

SRDP progress/RDOC update

Introduction

1. The Rural Development Operational Committee (RDOC), which forms part of the SRDP programme governance structure, met on the 25th April. Papers tabled at the RDOC meeting are available on the website: <http://www.gov.scot/Topics/farmingrural/SRDP/SRDP2014-2020RDOC>
2. The JMPC are invited to provide comments on the progress of the SRDP, including the risk register, progress towards the performance reserve and the Scottish Rural Network work programme which are attached as annexes.
3. The JPMC are also invited to note that the annual implementation report (AIR) is due to be submitted by 30 June 2018. We will seek the views of the JPMC on the AIR via email correspondence in advance of submission.

SRDP progress

4. The programme continues to progress well in delivery of funds, to date the programme has approved over 10,000 applications, along with supporting around 11,300 farmers and crofters each year through the Less Favoured Area Support Scheme (LFASS). This totals nearly £760m of new agreements, out of a total budget of £1.26bn.
5. There continues to be consistent demand for the majority of schemes, with particularly high demand for new entrants and young farmers to agriculture and also demand for grants for food processing cooperation and marketing. As reported at the last JPMC, there is less activity under the SRDP Broadband due to the roll out of the R100 initiative.
6. Modification 4 was approved in February 2018. Modification 5 will be progressed Autumn 2018.
7. The risk register is attached at Annex A.

Budgets

8. SRDP indicative scheme budgets were revised in 2017, we will continue to monitor scheme performance and demand and the budgets are likely to change again in the future.
9. Forward planning in 2017 to adjust the SRDP scheme budgets has meant that there were no shocks to the SRDP for the 2018/19 SG budget.

10. However, as majority of budget is committed and with on-going pressures on SG budgets, there is less flexibility for remainder of programme. The SG 2019/20 draft budget due to be published by the end of the year.
11. SG is closely monitoring progress towards the performance reserve, Annex B shows progress at the end of 2017. We are on track for most of our targets and closely monitoring those where we still have some progress to make. We are in discussion with the Commission about the potential to use 'committed' spend rather than actual spend in certain instances.

EU exit/future policy

12. There continues to be concern about the impact of Brexit and funding guarantees on the SRDP. SRDP projects are guaranteed where contracts are entered into before an UK exit from the EU and LFASS for 2019. There is a pledge to maintain the budget for 'farm support' until the end of the current UK Parliament, however it is not clear what counts as 'farm support'. Ministers continue to push for all Pillar 2 (and Pillar 1) to be guaranteed in full.
13. Work is underway to consider future policy priorities through the Agriculture Champions, whose final report will be published by the summer, and the National Council of Rural Advisors (which includes the Ag Champions) published its interim report into the potential implications for rural Scotland of the UK leaving the EU on the 29 Nov 2017. They intend to undertake stakeholder engagement before publishing their final report.
14. A stocktake of monitoring and evaluation across the SRDP is underway to establish evidence, and gaps, for future policy. Officials are also monitoring EU progress with the future Common Agricultural Policy.

CAP, GM Policy & Agriculture Climate Change Branch
May 2018

ANNEX A - Risk Register – key risks

Risk	Impact	Mitigation
Funding guarantees: Guarantee for SRDP programme for contracts in place up to the point of UK exit from the EU - no guarantee for projects past this date	Risks cessation of new contracts for rural Scotland, impacting on the ability for SRDP objectives to be delivered on the rural economy and communities, including environmental and farming support.	Central SG Finance, and Scottish Ministers continue to press on HMT for further funding guarantees
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.
Failure to access the 5% performance reserve. Currently the highest risk appears to be the FCS under priority 5.	Failure to meet the targets risks a loss of EU funds.	Close monitoring of progress, discussions with individual scheme areas for areas of concern. Assessment of the Commission guidance that states we can use committed funds, rather than just spend as forestry commitments are relatively high, but spend takes place over a number of years.
Failure to deliver SRDP payments	IT challenge could result in delay to SRDP payments and / or limit type of scheme payment.	Project management controls in place for on-going IT development of the future payment system. Manual contingency has been developed for making payments if required . This is in addition to providing access to national loan scheme to deliver substitute payments for LFASS support as required.

<p>Ability to continue support to rural and remote farms and crofts due to the changes to rules for LFASS, which require either payments at 80% for 2019 and 20% for 2020, or the introduction of Areas facing Natural Constraint.</p>	<p>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.</p>	<p>Policy options being prepared for Ministers to consider. Close working with delivery colleagues to ensure any policy options are deliverable.</p>
<p>Monitoring contract not in place for AECS</p>	<p>Lack of evidence on performance of schemes against outcomes which is necessary to inform the design of future support.</p>	<p>Progress against programme targets is being monitored through Annual Implementation Reports. Agricultural Policy Division in discussions with Environmental Policy about the best way to take this forward.</p>

