</sup>
  - Shetland is the most impacted region, where for nearly 30% of farming businesses, 50% or more of their subsidy is LFASS<sup>2</sup>
  - For Enterprise Mix, the most affected group is 1.35 at 21%. This may suggest that mixed cattle and sheep farming would be the most affected by loss of LFASS<sup>2</sup>
- The average farm in Scotland has a Farm Business Income (FBI)<sup>3</sup> of around £33,000 (above rural Scottish average), of which LFASS makes up around £4,500<sup>4</sup>
  - LFA Sheep farms would be impacted more than most – the average LFA Sheep farm has a Farm Business Income of around £23,000, of which around £14,000 is LFASS<sup>3</sup>

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<sup>1</sup> 2017 LFASS Overspend - RPID

<sup>2</sup> 2017 LFASS Overspend and 2017 Pillar One Payments

<sup>3</sup> The FBI figures are different from the published document because they are not weighted to the population

<sup>4</sup> Farm Business Survey 2016-17 - RESAS

For some, this may even lead to farming businesses becoming unviable, or reduce incomes:

- Considering LFASS as proportion of FBI, farms at risk could be LFA Sheep (62%), LFA Cattle (31%) and LFA Cattle and Sheep (33%)<sup>5</sup>
- Considering FBI, farms at risk could be Sheep and Cattle in North Eastern and West Central Scotland<sup>4</sup>

Because LFASS is based on hectares (ha) of LFA land, it is likely to have more impact on farmers working on less productive land – and in Scotland this is a larger proportion of land than in most UK regions.

This is reflected in a survey conducted by National Farmers Union of Scotland. The body surveyed members who received LFA support in 2018 when the case was made for a derogation from Council Regulation (EU) No 1305/2013. Respondents expressed concern about the potential loss of direct LFA support and the impact it could have on businesses, particularly those with sheep and cattle. Those respondents also mentioned the potential for stock reduction in an effort to retain business viability.

It is noted the demography of rural Scotland differs from that in urban areas (see Stage 2) but as LFASS eligibility is land based and 85% of agricultural land is classified as being LFA it is not considered to positively or negatively impact on any particular group.

### ***What might prevent the desired outcomes being achieved?***

The amending SSI not being laid before a no deal Brexit:

The primary power to allow this amendment is the European Communities Act so, in the event of a no deal Brexit, Scottish Ministers would have no power to amend after 29 March and LFASS payments would cease as the principal Regulation would not comply with EU law.

No action taken resulting in the SSI amendment not being made:

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<sup>5</sup> Farm Business Survey 2016-17 - RESAS

The no deal Brexit scenario outlined above is an imposed deadline but in every possible outcome, including staying within the EU, the amendment is required to ensure LFASS is compliant with EU law or it will cease.

These situations would reduce the level of support provided to rural areas of Scotland and impact on the delivery of the National Outcomes listed previously. It would likely to lead to land abandonment which would result in socio-economic and environmental impacts.

## **Stage 1: Framing**

### ***Results of framing exercise***

The eligibility for the LFASS scheme is land based and not related to any protected characteristic or personal factor. It was noted that an EQIA was developed for the entire SRDP 2014-2020 and this policy update is to an existing scheme and to comply with changes to EU regulations. It was considered appropriate to determine if there was any new evidence available in relation to rural areas and the protected characteristics to inform the approach taken and to enable an updated EQIA to be produced.

The results and key findings of the framing exercise from [SRDP 2014-2020 EQIA](#) were noted along with the Rural and Environment Science and Analytical Services (RESAS) [Review of Equality Evidence in Rural Scotland](#) report from the same time.

**This EQIA is not intended to replace the one undertaken for the entire SRDP but to complement it and provide an update in relation to the protected characteristics in rural Scotland and their relationship to LFASS.**

### ***Extent/Level of EQIA required***

The research undertaken provides updated information in relation to the protected characteristics, notably providing some evidence on gender assignment when the prior EQIA had none, but the information indicated there had been minimal change to what was understood when the overall SRDP was developed.

