



Scottish Rural Development Programme

Summary of Progress - 2014 to 2018



The European Agricultural Fund
for Rural Development:
Europe investing in rural areas



Scottish Government
Riaghaltas na h-Alba
gov.scot

Introduction

The fourth Annual Implementation Report (AIR) on the [Scottish Rural Development Programme \(SRDP\) 2014-2020](#) covers the calendar year 2018 and the period from 2014 to 2018. The full report can be accessed [here](#).

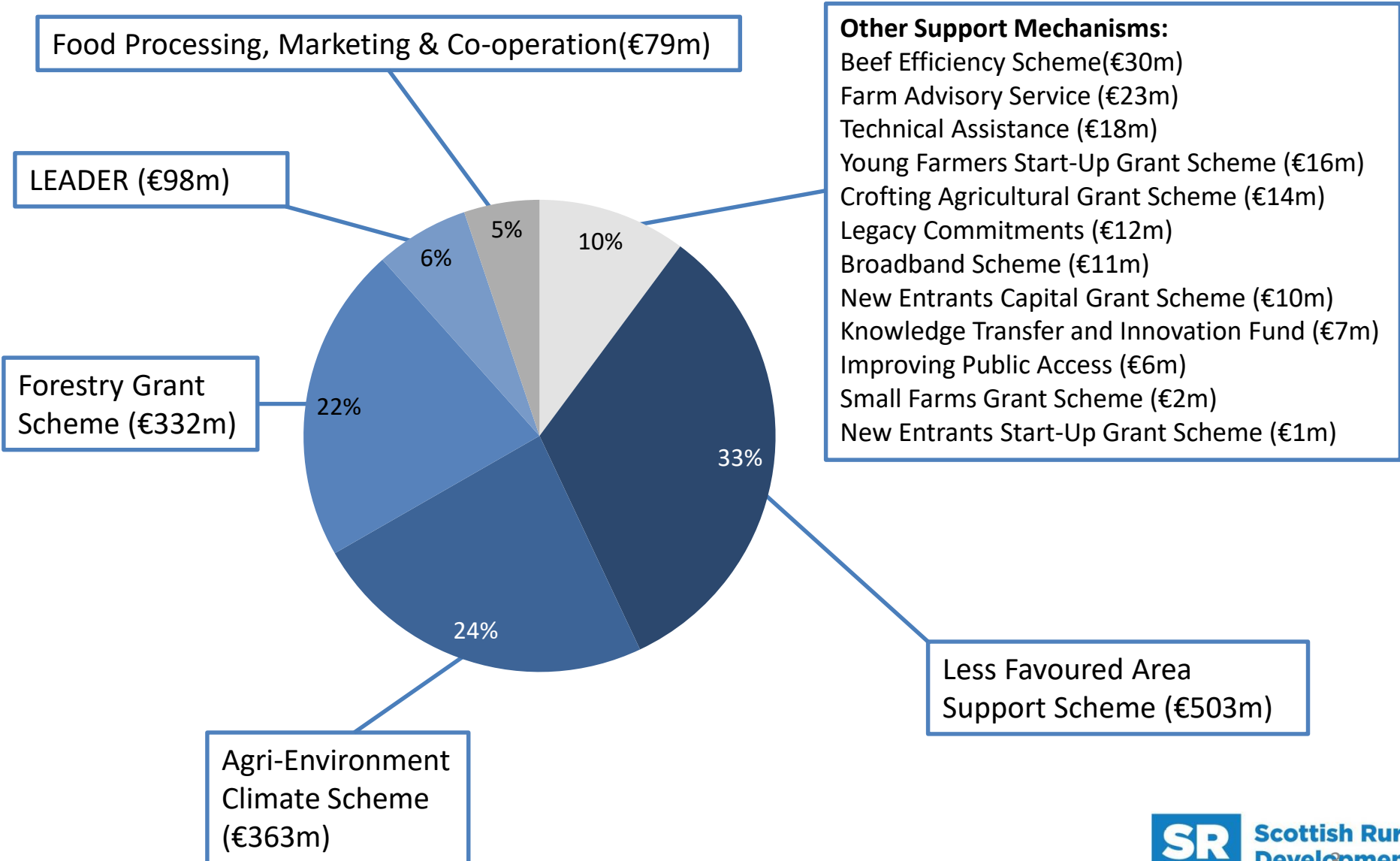
The SRDP delivers Pillar 2 of the European Union's (EU's) Common Agricultural Policy (CAP). It funds economic, environmental and social measures for the benefit of rural Scotland. The key purpose of the SRDP 2014-2020 is to help achieve sustainable economic growth in Scotland's rural areas and the key priorities are:

