



Scottish Rural Development Programme

**SRDP 2014-2020: Rural Development Operational Committee (RDOC)
Programme progress report**

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1. Actions/issues Log

| Action | Timetable for action | Action status |
|---|----------------------|--|
| Meeting held on 4 October 2019 | | |
| Amend May minute to correct AECS monitoring completion date. | 01/11/2019 | Minute has been amended. |
| Seek further information on the Professor Bell group and circulate. | 05/11/2019 | A link was sent to RDOC members for the consultation that ran from 05/11/2019 – 12/02/2020. Once the results of this consultation are published they will be shared with group. |
| Amend Woodland Crofts Partnership typo on page 10 of the Programme Progress Report. | 01/11/2019 | The typo in the Programme Progress Report has been amended. |
| Share FPMC evaluation with the RDOC. | 01/11/2019 | Evaluation was shared with RDOC when draft minutes were sent out. |
| Scheme update table to be revised to include reasons for indicator colours and changes. | 12/05/2020 | Revised on scheme update table and reason for change clearer in comment column. |
| Further detail on the modification to be issued by correspondence to formally seek the RDOC's opinion. | 01/11/2019 | Continuing dialogue has been had between the RDOC and Scottish Government in regards to the most recent modification of the SRDP. |
| Further discussions on the monitoring and evaluation of SRDP are required. This topic will be revisited at the next RDOC | 12/05/2020 | This was put on the agenda for the May RDOC, with session dedicated to monitoring and evaluation of the SRDP. A paper has been circulated for the May RDOC but this item will also be taken forward to the next RDOC to allow further communication and discussion to take place. This will be part of the agenda. |

2. Programme update

Partnership Agreement

- All funding programmes continue to make commitments across Scotland.
- Delivery of the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes have continued against the respective Operational Programmes. Extensions and new operations have continued to be considered and approved. To date £572m committed out of a total value of €872m (£745m based on £1: €1.17).
- Programmes are currently in suspension, we are working closely with the EC and lead partners to resolve the issues raised.
- Annual Implementation Reports have been submitted.
- The recent consultation to consider the replacement of the ESF and ERDF programmes closed on 12 February, and a report, led by Professor David Bell, was published on 12 June 2020
<https://www.gov.scot/publications/consultation-replacement-european-structural-investment-funds-esif-post-eu-exit-scotland-consultation-report/>

EU exit/future issues

- Funding guarantees - SRDP projects are guaranteed, for the lifetime of the project, and all contracts are planned to be entered into before 31 December 2020.
- Officials have received a paper from HMT on farm funding, it confirms the quantum of funding that HMT propose meets the 2019 Conservative Party manifesto commitment but this does not meet Scottish Government expectations.
- Along with the other Devolved Administrations a number of key concerns have been raised which need to be resolved in advance of the Comprehensive Spending Review.
- 2021 – 24: Proposals focus on retaining existing CAP schemes, in broad terms, to provide certainty for farmers and land managers, while simplifying the administration of those schemes. The Agriculture (Retained EU Law and Data) (Scotland) Bill passed Stage 3 on 26 August and enables us to deliver the proposals set out in Stability and Simplicity consultation. With the Bill passed work is underway to ensure the necessary secondary legislation is in place for those schemes to be available in 2021.
- An Agricultural Transformation Programme has been announced to focus on climate change, sustainability, simplicity, profitability, innovation and productivity.
- 2024: The Farming and Food Production – Future Policy Group (FFP-FPG) last met on 23 September and agreed that they need to meet further in order to finalise their Report. As an independent Group, it will be for the Group to determine when it is ready to publish its Report, however we do expect that the Report will be published this year. Updates are available at <https://www.gov.scot/groups/farming-and-food-production-group/>
- The Commission have introduced legislation to extend the current CAP for a year in recognition that there will be a delay in the implementation of the new CAP.

3. Programme monitoring

Modification Update

- It is expected there will be a seventh modification before the end of this year, to align measure budgets to final spend to allow for a smooth closure process.
- Work is currently underway to prepare for submitting this modification to the Comissions. The RDOC will be consulted and provided with the opportunity to provide an opinion on the proposed modification in due course.