We will continue to develop our monitoring systems and engage with relevant stakeholder groups on equality issues. The inclusion of equality related questions in future surveys and the 2021 census will assist in programme evaluation and future policy development.

The level of updated EQIA produced is proportionate with regard to the scheme eligibility criteria, prior EQIA and evidence available.

## Stage 2: Data and evidence gathering, involvement and consultation

Include here the results of your evidence gathering (including framing exercise), including qualitative and quantitative data and the source of that information, whether national statistics, surveys or consultations with relevant equality groups.

The evidence gathered for the SRDP 2014-2020 EQIA was noted and the decision made to find updated evidence, where possible, to determine if there had been any changes to the protected characteristics in rural Scotland.

Characteristic <sup>6</sup>	Evidence gathered and Strength/quality of evidence	Source	Data gaps identified and action taken
AGE	Rural areas have a lower percentage of the population in the 16-34 age group but a higher proportion of people aged 45 and over. For example, in 2017 18% of the population in remote rural areas and 19% of the population in accessible rural areas were 16-34 year olds, compared to 25% in the rest of Scotland.	<a href="#">Population Estimates by Urban Rural Classification 2011-17</a> <a href="#">Scottish Government Equality Evidence Finder</a>	

<sup>6</sup> Refer to Definitions of Protected Characteristics document for information on the characteristics

	<p>Conversely, 57% of the population in remote rural areas and 52% of the population in accessible rural areas were aged 45 and over, compared to 35% in the rest of Scotland.</p> <p>In 2017 the proportion of people aged 65 or over was 21% in accessible rural areas was and 25% in remote rural areas compared to 18% in the rest of Scotland</p>		
<p><b>DISABILITY</b></p>	<p>There is a roughly equal proportion of adults with a long term illness or disability living in rural areas compared to urban areas. In 2017, the proportion of people reporting having a long term health condition or illness was 25% in urban areas and 27% in rural areas. This</p>	<p><a href="#">Scottish Household Survey 2017</a></p>	

	<p>proportion is despite the fact there is a higher proportion of older people living in rural areas and the prevalence of disability and long term limiting illness increases with age.</p>		
<p><b>SEX</b></p>	<p>Scotland had a relatively even split between genders in 2017, with 51% women and 49% men, although this varied amongst age groups.</p> <p>The youngest age groups had a higher proportion of males as more boys are born than girls, whilst the oldest age groups had a lower proportion of men because women have a longer life expectancy in Scotland.</p>	<p><a href="#">Mid-2017 Population Estimates Scotland</a></p>	<p>It did not provide a breakdown by area type.</p>

<p><b>PREGNANCY AND MATERNITY</b></p>	<p>In 2017, 52,861 births were registered in Scotland, 1,627 (3.0%) fewer than in 2016. This is the lowest annual total since 2003. In the last decade there was a peak of 60,041 births in 2008 followed by a mainly downward trend to the 2017 level. The total in 2017 was 7,180 (12.0%) lower than the 2008 peak, and well below the peak of over 100,000 per year in the early 1960s, and the level of around 65,000 to 70,000 per year between the mid-1970s and the early 1990s</p>	<p><a href="#">Scotland's Population 2017 - The Registrar General's Annual Review of Demographic Trends</a></p>	
<p><b>GENDER REASSIGNMENT</b></p>	<p>There is no precise estimate of the number of trans people in Scotland but the most commonly used figure is 0.5% of the population. More trans adults</p>	<p><a href="#">Scottish Public Health Network - Health Care Needs Assessment of Gender Identity Services, 2017</a></p>	<p>Proposed inclusion in 2021 census.</p>