- Enhancing the rural economy;
- Supporting agricultural and forestry businesses;
- Protecting and improving the natural environment;
- Addressing the impact of climate change; and
- Supporting rural communities.

The indicative budget for the SRDP 2014-2020 is €1,531.6 million, with funding coming from the EU (€844.7 million) as well as from the Scottish Government (€686.9 million). The EU contribution consists of funding from the European Agricultural Fund for Rural Development (EAFRD) (€477.8 million) and a transfer from Pillar 1 of the CAP (€366.9 million). Due to delays in EU legislation 2014 was a transitional year and the majority of support was limited to on-going commitments from the previous Programme period. The first schemes under the 2014-2020 Programme opened from January 2015 onwards. The Programme has been modified five times which has taken account of editorial amendments, amendments to some Measures to provide clarification for the support offered and some updates to State Aid conditions. As part of the third modification, carried out during 2017, the co-financing rate and the financial plans were revised. This resulted in a decrease to the overall indicative Programme budget due to a reduction in the Scottish Government contribution, while still allowing the full allocation of EU funds to be accessed.

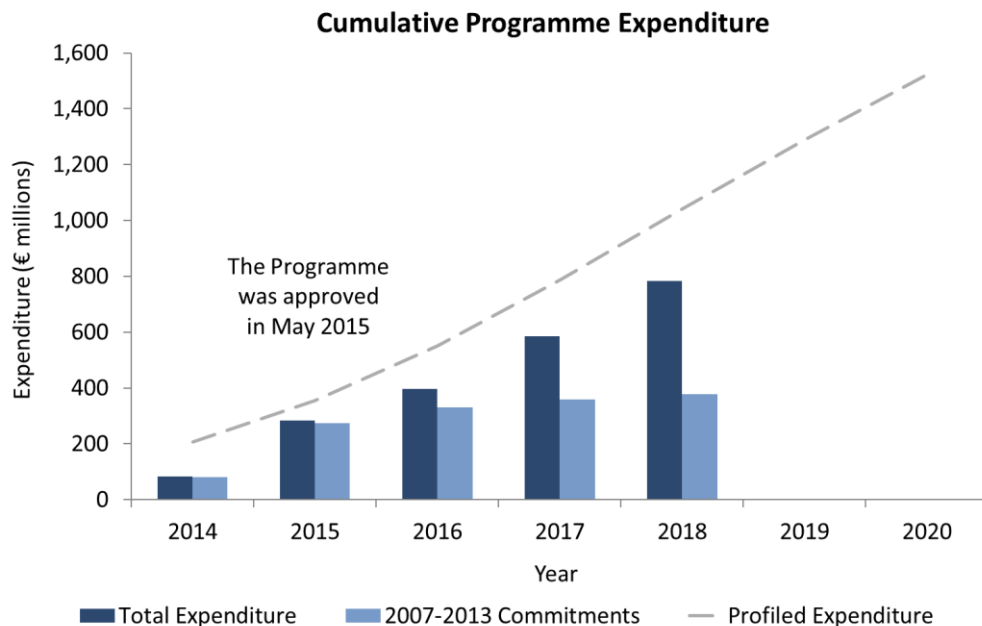
The outcome of the EU Referendum on 23 June 2016, the UK Government's decision to leave the EU and the on-going uncertainty about how and when this will happen has resulted in significant uncertainty for communities across Scotland who rely heavily on this investment. The UK Government has guaranteed the EU element for all contracts entered into by the end of 2020, for the lifetime of those contracts. Scottish Ministers continue to seek further assurances for funding beyond the date of an EU exit. Scottish Ministers have also proposed a five year transition period where the current schemes will broadly remain the same until 2024.

