

Report on New Farming Starter Opportunities on Publicly Owned Land



November 2016

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1. Introduction

1.1 In June 2015, the Cabinet Secretary for Rural Affairs, Food and Environment announced plans to set up a working group to deliver proposals to maximise the amount of publicly owned land used to help the farmers of the future, start their career in the industry.

1.2 Details of the membership of the Group are included at Annex 1.

1.3 The Cabinet Secretary's plans coincided with the release of the most recent Forest Enterprise Scotland starter farm. New Entrants to farming were first offered the chance to lease part-time starter units on Scotland's National Forest Estate as part of a pilot initiative introduced in January 2012. The initiative was developed as part of a repositioning programme for the National Forest Estate which also included a wider commitment to maximise integrated land use opportunities on the Estate. Following the success of the initial pilot, the programme was rolled out and in total, nine tenancies have been created on the National Forest Estate; in addition, a further Starter Farm has been created on the estate of the Scottish Government's Rural Payments and Inspections Division (RPID).

1.4 The Starter Farms initiative is part of a wider Scottish Government commitment to developing opportunities for New Entrants across Scotland. Start-up grants, access to Basic Payments allied to advice and skills programmes are all designed to facilitate entry and allow individuals to develop.

1.5 This report, therefore, broadly sets out conclusions and recommendations that we have reached from the evidence presented before us and that we have been able to attain. We have, however, consciously tried to keep this report short and readable.

1.6 In the time available there have inevitably been obstacles. Key to the work of the group has obviously been identifying the estates of the main public bodies. This has not been possible in all instances. We know that work is underway to remedy this. A summary of the information provided to the Group is included at Annex 2.

1.7 Scotland currently has two land and property registers: The deeds-based General Registers of Sasines, regarded as the world's oldest public land register, and the map-based Land Register that was introduced in 1981. Registers of Scotland is gradually "closing the door" to the General Registers of Sasines and it will, in time, be replaced by the Land Register. Through the land reform agenda, Scottish Ministers have committed to complete the Land Register for all publicly owned land by 2019.

1.8 Once completed, the Land Register will provide a clear picture of who owns what and where and this will assist in identifying starter opportunities on publicly owned land.

1.9 While knowing the extent of potential land available provides the platform to deliver, the real need is persuading public bodies to prioritise suitable land for starter units. We appreciate that public bodies have a duty to deliver the best outcome for tax payers, and understand there exist financial pressures in managing various commitments and statutory responsibilities.

1.10 New entrants are essential for any industry, however the capital requirements of agriculture make farming one of the most difficult industries to enter. There are, however, many still looking to get into farming and evidence proves that entrepreneurs will succeed provided entry opportunities exist.

1.11 We firmly believe that there is a supply of land in public ownership with the potential to provide a route into farming for New Entrants. We hold that these units can offer long term regional economic and social benefits in the form of regular receipts to public bodies, environmental improvements, diversification of the rural economy, local food, public access, renewable energy etc. Those direct and wider public interest benefits cannot be underestimated.

1.12 For the purposes of this report we have, therefore, focused mainly on the prospect of increasing the number of starter units, but as already reflected in the widened remit of the group, as described later, we are conscious that there exists alternative ways to enter farming and through our work we have explored some of the more obvious routes, such as contract and share farming. It is important to build up some good case studies of where share and contract farming are working well.

1.13 We are keen that our proposals are taken forward and are therefore happy to discuss our findings with the new Cabinet Secretary for the Rural Economy and Connectivity.

2. Background

2.1 There has been much discussion and debate about the barriers to New Entrants to Scottish farming. New Entrants are recognised to be vital for the future of any industry as they drive innovation and best practice, improve efficiencies and contribute towards the economic vitality of the sector. However, evidence provides that Scottish farmers are getting older and that trend shows no sign of reversing.

2.2 Data from the June 2015 Agricultural Census, showed around 9% of farm occupiers are 40 and under. Returns confirm that 28% are between 40 and 54 and 27% between 55 and 64. Crucially, the 65 and over category has increased over recent years to 37%.

