# THE HIGHLAND COUNCIL PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE 14<sup>TH</sup> AUGUST 2013

Agenda Item	13
Report	PED
No.	52/13

# SCOTLAND RURAL DEVELOPMENT PROGRAMME (SRDP) 2014 – 2020: STAGE 1 CONSULTATION.

Report by Director of Planning and Development

#### **Summary**

This report introduces the Scottish Government's Stage 1 consultation on Scotland's Rural Development Programme 2014-2020. The Stage 1 consultation was published in May 2013 for a short period when responses were sought by 30<sup>th</sup> June. The paper presents the Highland Council response (appendix 1), submitted on 30<sup>th</sup> June 2013. A PED workshop run on 24<sup>th</sup> June provided Members attending the opportunity to contribute to the draft response before submission. Committee is invited to:

- a) Consider the Stage 1 consultation and homologate the Highland Council response previously submitted on the Council's behalf, and;
- b) Note that a more detailed Stage 2 consultation is anticipated in the autumn of 2013, when the Committee will have an opportunity to contribute further on the shaping of the 2014 2020 SRDP.

#### 1. <u>Introduction</u>

- 1.1 The Scotland Rural Development Programme (SRDP) is part funded by the European Agricultural Fund for Rural Development (EAFRD) and Scottish Government. It provides support for a range of economic, environmental and social measures.
- 1.2 The current programme will end on 31 December 2013. To access the European funding to cover the period 2014 2020, the Scottish Government is required to submit a new SRDP to the European Commission. This will include how the Scottish Government will deliver against European Union (EU) objectives for rural development and the funding articles to be used.
- 1.3 This is the first (Stage 1) of two consultations which seek views on proposals on how best to support and develop rural Scotland, while making best use of public funds when resources are likely to be reduced.
- 1.4 This Stage 1 consultation outlines the European and Scottish context for the SRDP including the priorities for rural development. In addition the paper considers how the SRDP will align with other EU funds under a Common Strategic Framework. It discusses the investment articles that Europe allows us to use and asks which of these are the most important to Scotland, within the limited resources that are likely to be available.
- 1.5 The Stage 2, consultation will be undertaken shortly. It will seek views on the detail of future proposals. The Stage 1 consultation considered here is mainly concerned

with the broad principles of the future 2014 – 2020 Programme.

1.6 Members wishing further details of the Stage 1 consultation can find the full consultation at http://www.scotland.gov.uk/Publications/2013/05/9633/downloads

# 2. The Highland Council Response

- 2.1 In order that PED Members had an opportunity to consider the Stage 1 consultation an SRDP workshop was held on 24<sup>th</sup> June, to which PED Members were invited. Eight Members were able to attend the workshop, when Davie MacLeod, the Council's agriculture adviser, presented the consultation and a draft Highland Council response. The draft response was agreed with additional comments from Members being incorporated.
- 2.2 The Highland Council response was therefore prepared in consultation with colleagues in the Planning and Development Service and Chief Executive's Service, and with the further input of the PED Members attending the workshop. The submitted response is attached at appendix 1.
- 2.3 Listed below are the key points within the Council response:

The Council supports the marshalling of EU funds within three 'Scottish' funds

- Competitiveness, innovation and jobs
- Low carbon, resource efficiency and environment
- Local development and social inclusion

The Council seeks to ensure the following articles are included as priorities for funding within the 2014 – 2020 Programme:

- Knowledge transfer and farm advisory services
- Investment in agriculture businesses
- Farm and rural business development, rural communities and climate change
- Investment in forestry and woodland creation
- Investment in agri-forestry (supporting Woodland Expansion Advisory Group findings)
- Investment in woodland habitat improvement and forestry technology
- Investment in agri-environment and climate change measures
- Continued investment in the most fragile areas via a re-focused Less Favoured Areas scheme to include Areas of Natural Constraint
- Investment in preventing land abandonment
- Continuation of LEADER support for rural and community development
- Investment in local food and food marketing and promotion

The Council seeks a stronger role for existing local business development organisations like Business Gateway and Highland Opportunity Ltd, in the delivery of the new Programme.

The Council seeks a streamlined applications and management process that applicants understand and which is locally and democratically accountable, and suggests a role for LEADER Local Action Groups in determining applications.

The Council supports a Crofting Support Scheme, which specifically supports crofting but which does not exclude crofters from other SRDP grant schemes.

The Council supports specific new measures to attract new entrants to farming.

The Council supports an appropriately resourced support structure for applicants, and a single application process.