Structure of SRDP 2014-2020



- Other Support Mechanisms:**
- Beef Efficiency Scheme(€30m)
 - Farm Advisory Service (€23m)
 - Technical Assistance (€18m)
 - Young Farmers Start-Up Grant Scheme (€16m)
 - Crofting Agricultural Grant Scheme (€14m)
 - Legacy Commitments (€12m)
 - Broadband Scheme (€11m)
 - New Entrants Capital Grant Scheme (€10m)
 - Knowledge Transfer and Innovation Fund (€7m)
 - Improving Public Access (€6m)
 - Small Farms Grant Scheme (€2m)
 - New Entrants Start-Up Grant Scheme (€1m)

Programme Expenditure



The total public expenditure (EU and Scottish Government funding) incurred and paid in 2018 was €197.1 million. Since the start of the Programme the total public expenditure has been €782.2 million. This includes legacy commitments made under SRDP 2007-2013.

By the end of 2018, just under 80% of the total Programme expenditure had been delivered through just three schemes. Almost 40% of the expenditure has been on the Less Favoured Area Support Scheme (€303.1 million), with a further 21% of expenditure on the Forestry Grant Scheme (€167.1 million) and 18% on the Agri-Environment Climate Scheme (€144.2 million).

In 2018, all schemes funded projects apart from the Broadband Scheme. The Broadband Scheme worked with one project in 2018, although this project subsequently withdrew from the process after failing to secure a fully sustainable bid. The reduced interest in the Broadband Scheme was as a result of the launch of the Scottish Government’s R100 Broadband programme which significantly reduced the need for community led broadband solutions funded by the SRDP 2014-2020.

As the SRDP 2014-2020 was only approved in May 2015 there was a delay in new schemes being launched and therefore new projects being approved. By the end of 2018, 48% (€376.7 million) of the total Programme expenditure has been for legacy commitments made under the SRDP 2007-2013. However, only 9% of the expenditure that occurred in 2018 was for legacy commitments. This is a result of the increase in the number of new projects being approved and funded, while the level of legacy commitments from SRDP 2007-2013 are decreasing and in some cases coming to an end.

Summary of Progress

The table below shows a summary of the SRDP progress against expenditure between 2014 and 2018:

| Support Mechanism | Holdings/ Beneficiaries supported ² | Actions/ Operations/ Projects Supported | Co-operation Operations Supported | Area Supported (Ha) | Jobs Created | Numbers Advised | Numbers Trained | Population Benefiting from Improved Services/ | Expenditure in 2014 to 2018 (€ millions) |
|---|--|--|---|--|--------------|--------------------|--------------------|---|--|
| Agri-Environment Climate Scheme | 381 | 1,252 | | 1,304,015 (including 89,141 ha supporting organic farming) | | | | | 144.2 |
| Beef Efficiency Scheme | | | | 108,322 | | 1,455 | | | 11.1 |
| Broadband | | NCR | | | | | | NCR | NCR |
| Crofting Agricultural Grant Scheme | 1,914 | 2,553 | 1 | | | | | | 11.0 |
| Farm Advisory Service | | | | | | 15,101 | | | 8.0 |
| Food Processing, Marketing & Co-operation | | 108 | 4 | | | | | | 36.7 |
| Forestry Grant Scheme | 1,917 | 1,641 | 5 | 245,993 (including 23,293 ha of woodland creation) | | | | | 167.1 |
| Improving Public Access | | 40 | | | | | | 63,100 | 1.4 |
| Knowledge Transfer and Innovation Fund | | | 32 | | | | 14,384 | | 4.3 |
| LEADER ¹ | | 962 | 53 | | 233 | | | 104,026 | 31.1 |
| Less Favoured Area Support Scheme | 12,112 | | | 2,338,408 | | | | | 303.1 |
| New Entrants Capital Grant Scheme | 379 | 469 | | | | | | | 6.9 |
| New Entrants Start-Up Grant Scheme | 49 | 49 | | | | | | | 0.6 |
| Small Farms Grant Scheme | 22 | 31 | | | | | | | 0.3 |
| Young Farmers Start-Up Grant Scheme | 204 | 204 | | | | | | | 12.9 |

Notes:

1: Of the 962 LEADER projects supported, 263 were legacy commitments from the 2007-2013 Programme.