Monitoring & Evaluation

- A process evaluation of LEADER and a more detailed evaluation by SRUC have been published. The evaluations raise interesting questions for the development of similar policy in the future. The evaluations can be found here: <https://www.gov.scot/publications/process-evaluation-leader-2014-2020/> and here: <https://www.sruc.ac.uk/LEADER>, respectively.
- The evaluation of AECS by NatureScot will take the form of two papers, both of which are now complete and awaiting publication. The first paper is a commissioned piece provided by the James Hutton Institute, and provides field studies and interviews within the context of three case studies. NatureScot report that the overall results of the project indicate that the scheme is benefitting biodiversity. This report will be published soon. The second report provides heat maps looking at uptake, number of hectares and funding spend on key options. The update provided highlights some key benefits that have resulted from the scheme.
- The SRN evaluation has been completed and will be published on 6 November.
- Assuming that there are no further delays, New Entrants/Young Farmers survey will have been launched by the RDOC meeting. If not, we will update on this verbally.
- The FAS one to many evaluation has been completed, and will be published following review. This is expected by the end of November.
- The KTIF evaluation is currently in development. Key research questions have been identified but further discussion of the available data and key policy concerns are ongoing. The evaluation is expected to commence in January.
- Conversations between RESAS and FGS are ongoing regarding the planning of a series of commissioned evaluations on specific FGS schemes.

AIR - Annual Implementation Report

- Due to the COVID-19 pandemic, the deadline for submitting the AIR 2019 to the European Commission (EC) was extended to the 30 September.
- The AIR 2019, covering the calendar year 2019 and the period from 2014 to 2019, and the Summary for Citizens were submitted to the EC at the end of July.
- The EC accepted the AIR 2019 at the start of August.
- The full AIR 2019, as well as the Summary for Citizens, can be accessed here: <https://www.gov.scot/publications/srdp-2014-to-2020-annual-implementation-reports/>
- In addition, the Scottish Rural Network has produced an infographic summary of the AIR 2019, which can be accessed here: <https://www.ruralnetwork.scot/air-summary-citizens-infographic-2019>

4. Communications

SRDP Communications

- Since the Annual Strategic Communications Plan for 2020-21 was published the impacts of Covid-19 have required a refocus of activity and related communication and support. This included:
 - As part of the response phase SRN and ARE Comms have communicated support to rural stakeholders including business grants, mental health support, location of mobile testing units, sector specific guidance to the agri and hospitality sectors, promotion of consultations and surveys by SG policy areas and other stakeholders regarding Covid-19 to rural and island audiences, etc.
 - Recovery phase has focused on raising awareness of ongoing developing guidance and advice, sharing examples of good practice to support rural stakeholders, promotion of webinars and virtual events to support good practice, etc.
- Activities for remainder of 2020-2021:
 - Promotion of key SRDP dates/milestones in run up to programme end
 - Communicate details of future programme schemes as information is made available
 - Continue to inform stakeholders re announcements about Covid-19 support and guidance
 - Continue to inform stakeholders re announcements about Brexit and guidance
 - Promote legacy of current SRDP scheme.

Scottish Rural Network

- The SRN Team have been working at reduced capacity since February 2020, with a headcount of only three. This has resulted in cut back of planned and proactive activity to focus on COVID-19 messaging and response.
- Despite this the team have maintained daily social media content posted across a range of platforms, publication of the weekly newsletter, updating of website content (including COVID-19 hub) and promoted various SG and stakeholder consultations regarding COVID-19 to rural and island communities
- Continued to work closely with Rural Youth Programme (RYP) to support engagement with young people in rural and island communities including support to the Minister for Rural Affairs & Natural Environment at various meetings with follow up actions with a with a range of youth related groups. Currently developing work on a roundtable discussion of key youth organisations with a rural and island remit.
- Working with National Rural Mental Health Forum to scope out commissioning research into the mental health impacts of COVID-19 on lesser heard voices with rural and island communities
- Promoted Scottish interests and innovation from a rural perspective by utilising various theme days/weeks e.g. Mental Health Week, World Forestry Day, etc.
- Worked with Scottish Rural Action (SRA) to scope a virtual large scale online event. Procurement exercise completed for online events company. Discussions on going as whether event will be a full Scottish Rural Parliament or a lead up event.
- Scoping commissioning of research and learning into the opportunities to rural and island communities of the motorhome and campervan tourism sector. Meetings with enterprise agencies, RESAS, Visit Scotland and SG Tourism policy undertaken and draft research questions identified for review by working group.
- COVID-19 hub maintained on SRN website targeted at rural audience and stakeholders. Information on locations of mobile testing units added as separate page with weekly social media messaging to support
- Worked with Local LEADER teams to develop a social media campaign promoting LEADER response to COVID-19 (#ResilientRural)
- Development of projects to utilise TA allocation within remaining programme period.

