



**Economic Advice & Related Services
to Support Development of a New
Rural Support Scheme for Scotland
RESAS/005/21**



**The James
Hutton
Institute**



'Actively Farmed Hectares' Data analysis & Policy Considerations

‘Actively Farmed Hectares’ –Data analysis and policy considerations

An output to RESAS as part of commissioned project
on Economic Advice & Related Services to Support
Development of a New Rural Support Scheme for
Scotland

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Key Points

- 'Actively Farmed Hectares' (AFH) is a proposal from NFUS that would replace the current 3-region Basic Payment Scheme model with a single 'flat rate' region across Scotland. NFUS's proposal is that all land eligible for AFH payment must attain 0.8 livestock units per hectare (LU/Ha) and that grazing area is scaled back till the AFH threshold is attained.
- 3.8 million hectares were used to activate entitlements in 2019. After stacking LUs on scaled back land to attain the AFH threshold it is estimated that 1.7 million hectares would be eligible for payment. 89% of the 2019 rough grazing area would be ineligible for the AFH payment. 74% of 2019 recipients did not meet the AFH LU/Ha threshold.
- Assuming a £405 million budget (BPS, Greening, and Financial Discipline – excluding coupled payments and Young Farmer Premium) this would result in a AFH payment rate of £236/Ha for all hectares eligible for support. This would lead to a windfall gain of c. £15/Ha for non-grazing land so if crop payments were kept at £221/Ha and AFH payments only eligible for grazing areas the AFH grazing payment rate would increase to £243/Ha.
- There is considerable redistribution between individual farms and crofts. 9,403 businesses gain £59.6m (15% budget) from AFH payments whilst 8,325 businesses lose £59.6m. The smallest businesses lose a disproportioned large proportion of their 2019 budget allocation (–£15.3m or 24% reduction) as does Eileanan an Iar (–£0.8m, –18%) with net gains to Sheep & cattle combined (£8.1m, +17%), Specialist dairying (£4.4m +9.4%), and Specialist cattle – rearing & fattening (£4.1m, +4%). In comparison, the 2014 CAP reforms resulted in c. £233m redistribution over the 2014–2019 period amounting to 51% of the budget.
- AFH offers an opportunity to move from the current 3 region BPS model and embed the principles of supporting active farming/crofting, whilst removing the need for SUISS support. However, the term 'actively farmed hectares' may lead to confusion as land ineligible for AFH remains important for grazing and in delivering biodiversity, landscape and climate change objectives.
- Various unintended consequences would need to be avoided in a AFH scheme. There would be a need to use an under-declaration penalty to remove any incentive for businesses to dispose of 'ineligible' hectares to reduce the reach of policy and any compliance burden. Quota may be required for AFH to be considered 'blue-box' as there is likely an incentive for some businesses to increase LUs to maximise AFH support payments. Those exceeding 0.8LU/Ha may have incentive to buy entitlements and rent 'naked acres' to use 'excess LUs' to increase AFH payments.
- Stocking densities remain a crude metric. Work on improving LU calculations for contemporary Scottish agriculture is required to mitigate legal challenges that may arise out of policy decisions based on existing metrics.

Introduction

1. The NFUS tabled a proposal to ARIOB, based on their 'Steps to Change' proposals, for 'Actively Farmed Hectares' (AFH). These would replace the current 3-region Basic Payment Scheme (BPS) model with a single 'flat rate' region across Scotland. The proposal does, however, require an adjustment of the eligible grazing area at a business level, based on achieving a minimum stocking density threshold. NFUS' proposal is that all eligible land must attain 0.8 livestock units per hectare (LU/Ha).
2. In order to **establish the amount of AFHs at a business level the number of hectares are essentially 'scaled back' in businesses where the stocking density is lower than 0.8 LU/Ha**. That means that the livestock are nominally stacked onto a smaller, condensed area eligible for support to achieve the LU/Ha threshold.
3. For example, if a business has 50 livestock units grazing on 1,000 hectares of grass and rough grazing its current stocking density would be 0.05 LU/Ha. To meet the proposed AFH threshold of 0.8 LU/Ha then the 1,000 Ha would be adjusted ('scaled back') to 62.5 Ha and the farmer / crofter would only be paid on those hectares. In the NFUS proposal these AFHs would be paid c. £200/Ha that compensates for reduced eligible areas in extensively farmed areas.

Data Analysis

4. This analysis uses 2019 Single Application Form claim year (the analysis excludes coupled support payments and young farmer uplifts), with livestock data from the June Agricultural Census, and 2019 Pillar I payment data to assess:
 - What the payment rate would be for the AFH proposal across Scotland using 0.8LU/Ha threshold;
 - How many hectares (and type of grazing land) would be 'scaled back';
 - What budget changes this AFH proposal would mean for farm type, region and size grouping.

Summary results in graphic and tabular form for key analytics can be found in Appendix 1 of this report. For example, details of the distribution of LUs by farm/croft type, size category and region can be found in Figure 2 with box plots showing variances within categories in Figure 3 of Appendix 1.

5. It is estimated that in 2019 that 1.29 million grazing livestock units were spread over 3.28 million BPS grazing hectares (with an additional 565k non forage

hectares).¹ Assessment of LPIS data suggests that there is a large area of land beyond that used to activate entitlements – extending to c. 5.4m Ha – some of which may be actively used. Only 26.4% of BPS claimants met the suggested AFH 0.8 LU/Ha threshold, meaning that scaling back would be required for 73.6% of BPS claimants.

6. Using the scaling back process for individual businesses the area of grazing hectares eligible for payment was reduced (rough grazing first, followed by permanent grass and then temporary grass) until the **0.8 LU/Ha threshold** was attained. In total this **reduced the 3.8 million hectares used to activate entitlements in 2019 to 1.7 million adjusted AFH hectares**. For this AFH scenario the budget was assumed to be fixed at £405 million BPS, Greening, and Financial Discipline) meaning the scaling-back **results in a payment rate across all AFHs of £236/Ha²**.

Table 1: 2019 claim areas, estimated ineligible and eligible areas under 0.8LU/Ha AFH

Area	2019 BPS Area	Hectares 'ineligible' for AFH payment (0.8LU/Ha)	Actively Farmed Hectares (0.8LU/Ha)
Non forage area	565,230	-	547,046
Temporary grass	170,965	29,293	141,673
Permanent grass	1,027,027	247,288	779,740
Rough Grazing	2,085,657	1,854,625	231,033
Total Area	3,848,880³	2,131,205	1,717,675
Budget			£405,039,240
AFH Payment Rate			£235.81

7. A total of 2.13 million hectares would be ineligible for support payment, including 89% of 2019 rough grazing area and 24% of 2019 permanent pasture. It is important to note that that much of this land would still be actively farmed as grazing (particularly if minimum / maximum stocking densities apply), to meet conditionality requirements, to activate LFA support (as it currently stands), and for targeted agri-environmental measures.
8. A payment rate of £236/Ha across Scotland would mean that **arable land would receive a windfall gain of c. £15/Ha**. An alternative option (not explored here) would be to **maintain non-forage payment rates at £221.27** (2020 rate) and only adjust AFH payments on eligible grazing areas. In this instance non forage support

¹ The area of non-forage includes, for example cropping land, woodlands eligible for BPS and also grazed woodlands

² By coincidence, this is very close to the maximum payment currently available in Wales.