	<p>access services from cities than rural areas. This is likely related to relocation to areas with known support services and communities.</p>		
<b>SEXUAL ORIENTATION</b>	<p>Around 2% of all adults self-identified as lesbian, gay or bisexual. However the survey notes this is likely to be underrepresented.</p>	<p><a href="#">Scottish Household Survey 2017</a></p>	<p>Proposed inclusion in 2021 census.</p> <p>It did not provide a breakdown by area type.</p>
<b>RACE</b>	<p>The country of birth by geographic area in 2017 showed:</p> <p>The percentage of those born in Scotland was 75% in remote rural, 79% in accessible rural and 81% in the rest of Scotland.</p> <p>The percentage of</p>	<p><a href="#">Rural Scotland: Key Facts 2018</a></p>	

	<p>those born in the rest of the UK was 21% in remote rural, 17% in accessible rural and 9% in the rest of Scotland.</p> <p>The percentage of those born in the rest of the world was 4% in remote rural, 5% in accessible rural and 10% in the rest of Scotland [this was further split by European Union and non-European countries – in all areas there was a roughly equal split].</p>		
<p><b>RELIGION OR BELIEF</b></p>	<p>In 2017 the proportion of people with no religion is higher in urban areas than in rural areas (52% compared to 49%).</p> <p>The proportion of people with a non-Christian religion is</p>	<p><a href="#">Scottish Household Survey 2017</a></p>	

	higher in urban areas than in rural areas (4% compared to 2%).		
<b>MARRIAGE AND CIVIL PARTNERSHIP</b> (the Scottish Government does not require assessment against this protected characteristic unless the policy or practice relates to work, for example HR policies and practices - refer to Definitions of Protected Characteristics document for details)	There were 28,440 marriages in Scotland in 2017, 789 (2.7%) fewer than in 2016. Of these, 982 were same-sex marriages (involving 407 males couples and 575 females couples) following The Marriage and Civil Partnership (Scotland) Act 2014 coming into force on 16 December 2014.	<a href="#">Scotland's Population 2017 - The Registrar General's Annual Review of Demographic Trends</a>	It did not provide a breakdown by area type.

### Stage 3: Assessing the impacts and identifying opportunities to promote equality

Having considered the data and evidence you have gathered, this section requires you to consider the potential impacts – negative and positive – that your policy might have on each of the protected characteristics. It is important to remember the duty is also a positive one – that we must explore whether the policy offers the opportunity to promote equality and/or foster good relations.

**Do you think that the policy impacts on people because of their age?**

<b>Age</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			X	The scheme is open to those actively farming land designated as a less favourable area. The award is based on eligibility criteria related to land rather than personal factors. It is noted that the population of rural Scotland is older than urban areas.
Advancing equality of opportunity			X	
Promoting good relations among and between different age groups			X	

**Do you think that the policy impacts disabled people?**

<b>Disability</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			X	There is nothing in the criteria that would prevent someone with a disability from applying, although the scheme requires active farming which may reduce uptake from disabled people.
Advancing equality of opportunity			X	
Promoting good relations among and between disabled and non-disabled people			X	

**Do you think that the policy impacts on men and women in different ways?**

<b>Sex</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on gender.
Advancing equality of opportunity			X	
Promoting good relations between men and women			X	

**Do you think that the policy impacts on women because of pregnancy and maternity?**

<b>Pregnancy and Maternity</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on pregnancy and maternity.
Advancing equality of opportunity			X	
Promoting good relations			X	

**Do you think your policy impacts on transsexual people?**

<b>Gender reassignment</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on gender reassignment but it is noted that services and support groups are generally based in urban areas.
Advancing equality of opportunity			X	
Promoting good relations			X	

**Do you think that the policy impacts on people because of their sexual orientation?**

<b>Sexual orientation</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on sexual orientation.
Advancing equality of opportunity			X	
Promoting good relations			X	

**Do you think the policy impacts on people on the grounds of their race?**

<b>Race</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on race.
Advancing equality of opportunity			X	There is no mechanism to advance equality of opportunity due to race not being a factor (as above).
Promoting good race relations			X	

**Do you think the policy impacts on people because of their religion or belief?**

<b>Religion or belief</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on religion or belief.
Advancing equality of opportunity			X	There is no mechanism to advance equality of opportunity due to religion or belief not being a factor (as above).
Promoting good relations			X	

**Do you think the policy impacts on people because of their marriage or civil partnership?**

<b>Marriage and Civil Partnership<sup>7</sup></b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination			X	There is nothing in the criteria that would discriminate based on marriage and civil partnership.