2.3 Studies into the barriers to New Entrants include the 2007 investigation by Scotland's [Tenant Farming Forum](#) (TFF) and then two years later Lantra conducted a survey of Young Farmers Clubs in England and Wales. On each occasion, access to land figured most prominently.

2.4 A pilot programme, “Exchange Programmes for Young Farmers”, financed by the EU in 2015 to provide a comprehensive assessment of the specific needs of young farmers across the EU also showed that young farmers in the UK perceive the availability of land, credit, subsidies and useful training as more problematic than other young farmers in the EU.

2.5 These findings concur with our own understanding that along with sourcing capital and cash, accessing land is the main barrier to joining the farming sector. However, both land for purchase and rent are relatively scarce in Scotland and demand continues to outstrip supply. This demand means that land values and rents remain out of line with potential agricultural returns, with outside money and established farming businesses being able to outbid New Entrants for any available opportunities.

2.6 It is estimated that the average age of a Scottish farmer is 58. In a significant number of instances there is no successor in place. A survey¹ has previously found this could be the case on a quarter of all farms. This is frequently due to children choosing alternative careers due to the farm being unable to sustain additional family members or potential income being comparatively poor.

2.7 Taxation rules may be a barrier to New Entrants. Under existing Inheritance Tax Rules, no tax is charged on lifetime gifts to individuals (e.g. a father transferring to his son) but should the donor die within seven years of making the gift then the transfer is taxed (on a decreasing scale) on the value of the farm at transfer. But if the transfer is made after death, then it may qualify for 100% relief. This dissuades farmers from passing on assets to the next generation.

¹ Williams 2006

2.8 Very often economies of scale mean existing farming businesses, with security and assets, attain additional land to spread fixed costs and increase returns. The splitting of farms in commuting distance of major urban centres has also become common practice as sellers try and maximise their overall sale value. This has meant that many farms have become fragmented to capture the residential value of farmhouses and cottages and the development value of traditional steadings from lifestyle purchasers and developers.

2.9 We are also aware of the argument that the Common Agricultural Policy's Basic Payment model distorts the market. There is a perception that such subsidy supports rents and capital values and provides, what can appear to be a pension for occupying land, often maintaining businesses that are economically unviable to the detriment of the sector's overall capacity for innovation and efficiency.

2.10 Equally, we know that fiscal measures have a major bearing on the Scottish land market. Being classed as an active farmer gives a range of tax benefits, both in terms of allowable costs for income tax and relief on inheritance and capital gains taxes. This can make letting a poor option for many landowners.

2.11 All of this means that land values are particularly prohibitive to new, especially young, entrants to farming and for those trying to enter farming, therefore, often the only option of getting access to land is to rent it on a seasonal basis from other farmers. While this allows the business to be established with relatively low cost and for livestock to be built up, there are draw backs to this system in terms of security and infrastructure. The licences that are drawn up for seasonal land are by their very nature for periods of less than one year, making it very difficult for a new business to plan ahead.

2.12 While there have been private landowners offering starter units, only the FES Starter Farm Programme has in recent years consistently offered potential New Entrants with a direct route into farming through longer term fixed tenancies. Under the initiative, there is no strict definition as to the size and type of starter farm as this is dependent on the resources available. However, the farms are usually in the region of 60-70 hectares, have suitable fixed equipment and infrastructure and are let on a 10 year Long Duration Tenancy. The basic remit is to provide a business opportunity to a new entrant that will, typically, generate a part-time income for the farming family.

2.13 It is noted that 10 units have been created to date (9 by FES and 1 by SG) and that development of starter farms can cost in excess of £200,000 per unit. This is due to the need to bring houses and steading up to a suitable letting standard and meet the cost of upgrading, often run down, fencing.

3. The Approach

3.1 The Group met on five occasions in total during the period October 2015 to February 2016. From the start of our work, we took significant confidence from the Forest Enterprise Scotland Starter Farm project. It has shown the energy and enthusiasm of young people wanting to start their own businesses and progress their careers in farming. From this, we noted that all of the successful applicants started their farming careers on small parcels of let land. This has provided experience and allowed them to build a certain amount of livestock capital in readiness for taking on a larger unit.