³ This is land used to claim BPS so is by definition either actively farmed or under approved environmental management.

payments would reduce the available budget for AFH by c. £125m but also the AFH denominator to give an **AFH grazing payment rate of £243/Ha**.

Businesses over or under the 0.8LU/Ha threshold

9. Of the 19,292 business in receipt of BPS in 2019 only **26% met the 0.8LU/Ha threshold**. All other businesses would require some adjustments to stock livestock and scale back hectares eligible for payment. There were considerable differences in the proportion of businesses already meeting AFH thresholds across farm/croft types (see Table 2 and Figure 4 in Appendix 1 for details). For example, **86% of Specialist dairying and 45% of the Specialist cattle – rearing & fattening businesses already meet the AFH threshold compared with only 14% of the Specialist sheep and goat businesses**.
10. **Over 8,000 (77%) of the businesses under 100 hectares in size were under the AFH threshold in 2019**. Over three-quarters of all businesses over 400 Ha (up to 95% of businesses over 1,000 Ha) were below the AFH threshold in 2019.
11. **97% of Eileanan an Iar and 95% of Shetland businesses were under the AFH threshold in 2019** meaning the vast majority of farms and crofts in these islands would require adjustments to the payment area under the AFH proposal. In contrast **46% of Dumfries and Galloway, 43% Ayrshire, 35% of the Borders and 35% NE Scotland businesses met the AFH threshold** in 2019.

Actively farmed hectares and land ineligible for payment

12. In 2019 there were 19,292 claimants activating 3.85 million hectares comprising 565k Ha of non-forage land (mostly arable), 171k ha of temporary grass, 1m ha permanent grass and 2.1m Ha of rough grazing. **Applying the AFH threshold on grazing land 2.13m Ha would be 'ineligible' for payment**. Table 3 and Figure 5 in Appendix 1 illustrate the distribution of land eligible and ineligible for AFH payment for farm/croft type, size categories and agricultural regions.
13. **Specialist sheep & goats, Sheep & cattle combined, and Specialist cattle – rearing & fattening farms/crofts would account for the majority (82%) of land ineligible for AFH payment**.
14. **82% of the land on businesses with more than 1,000 hectares would be ineligible for AFH payment (61% total ineligible land)**. Over half the land on businesses between 700–1,000 Ha would also be ineligible for AFH payment. **45% of the land on businesses less than 100Ha would be ineligible for AFH payment** at current stocking rates.
15. Reflecting low stocking densities across large land areas, the **Highlands accounts for 34% of the area ineligible for AFH payment (81% of all land in Highlands)**. Large proportion of land in other regions would also be ineligible for AFH payment:

87% of Eileanan an Iar; 74% of Shetland; 75% of Argyll & Bute; 60% of East Central; and 56% of Tayside. In contrast **only 12% of the land in Fife was expected to be ineligible for AFH.**

Payment redistributions

16. Initial perceptions are that **AFH payments do not appear to lead to significant changes in payment distributions in absolute terms** between type, regions and size classes compared to 2019 (see Table 4 and Figure 6 in Appendix 1). However, that is somewhat misleading as it **masks redistribution amongst businesses within categories.**
17. It is noticeable that the **smallest businesses (<100 Ha) are estimated to lose £15.3m or 24% reduction from their 2019 payments.** The 100-200 Ha size grouping also has net losses of 3%. The 400-1,000 Ha groupings are estimated to gain over 10% under AFH compared to 2019.
18. **Graziers would lose 84% of their 2019 payment rate (-£9.9m)** and this may impact of seasonal lets and /or silage/hay production for sale across the industry. **Various grazing livestock businesses would lose £4.6m or 52% decrease** on their 2019 payments. The **biggest AFH payment gains are expected in Sheep & cattle combined (£8.1m, +17%), Specialist dairying (£4.4m +9.4%), and Specialist cattle - rearing & fattening (£4.1m, +4%).**
19. Regionally AFH payments would see the **largest gains accrue to Dumfries & Galloway (+£2.8m, +5%) and Scottish Borders (+£3.4m, +8%).** The biggest losses resulting from AFH would be in **NE Scotland (-£4.3m, -6%) and Eileanan an Iar (-£0.8m, -18%).**

Aggregate redistribution masks business level impacts

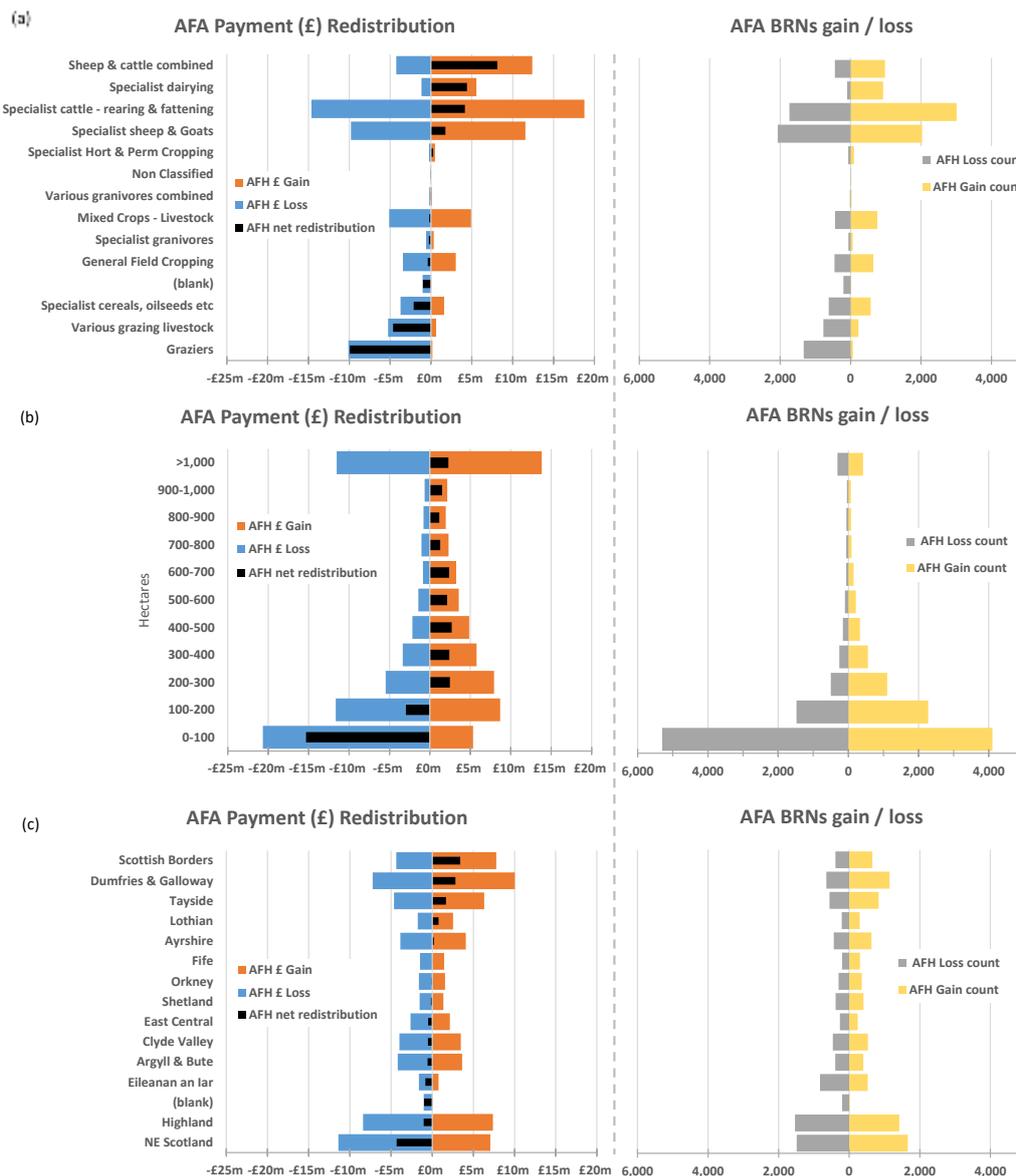
20. Whilst at aggregated levels there appears to be limited redistribution **there are considerable AFH payment redistributions that occur at a business level.** In total 9,403 businesses gain £59.6m from AFH payments whilst 8,325 businesses lose £59.6m. Figure 1 provides some detail of the net payment redistribution (black ■), the payment gains (blue ■) and losses (dark orange ■) as well as the number of businesses gaining (light orange ■) and losing (grey ■) by (a) farm/croft type, (b) business size (Ha), and (c) agricultural region. Widespread redistribution within farm/croft type, size and region are apparent (see boxplot in Figure 7).
21. Figure 1a show that **Graziers lose nearly all their support payments due to lack of livestock directly associated with their business.** 1,333 Graziers lose £10.1m whilst 64 gain £0.2m with a net redistribution of -£9.9m. Whilst there is a **net gain by Sheep & cattle combined of £8.8m** it is not uniform with **444 businesses losing £4.3m and 978 gaining £12.4m.** Whilst the Specialist sheep & Goats, and

