



Scottish Rural Development Programme

Summary of Progress in 2014 & 2015



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



Scottish Government
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Introduction

This is a summary of the first annual implementation report on the [2014-2020 Scottish Rural Development Programme \(SRDP\)](#) covering the calendar years 2014 and 2015. The full report can be accessed [here](#).

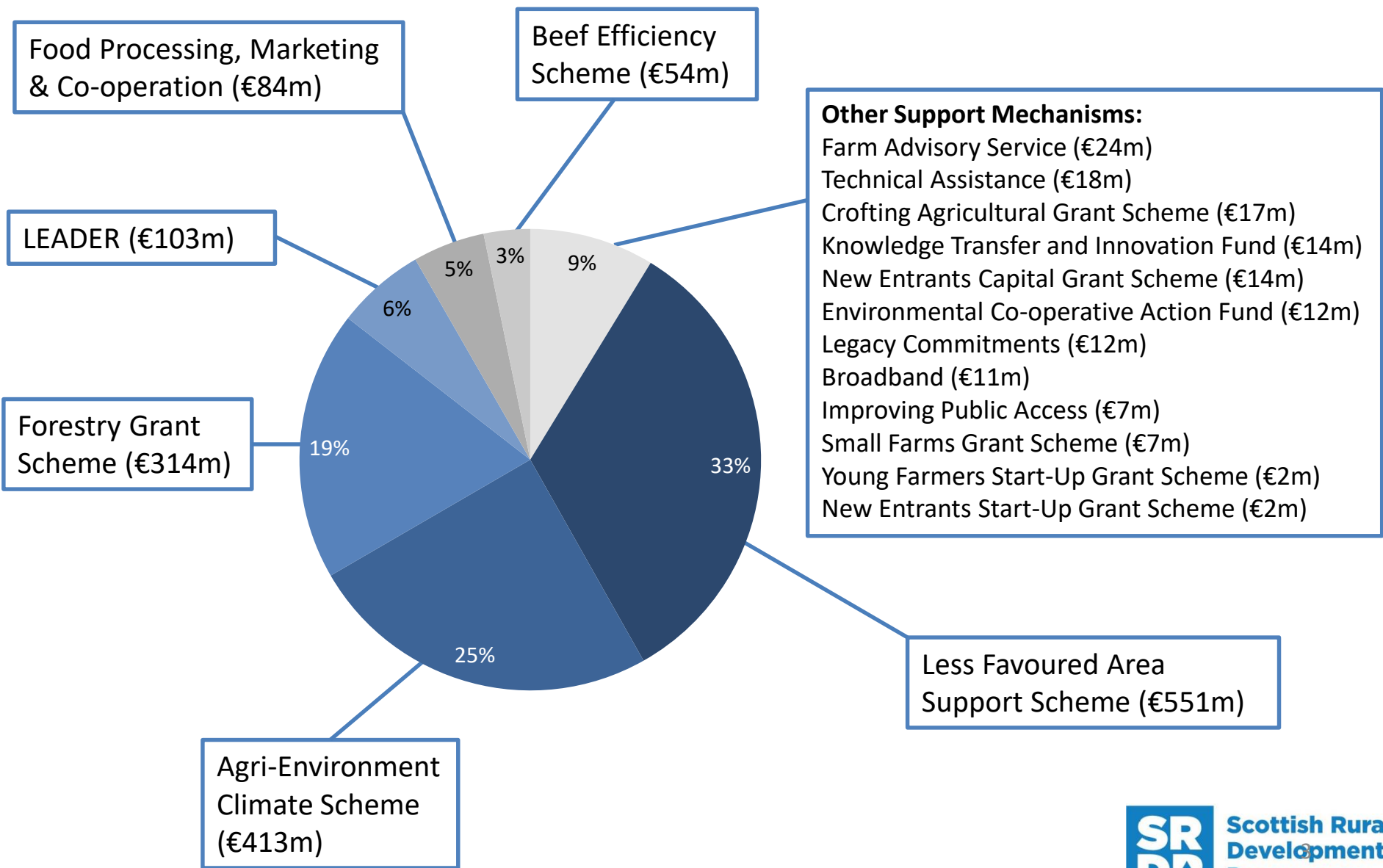
The SRDP delivers Pillar 2 of the EU Common Agricultural Policy (CAP). It funds economic, environmental and social measures for the benefit of rural Scotland. The key purpose of the SRDP 2014-2020 is to help achieve sustainable economic growth in Scotland's rural areas and the key priorities are:

- 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 is €1,694.8 million, with funding coming from the EU (€841.5 million) as well as from the Scottish Government (€853.4 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 CAP (€363.7 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.