Jobs created by these projects and the population benefiting from them were reported under the 2007-2013 Programme.

2: In some cases the same holding/beneficiary may have been supported multiple times.

NCR: No claims received and paid between 2014 and 2018.

Greyed out cells indicate that the measure is not applicable to that support mechanism.

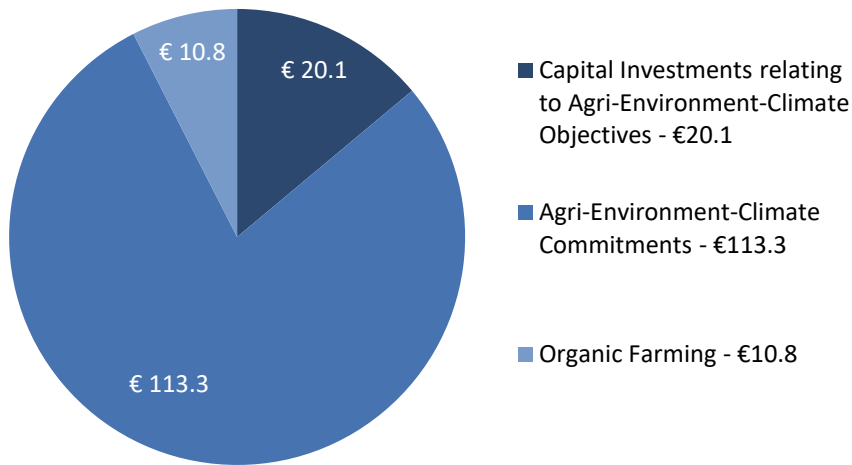
With the programme having only been formally approved in May 2015 the level of expenditure and outputs generated were lower than anticipated in the initial years of the Programme. All schemes were launched by the end of 2016 and have been approving and funding projects since then, with the exception of the Broadband Scheme. As a result the level of outputs has started to increase across the different schemes in recent years, as shown in the table above.

AECS and FGS Scheme Updates

Agri-Environment Climate Scheme

- Indicative scheme budget of €363.3 million
- €144.2 million spent in 2014 to 2018
- Number of applications: 3,765
- Number of applications approved: 2,884

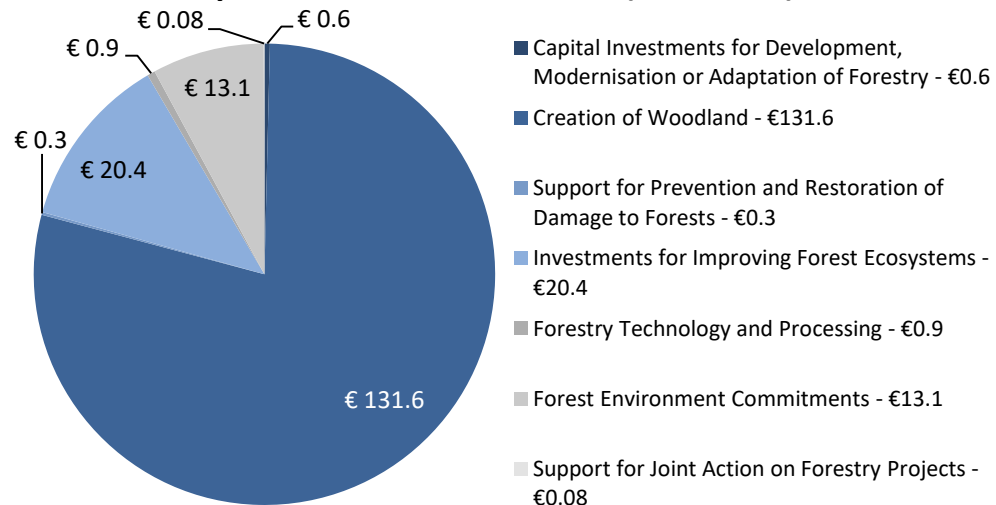
Expenditure in 2014 to 2018 (€ millions)



Forestry Grant Scheme

- Indicative scheme budget of €332.2 million
- €167.1 million spent in 2014 to 2018
- Number of applications: 3,100
- Number of applications approved: 2,800

Expenditure in 2014 to 2018 (€ millions)