ANNEX B – PERFORMANCE RESERVE

Priority	Indicator	2014 to 2017 ¹	Target 2023	Milestone Target 2018	Milestone Target 2018 Percentage	Achieved Percentage of 2023 Target	Committed Expenditure ²	Committed Expenditure ² - 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)	156.85	338.06	135.22	40%	46%	222.56	66%
	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)	2,407	5,171	2,068	40%	47%		
	Area supported under LFASS/ANC (ha) (Focus Area 2A)	1,166,652	1,400,000	1,260,000	90%	83%		
3 - Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	Total Public Expenditure (€m)	48.75	87.27	26.18	30%	56%	64.26	74%
	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)	86	122	37	30%	70%		
	Cumulative Numbers of holdings supported (Focus Area 3A)	7,689	7,689	6,920	90%	100%		
4 - Restoring, preserving and enhancing ecosystems related to agriculture and forestry	Total Public Expenditure (€m)	312.49	704.96	281.98	40%	44%	585.58	83%
	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)	662,726	1,333,100	533,240	40%	50%		
	Area supported under LFASS/ANC (ha) (Focus Area 4A)	1,166,652	1,400,000	1,260,000	90%	83%		
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)	48.18	256.92	102.77	40%	19%	129.77	51%
	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)	71,621	139,000	55,600	40%	52%		
6 - Promoting social inclusion, poverty reduction and economic development in rural areas	Total Public Expenditure (€m)	22.89	126.31	44.21	35%	18%	72.29	57%
	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)	1,129	1,259	441	35%	90%		

Notes:

- The expenditure data for 2017 were collected in Sterling and have been converted to Euros using an exchange rate of £1 to €1.2.
The finalised expenditure data for 2017 in Euros will not be available from the European Commission until May.
- The committed expenditure is based on commitments supplied by the individual SRDP 2014-2020 schemes.
The committed expenditure has been converted to Euros using an exchange rate of £1 to €1.2.

ANNEX C – Scottish Rural Network (SRN): 2018/19 Work Programme

Purpose of paper

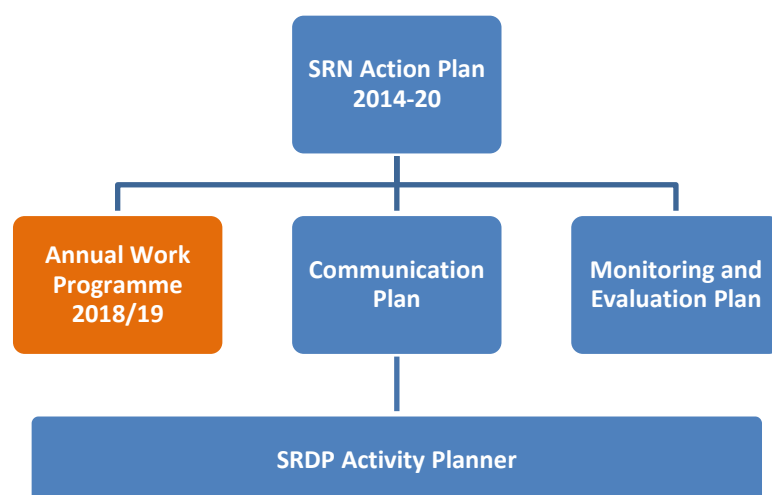
1. To provide members of the RDOC with an overview of the draft work programme for the Scottish Rural Network (SRN); and
2. To invite members of the RDOC to provide comments/feedback on the draft work programme.

Background

The Scottish Rural Network (SRN) is funded under the SRDP Technical Assistance budget and has the following aims, as required by EU Regulations:

- Increase the involvement of stakeholders in the implementation of rural development;
- Improve the quality of implementation of the rural development programme;
- Inform the broader public and potential beneficiaries on rural development policy and funding opportunities;
- Foster innovation in agriculture, food production, forestry and rural areas.

The SRN has an Action Plan for 2014-20, which the RDOC has seen. The Action Plan sets out the purpose, governance, planning and delivery arrangements for the SRN. The 2018/19 Work Programme sits underneath the Action Plan and sets out the activities the SRN will deliver from 1st April 2018 to 31st March 2019.



The work programme is supported by a communication plan and a monitoring and evaluation plan. It also forms a vital part of the SRDP Annual Communication Strategy, with a single activity planner that sits across the SRN and all the SRDP schemes.

Development of work programme

SRN activities are driven by both the legal requirements and by stakeholder needs. It is informed by a wide range of events, workshops and meetings the SRN has delivered over the last two years, as well as an annual online stakeholder survey. Further information about the SRN can be found here: <https://www.ruralnetwork.scot/>

The RDOC is invited to note the current contents of the draft work programme and to provide any comments, feedback or suggestions to: alan@ruralnetwork.scot. The final work programme will be approved by the Managing Authority (MA) by the end of May.