Specialist cattle - rearing & fattening are both net gainers they both have large losses for some businesses (2,066 businesses & £9.8m and 1,734 businesses & £14.6m respectively) as well as gains (2,028 businesses & £11.6m and 3,007 businesses and £18.8m respectively).

22. Figure 1b highlights that there are **large losses in the <100Ha size category (5,306 businesses & £20.7m)** compared to gains (4,105 businesses & £5.3m). In contrast for >1,000 Ha businesses there is a net gain of £2.3m from 420 businesses gaining £13.8m with 307 businesses losing £11.5m.

23. Figure 1c shows that there is **widespread internal redistribution with all regions** from AFH payments with high numbers of businesses gaining or losing. For example, in NE Scotland 1,659 businesses gain £7.1m whilst 1,489 lose £11.4m (net change of -£4.3m). The net gain of £3.4m in the Scottish Borders comes from 654 businesses gaining £7.8m with 389 businesses losing £4.4m.

Figure 1: Redistributive effects of AFH payments compared to 2019. Monetary gains and losses plus count of BRNs gaining and losing by: (a) type; (b) size; (c) region



Policy considerations

24. Future conditional requirements would need to cover all land under control of the claimant to meet Scottish Government objectives. There will be costs associated with meeting conditions on all hectares, despite payments being made on condensed AFH. Therefore, there would need to be a clear communications strategy on this.
25. Moreover, AFH payments may lead to businesses **disposing of 'ineligible' hectares to reduce compliance burdens**. This would have unintended consequences, particularly in the uplands, of **reducing the area of land under regulatory influence** (through payment schemes). However, disposal of 'ineligible' land may mean that it could be used to meet private and wider policy objectives through land sparing – this may impact landscapes and livelihoods in some areas.
26. The **terminology 'actively farmed hectares' may lead to confusion**. As mentioned above (para 7), 'inactive' or 'ineligible' hectares remain important for grazing and meeting wider Scottish Government agri-environmental and socio-economic objectives. **'Condensed Activity Area', 'Active Payment Area', 'Standard Grazing Area' or other alternatives may be more appropriate terminology**.
27. AFH offers an opportunity to move from the current 3 region BPS model and **embed the principles of supporting active farming/crofting**. Within, the AFH model there would **no longer be the need for SUSSS support** as Region 3 rough grazing land would be supported based on the relative (stocking density defined) active payment area. Indeed, there may be scope to embed coupled beef support in such a proposal – although that would require ringfencing to grazing land and exclusion of dairy herds.
28. AFH could provide the basis for delimitation based on cropping land and grazing land that **would permit top slicing from specific 'envelopes' for any future enhanced coupled support schemes** (e.g., protein crops, suckler beef, etc). Such delimitation could also be used to **simplify the administration of future conditional support** compared to current Region 1 which contains crop and grazing areas)
29. There may also be other **unintended consequences resulting from the AFH proposal** that policy will need to consider solutions to:
 - There may be no reason for a farmer / crofter to claim/activate any entitlements of land beyond that required to meet the AFH 0.8 LU/Ha threshold. In the example of the 1,000Ha farm that currently is stocked at 0.05 LU/Ha without any penalty conditions there would be no requirement to claim

937.5 Ha for BPS due to scale-back, that could minimise any cross-compliance or future 'conditionality' requirements on that land. In such a scenario policy would lose 'conditionality' leverage over those undeclared hectares. The land that could potentially be lost through AFH adjustments is likely more fragile hill and upland areas, that may be designated areas or peatlands.

- A policy solution would be to **introduce under-declaration penalties** (similar to those for BPS / greening designed to minimise sacrifice areas where cross compliance rules did not reach) **or maximum stocking densities on different land types**. There are **complex factors at play** and an assessment of 2019 June Agricultural Census and IACS data at BRN level suggests that not all area available to farms /crofts is declared. This may be a result of (a) sale of support entitlements; (b) purchase / rent of land without entitlements; (c) ineligible features in the Single Farm Payment scheme and BPS (that may provide eligible GHG or biodiversity benefits); (d) other factors that cause under declarations.
- There may be an **incentive to increase livestock units for some businesses to maximise AFH support payments** (this may be particularly attractive for those in currently between 0.7LU/Ha and 0.8LU/Ha). On the 1,000 Ha farm /croft with 50 LUs example, increasing the LUs to 100 would double its eligible AFHs. Such an unlimited scheme could **therefore be construed as WTO amber box** – as the EU Commission declared when the Scottish 2014 'activity clause' was forced to have an alternative measure of activity to stocking density. With the **Scottish Government's stated objective to remain aligned to the EU, this may require careful consideration**. Further, any increase in LUs to maximise payments would **increase Scottish agriculture's GHG emissions** and policy considerations would need to consider how to limit such unintended consequences (e.g., quotas).
- There may be an **incentive for farms/crofts that have stocking densities of more than 0.8 LU/Ha to (a) purchase additional entitlements and (b) rent in 'naked acres' to reduce their overall stocking density to 0.8 LU/Ha in order to maximise support**⁴. For example, a 300 Ha farm that is stocked at 1.5 LU/Ha may be incentivised to rent in 262.5 hectares ('naked acres') providing they can meet any 'conditionality' requirements on that land. The amount of 'excess' LUs have been calculated for individual businesses that can be used to illustrate this point.

30. The **redistributive impacts arising from AFH proposal will require close scrutiny**, particularly with respect to the Islands (Scotland) Act 2018⁵. Closer

⁴ e.g. see <http://www.scottish-land-court.org.uk/decisions/SLC.108.11.rub.html>

⁵ [Islands \(Scotland\) Act 2018 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2018/12/section-1)

scrutiny of more local geographic redistributions would need considered to **assess any supply chain or socio-economic impacts on communities**. In remote and island areas there may be an opportunity to **mitigate some of the AFH payment redistributions through more appropriate/contemporary allocation of LFA-type support that accounts for both production and peripherality**. It appears that small businesses are the primary losers from AFH. Such losses could be **mitigated through a redistributive payment** for the first 'x' hectares – although that may bring administrative complexities.