The majority of expenditure on the Agri-Environment Climate Scheme (AECS) and the Forestry Grant Scheme (FGS) during the SRDP 2014-2020 will be on multi-year contracts. In the first years of the 2014-2020 Programme period, most of the expenditure on both of these schemes has been on multi-year contracts that were legacy commitments from the SRDP 2007-2013 under the Rural Priorities and Land Mangers Options schemes. Expenditure on new SRDP 2014-2020 multi-year contracts for the FGS started in 2016 and in 2017 for the AECS. In 2018 the majority of both AECS and FGS expenditure was on projects approved under the 2014-2020 Programme.

Assessment of the Performance of the SRDP 2014-2020

The Scottish Government commissioned Agra CEAS Consulting to carry out an assessment of the performance of the SRDP 2014-2020 for inclusion in the 2018 Annual Implementation Report. An evaluation at this point in the programming period is a requirement of the European Commission. This evaluation follows an earlier evaluation covering the period from 2014 to 2016.

[European Union Regulations on rural development](#) sets out a number of Measures under which EU funding can be used and which can be programmed by Member States. The Scottish Government developed a suite of schemes under these Measures to make up the SRDP. A scheme can draw on one or several Measures and schemes/Measures can contribute to one or more Focus Areas. This complexity is not visible to participants and stakeholders, and is only relevant in financial arrangements and formal reporting to the European Commission.

In addition to schemes, the evaluation also covered the performance of the Scottish Rural Network and the use of Technical Assistance funds, both of which support the SRDP in different ways.

Expenditure to the end of 2018 was some €782.2 million, this is 51.1% of the planned total for the seven-year programming period 2014-2020.

A general conclusion from the assessment is that the design of schemes and their operation are clearly working towards addressing SRDP aims. Though progress has been made since the previous assessment as part of the AIR 2016, for most schemes it remains the situation that it is still too early to assess the impact of schemes against their objectives. A main reason is that the activities supported will not deliver impacts in the short-term; this applies particularly to capital investments and support for agri-environmental measures. Similarly, it is not yet possible to come to a definitive conclusion on the extent to which synergies among schemes have enhanced the effectiveness of the SRDP, although it is clear that the programme has the potential for synergy designed in and examples of synergistic relationships are evident. The full evaluation can be found in [Section 7 of the AIR](#).

Performance Framework Indicators – Performance Reserve

There are specific milestones set against the [EU Priorities](#) that have to be delivered by the end of 2018, as well as the overall 2023 targets. Progress against the milestones by the end of 2018 are shown in the table below:

| Priority | Indicator | 2014 to 2018 | Target 2023 | Milestone Target 2018 | Milestone Target 2018 Percentage | Achieved Percentage of 2023 Target |
|--|--|--------------|-------------|-----------------------|----------------------------------|------------------------------------|
| 2 - Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests | Total Public Expenditure (€m) | 208.22 | 338.08 | 135.23 | 40% | 62% |
| | Number of agricultural holdings with support for investment in restructuring or modernisation (Focus Area 2A) + holdings with supported business development plan/investment for young farmers (Focus Area 2B) | 3,168 | 5,171 | 2,068 | 40% | 61% |
| | Area supported under LFASS/ANC (ha) (Focus Area 2A) | 1,169,204 | 1,400,000 | 1,260,000 | 90% | 84% |
| 3 - Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture | Total Public Expenditure (€m) | 43.62 | 87.27 | 26.18 | 30% | 50% |
| | Number of supported agricultural holdings receiving support for participating in quality schemes, local markets/short supply circuits, and producer groups (Focus Area 3A) | 2 | 4 | 2 | 40% | 50% |
| | Number of operations supported for investment (Focus Area 3A) | 110 | 122 | 37 | 30% | 90% |
| | Cumulative Numbers of holdings supported (Focus Area 3A) | 7,683 | 7,689 | 6,920 | 90% | 100% |
| 4 - Restoring, preserving and enhancing ecosystems related to agriculture and forestry | Total Public Expenditure (€m) | 389.67 | 692.97 | 277.19 | 40% | 56% |
| | Agricultural land under management contracts contributing to biodiversity (ha) (Focus Area 4A) + improving water management (ha) (Focus Area 4B) + improving soil management and/preventing soil erosion (ha) (Focus Area 4C) | 1,273,899 | 1,333,100 | 533,240 | 40% | 96% |
| | Area supported under LFASS/ANC (ha) (Focus Area 4A) | 1,169,204 | 1,400,000 | 1,260,000 | 90% | 84% |
| 5 - Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors | Total Public Expenditure (€m) | 86.41 | 256.92 | 77.08 | 30% | 34% |
| | Agricultural and forest land under management to foster carbon sequestration/conservation (ha) (Focus Area 5E) + Agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (ha) (Focus Area 5D) | 120,622 | 139,000 | 55,600 | 40% | 87% |
| 6 - Promoting social inclusion, poverty reduction and economic development in rural areas | Total Public Expenditure (€m) | 40.91 | 126.31 | 37.89 | 30% | 32% |
| | Population covered by LAGs (Focus Area 6B) | 2,100,000 | 2,100,000 | 2,100,000 | 100% | 100% |
| | Number of operations supported to improve basic services and infrastructures in rural areas (Focus Areas 6B and 6C) | 1,147 | 1,259 | 441 | 35% | 91% |