<sup>7</sup> In respect of this protected characteristic, a body subject to the Public Sector Equality Duty (which includes Scottish Government) only needs to comply with the first need of the duty (to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010) and only in relation to work. This is because the parts of the Act covering services and public functions, premises, education etc. do not apply to that protected characteristic. Equality impact assessment within the Scottish Government does not require assessment against the protected characteristic of Marriage and Civil Partnership unless the policy or practice relates to work, for example HR policies and practices.

## Stage 4: Decision making and monitoring

### *Identifying and establishing any required mitigating action*

Have positive or negative impacts been identified for any of the equality groups?	No
Is the policy directly or indirectly discriminatory under the Equality Act 2010 <sup>8</sup> ?	No
If the policy is indirectly discriminatory, how is it justified under the relevant legislation?	N/A
If not justified, what mitigating action will be undertaken?	N/A

### ***Describing how Equality Impact analysis has shaped the policy making process***

The policy is non-discriminatory and the scheme was developed in line with European and UK equalities legislation. No changes have been made to the policy as a result of the impact analysis.

This policy is to continue the existing SRDP for a further two scheme years. During this period the impact will continue to be monitored through stakeholder engagement and by working with partners to best utilise and collect data on rural Scotland through changes to the household survey, census and by equality data collected on scheme beneficiaries as part of the monitoring and review process.

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<sup>8</sup> See EQIA – Setting the Scene for further information on the legislation.

There are no implications of the EQIA on costs or resources to the LFASS scheme.

The EQIA has confirmed there has been no significant change to the demography of rural Scotland in relation to the protected characteristics and the scheme is not discriminatory as the eligibility criteria relates to land rather than personal factors.

### ***Monitoring and Review***

Changes to data collection in relation to equalities, for example the inclusion of sexual orientation in the Scottish Household Survey and the intent to include questions in the upcoming census, will help to inform future policy.

The National Council of Rural Advisers have proposed a new blueprint for Scotland's rural economy that will involve alignment with the National Performance Framework. This will enable us to better evaluate programmes based on national performance indicators.

The monitoring and evaluation framework developed for the SRDP and the Annual Implementation Report which is submitted to the European Commission will monitor and evaluate the outcomes.

### **Stage 5 - Authorisation of EQIA**

Please confirm that:

- ◆ This Equality Impact Assessment has informed the development of this policy:

Yes  No

- ◆ Opportunities to promote equality in respect of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation have been considered, i.e.:
  - Eliminating unlawful discrimination, harassment, victimisation;

- Removing or minimising any barriers and/or disadvantages;
- Taking steps which assist with promoting equality and meeting people's different needs;
- Encouraging participation (e.g. in public life)
- Fostering good relations, tackling prejudice and promoting understanding.

Yes  No

- ◆ If the Marriage and Civil Partnership protected characteristic applies to this policy, the Equality Impact Assessment has also assessed against the duty to eliminate unlawful discrimination, harassment and victimisation in respect of this protected characteristic:

Yes  No  Not applicable

## Declaration

**I am satisfied with the equality impact assessment that has been undertaken for The Less Favoured Area Support Scheme (Scotland) Amendment Regulations 2019 and give my authorisation for the results of this assessment to be published on the Scottish Government's website.**

**Name: John Kerr**  
**Position: Head of Agricultural Policy**  
**Authorisation date: 13/03/19**

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