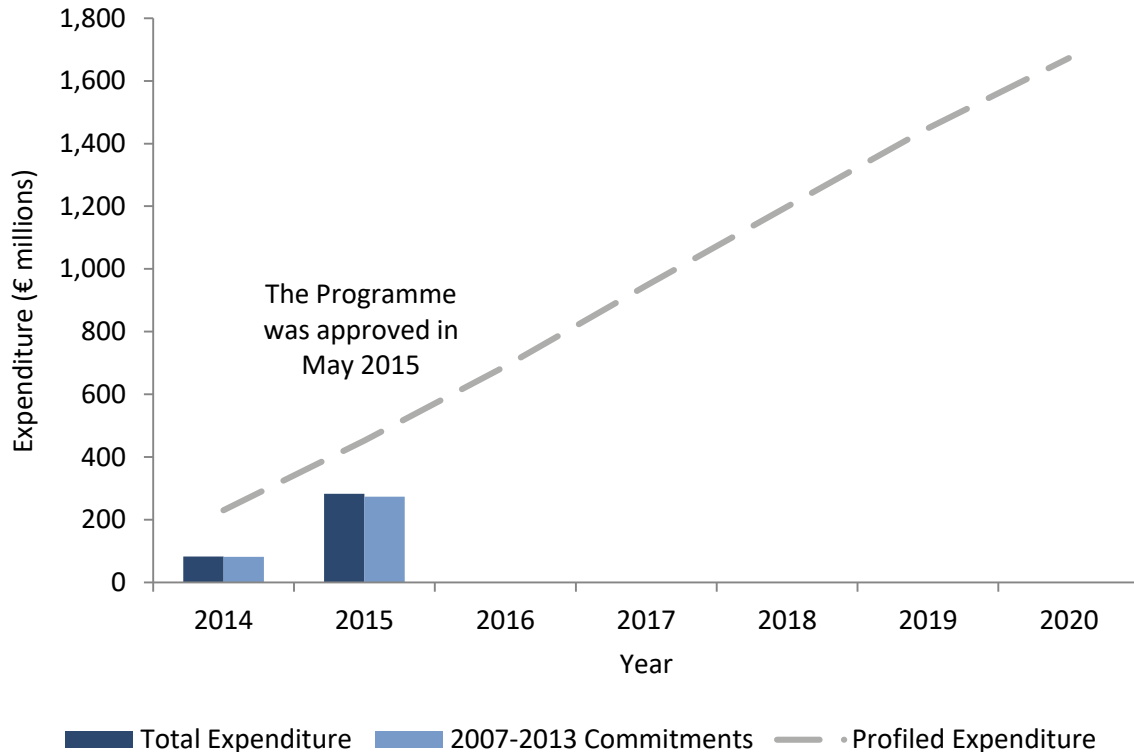
The outcome of the EU Referendum on the 23rd June 2016 and the UK Government's decision to leave the EU, has created significant uncertainty over the future funding of EU programmes. On the 13th August 2016 the UK Government announced that it would guarantee the funding of all projects with signed contracts or funding agreements in place, or due to be signed in the ordinary course of business before the UK Autumn Statement. However, the Scottish Government is seeking further guarantees over the funding of contracts entered into, after the Autumn Statement, as this is estimated to affect around €300 million of SRDP funding.

Structure of SRDP 2014-2020



Programme Expenditure

Cumulative Programme Expenditure



The total public expenditure (EU and Scottish Government funding) incurred and paid during 2014 and 2015 was €282.9 million, including commitments made under SRDP 2007-2013 and in the transition year 2014.

Almost a third of the expenditure has been on Less Favoured Area Support Scheme (LFASS) (€89.4 million), with a further 25% of expenditure on the Agri-Environment Climate Scheme (€71.0 million) and 21% on the Forestry Grant Scheme (€60.1 million).

There was also expenditure on four other SRDP schemes (Crofting Agricultural Grants Scheme (CAGS), Food Processing, Marketing and Co-operation, Knowledge Transfer and Innovation Fund and LEADER).

As the new programme was only approved in May 2015 (nearly 1½ years into the programme), only LFASS and the CAGS were able to receive and fund new applications during the first two years of the programme. The rest of the expenditure, excluding running costs for LEADER and Technical Assistance, which includes the costs of the [Scottish Rural Network](#), were for on-going commitments made under the previous programme.