Progress against the overall 2023 targets and 2018 milestones has varied across the indicators. As a result, in the fifth Programme modification the 2018 milestone percentages for the Total Public Expenditure indicators for Priorities 5 and 6 were revised. Further information on this can be found in Section 1.d of the AIR. By the end of 2018 all of the 2018 milestones had been met with the exception of the two indicators relating to LFASS. For these two indicators 93% of the 2018 milestones had been reached. The set criteria for achievement has been met for these two indicators meaning that the overall criteria for achievement for the Performance Framework has been reached.

Communications

The [Information and Publicity Strategy](#) for the SRDP 2014-2020 was established in early 2015 and has been updated accordingly since then, including in 2018.

Communications in 2018 continued to raise the awareness of each of the schemes, the procedures of applying, selection criteria, process and timetables for approvals and payments. Following the UK referendum on EU membership communication has continued to all stakeholders to ensure that they understood how this impacted on the SRDP, and to provide reassurance that the SRDP continued to operate.

Avenues for engaging with customers included:

- Promotion of the newly-launched [Rural Innovation Support Service](#) as a bottom-up approach to rural innovation, addressing the needs of land managers;
- Stakeholder engagement about the future of the Less Favoured Area Support Scheme;
- Communication on the future of the new entrant and young farmer start-up grants which have utilised available funding;
- On-going awareness raising of the Farm Advisory Service by continued promotion of activity;
- Continued operation of the LEADER Communications Working Group to drive and coordinate communications and link up Local Action Groups across the Programme;
- Gathering information on LEADER Programme outputs and progress through the Community-Led Local Development (CLLD) Working Group to demonstrate the value of the CLLD approach; and
- Promoting woodland creation element of the Forestry Grant Scheme.

Scottish Rural Network

The Network Support Unit, based within Scottish Government, has been set up to provide a dedicated staff resource for the successful delivery of the National Rural Network's Action Plan and individual activities.

An Annual Work Programme was drawn up which set out the planned activities of the [Scottish Rural Network](#) (SRN) for 2018-19, and this was supported by the SRN Communication and Monitoring and Evaluation Plans.

Some of the key activities undertaken by the SRN in 2018 included:

- Organised the [OECD Rural Development Conference](#) in Edinburgh in April 2018. Delegates from 27 countries came to Edinburgh to discuss rural innovation and sign the Edinburgh Policy Statement on Enhancing Rural Innovation;
- Promoted what the SRDP has done for young people in Scotland to tie in with Scotland's Year of Young People 2018 by partnering with the LEADER-funded Rural Youth Project and by running a month-long campaign: Rural Youth August;
- Delivered the [Rural Transport Convention](#) in Inverness, collecting input from a rural audience to the Scottish Government's National Transport Strategy 2;
- Hosted delegation visits from Denmark and Estonia, arranging visits to SRDP funded projects across Scotland and exploring opportunities for partnership working; and
- Worked with Scottish Rural Action to deliver the [Scottish Rural Parliament](#) in Stranraer in November 2018.