Priorities for 2018/19 Work Programme

Key priorities for the SRN this year include:

- The SRN will also maintain a number of regular, on-going activities including: Successful delivery of the annual OECD conference in April 2018 with follow up actions and output delivered upon
- Support and delivery a successful Rural Parliament event in partnership with SRA
- Support the new 'Innovation Support Service', aimed at increasing collaborative innovation in the agricultural, food and drink, and forestry sectors
- Analysis outputs of the NCRA report due in late May/early June 2018, identifying any outputs that SRN should support and provide support for any follow up activity e.g. event management of workshops and events (including "significant event" at the Royal Highland Show)
- Deliver a series of rural 'themed' events (detail and timing of these events still to be developed but will include a Rural Transport forum event)
- Increase the number of project case studies available on the SRN website to include examples from the majority of the SRDP schemes.
- Undertake a major review of the current SRN website with a view to improving navigation and increasing traffic
- Improve coordination of communications across the SRDP
- Establish a new LEADER Evaluation working group
- Pilot co-operation learning session in Moray and roll out to all 21 LAG's to support the on-going development of cooperation projects, particularly to help increase the number of LEADER cooperation projects coming forward to apply
- Produce three short films to demonstrate the impact of SRDP funding and to promote and encourage rural development

The SRN will also maintain a number of regular, on-going activities including:

- Producing a weekly e-newsletter to more than 1,200 subscribers.
- Maintenance of SRN website and social media feeds.
- Building relationships with and between key stakeholders.
- Collating and issuing a monthly LEADER newsletter to more than 220 subscribers

In line with the Aims and Objectives of the 2018 Year of Young People, the Scottish Rural Network and the Network Support Unit will also actively seek to work in partnership with other partners, including (but not limited to) local authorities, education institutes, youth organisations and young people themselves to ensure young people have a platform to have their views heard and acted upon, and that they will have a key role in the development and delivery of activities ensuring an inclusive approach is taken throughout the Year and beyond, creating a lasting legacy

A list of all the activities identified to date for 2018/19 is attached at Annex 1.

Feedback

We invite you to submit any comments/feedback you have on the priorities and activities for the SRN in 2018/19 to: alan@ruralnetwork.scot by 18th May.

New projects/activities

Please also get in touch if you have an idea for a project/activity that the SRN could partner with you/your organisation to deliver. It would need to fit with the aims of the SRN (see above) and you will be issued with a short form to complete to tell us more about the project/activity that the SRN could help deliver.

Annex 1: Activities in 2018/19 SRN Work Programme

Listed below are all the activities the SRN aims to deliver in 2018/19. Many of the activities are already well defined, but some need further work to develop exactly what needs to be delivered. The costs and resources required to deliver each activity vary considerably. The activities are grouped under logical headings, but are not presented in any particular order.

Communications:

- Development/publication of case studies of SRDP projects
- Narrative and case studies on how SRDP and LEADER support the rural economy
- SRDP & SRN Comms plans
- Coordination/integration of SRDP communications
- Three films featuring rural development projects/initiatives (inc RISS, etc.)
- Communication support to Farm Advisory service
- SRN website and social media
- Support Mental Health Awareness Week through social media and newsletter activity
- Support Year of Young People activity - social media, website/newsletter activity, possible event hosting, etc.
- Support Woman in Agri including networking/bench marking events
- Hosting of LAG-only area of SRN website
- Publication: weekly SRN newsletter
- Publication: monthly LEADER newsletter
- Publication: SRN funding newsletter
- Publication: Updated SRN flyer
- Publication: SRDP promo flyer/material
- Publication: Summary of 2018 SRDP Annual Implementation Report
- Quarterly blog on SRN activities
- Public engagement post-2020 rural development support
- Rural Parliament: Media and comms working group
- Photo bank of rural images
- Active Instagram account and promotion through website, social media and newsletter

Events:

- LEADER: gathering/conference

- OECD Conference: host and deliver annual OECD conference
- NCRA: Support engagement workshops and “significant” event at Royal Highland Show to promote NCRA report
- Rural Parliament: support for events/working groups, delivery and hosting/facilitation
- Rural Transport Forum: host and deliver forum with key partners
- Rural Youth Project conference: support youth conference/event
- Europarc Conference 2018: Promotion of LEADER programme at event and support for delivery and facilitation
- Co-ordinate and promote SRDP at Royal Highland Show 2018
- Attend relevant events and produce reports for website/newsletter
- UK NRN: quarterly forum of UK & Ireland NRN support teams
- ENRD and EIP events: coordinate attendance from Scotland at relevant events
- ENRD and EIP events: NSU attendance and reporting

SRDP Implementation:

- Innovation Support Service: funding and support of service
- LEADER: LAG Chairs Group
- LEADER: LAG Staff Liaison and Management Group
- LEADER: Evaluation programme - workshop and facilitated learning
- LEADER: Peer-to-peer learning exchange events
- LEADER: Co-op match-making
- LEADER: LARCs working group
- LEADER: Communications working group

Finance and Admin:

- Invoices/POs/Profiling
- Reconcile monthly claims for submission to MA
- Monitor SRN mailbox

Work programme and monitoring

- Refresh RDOC/JPMC links and SRN governance
- Monitor progress of 2018/19 work programme projects
- Compile and submit networking statistics to ENRD
- SRN contribution to 2018 enhanced annual implementation report
- Monitoring of online and offline key performance indicators
- Stakeholder and LEADER surveys and analysis
- Draft 2018/19 work programme
- Review/update 2014-20 Action Plan