Publicly Owned Land

3.2 There is a substantial area of publicly owned land in Scotland as set out in Annex 2. Initial discussions, therefore, took place with the Land Managers from Forest Enterprise Scotland (FES), the Crown Estate, Scottish Water, Scottish Natural Heritage (SNH), Scottish Government's Rural Payments and Inspections Division (RPID) and the Local Authorities. Through initial engagement, a more detailed breakdown of public sector landholdings was established. However, it is recognised that this is still an incomplete picture and is likely to remain so until the completion of the Land Register.

3.3 RPID have a mainly crofting estate of some 95,000 hectares and crofting opportunities were also included.

3.4 Representatives of Scottish Government (SG) and key industry stakeholders attended the first meeting of the Group in October. Details of the membership of this Group are included at Annex 1.

Group Remit

3.5 At that first meeting, some time was spent discussing the remit of the Group and it was felt that, rather than looking at the possibility of maximising the number of starter farms on publicly owned land, the remit should be widened to –

“Identify what farmers of the future need in progressing their careers by delivering proposals to maximise starter opportunities on publicly owned land”

3.6 This widened remit was subsequently agreed with Scottish Government.

Mini Consultation

3.7 As can be seen from Annex 1, as well as many stakeholder groups being represented, there were also members of the group who had previous personal involvement in starter farm opportunities. This knowledge and experience was very helpful in contributing to very full discussions on the subject. To build on these discussions it was felt a Mini Consultation was required.

3.8 The Group identified some key questions on what farmers of the future require to progress their careers and the representatives from the industry stakeholders in the Group were asked to put these questions to their different organisations and see what the response was.

3.9 The questions asked were-

- What are the key facilities farmers of the future need in progressing their early career?
- What do you regard as the timescales for the different facilities?
- What are your views on the potential for a matching service through a central data base that helps bring together New Entrants with experienced farmers who have opportunities or land/facilities available?

3.10 The mini consultation responses are noted at Annex 3.

3.11 The outcomes of the mini-consultation were fully discussed at Group meetings with stakeholders. In addition, two successful New Entrants, Janet Pringle and Craig Malone, gave presentations to the Group and aired their views on the subjects at that time.

3.12 During discussions, it became evident that there were other organisations such as Scottish Enterprise and Highlands and Islands Enterprise who also held publicly owned land and further discussions have been held with them. Additional organisations such as the Health Boards, Transport Scotland have now been identified and further communication needs to be held with them in the future.

3.13 Identifying effective communication routes with the Local Authorities has been difficult, but crucially a line of communication has now been opened and is being progressed.

4. Findings

Scale of Opportunity

4.1 The availability of land and farming units for New Entrants to the industry is a subject in itself that has a long history of debate and discussion. Following on from the successes of land being let from the National Forest Estate, it was clear to the Group from early feedback that this programme was more suited to prospective tenants with a degree of existing capital and experience.

4.2 The Group, therefore, concluded that it was important to identify units that were truly rung 1 on the farming ladder and allowed for second incomes to off-set the significant capital often needed. These “rung one” New Entrants are unable to fund a full time, equipped farming unit and may have limited farming experience. New Entrants at the beginning of their careers need opportunities to rationalise or formalise loose agreements or existing areas of land they hold to assist in making the next stage commitments of changing employment, investing further capital or time in their new venture. Given this conclusion, it is vital that, in examining their estates, public bodies should not assume that size, location and land quality are barriers.

