

Cross Party Group in the Scottish Parliament on Rural Policy

Tuesday 1st October 2013

5.45-7.30pm, Scottish Parliament Committee Room 5

The SRDP 2014-20

Minutes (Approved)

Present

Mike Mackenzie	DG Agri, European Commission (Speaker)
Billy McKenzie	Scottish Government (Speaker)
Ian Davidson	Scottish Government (Speaker)
Syd House	Forestry Commission Conservator for Perth and Argyll (Speaker)
Graham Blythe	European Commission office in Scotland
Caroline Winchester	European Commission office in Scotland
Alex Fergusson	MSP
Graeme Dey	MSP
Jim Hume	MSP
Rhoda Grant	MSP
John Scott	MSP
Jamie McGrigor	MSP
David Gass	Upper Quartile
Andrew Brough	Buccleuch Estates, Selkirkshire
Peter Alexander	SRUC
Davy McCracken	SRUC
Mark Aitken	SEPA
Maggie Gordon	Dumfries and Galloway LEADER
David Miller	James Hutton Institute
Jonathan Hall	NFUS
Malgorzata Michalewska	University of Wroclaw, visitor at University of Highlands & Islands
Nicola Hill	Dumfries and Galloway LEADER
Jonathan Wordsworth	Archaeology Scotland
Stephen Pathirana	Scottish Government
Laura Stewart	Soil Association
Barbara Love	SCVO
Jane Atterton	SRUC
Siân Ringrose	SRUC

Pete Ritchie	Whitmuir Organics Limited
Tony Fitzpatrick	Glasgow University/Crichton Institute
Alistair Prior	Scottish Government
Sarah Skerratt	SRUC
Ross McLaren	Scottish Churches Rural Group
Bill Slee	James Hutton Institute
Jose Munoz-Rojas	James Hutton Institute
James Ogilvie	Forestry Commission
Wendy Kenyon	SPICe
Fiona Simpson	The Crown Estate
S Williams	Buccleuch Estates
David Cameron	Community Land Scotland
George Marshall	SRUC
Bruce McConachie	Cairngorms National Park Authority
Douglas Scott	Scottish Borders Council
Jason Rose	Scottish Green Party
Frank Beattie	Scottish Enterprise
Wendy Reid	Development Trusts Association Scotland
Archie Stewart	Landmaps Ltd
Barbara Stütz	Nourish Scotland
Fiona Mackenzie	University of Highlands and Islands/Carleton University, Canada
David Whiteford	North Highland Initiative
Charlie Shentall	Scottish Countryside Alliance
Jamie Stewart	Scottish Countryside Alliance
Gemma Davis	The Game and Wildlife Conservancy Trust
Ken Rundle	SRUC
Gillian Reid	SRUC
Gemma Davis	The Game and Wildlife Conservation Trust
Jamie Stewart	Scottish Countryside Alliance

Apologies

Claire Baker	MSP (co-convenor)
Jamie Dent	D&G Small Communities Housing Trust
Alison Elliott	Land Reform Review Group
John Watt	Land Reform Review Group
David Watts	Aberdeen University
Eric Samuel	Big Lottery Fund

Colette Backwell	Scottish Food and Drink Federation
Stephen Graham	Highland Council
John Farrington	Aberdeen University
Bill McKelvey	
John Hutchison	Community Land Scotland
John Cameron	Scottish Beef and Cattle Association
Karen Dobbie	SEPA
Andrew Midgley	Scottish Land and Estates
Helen Young	University of Stirling
Sheila McWhirter	East Lothian Council
Kimberly Thomson	Scottish Enterprise
Jan Noble	Lamancha Community Association
Pat Neeson	
Ian Macdonald	Borders Foundation for Rural Sustainability
Charles Dundas	Woodland Trust Scotland
James Graham	SAOS
Peter Misselbrook	Tods Murray LLP
Tom Edwards	SPICe
Vanessa Halhead	
William Fergusson	Lantra
Sarah Hunter-Argyle	SRUC
Geoff Simm	SRUC
Julian Bell	SAC Consulting
Mike Woolvin	SRUC
Artur Steiner	SRUC

1. Welcome, Introduction and Apologies

Graeme Dey (GD) MSP (Chair and co-convenor) welcomed all participants to the first meeting of the CPG on Rural Policy in 2013-14. He introduced Alex Fergusson MSP and Jim Hume MSP as other co-convenors of the Group, and noted that apologies had been received from the fourth co-convenor Claire Baker MSP.