- For comparison it is worth recalling that whilst £59.6m for the AFH proposal is relatively small in comparison to the redistributive impacts arising from the 2014 CAP reforms of c. £233m (51% of the budget) redistribution over the 2014–2019 period. This includes exchange rate changes as well though and the resulting change in budget, as well as the change in payments structures from 2014 to 2019.

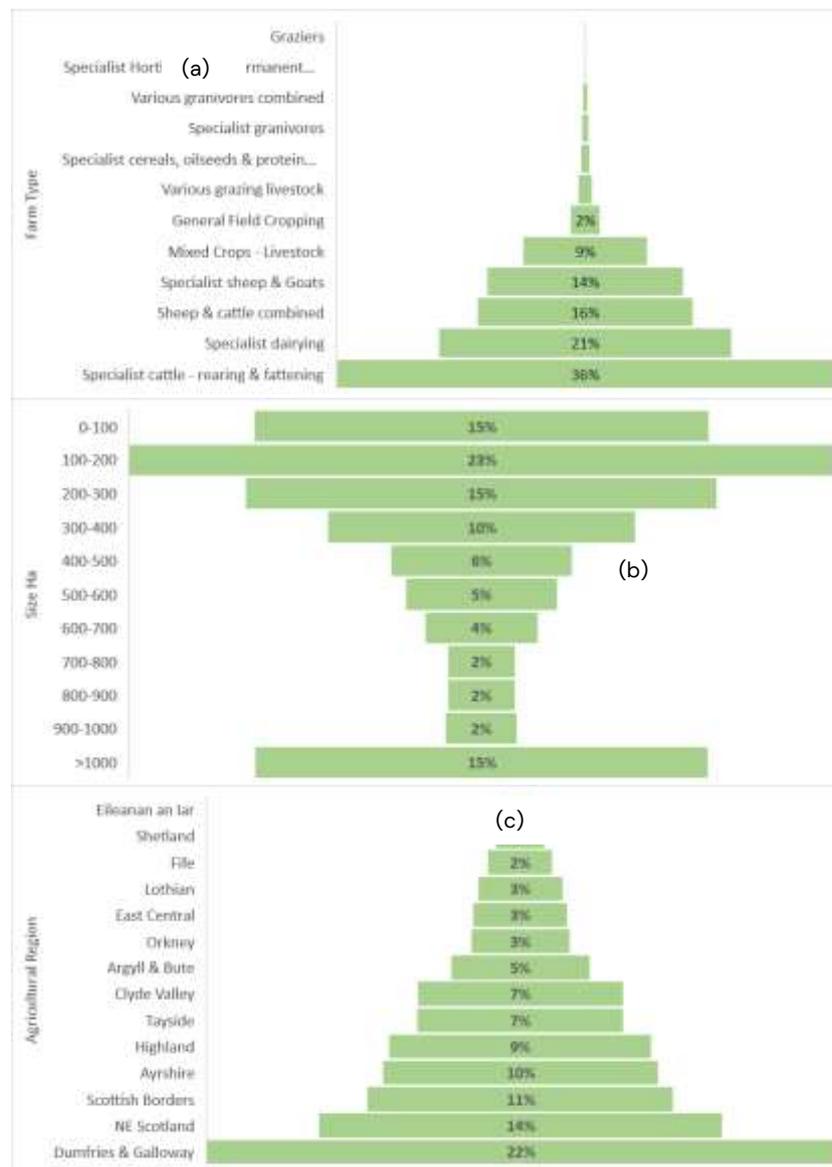
31. Future AFH payment rates will be variable due to changeable stocking densities that likely leads to **administrative issues in determining and finalising payment rates**. This may necessitate an interim payment being made until final rates are calculated annually.
32. Under the AFH proposal farmers and crofters that let out seasonal land, and/or use their pasture for silage to be used by others would be deemed inactive and receive zero payment on that land, despite the land contributing to fodder requirements of the industry. Equally farms using informal (undeclared on SAF) seasonal lets may have abnormally high stocking densities on their SAF that is used to calculate AFH. These issues would require policy consideration. Analysis highlights that currently 2,451 businesses activate 205,593 Ha of entitlement (68% on 115 businesses > 1,000 Ha) through alternative practice – and 28% would gain through AFH whilst 67% would face reductions through AFH (Table 5 in Appendix 1). The impact of changing support to AP businesses would need to be assessed against wider (environmental) policy objectives that these businesses may deliver to.
33. **Stocking densities are currently pretty crude as a metric to base payments upon**. There are various coefficients available for converting different types/ages categories of animals to livestock units. If policy decisions are to be made using stocking densities to determine payments it is **advised that an updated consideration of appropriate livestock units is completed using contemporary feed requirements of different stock types**. Such an exercise may need **gathering data on, for example: milk yields in dairy herds or sheep breeds in the Annual Sheep and Goat Inventory and scrutiny of ScotEID data**. In addition, stocking densities calculated for the month of June will likely differ from those actually applying throughout the calendar year and **therefore may lead to legal challenges**.

Appendix 1

Livestock Units

34. Livestock units are unevenly distributed across Scotland. Figure 2 reveals that 57% of Scottish LUs were on Specialist cattle – rearing & fattening and Specialist dairy businesses in 2019 (5,831 businesses) with a further 30% on Sheep & cattle combined and Specialist sheep and goat businesses (5,643 businesses). 15% of the LUs were on 889 businesses >1,000 Ha in size and more than half the LUs were on businesses <300 Ha. Dumfries and Galloway (22%), NE Scotland (14%) the Borders (11%) and Ayrshire (10%) and Highland accounted for two-thirds of Scottish LUs.

