



# Scottish Rural Development Programme

**SRDP 2014-2020: Joint Programme Monitoring Committee  
Programme progress report  
November 2017**

## 1. Programme update

### Budget

- Total revised budget €1.5bn (or 1.26bn sterling – assumed exchange rate of €1.20 = £1).
- Pillar 1 to Pillar 2 transfer - retained at 9.5%
- The indicative scheme budgets until 2020 have been revised as a result of increasing pressures on SG budgets, and to ensure we maximise EU funds.
- The co-financing rate is to be 45.3% EU funds: 54.7% SG funds from 16 Oct 2017
- These are indicative budgets, we will continue to monitor scheme performance and demand and the budgets are highly likely to change again in the future.
- On-going budget pressures - SG draft 2018/19 budget due to be published in December.

## Scheme progress

- Over 9,800 applications approved to date, and a support to 11,300 farmers and crofters through the Less Favoured Area Support Scheme (LFASS) each year.
- £640m of new commitments to date.
- Majority of schemes on track. Broadband has faced some delays and the Cabinet Secretary announced the closure of the Environmental Co-operation Action Fund in October.
- Targeted communications have taken place for the Beef Efficiency Scheme to address customer concerns, and are underway for the Agri-Environment-Climate Scheme where uptake is lower than forecast.

## EU exit/future issues

- Impact of EU referendum result - SRDP projects are guaranteed where contracts are entered into before an UK exit from the EU, LFASS has now been guaranteed for 2019. Ministers continue to push for all Pillar 2 (and Pillar 1) to be guaranteed in full.
- The Agriculture Champions will be producing a discussion document this autumn, outlining their emerging thoughts and recommendations. This will be followed by a stakeholder event and opportunity for stakeholders to submit their views to the champions.
- The National Council of Rural Advisers was announced at the Royal Highland Show on 22nd June 2017.
- The National Council (which includes the Ag Champions) will provide advice on the potential implications of Scotland leaving the EU as part of the UK, and make recommendations on future policy and support, with the aim of ensuring a vibrant, sustainable and productive rural economy.
- The Omnibus Regulation continues to be discussed in Europe and may impact on the rules for LFASS and modification 4.

## 2. Programme monitoring

### Monitoring & Evaluation Steering Group

- The next meeting of the Monitoring & Evaluation Steering Group will be held in spring 2018.
- The minutes from the previous meeting, held in February this year, can be accessed at:  
<http://www.gov.scot/Resource/0051/00517031.pdf>
- More information on the Steering Group can be accessed here:  
<http://www.gov.scot/Topics/farmingrural/SRDP/SRDP2014-2020MonitoringandEvaluation/SG>

### AIR - Annual Implementation Report

- The Annual Implementation Reports (AIR), covering the calendar year 2016 and the period from 2014 to 2016, was submitted to the EC in July. The report, along with the Summary for Citizens, was accepted by the EC in September 2017.
- The full report, as well as the Summary for Citizens and a short overview, can be accessed at:  
<http://www.gov.scot/Topics/farmingrural/SRDP/SRDP2014-2020RDOC/AIR2016>

### 3. Communications/Scottish Rural Network

## Scottish Rural Network

- Promotional campaign for Agri-Environment Climate Scheme
- Launched autumn film festival #SRDPonFilm: films featuring different SRDP projects are released every Thursday
- LEADER Cooperation Café in Renfrewshire in October: Local Action Groups from across Scotland met to develop their ideas for cooperating with each other.
- 26 case studies now published on the SRN website, featuring projects funded under FPMC, AECS, LEADER, FGS and KTIF.
- Collaborated with LEADER LAGs to deliver drop-in session on farm diversification at Royal Highland Show
- Established two LEADER working groups: on communications and LARCs (IT system)
- Produced animation on application process for LEADER
- Produced flyer on Community Led Local Development
- Continue to issue weekly rural newsletter to more than 1,200 subscribers and monthly LEADER newsletter more than 230 subscribers

#### 4. Error Rate Action Plan

## Error Rate Action Plan

- Further audits have continued since the last meeting and actions are being monitored on an ongoing basis.
- Discussions are continuing between SG and EC.
- Any further information, when available, will be shared with the JPMC.

## 5. Risk Register – key risks

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Guarantee for SRDP programme for contracts in place up to the point of UK exit from the EU - no guarantee for projects past this date	Risks cessation of new contracts for rural Scotland, impacting on the ability for SRDP objectives to be delivered on the rural economy and communities, including environmental and farming support.	Central SG Finance, and Scottish Ministers continue to press on HMT for further funding guarantees
Tightening of public sector finances, continued pressure on domestic budgets risk to overall impact on delivering SRDP outcomes.	SRDP is co-financed by SG, budget impacts will come directly from SG's spending reviews, this may affect the balance between measures in the programme and the ability to deliver original level of support set out in the initially approved programme.	SRDP programme team continue to review financial allocations and demand to ensure allocated funds are provided to key priority areas, subject to ministerial decisions.
Delay in publication of EU Omnibus Regulation is expected to impact on the rules for LFASS 2018	Delays our ability to notify beneficiaries and stakeholders of the rules and payment rates for 2018.	Ensure RDOC and JPMC are informed of the latest position. Seek Ministerial decisions on preference of approach in advance of final EU decision.
Failure to deliver LARCs results in the programme not fulfilling requirement to be computerised.	Revert back to a paper process.	Project management controls in place for the Phased delivery of the LARCs project. Final phase (includes reporting) currently in development due to be delivered by the end of 2017.
Failure to deliver SRDP payments through futures payment system	IT challenge could result in delay to SRDP payments and / or limit type of scheme payment.	Project management controls in place for on-going IT development of the future payment system. Manual contingency has been developed for making payments if required . This is in addition to providing access to national loan scheme to deliver substitute payments for LFASS support as required.