GD noted that due to the high number of attendees there would not be time for everyone to introduce themselves, but that a sign in sheet was being passed around. Jane Atterton (JA) read out the list of apologies received.

2. Annual General Meeting – Re-registration and election of office-bearers for the Group

GD noted that the Group's four co-convenors were willing to continue as co-convenors for 2013-14. Their continuation was proposed by Maggie Gordon and seconded by Laura Stewart. The continuation of the four co-convenors was approved.

Jim Hume MSP proposed that SRUC continue to act as Secretariat for the Group and this was seconded by Alex Fergusson MSP. SRUC will continue as Secretariat.

GD also took the opportunity to thank Gillian Gillies for her work in support of the Group.

3. Approval of the minutes from the last meeting (22nd May 2013 – Rural Transport)

The minutes of the last meeting (22nd May) were circulated to all CPG members on 20th June with comments, amendments, etc. requested from those present. No comments had been received. Jim Hume MSP proposed the minutes as a true record of the meeting and Alex Fergusson MSP seconded them. The minutes were accepted as a true record of the meeting. The approved minutes will be posted on the [Group's website](#) as soon as possible.

GD also noted that Keith Brown MSP (Minister for Transport and Veterans) had sent a response to the Group's letter on rural transport issues. This provided a considerable amount of detail on the Scottish Government's current funding, initiatives etc. relating to rural transport. We will explore the possibility of making the letter sent to the Minister by the CPG and his response available on the Group's website (along with previous letters from this Group).

GD also noted that our request to use VC equipment to ensure that others in locations outside Edinburgh can attend the meetings will be considered by the Standards, Procedures and Public Appointments Committee at a future meeting.

4. 10 minute presentations (followed by discussion)

The four presentations focused on the future of the SRDP. The key points are detailed below:

- a) **Mike Mackenzie (DG Agri, European Commission): The EU's Rural Development Policy 2014-20 (slides available to download on the [CPG's website](#)):** Mike noted the importance of securing the wider environmental and socio-economic development of rural areas (beyond farming) in the objectives for the Rural Development Programme (RDP). He noted the emphasis being placed on achieving more systematic horizontal coordination between EU policies and funds for rural development and policies/funds used for other objectives (through the Common Strategic Framework). In the new funding period, all initiatives are being directed towards achieving the Europe 2020 strategy (with the aims of smart, sustainable and inclusive growth). New national Partnership Agreements will cover all policies at national level, although specific Rural

Development Programmes will remain. The rules on policy implementation will be harmonised to reduce overlap and gaps, make payment arrangements and audits easier, and make things simpler. In terms of rural development programming specifically, there are the six over-arching EU "priorities" for rural development and their corresponding "focus areas" (sub-priorities). These constitute more detailed objectives than are found in the legislation of the current programming period. However, when Member States (MS)/regions undertake a SWOT analysis and then decide on priority spending according to the relevance of different objectives, they will have more flexibility with regard to which measures they use to achieve a given objective (in the current period the EU legislation sets out in advance to which objective a given measure is relevant). Thematic sub-programmes will be allowed, where MS/regions can focus on a particular topic of relevance. However, these should complement the process of strategic targeting of funding within the programme as a whole, not undermine it or "replace" it, as the flexibility of the overall Programme permits MS/regions to target issues of particular relevance. There will be some other flexibilities in the measure menu too, for example, shorter Agri-Environment (AE) contracts after the initial five year period. Emphasis in the new programme will also be placed on encouraging cooperation to deliver economic, social and environmental benefits and for technological development (including 'translating' research into practical applications for farmers). This might include flexible funding arrangements to enable farmers and others to test ideas (e.g. adapting a technology used elsewhere to Scotland). Funding will also be available for risk management schemes.