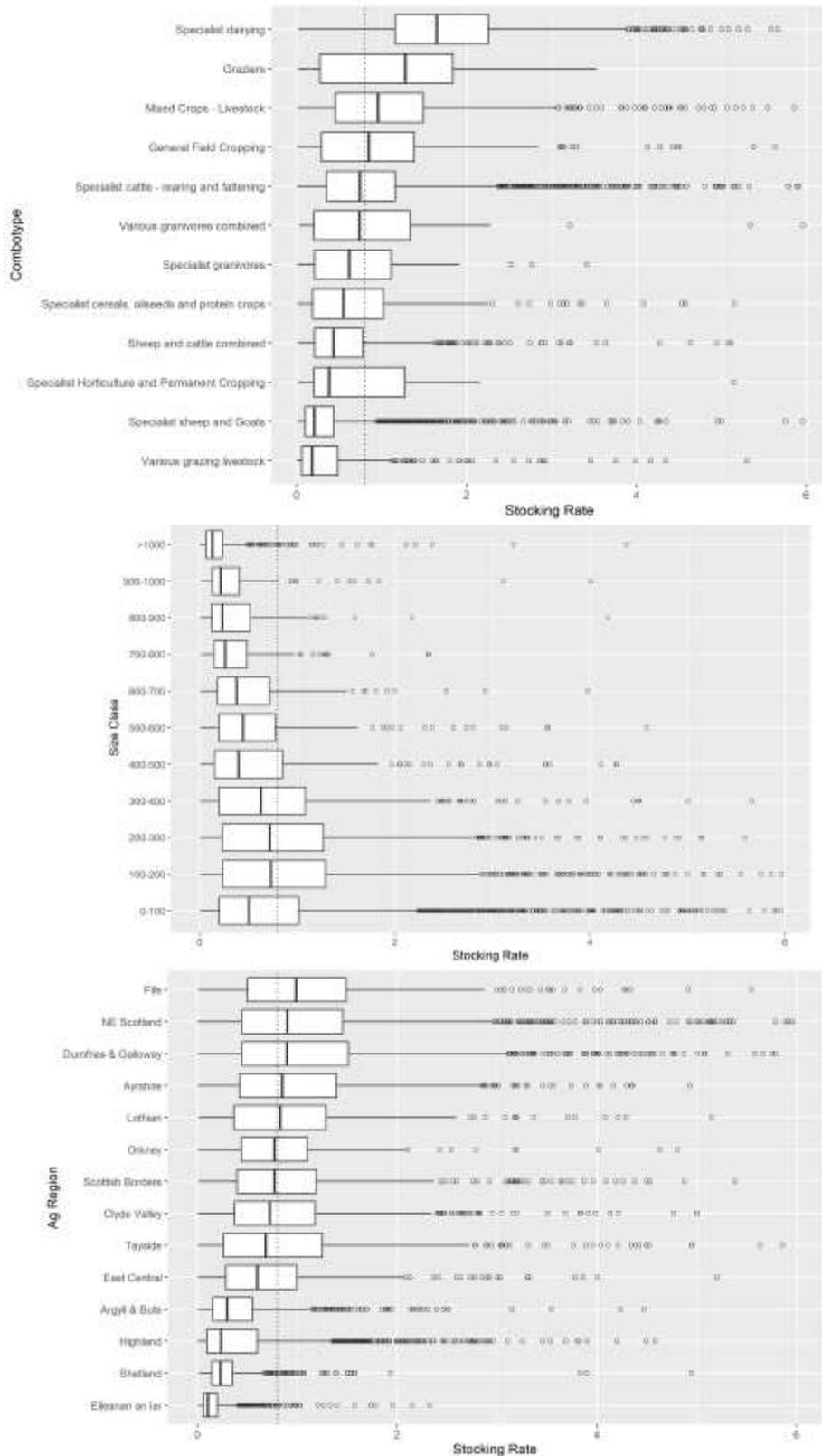
Figure 2 Distribution of 2019 livestock units by: (a) Type; (b) Size; (c) Agricultural Region



Stocking Densities

35. Average stocking densities mask considerable variance between businesses within farm/croft type, regions and size classifications as illustrated in Figure 3.

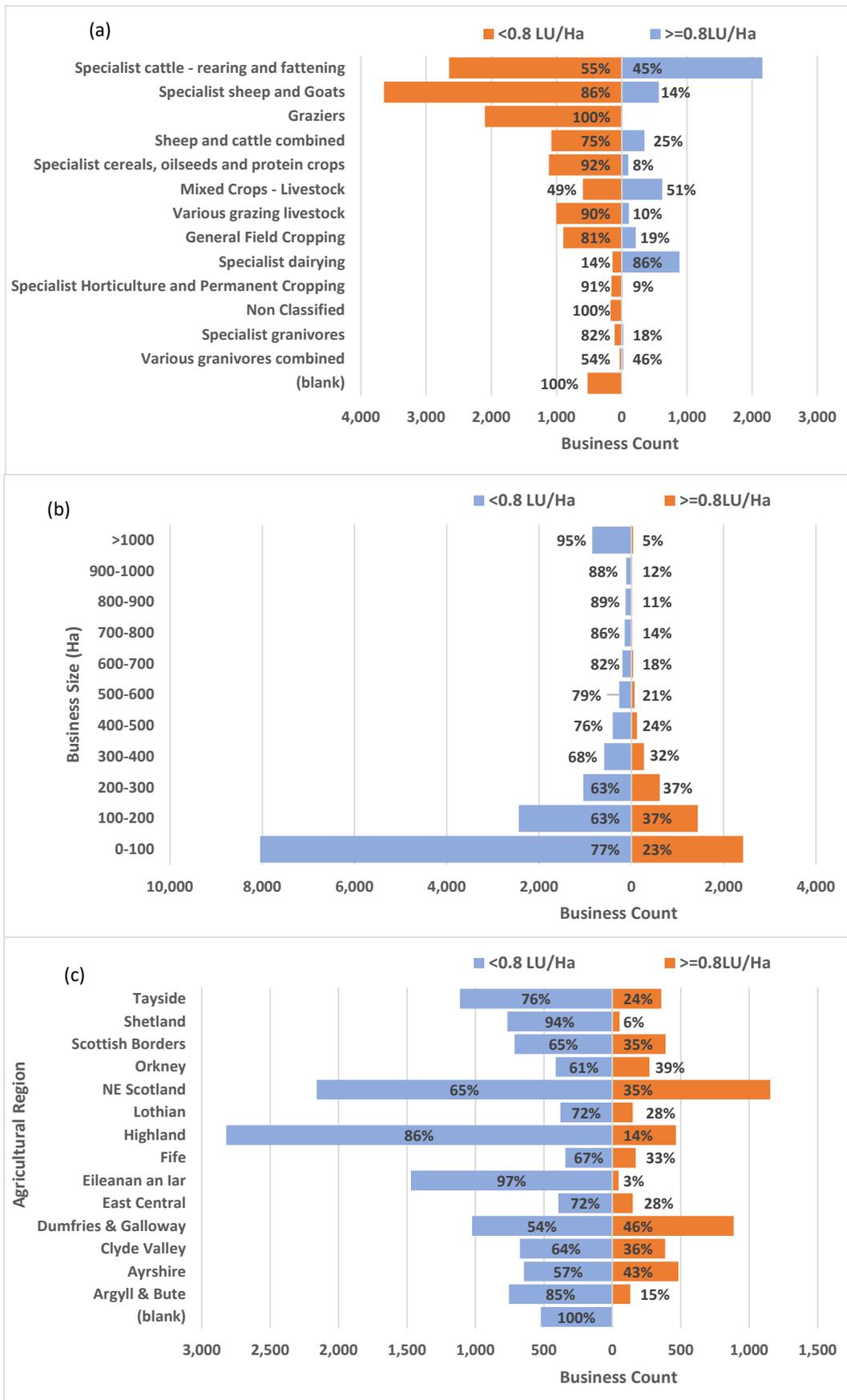
Figure 3 Box Plot of stocking density distributions across type, size and regions



Businesses above and below AFH 0.8LU/Ha threshold**Table 2 Count and proportion of businesses above and below 0.8LU/Ha threshold & average livestock units by farm type**