The Council supports the establishment of a dedicated fund that would support partnership action on a landscape scale.

The Council supports an appropriately resourced Whole Farm Review and advisory service.

The Council supports the maintenance of the current level of transfer from Direct Payments, (non-competitive) to SRDP (competitive) within the new 2014 – 2020 Programme.

#### 3. Fit with the Programme for the Highland Council

3.1 Contributing to the SRDP Stage 1 consultation assists the Council deliver Programme commitments linked to the economy, climate change and the environment.

#### 4. Fit with the Single Outcome Agreement

4.1 Contributing to the SRDP Stage 1 consultation assists the Council deliver SOA outcomes linked to the economy and the environment.

#### 5. Resource implications

5.1 There are potential resource implications arising from the contents of this report as there is an expectation in the Government's proposals that potential lead partners in the future programme delivery will pre-identify match funding to part fund project delivery. However on the positive side of this proposal, where the future programme and Highland Council priorities align there is the opportunity for the Council to gain financially from the successful draw down of European funds.

# 6. Risk implications

6.1 The delivery of future SRDP funding is to be allocated to non-local authority and national agencies. The Council will wish to ensure it plays an important role in the final delivery of funds and can influence local priorities.

# 7. Legal and climate change implications

7.1 There are no legal or climate change implications arising from this report. However, Members will wish to note that support for low carbon activities is included in the SRDP fund proposals.

# 8. Equalities implications

8.1 There are no equalities implications arising from this report. Issues around equalities are discussed at Q29 In the consultation response.

# 9. Recommendations

Committee is invited to:

- a) Consider the Stage 1 consultation and homologate the Highland Council response previously submitted on the Council's behalf, and;
- b) Note that a more detailed Stage 2 consultation is anticipated in the autumn of 2013, when the Committee will have an opportunity to contribute further on the shaping of the 2014 2020 SRDP.

Author: G Hamilton

Date: 22<sup>nd</sup> July 2013

Designation: Head of Environment and Development

#### Background Papers:

a) Scotland Rural Development Programme 2014 – 2020. Scottish Government Consultation: May 2013.

# **APPENDIX 1**

# **Scotland Rural Development Programme 2014-2020**



RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation Name		
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# SCOTLAND RURAL DEVELOPMENT PROGRAMME (SRDP) 2014-2020: CONSULTATION QUESTIONS:

We are inviting written responses to this consultation paper and respondents can reply to all of the questions, or a selection, depending on where their interests lie. Everything you tell us will help us design a better SRDP. The consultation takes place over an eight week period and closes on **Sunday 30 June 2013**.

Please send your response with the completed Respondent Information Form to either:

SRDP2014-2020Consultation@scotland.gsi.gov.uk

or

SRDP 2014-2020 Consultation D Spur Saughton House Edinburgh EH11 3XD

#### **SECTION 2 : SETTING THE CONTEXT**

Question 1: Given the EU's Common Strategic Framework approach do you agree or disagree that EU funds in Scotland should be marshalled into three funds (paragraph 27)?

Agree	Χ	Disagree	

#### Please explain your views.

The three funds cover Scotland's rural development priorities and should result in a more integrated approach and delivery under the Partnership Agreement. However, it is unclear how and where a cross cutting programme such as LEADER will sit and how projects cutting across the different funds would be managed. There is also little if any reference to any infrastructural development projects

Question 2: Do you agree or disagree with the proposed establishment of a single Programme Monitoring Committee to ensure all EU funds are targeted effectively (paragraph 29)?

Agree X	Disagree	
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#### Please explain your views.

We agree that there is a need to monitor the programme effectively and that monitoring requirements should be clearly cascaded through all delivery arrangements without being overly burdensome. The Delivery Partnerships will also be key in coordinating and targeting funds effectively and help to avoid unintended gaps in funding. Clear reporting requirements will be

required for all Delivery Agents from the outset.
SECTION 3: OUR INVESTMENT PRIORITIES FOR RURAL DEVELOPMENT

Question 3: Given the need to prioritise our spending in the future programme (paragraph 11) which articles do you see as a priority for use within the next programme?

Agree	Disagree	
Auree	i Disadree	

# Please explain your views.

Articles 15 and 16 - YES

Article 17 – more appropriately funded through industry or other sources

Article 18 – YES

Article 19 – NO (not the role of SRDP to cover for natural disasters)

Articles 20 – 24 YES (Art 21 High Priority)

Article 25 – NO (similar to Art 19)

Article 26 and 27 YES

Article 28 – Think Local funding could deliver this?

