

SRDP progress/RDOC update

Introduction

1. The Rural Development Operational Committee (RDOC), which forms part of the Scottish Rural Development Programme (SRDP) programme governance structure, met on the 24 October. Papers tabled at the RDOC meeting are available on the website:
<http://www.gov.scot/Topics/farmingrural/SRDP/SRDP2014-2020RDOC>

SRDP progress

2. The programme continues to progress well in delivery of funds, to date the programme has approved over 11,000 applications, along with supporting around 11,300 farmers and crofters each year through the Less Favoured Area Support Scheme (LFASS). This totals over £800m of commitments, out of a total budget of £1.26bn.
3. There continues to be consistent demand for the majority of schemes. Due to the high demand the new entrant schemes have committed their full allocation and are currently closed. Other schemes are expected to commit their full allocation before the end of the programming period. However, a further round of the Agri-Environment Climate Scheme was announced in September, the application window will open early in the new year.
4. As reported previously, communities are using the R100 programme for broadband, therefore there is expected to be very little delivered through the SRDP.
5. Modification 5 is being progressed, a paper was issued the JPMC on 28 September for comments. The modification includes changes to the Less Favoured Area Support Scheme (to reduce payments to 80% as announced by Cabinet Secretary for the Rural Economy in June 2018) and an amendment to the performance reserve milestone targets.
6. The Annual Implementation Report 2017 has been approved with a [Citizen's summary](#) available.
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. 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 and may impact on the SRDP.

EU exit/future policy

10. UKG funding guarantees have been extended, so projects are guaranteed where contracts are entered into by the end of 2020. LEADER administration costs are also guaranteed.
11. There are no firm budget guarantees beyond 2020. 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.
12. As part of the no-deal contingency preparations a significant amount of work is underway to ensure that we have a functioning statute book following Brexit. This includes amending statutory instruments at UK and Scottish level to make technical adjustments for EU retained law. This will allow the SRDP to continue to operate.
13. Work is underway to consider future policy priorities, including the Scottish Government Stability and Simplicity consultation which set out the planned approach for the policy area currently covered by the CAP, including SRDP.
14. The NCRA has also submitted its final report and Ministers will respond to this in due course.

CAP, GM Policy & Agriculture Climate Change Branch
October 2018

Annex A – Risk Register

Risk	Impact	Mitigation
<p>Funding guarantees: Guarantee for SRDP programme for contracts in place up to the end of 2020. No firm guarantees beyond this. <i>DECREASED – extended funding guarantees received.</i></p>	<p>Latest funding guarantees means the current programme can continue Risks is now for new support from 2021.</p>	<p>Central SG Finance, and Scottish Ministers continue to press on HMT for further funding guarantees from 2021</p>
<p>Limited budget and tightening of public sector finances, continued pressure on domestic budgets risk to overall impact on delivering SRDP outcomes. <i>INCREASED - Spending Review for 2019/20 financial year underway</i></p>	<p>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.</p>	<p>SRDP programme team continue to review financial allocations and demand to ensure allocated funds are provided to key priority areas, subject to ministerial decisions.</p>
<p>Future policy for support from 2021 NEW</p>	<p>A hiatus or cessation of support risks losing benefits delivered so far, particular impacts for forestry which has a long lead in time, and agri-environment due to the long term nature of the actions</p>	<p>The Stability and Simplicity consultation set out a transition period until 2024, with the short term priority to provide farmers, crofters and land managers with as much security as possible. Work underway includes analysis of consultation responses, close liaison with EU Hub regarding future legislative position, an evidence stock-take, consideration of potential options, links with Simplification Taskforce, further stakeholder liaison.</p>

<p>Failure to access the 5% performance reserve. DECREASED – <i>action being taken to modify Programme to amend the milestone targets</i></p>	<p>Failure to meet the targets risks a reprogramming of EU funds. Risk areas are Priority 5 (forestry) and Priority 6 (LEADER)</p>	<p>Close monitoring of progress and forecasts informed a Programme modification to amend the milestone progress by the end of 2018 to mitigate the risk, Early discussions with the Commission to ensure the success of the modification.</p>
<p>Failure to deliver SRDP payments STATIC – <i>active management in place</i></p>	<p>IT challenge could result in delay to SRDP payments and / or limit type of scheme payment.</p>	<p>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>
<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. STATIC – <i>options for 2020 actively being explored</i></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 considered, stakeholder discussions underway.. Close working with delivery colleagues to ensure any policy options are deliverable. Also close liaison with the EU Hub as the future legal and state aid requirements will impact on which options are possible.</p>
<p>Monitoring contract not in place for AECS DECREASED – <i>action being taken</i></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. SNH taking forward options to monitor impact against outcomes.</p>