Type	BRNs >= 0.8LU/Ha		BRNs < 0.8 LU/Ha		Livestock Units	
	Count	%	Count	%	Count	%
Various granivores combined	25	46%	29	54%	4.7k	0.4%
Specialist granivores	24	18%	108	82%	5.9k	0.5%
Non Classified	-	-	170	100%	-	-
Specialist Hort & Perm Cropping	16	9%	159	91%	2.4k	0.2%
Specialist dairying	886	86%	139	14%	271.4k	21.0%
General Field Cropping	216	19%	894	81%	27.3k	2.1%
Various grazing livestock	112	10%	1,002	90%	13.7k	1.1%
Mixed Crops - Livestock	620	51%	595	49%	114.6k	8.9%
Specialist cereals, oilseeds etc	101	8%	1,115	92%	8.5k	0.7%
Sheep and cattle combined	350	25%	1,078	75%	200.6k	15.5%
Graziers	10	0%	2,099	100%	0.9k	0.1%
Specialist sheep and Goats	570	14%	3,645	86%	181.9k	14.1%
Specialist cattle - rearing & fattening	2,159	45%	2,647	55%	460.7k	35.6%
(blank)	-	-	523	100%	-	-
Business Size (Ha)	Count under	% under	Count over	% over	Count LUs	% LUs
0-100	2425	23%	8,048	77%	192.9k	14.9%
100-200	1440	37%	2,440	63%	299.3k	23.2%
200-300	617	37%	1,042	63%	200.0k	15.5%
300-400	273	32%	587	68%	130.8k	10.1%
400-500	125	24%	405	76%	77.2k	6.0%
500-600	72	21%	263	79%	64.5k	5.0%
600-700	41	18%	193	82%	47.6k	3.7%
700-800	23	14%	146	86%	28.7k	2.2%
800-900	15	11%	123	89%	28.7k	2.2%
900-1,000	15	12%	110	88%	30.5k	2.4%
>1,000	43	5%	846	95%	192.4k	14.9%
Region	Count under	% under	Count over	% over	Count LUs	% LUs
Argyll & Bute	131	15%	755	85%	63.4k	4.9%
Ayrshire	483	43%	646	57%	125.0k	9.7%
Clyde Valley	385	36%	675	64%	93.2k	7.2%
Dumfries & Galloway	886	46%	1,025	54%	285.0k	22.0%
East Central	150	28%	395	72%	43.0k	3.3%
Eileanan an Iar	46	3%	1,471	97%	12.1k	0.9%
Fife	171	33%	343	67%	29.5k	2.3%
Highland	464	14%	2,822	86%	119.2k	9.2%
Lothian	149	28%	380	72%	38.8k	3.0%
NE Scotland	1,154	35%	2,159	65%	183.3k	14.2%
Orkney	270	39%	414	61%	45.0k	3.5%
Scottish Borders	389	35%	714	65%	139.2k	10.8%
Shetland	53	6%	767	94%	22.3k	1.7%
Tayside	358	24%	1,114	76%	93.6k	7.2%
(blank)	-	-	523	100%	-	-
All businesses	5,089	26%	14,203	74%	1,292.6k	

Figure 4 Count and proportion of businesses above and below 0.8LU/Ha AFH threshold by (a) Type; (b) Size; (c) Agricultural Region

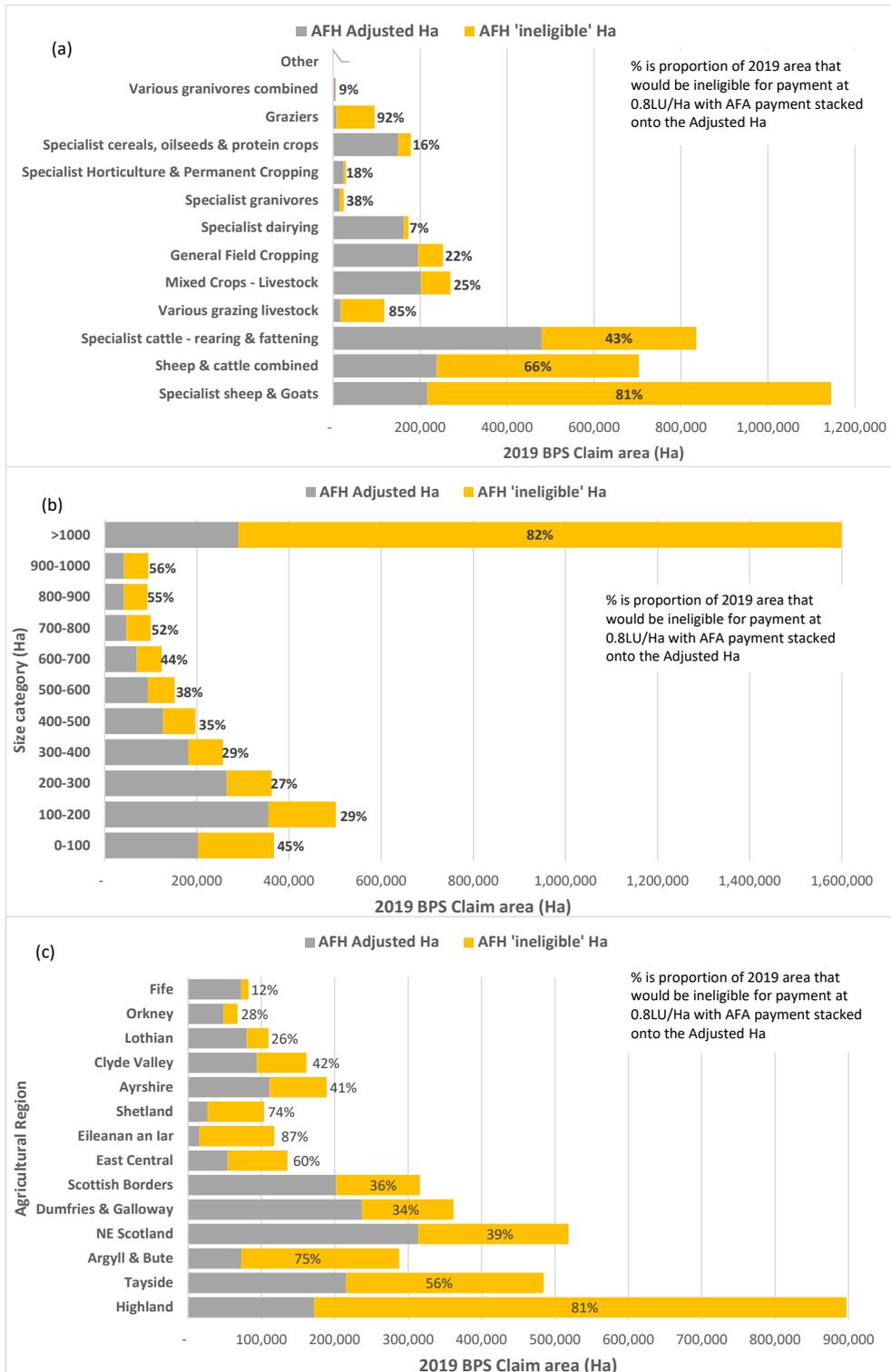


Land eligible and ineligible for AFH Payment

Table 3 2019 claimed area, land ineligible for AFH payment and AFH area by@ type; (b) size; (c) agricultural region