5. Finance

Budget

- Total budget remains €1.5bn (or 1.22bn sterling – assumed exchange rate of €1.20 = £1).
- The co-financing rate is 52% EU funds: 48% SG funds from 01 Jan 2020.
- Pillar 1 to Pillar 2 transfer – remains at 9.5%.
- The vast majority of budget committed and with on-going pressures on SG budgets there is very limited flexibility for remainder of programme.
- Modification 7 will focus on minor changes, aligning budgets from those where they have already delivered against the objectives set to those where we wish to continue to deliver the benefits of the scheme.
- SG 2020/21 budget was announced on 6 Feb 2020 before the UK March Budget and is in line with the latest modification.
- The UK Government has agreed to repay £160 million CAP convergence funds owed to Scotland's farmers and crofters.
- In March Convergence payments were made to 17,900 farmers and crofters with the total value of payments processed over £88 million.
- For Convergence 2020 we intend to commence payments in January 2021 (complete by 31 March 2021) paying the remaining £71.80 million of the £160m pledge from UKG.
- The intra-UK funding allocations review under Lord Bew has concluded, with the UK Government accepting the recommendations. Scotland expects to receive £25.7m in 2020/21 and £25.7m in 2021/22.
- Careful monitoring of the budget will continue this year especially in light of the concerns already raised in relation to meeting contract requirements. Businesses have been impacted by COVID-19 and we will continue to monitor progress against commitments as we move from a period of response to recovery.

6. Error Rate Action Plan

Error Rate Action Plan

- The Error Rate Action Plan is in place to identify remedial action for deficiencies found in the management and control system. Those action plans are then assessed by the Commission to check whether they would, if properly implemented, actually remedy the identified deficiencies in due time.
- At the current time there is no Error Rate Action Plan.
- There are currently no reservations relating to other EC related audits or the DG Agri Annual Report. We have just completed an audit of Capital Investment Measures and await the Letter of Observation from the Commission.

7. Risk Register – key risks

| Risk | Impact | Mitigation |
|---|---|---|
| Brexit/funding guarantees: Guarantee for SRDP programme for contracts in place up to 31 December 2020. | No impact for current SRDP which should allow SRDP objectives to be delivered on the rural economy and communities, including environmental and farming support. The on-going lack of clarity for funding post 2020 risks continued delivery of these outcomes. Potential delays to Brexit negotiations could extend the Implementation Period. | Central SG Finance, and Scottish Ministers continue to press on HMT for further clear, written funding guarantees on the UKG 'farm support' commitment and for information on the Shared Prosperity Fund. Continued engagement across UK administrations to allow issues arising from an extension to be understood and addressed. |
| Limited budget and 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 ability of the programme to delivery expected outcomes, 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. Consideration will be given to the need for a further modification in 2020. |
| Failure to deliver SRDP payments | IT challenge could result in delay to SRDP payments and / or limit type of scheme payment. COVID-19 impact on normal application and claim processes. | Manual contingency has been developed for making payments if required. National loan scheme to deliver substitute payments for LFASS support as required offered for 2019 applications. Measures have been put in place to ensure the continued delivery of services e.g. changing to electronic claims, % of grants paid without completion certificates, area office answer phone ring back service. |
| Ability to continue support to rural and remote farms and crofts due to the changes to rules for LFASS payments at | A cessation or significant drop in support to the current less favoured areas risks the viability of up to 11,300 businesses, ultimately risking potential land abandonment and associated socio-economic and environmental impacts. | The Cabinet Secretary has committed to additional funding in the LFA area, the importance of continuing to provide support in the fragile and remote areas is a priority for this government. |

| | | |
|--------------------------------|---|--|
| 80% for 2019 and 40% for 2020. | | |
| Monitoring & evaluation | Lack of evidence on performance of schemes against outcomes which is necessary to inform the design of future support. | Monitoring completed or underway for most schemes. Progress against programme targets is being monitored through Annual Implementation Reports and feedback from the Commission and contractors will help improve our monitoring. Share progress, good practice and approach with other administrations across the UK , |
| Covid-19 Impacts | Covid-19 will have varying impacts on the agricultural sector and wider rural businesses. The main impacts on the SRDP so far are issues of claimants being able to fulfil contracts. This has already been noted where work has been paused, due to contracted work not being carried out. | Officials are in contact with stakeholders, area office staff, LAG's and claimants to monitor progress, escalate any issues raised and continue to review claims on a case by case basis if necessary. |