- b) **Billy McKenzie (Scottish Government) and Ian Davidson (Scottish Government):**
The SRDP 2014-20: Billy noted that the Scottish Government (SG) set up a number of Working Groups to discuss the future SRDP, has completed its Phase 1 Consultation and has undertaken a series of Roadshows. SG staff are now working on 'in-house policy development'. He noted that the SRDP budget is likely to be 20% less in the new programme although the final amount is dependent on discussions regarding how the budget will be distributed within the UK (Billy noted that the Scottish Government's relationship with Defra and the other devolved authorities is good), the level of funding available as domestic match, and modulation. The key themes that the SG is considering regarding the future programme are: simplicity; targeting on key priorities in order to increase value-for-money; and increasing effectiveness. In terms of priorities, the new SRDP will deliver to Europe 2020, the EU's six rural development priorities, the SG's Economic Strategy and its overall purpose of sustainable economic growth, and to the SG's rural priorities, including the protection and enhancement of rural communities and natural assets, and the need to adapt to and mitigate climate change. It is likely that LFASS will continue to make up a sizeable proportion of the future budget (as in the current programme). The Scheme will continue through the transition period in 2014 with the payments based on current arrangements, although the final form of the scheme will be set through negotiations with the European Commission. The transitional programme will also include a continuation of investments in woodland creation to ensure the full £36m annual budget is allocated (continuing the progress made on tree-planting targets), and an extension of AE schemes expiring in 2013 into 2014. The SG are also

hoping that CCAGS (Crofting Counties Agricultural Grant Scheme) will continue unchanged, although this will depend on the transitional regulations once they have been agreed (currently these regulations do not allow the scheme to continue so in the meantime SG are notifying CCAGS as a state aid scheme for 2014, and state aid rules do not permit drainage works). The Stage 2 Consultation will be issued in November setting out the SG's intentions. The new programme will be submitted to the Commission in May 2014, with the expectation that it will take 6 months to approve and be launched on 1st January 2015.

Ian started off by emphasising that since 2008, £1 billion has been invested in Scotland's rural communities, and there have been very many good projects tackling a range of social, economic and environmental issues. At the same time, the SG recognises that some things could have been done better, not least to reduce complexity in the SRDP, improve guidance for stakeholders, and to achieve better targeting at regional level. The aim for 2014-20 is to simplify the programme but in any competitive scheme where the budget is constrained this is a difficult task – there will always be an unavoidable level of process, particularly as it also seems likely that there will be a new verification and control audit. The aims are to simplify options and payment rates, improve guidance and make the assessment process more transparent, with clearer decisions and pre-assessment visits introduced. It is also important that the new Programme is more targeted and focused and the SG is currently working to see how this can be achieved, and how outcomes can be best measured. One way to achieve this is through a more evidence-based 'top-down' approach to identify clear priorities. Targeting may be done geographically (e.g. catchment areas); the critical outcome is that public funds are used transparently and clearly. The Commission's aim of achieving a harmonised set of guidelines is to be welcomed, although much is also dependent on the implementing regulations which have still to be issued.

- c) **Syd House (Forestry Commission Conservator, Perth and Argyll): Cowal Sub-regional Land Use Analysis on Woodland Creation Potential (slides available to download on the [CPG's website](#)):** Syd started by presenting some background information on recent and likely future woodland creation (WC) rates in Scotland, with reference to the Woodland Expansion Advisory Group (WEAG) and to the benefits of forestry, for example, in terms of carbon mitigation and delivering multiple land use benefits. Cowal was selected on the basis of WEAG's recommendations as a suitable pilot project for analysis of WC constraints and opportunities. The Cowal area has a long history of forestry activity, and a level of woodland cover currently at 48% (which is high compared to the Scottish average but has varied in the past). There was little forestry activity in the area between 1990 and 2011, but since then there has been significant interest with some land sold by farmers for woodland planting. Some, including the NFUS, have expressed concern at the potential impacts on farming. Work done as part of the pilot study (by an external consultant with forestry expertise) has revealed that, in fact, the change in forestry cover appears to be a symptom of restructuring in the farming sector, prompted by other changes such as CAP reform and long-term structural changes in farming, rather than a cause. In fact, there was little resistance to further WC

from farming interests with forestry seen as helping facilitate change by paying a premium for lower quality land. The pilot study also revealed greater integration between forestry and farming than has previously been acknowledged, that the forestry itself is dynamic, with WC often simply maintaining forest productivity, that good forest design can enhance the habitat for key species such as golden eagles, and that community ownership of forests is increasingly bringing benefits for local communities. The pilot study has revealed the value of local level studies to inform decisions regarding the appropriate targeting of policies and funding.