Business size (ha)	BRN count	Current Ha	AFH Adjusted Ha	AFH 'ineligible' Ha	% 'ineligible'
Specialist sheep & Goats	4,215	1,145.4k	216.9k	928.5k	81%
Sheep & cattle combined	1,428	703.5k	238.7k	464.8k	66%
Specialist cattle - rearing & fattening	4,806	835.3k	480.1k	355.2k	43%
Various grazing livestock	1,114	117.6k	18.0k	99.6k	85%
Mixed Crops - Livestock	1,215	269.7k	202.0k	67.8k	25%
General Field Cropping	1,110	252.5k	195.7k	56.8k	22%
Specialist dairying	1,025	173.4k	162.0k	11.4k	7%
Specialist granivores	132	24.5k	15.1k	9.4k	38%
Specialist Horti & Perm Cropping	175	29.6k	24.4k	5.2k	18%
Specialist cereals, oilseeds etc	1,216	178.5k	149.9k	28.6k	16%
Graziers	2,109	95.5k	7.8k	87.7k	92%
Various granivores combined	54	6.0k	5.5k	0.6k	9%
(blank)	523	16.5k	1.5k	15.0k	91%
Non Classified	170	0.8k	0.1k	0.7k	88%
Business size (ha)					
0-100	10,473	367.5k	202.5k	164.9k	45%
100-200	3,880	501.9k	355.5k	146.4k	29%
200-300	1,659	362.5k	265.3k	97.2k	27%
300-400	860	256.7k	181.1k	75.7k	29%
400-500	530	196.7k	127.1k	69.6k	35%
500-600	335	152.3k	94.0k	58.3k	38%
600-700	234	124.0k	70.0k	54.0k	44%
700-800	169	99.8k	47.5k	52.3k	52%
800-900	138	93.1k	42.2k	50.9k	55%
900-1000	125	95.1k	41.8k	53.2k	56%
>1000	889	1,599.4k	290.6k	1,308.7k	82%
Region					
Highland	3,286	897.3k	172.2k	725.1k	81%
Tayside	1,472	484.7k	215.5k	269.2k	56%
Argyll & Bute	886	287.8k	72.5k	215.3k	75%
NE Scotland	3,313	518.5k	313.7k	204.8k	39%
Dumfries & Galloway	1,911	361.8k	237.3k	124.5k	34%
Scottish Borders	1,103	315.8k	202.0k	113.8k	36%
East Central	545	135.7k	54.2k	81.5k	60%
Eileanan an Iar	1,517	117.5k	15.4k	102.0k	87%
Shetland	820	103.6k	26.5k	77.0k	74%
Ayrshire	1,129	189.1k	111.3k	77.8k	41%
Clyde Valley	1,060	161.3k	94.1k	67.2k	42%
Lothian	529	109.6k	80.6k	29.0k	26%
Orkney	684	67.4k	48.6k	18.8k	28%
Fife	514	82.4k	72.3k	10.1k	12%
(blank)	523	16.5k	1.5k	15.0k	91%
All businesses	19,292	3,848.9k	1,717.7k	2,131.2k	55%

Figure 5 2019 claimed area that would be eligible or ineligible for AFH payment by (a) type; (b) size; (c) agricultural region



AFH payment redistribution**Table 4 2019 and AFH budgets plus redistribution at business level (count and £) by: (a) type; (b) size; (c) agricultural region**

Type	Budget			2019-AFH Redistribution			
	2019	AFH	Change	BRN Gain	£ Gain	BRN Loss	£ Loss
(blank)	£1.3	£0.3	-74%	16	£0.0	204	-£1.0
General Field Cropping	£46.5	£46.1	-1%	647	£3.0	454	-£3.4
Graziers	£11.8	£1.8	-84%	64	£0.2	1,333	-£10.1
Mixed Crops - Livestock	£47.8	£47.6	0%	761	£4.9	443	-£5.1
Non Classified	£0.1	£0.0	-77%	6	£0.0	11	-£0.1
Sheep & cattle combined	£48.2	£56.3	17%	978	£12.4	444	-£4.3
Specialist cattle - rearing & fattening	£109.1	£113.2	4%	3,007	£18.8	1,734	-£14.6
Specialist cereals, oilseeds etc	£37.5	£35.4	-6%	571	£1.6	620	-£3.7
Specialist dairying	£33.8	£38.2	13%	922	£5.6	99	-£1.2
Specialist granivores	£3.8	£3.6	-7%	58	£0.3	59	-£0.6
Specialist Hort & PermCropping	£5.5	£5.8	5%	95	£0.5	65	-£0.2
Specialist sheep & Goats	£49.4	£51.2	4%	2,028	£11.6	2,066	-£9.8
Various granivores combined	£1.4	£1.3	-6%	28	£0.1	18	-£0.2
Various grazing livestock	£8.9	£4.2	-52%	222	£0.6	775	-£5.3
Business size (ha)							
0-100	£63.1	£47.8	-24%	4,105	£5.3	5,306	-£20.7
100-200	£86.8	£83.8	-3%	2,275	£8.7	1,475	-£11.7
200-300	£60.1	£62.6	4%	1,107	£7.9	502	-£5.5
300-400	£40.3	£42.7	6%	560	£5.8	257	-£3.4
400-500	£27.3	£30.0	10%	331	£4.9	158	-£2.2
500-600	£20.0	£22.2	11%	215	£3.6	99	-£1.4
600-700	£14.1	£16.5	17%	152	£3.2	63	-£0.9
700-800	£9.9	£11.2	13%	91	£2.3	63	-£1.0
800-900	£8.8	£10.0	13%	74	£2.0	54	-£0.8
900-1000	£8.4	£9.9	18%	73	£2.2	41	-£0.7
>1000	£66.2	£68.5	3%	420	£13.8	307	-£11.5
Region							
(blank)	£1.3	£0.3	-74%	16	£0.0	204	-£1.0
Argyll & Bute	£17.6	£17.1	-3%	397	£3.6	397	-£4.2
Ayrshire	£26.0	£26.3	1%	627	£4.1	439	-£3.9
Clyde Valley	£22.7	£22.2	-2%	531	£3.5	467	-£4.0
Dumfries & Galloway	£53.1	£56.0	5%	1,144	£10.0	647	-£7.2
East Central	£13.3	£12.8	-4%	239	£2.1	265	-£2.6
Eileanan an Iar	£4.5	£3.6	-18%	524	£0.8	830	-£1.6
Fife	£17.1	£17.0	0%	302	£1.5	200	-£1.5
Highland	£41.6	£40.6	-2%	1,418	£7.4	1,538	-£8.4
Lothian	£18.2	£19.0	4%	299	£2.5	210	-£1.7
NE Scotland	£78.3	£74.0	-6%	1,659	£7.1	1,489	-£11.4
Orkney	£11.5	£11.5	0%	353	£1.6	304	-£1.6
Scottish Borders	£44.2	£47.6	8%	654	£7.8	389	-£4.4
Shetland	£6.4	£6.3	-2%	404	£1.4	386	-£1.5
Tayside	£49.1	£50.8	3%	836	£6.3	560	-£4.6
All businesses	£405.0	£405.0	0%	9,403	£59.6	8,325	-£59.6

Figure 6 2019 and AFH payments (plus change) by: (a) type; (b) size; (c) agricultural region