Article 29 YES High Priority

Article 32 and 33 – YES High priority

Article 36 YES

Articles 37 – 40 NO

It is unclear under which Article where community capacity building will sit.

There is no reference to local infrastructural projects such as footpaths,

tourism offices, village halls, etc.

#### **SECTION 5: STRATEGIC TARGETING OF INVESTMENTS**

Question 4: Do you agree or disagree that we should geographically target our investment to areas where support will make the greatest contribution to our priorities?

Agree	Disagree	

#### Please explain your views.

There are considerable risks in geographical targeting of support not least in defining the area of geographical targeting. Scotland and indeed the Highlands is a very diverse in terms of its population distribution, habitats, agricultural systems, service provision, etc. Where a specific scheme can realise defined outcomes, e.g. a Thematic Sub programme or a dedicated crofting scheme then targeting is justified.

LEADER already targets its funds on a regional and sub-regional basis.

It is unclear how targeting would apply to any transitional funding to (parts of) the Highlands and Islands and how these funds would influence potential targeting of the SRDP.

# **SECTION 7: DELIVERING THE SRDP: PROGRAMME STRUCTURE**

Question 5: Do you agree or disagree that support for small local businesses should be provided through LEADER?
Agree Disagree Disagree
Please explain your views.
Small local businesses are, at present, supported through the nationally consistent Business Gateway service supplemented with local government discretionary support, i.e. additional advisory services or grant support. In Highland HOL (Highland Opportunity Limited) delivers the Business Gateway service under contract to the Highland Council. It would seem appropriate to develop these delivery mechanisms to meet SRDP needs, which would require a specific contractual arrangement with the Local Authority/Business Gateway. There may be a role for LEADER within this core structure.
Question 6: Do you agree or disagree to the proposal to disband RPACs and replace with a more streamlined assessment process as explained in Section 8?
Agree Disagree Disagree
Please explain your views.
Any replacement process should not only be streamlined and practical; but must also be locally and democratically accountable. It is essential that any new system deal is locally accountable for decisions made on additionality and discretionary grant rates. These decisions should not ultimately rest with Case Officers.
Highland Council suggests that the Highland LAG could be further developed to be the operational arm of Community Planning Partnerships in Highland. The LAG could then be the local decision making body for complex SRDP applications, alongside LEADER applications.
Question 7: Do you agree or disagree that LMOs should be removed from the future programme, given the spending restrictions we are likely to face and the need to ensure maximum value from our spending?
Agree Disagree Disagree
Please explain your views.
LMOs have been the only way that most (particularly small) agricultural businesses have interacted/benefitted from the SRDP. If the concern is that it is an unknown entity in terms of funding – the measure could be capped by region.

These concerns may be mitigated if inequalities in access to the new SRDP can be overcome - through specific support for small businesses and a crofting programme. Question 8: Do you agree or disagree that the Forestry Challenge Funds be discontinued, with WIAT being funded through Rural Priorities and F4P funding being provided via LEADER? Agree X Disagree Please explain your views. LEADER already funds woodland projects that have a community, education and/or skills element and as such are in a clear position to deliver any other community woodland grant scheme. The Council is not opposed to the Forestry Challenge funds being discontinued. WIAT being funded through Rural Priorities will potentially bring more confidence to applicants (in relation to the current scoring system) as well as a considerably improved timing to the consideration of applications.

Question 9: Do you agree or disagree that Food and Drink grants be decided via the wider decision-making process for business development applications or should they remain separate and managed within the Scottish Government as is the current practice?

Agree		Disagree	
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#### Please explain your views.

Highland Council agrees that this is a key growth sector for Scotland. There is a risk that if delivery moves outwith SG, whichever organisation takes it on will be influenced by its own agenda. For example applications from very small rural businesses may be seen as insignificant or unimportant to an organisation that is focused on developing businesses with the potential for significant growth and/or export potential.

Highland Council does not see any reason why food and drink businesses should be treated any differently to other businesses. Community or social enterprise businesses should continue to be directed to LEADER, small businesses to Business Gateway and large businesses to HIE.

Question 10: Do you agree or disagree with crofting stakeholders that a Crofting Support Scheme is established in the new programme that will fund all grants relevant to crofting?