Summary of Progress

The table below shows a summary of the SRDP progress in 2014 and 2015:

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/ Infrastructure	Expenditure in 2014 and 2105 (€ million)
Agri-Environment Climate Scheme	290	359		895,950 (including 63,300 ha supporting organic farming)					71
Beef Efficiency Scheme				NCR					NCR
Broadband		NCR						NCR	NCR
Crofting Agricultural Grant Scheme	669	916	NCR						3.5
Environmental Co-operative Action Fund			NCR						NCR
Farm Advisory Service						NCR			NCR
Food Processing, Marketing & Co-operation		33	1						12.9
Forestry Grant Scheme	1,316	550	NCR	120,524 (including 9,799 ha of woodland creation)					60.1
Improving Public Access		NCR						NCR	NCR
Knowledge Transfer and Innovation Fund			Nil			8,933			1.4
LEADER ¹		263	29		Nil			Nil	10.6
Less Favoured Area Support Scheme	11,258			2,304,849					89.4
New Entrants: Capital Grant Scheme	NCR	NCR							NCR
New Entrants Start-Up Grant Scheme	NCR	NCR							NCR
Small Farms Grant Scheme	NCR	NCR							NCR
Young Farmers Start-Up Grant Scheme	NCR	NCR							NCR

Notes:

1: All LEADER projects were on-going commitments from the 2007-2013 programme. Jobs created are reported under the 2007-2013 programme and population data were not required for the 2007-2013 reports.

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

NCR: No claims received and paid in 2014 or 2015.

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

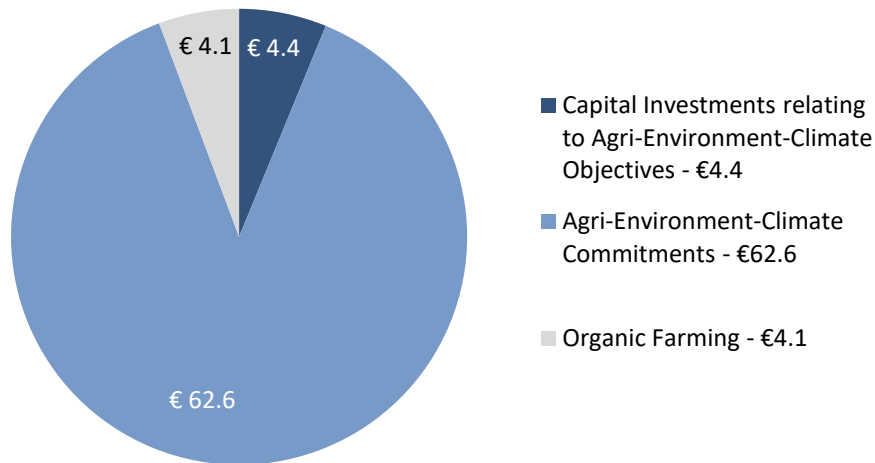
With the programme having only been formally approved in May 2015 it is expected that levels of expenditure will increase from 2016 onwards compared to the expenditure levels seen in 2014 and 2015, as new projects are approved and claimed for. This in turn will see the level of outputs being generated, as shown in the table above, also increasing.

AECS and FGS Scheme Updates

Agri-Environment Climate Scheme

- Indicative scheme budget of €412.8 million
- €71.0 million spent in 2014 and 2015
- Number of applications: 909
- Number of applications approved: 556

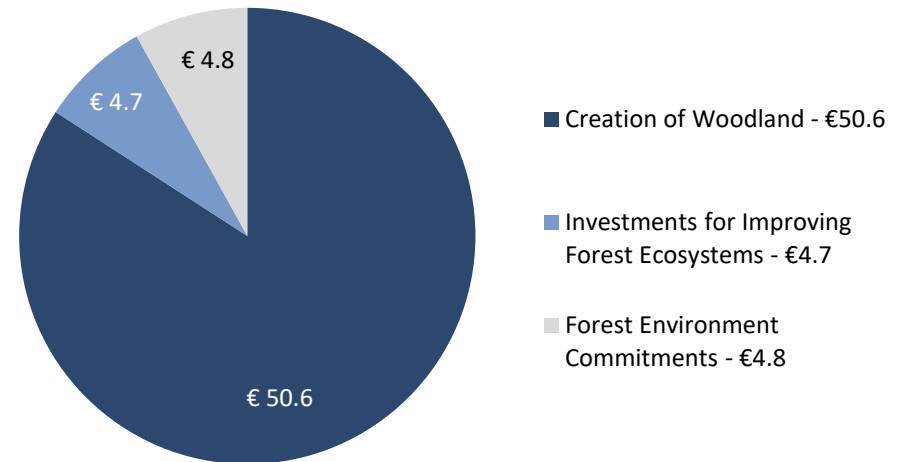
Expenditure in 2014 to 2015 (€ millions)



Forestry Grant Scheme

- Indicative scheme budget of €314.4 million
- €60.1 million spent in 2014 and 2015
- Number of applications: 419
- Number of applications approved: 245

Expenditure in 2014 to 2015 (€ millions)



The majority of expenditure on the AECS and the Forestry Grant Scheme during the 2014-2020 SRDP will be on multi-year contracts. In 2014 and 2015, most of the expenditure on both of these schemes has been on multi-year contracts that were on-going commitments from the 2007-2013 SRDP.