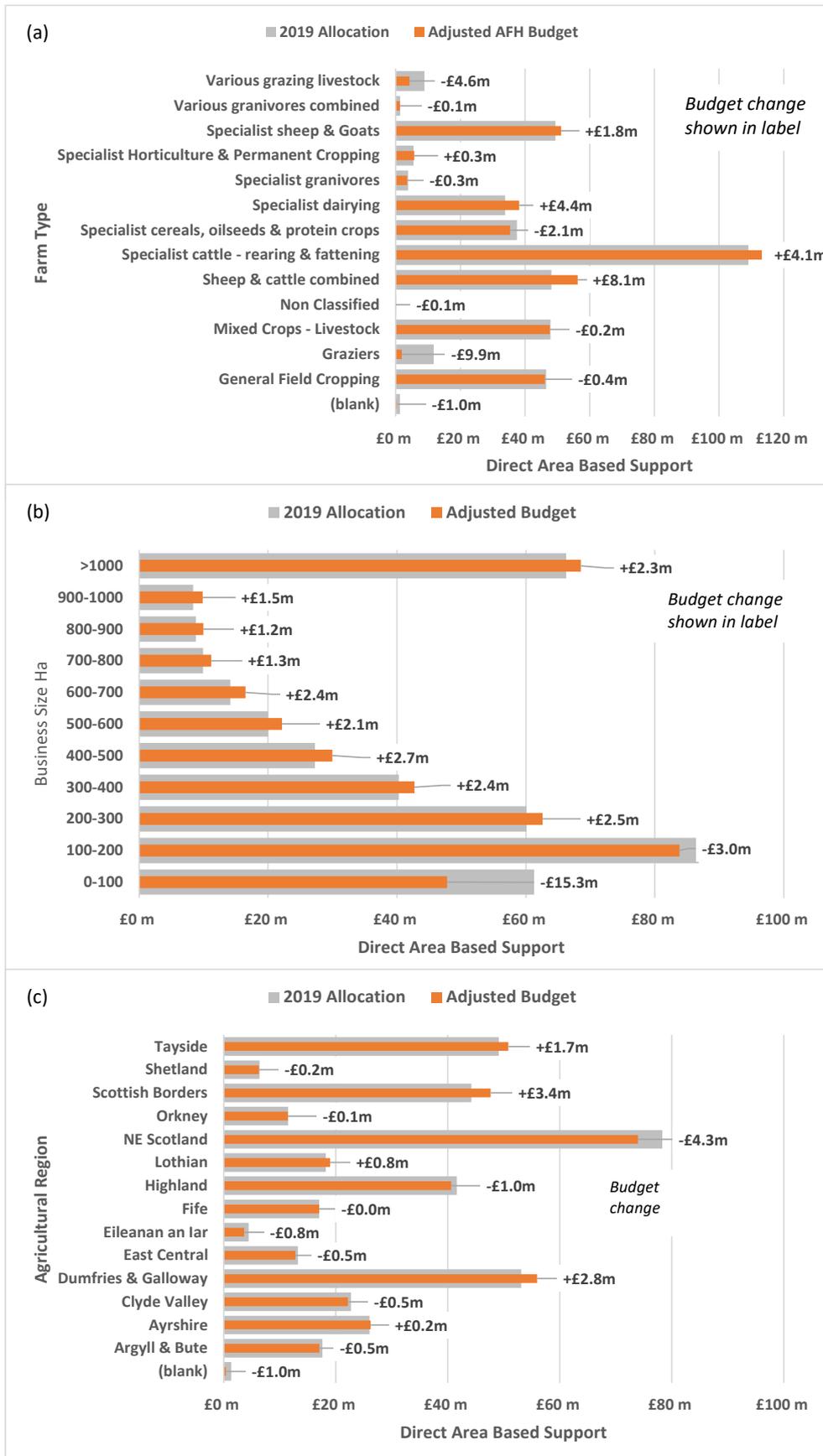


Figure 7 Box Plot showing change in payment from 2019 to AFH rate by type, size and region

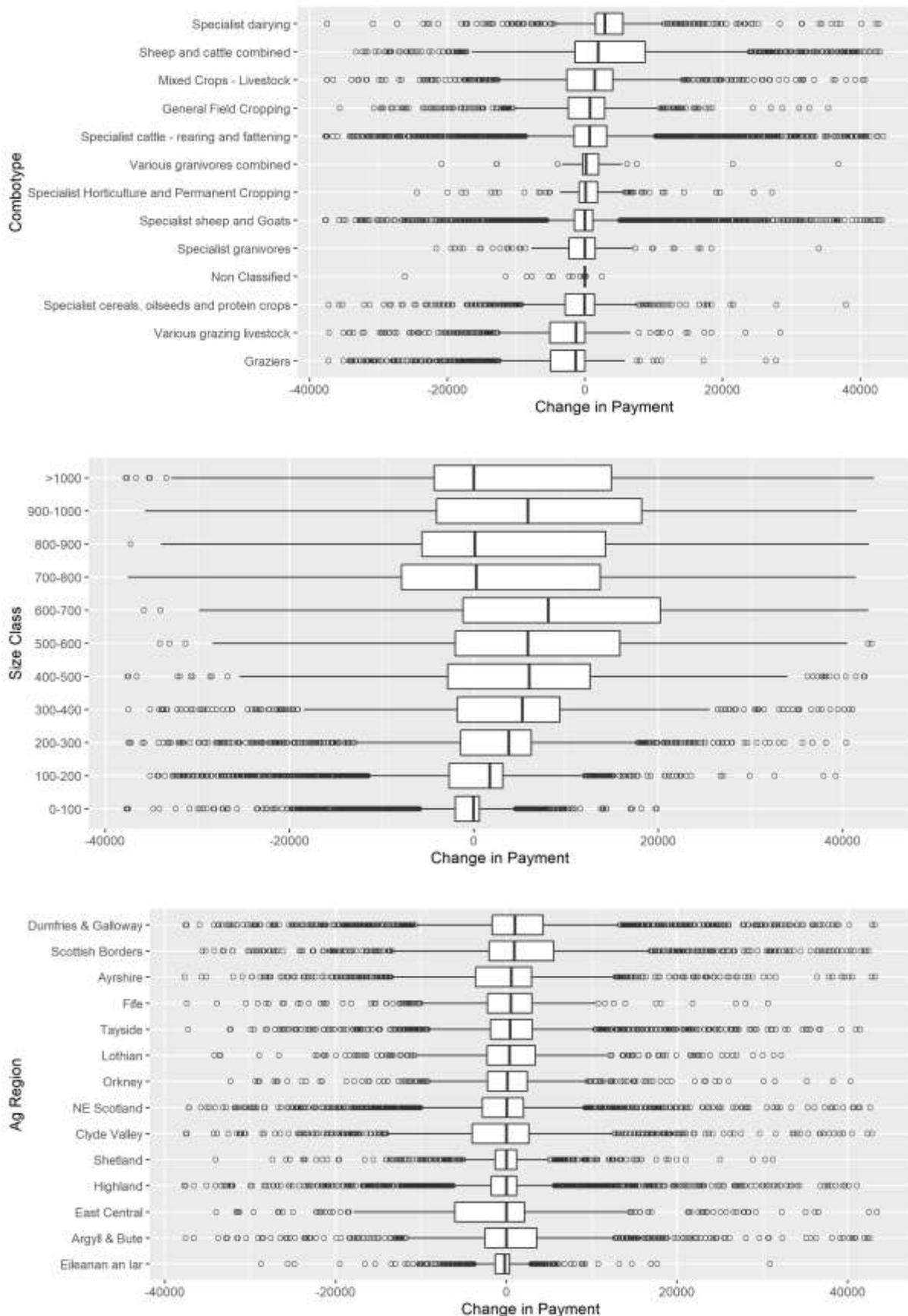


Table 5 Number of businesses activating entitlements through 'Alternative Practice' and impacts from AFH proposal

Alternative Practice Size (Ha)	Current		Actively Farmed Hectares (0.8LU/HA)		
	Businesses	Hectare	BRNs Gain	BRNs Loss	BRNs Stable
<100	2,320	42,198	675	1553	92
100-200	78	10,323	12	63	3
200-300	23	5,793	4	16	3
300-400	6	2,007		5	1
400-500	6	2,615	1	5	
500-600	1	531			1
700-800	1	727		1	
800-900	1	861	1		
>1,000	15	140,539	4	10	1
Total	2,451	205,593	697	1653	101



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