Agree X Disagree
Crofting is a cornerstone of many rural communities in the Highland area and is a unique form of land tenure, which will benefit from targeted and customised support measures. Crofts are generally small part time units and have historically struggled to access the wider SRDP support measures such as Rural Priorities. The current scheme CCAGS has an historic underspend and crofting communities could benefit from a revised and broader based approach to support as suggested by the working group.
Question 11: If a Crofting Support Scheme is developed, do you agree disagree that crofters (and potentially small landholders) be restricted fro applying for other SRDP schemes which offer similar support?  Agree   Disagree X
Please explain your views.
Without knowing the detail of the range and scope of 'other SRDP schemes', or indeed the shape of any revised crofting scheme, It would be an error to restrict access to the remainder of the SRDP by crofters. At this stage therefore all SRDP schemes should remain open to crofters. There are also a significant number of larger crofting units which may require access to other SRDP schemes to maintain their business and they should be offered the opportunity to apply for that support.
Question 12: Do you agree or disagree on whether support for crofting should extend to small land holders of like economic status who are situated within crofting counties?
Agree Disagree X
Please explain your views.

Assuming limited funding it is best to restrict the crofting support to crofters. This will simplify administration and improve targeting of funds. Any new support scheme should consider the terms of occupancy and land tenure regulations surrounding crofting and the unique circumstances of common grazings committees in its design and function, and extending the provisions to non-croft holdings would dilute its effectiveness in supporting crofting communities.

Please explain your views.				
	s insufficient information provided to be able to answer this question.			
	n 14: Do you agree or disagree with the measures proposed by the trant Panel (paragraph 92) to encourage new entrants to farming?			
Agree X	Disagree			
Please e	explain your views.			
entrants target n addition Entrant	d Council agrees in principle with the need to encourage new so to farming, but a scheme would need to be crafted which did truly new entrants and not simply be a means for families to draw in neal finance with little business change or development. The New option should also be open for the duration of the Programme and ply offer a single opportunity in, for example, 2015.			
·	N 8: APPLICATION AND ASSESSMENT PROCESS FOR			
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Highland Council agrees provided it that it does speed up the application process and addresses any issues around accessibility and equal opportunities. Information and support will be required to ensure some people are not disenfranchised, and to encourage them to engage in the process.

Question 17: Do you agree or disagree with the proposed negotiation of variable intervention rates rather than setting fixed intervention rates?						
Agree  Disagree  Disagree						
Please explain your views.						
This would be difficult to administer and to ensure fairness and consistency across Scotland. It would be very difficult for case officers to assess additionality, in terms of businesses net present worth. Presentation of detailed financial information places an additional burden on applicants, when one of the main aims of the future programme is simplification with an emphasis on being customer focussed. Interpreting detailed business financial information also requires expertise which case officers are unlikely to have – placing them in a position where they are unqualified to make decisions on intervention rates.						
Some of these issues may be overcome through issuing guidance on decision making criteria. We suggest that applicants should understand that there is a minimum grant intervention rate, and to get beyond that they have to prove that they meet certain criteria. LEADER already applies this type of decision making in its setting of intervention rates.						
Question 18: Do you agree or disagree with the proposed setting of regior budgets across the Rural Development Regulation (RDR) articles?  Agree   Disagree	nal					
Please explain your views.						
It is difficult to answer this question without further details on the proposed structure of the programme.						
Operationally, it is very useful to know budgets at the outset. However, the Articles are quite diverse in terms of how they might apply to Scotland. For example the LFASS budget is defined but if it was compartmentalised further at a regional level and some businesses did not draw down their allocation – what would happen to that funding?						

Regional allocation might be possible within some Articles but the Council is

of the opinion that retaining flexibility within the system is important.

Question 19: What support and assistance do you think applicants will need for this application process to work effectively?				
Please explain your views.				
Highland Council is of the opinion that greater facilitation in general is required; however we recognise that this is resource intensive and there is a tension between giving guidance (explaining rules etc) and offering advice (encouraging submission of a claim) which government staff may find difficult. Strictly on-line applications would certainly disenfranchise a significant number of potential applicants and alternatives should remain available. Telephone advice has proved to be very valuable in supporting LEADER applications.				
SECTION 9: INTEGRATED INVESTMENTS				
Question 20: Do you agree or disagree with the value of developing a descriptive map of holdings to help farmers and stakeholders understand the potential ecosystem value of specific holdings?				
Agree X Disagree				
Please explain your views.				
It would be helpful for applicants to have a map of their holding with habitats and features described. It would also be useful for previous activities to mapped. This would enable applicants to plan future activities effectively and perhaps act as a precursor to developing wider landscape plans with neighbours. It would also be useful for scheme administrators in providing an overview of proposed activities and being able to access their impact at a wider scale.				
As with other issues, to be effective this will require significant levels of support to many claimants in terms of the form and standard (accuracy) of maps required, and an assurance that it is simply descriptive and does not form part of any claim validation process.				
Question 21: Do you agree or disagree with the proposal to allow applicants to submit single applications which set out all investments/projects that the applicant would like to take forward on their land?				
Agree X Disagree				
Please explain your views.				
This would make it easier for applicants to present plans under the scheme, and provided the "behind the scenes" assessment of applications is efficient				