Performance Framework Indicators – Performance Reserve

There are specific targets set against the [EU Priorities](#), which are further broken down into Focus Areas, that have to be delivered by the end of 2018.

The 2018 targets, against Priorities and Focus Areas, and progress to date are shown in the table below.

Priority	Indicator	2014 and 2015	Total Programme Period	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)	65.36	65.36	352.54	141.02	40%	19%
	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)	1,310	1,310	8,696	3,478	40%	15%
	Area supported under LFASS/ANC (ha)	1,152,425	1,152,425	1,400,000	1,260,000	90%	82%
3 - Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	Total Public Expenditure (€m)	18.41	18.41	93.15	27.94	30%	20%
	Number of supported agricultural holdings receiving support for participating in quality schemes, local markets/short supply circuits, and producer groups (Focus Area 3A)	7,684	7,684	8,127	3,251	40%	95%
	Number of operations supported for investment (Focus Area 3A)	35	35	115	35	30%	30%
4 - Restoring, preserving and enhancing ecosystems related to agriculture and forestry	Total Public Expenditure (€m)	160.20	160.20	817.02	326.81	40%	20%
	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)	1,192,567	1,192,567	1,263,000	505,200	40%	94%
	Area supported under LFASS/ANC (ha)	1,152,425	1,152,425	1,400,000	1,260,000	90%	82%
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)	15.61	15.61	289.16	115.67	40%	5%
	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)	2,435	2,435	202,600	81,040	40%	1%
6 - Promoting social inclusion, poverty reduction and economic development in rural areas	Total Public Expenditure (€m)	17.42	17.42	124.96	43.74	35%	14%
	Population covered by LAGs	2,100,000	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)	1,095	1,095	1,058	370	35%	103%

Progress against the targets has been subject to the variance of scheme availability and the levels of on-going commitments from the 2007-2013 programme.

Communications and Scottish Rural Network

Communications:

Communications in 2014 focussed on transitional arrangements and the support that was available, along with progress with the development, submission and negotiations on the SRDP 2014-2020.

The Information and Publicity Strategy was in place in early 2015, prior to the approval of the SRDP and alongside the launch of the first schemes. The key aim of communications through 2015 was raising awareness of the launch of each of the schemes, the procedures of applying, selection criteria, process and the timetables for approvals and payments.

Avenues for engaging with customers included: a series of roadshows; engagement with agents; staff training; the launch of a new [Rural Payments and Inspections website](#); engagement at the Royal Highland Show; and customer mailings.

Scottish Rural Network (SRN):

A 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 and an annual planning cycle has now been established to help identify priorities for the annual work programme.

The activities undertaken by the SRN have included; working with LEADER LAGs on co-operation and communication Working Groups; helping to deliver the first Scottish Rural Summit; contributing to the work of European Network for Rural Development; and launching a new [website](#), which enables registered users to add their own news articles, blogs, events, cooperation offers and contact details.

Developments in Quarter 1 of 2016

During 2016, all the SRDP support mechanisms will be open for applications and the Farm Advisory Service will be launched.

In anticipation of the transition from Less Favoured Areas (LFAs) to Areas of Natural Constraint (ANC), the Scottish Government commissioned a desk-based evaluation of the Less Favoured Area Support Scheme (LFASS). The aim was to establish how LFASS currently meets the goals of the Rural Development Regulation and ANC working guiding principles, and to review the evidence and provide proposals for the development of the new ANC scheme. (The [review report](#) has now been published.)

The Ex Post Evaluation of the 2007-2013 has been taking place during 2016, consisting of both desk based research as well as primary research into the impact of the programme. The evaluation will be completed before the end of 2016.

In May 2016 the Scottish Government commissioned a multi-year monitoring and evaluation contract of the Agri-Environment Climate Scheme. This will build on the results from previous monitoring activity and examine the environmental benefits resulting from management under the 2014-20 SRDP Agri-Environment Climate Scheme.

A Monitoring and Evaluation Steering Group was established in 2015 and has continued to meet during 2016. The Steering Group was established to oversee the range of monitoring and evaluation activity which will help ensure that information is available in a timely fashion to not only meet the reporting requirements of the EU, but to inform future decisions on the programme. The Steering Group consists of officials from the Scottish Government as well external stakeholders and delivery partners. Further information can be found on the on the [Monitoring and Evaluation Steering Group webpage](#).