Questions and discussion focused on the following issues:

- *The link between wider restructuring the agricultural industry and policies such as the CAP:* the CAP is not seeking to prevent structural change, not least because payments made to farmers must remain within the WTO rules regarding trade distortion. The CAP seeks to encourage farmers to farm competitively and to the market, but provide some support where necessary. It could be argued that the case is relatively weak for providing support in sectors where demand is high (e.g. Scottish food and drink products where exports are growing). The arguments in favour of providing taxpayers' money are stronger when this is directed at cases where there is market failure and / or where public goods should be provided.
- *The difficulties of meeting multiple objectives, and targeting multiple sectors and activities with multiple policies (or even within the same policy):* for example, CAP flattening is likely to result in payments 'moving uphill'. This might serve as a financial disincentive to farmers to plant trees, despite the wider (e.g. climate change) benefits of forestry. It may be difficult to ensure 'sustainability' across all sectors and activities that are being supported. Moreover, defining sustainability, or whether a particular sector is 'sustainable' or not may be problematic. MS/regions have a role to play in ensuring sustainability across their programmes through their national level Partnership Agreements, which need to be joined-up. National authorities need to design their programmes appropriately and with sustainability aims in mind. At European level, the Common Strategic Framework will help to ensure that all funds are well coordinated. This might be a way of ensuring a more creative and territorial approach to development, for example, in relation to supply chains and job creation in urban and rural areas. At European level, it is also important to ensure that P1 and P2 'dovetail' effectively in terms of design and delivery.
- *The importance of having clear objectives and funding available to facilitate cooperation and encourage innovation and knowledge exchange across the rural sector:* it is important that organisations have a steer now as to the kinds of cooperation that will be funded so that they can begin preparing and putting in place the groundwork. Cooperation takes time to build up. An institutional infrastructure exists already to encourage further cooperation in future (e.g. SAOS). It is important that at both EU and Scottish level there is flexibility within the system to allow for change and innovation, perhaps if a measure is found to not be delivering. With regard to experimental projects, audit requirements should focus on whether the project has been carried out correctly, not on its outcome (as this cannot be predicted where experimentation is involved).

- *Pillar 2 is about broader rural development:* it is important to ensure that priority 6 in particular (social inclusion, poverty reduction and economic development in rural areas) receives adequate funding in recognition of the fact that Pillar 2 is expected to deliver broader socioeconomic benefits beyond farming. It can be ‘a hard sell’ but in Scotland as well as at EU level, there is confirmation that it cannot be just about farming.
- *The extension and knowledge-exchange system in Scotland:* Scotland has a unique and highly regarded system for research, knowledge exchange and extension. All organisations involved – from EU, to national, to regional and local level and individual actors - have a continuing role to play to ensure that all actors work together effectively and the system remains competitive.
- *Devolving budgets and activities to communities:* it was noted that many rural communities would like the opportunity to ‘do more within the SRDP’. In the new programme, LEADER will have a 5% minimum spend and the scope to delegate more money and functions to LEADER is still being debated. In the new Programme, LEADER will focus more on delivering business and economic measures. The SG will soon be releasing guidance on the Local Development Strategy.
- *Timescales:* the SG will be working to ensure that the new SRDP can be launched on January 1st 2015 but there remains much to be agreed before then, including the implementing regulations, the Partnership Agreement and Pillar 1 changes. Moreover the SG has reduced in staff by 25% over the last five years so in-house resources are more limited.
- *The importance of evidence gathering to inform policy-making:* the pilot work in Cowal has demonstrated that local assessments and evidence gathering work is worthwhile, and helps to avoid a situation where assumptions are made about the potential impact of a national policy on a local area without adequate data gathering. Such work is useful to inform targeting decisions in the future SRDP.

5. AOB

No items of AOB were noted.

6. Date of next meeting (Tuesday 10th December: Rural Poverty and Disadvantage)

Subsequent meetings:

- Wednesday 19th February: Planning and Rural Economic Development
- Wednesday 21st May: Coastal Community Regeneration