and integrated, should provide more customer friendly approach to the programme.	
In order to avoid inequalities, a support package would have to be in place to facilitate this type of whole farm approach.	
SECTION 10	-
Question 22: Do you agree or disagree that it would be helpful to allo party applications for specific landscape scale projects?	w third
Agree X Disagree	
Please explain your views.	
It would be helpful in terms of the potential public benefits that could be provided. However it will need careful consideration and facilitation in terms of engaging local land managers as they may not be keen on third parties "telling them what to do".	
This does already happen under LEADER projects. Consideration should be given to support for facilitation of plans as part of the package.	
Question 23: Do you agree or disagree with public agencies working tog to identify priority areas that could benefit from a co-ordinated third part application?  Agree X Disagree	
Please explain your views.	
Yes in principle but would have to be clear on what the drivers and the mechanisms would be for identifying priority areas and actions. How would this come about and which agencies would be involved? This type of joint working could be very positive if the structure and facilitation is correct.	
Question 24: Do you agree or disagree with the establishment of a sefund to support collective action at the landscape scale?	parate
Agree X Disagree	
Please explain your views.	
Yes this would be helpful if third parties are going to submit applications as it leaves the other funds for land managers and they will not have to compete with third parties (for potentially the same activities on their land).	
Incentivising grant rates for collaborative projects should be possible.	

#### **SECTION 11: ADVISORY SERVICE**

Review Scheme to include biodiversity, environment, forestry, water pollution control and waste management?
Agree X Disagree
Please explain your views.
Yes, but a team or pool of advisors may be needed in all regions to provide the full range of services required. It would possibly require some form of Framework Agreement and a list of approved advisors with good geographical coverage and financial support.
Question 26: Do you agree or disagree that we allocate SRDP budget to advice provision when we move to the next programme?
Agree X Disagree
Please explain your views.

A common theme in response to many of the consultation questions is the need for support to ensure equality of access to the full range of measures. The difficulty will be that to provide the necessary support will be resource intensive and prove challenging in terms of achieving adequate coverage throughout all areas of Scotland. This cost should be recognised and budgeted for if there is to be effective in delivery on items such as single entry applications; farm maps; integrated investment applications; and whole farm reviews. The Council understands that SRUC receive Government core funding to provide some advice but additional SRDP dedicated support measures will be needed.

#### **SECTION 12: FINANCIAL INSTRUMENTS**

Question 27: What are your views on the merits of providing loans for specific purposes and/or specific sectors?

#### Please explain your views.

Based mainly on experience with the LEADER programme, the Council views this as a particular issue for community led projects. While a project's capital costs can be covered longer term, there is often an issue with cash flow as many projects do not generate an immediate income stream. The Highland LEADER programme has provided the facility to overcome these issues and should be considered as a model for other regions and/or strands of the SRDP.

Existing funds such as Social Investment Scotland can help but have associated costs; and an interest free fund for community start up projects would be helpful in overcoming these circumstances.

#### **SECTION 13: VOLUNTARY MODULATION**

Question 28: Do you agree or disagree with the proposal to maintain the
current level of transfer from Direct Payments to SRDP in the new programme
period?

Aaree	Χ	Disagree	
Adice	$\Lambda$	Disagled	

#### Please explain your views.

The current level is accepted by those receiving direct payments and provides potentially wider public benefit. However those receiving DPs may be more reluctant to accept the transfer for this SRDP if the non-competitive element (LMOs) is removed from the next programme.

#### **SECTION 14: EQUALITIES IMPACT ASSESSMENT (EQIA)**

Question 29: Please tell us about any potential impacts, either positive or negative; you feel the proposals in this consultation document may have on any of the equalities characteristics listed in paragraph 136.

The main issue we see here is ensuring equality of access and support in terms of the next programme – those with less capacity tend not to access the scheme. Many of the proposed changes such as the single entry applications, farm maps, integrated investment applications, and whole farm reviews will require significant levels of promotion and one to one support to ensure all potential beneficiaries have the same opportunities to access these schemes. Similarly for community led and collaborative projects will require training and support for community leaders and facilitators so that these aims can be realised.

The availability of community loan finance for cash flow purposes should be considered.