4.3 Indeed, feedback to the Group suggests that smaller areas could be more influential in providing the initial opportunities needed. The opportunities should be looked at as a ladder allowing progression from very small beginnings up to larger units and into full scale farming businesses or agribusinesses:

	Potential Area	Equipment Required	Suggested Term
Starter Units	2 – 20 Ha	Limited Equipment	Flexible to suit or 5 years
Intermediate Units	20 – 70 Ha	Some equipment, possible housing	5 -10 years
Full Time Units (or Longer term Units)	70 HA +	Equipped with options for housing	10 years or more depending on unit

What Type of Agreement

4.4 It would appear that **crofting** is a good example of a first rung on the ladder and, as mentioned previously, the RPID estate consists of 99% croft land. However, under the Crofting Acts, crofting tenure carries succession rights that might restrict the creation of short term starter units. However, the agreed croft re-let policy, operated by RPID, encourages the provision of opportunities for young entrants into crofting. Although difficult, there could still be further opportunities to be explored in the future. Crofting could be particularly important for older career changers, with some capital behind them, to find a route into the industry.

4.5 The adoption of **share farming** as a farm business structure is suited to many of the challenges the industry currently faces. It was evident from the information provided that there are few opportunities for share farming on the publicly owned estates. However, it is another rung on the farming ladder, where a new entrant, with some capital, can build up experience from the older generation and be prepared to acquire new skills and embrace new technologies.

4.6 **Contract farming** is a further business structure, increasingly being used by interested parties, involving a management contract between the land owner and the technical operator. Some of these contract farming arrangements are very large, with many on arable land, but there are also a few examples of contract farming being used as genuine early steps on the farming ladder. Normally, contract farming requires a larger amount of capital than some of the other agreements described earlier.

4.7 The Agricultural Holdings (Scotland) Act 2003 brought in **Short Limited Duration Tenancies (SLDTs) and Limited Duration Tenancies (LDTs)** as new types of tenancies. SLDTs allow agricultural land to be let under a lease for a term of not more than five years. LDTs allow agricultural land to be let under lease for a term of not less than ten years. SLDTs and LDTs are the agreements most suited to the letting of land by publicly owned estates to New Entrants.

4.8 **Modern Limited Duration Tenancies** are being introduced under the Land Reform (Scotland) Act 2016 and will provide a new lease tenure option.

4.9 Different types of agreements will suit different circumstances and flexibility is likely to be key in maximising starter opportunities on publicly owned land, thus increasing the number of people with the right skills, experience and attitudes to move up the farming ladder.

Flexibility

4.10 As suggested above, the Group strongly views flexibility and an ability to respond to changing circumstances as key to supporting those early in their farming career. While this can be challenging it's been proved to be of great value to both the new entrant and the landowner. Both Forest Enterprise Scotland and The Crown Estate have positive examples of where this flexibility has reaped significant benefits to all. Openness and communication on both sides are key.

Success and Failure

4.11 The Group was also acutely aware that in any sector there will be businesses and enterprises that are more successful than others. Where starter units work well and allow for growth, this is an easy "problem" to manage. Where enterprises and ideas are less successful, the new entrant and public landlord will need to work together to plan a way forward that might include a suitable exit strategy. This works twin fold by allowing the enterprise to end with dignity and without significant loss or risk and frees up the unit or land to another operator. It is crucial to accept that, as in any sector, not all start-ups will succeed but if nothing is done in a risk averse management regime, then none can be successful at all.

Selection of Candidates

4.12 The above does draw focus on the importance of appropriately matching candidates with available opportunities. To assist in this, the Group have developed a guide to selection process (Annex 4) to help decision making. Members of the Group with experience in New Entrant lettings have committed to making themselves available to support this decision making process where bodies feel this would be of benefit.

Barriers to Opportunities

4.13 Discussions highlighted a perception that the guidance contained within the Scottish Public Finance Manual is a potential barrier to public bodies letting New Entrant opportunities due to difficulties in interpreting guidance on property, valuations, value for money and Best Value. The Group believe that well considered and structured opportunities can demonstrate Best Value (as set out in Annex 5) if supported by a robust selection process. Again, if public land holders are having difficulty in developing potential opportunities then members of this Group have agreed to support the development and implementation of these opportunities. In summary, we found that a robust but transparent scoring matrix allied to a consistent cross-public body recruitment process is key to meeting expectations, for example as set out in the Scottish Public Finance Manual.

Land Reform

4.14 Since the conclusion of the Group's discussions, The Land Reform (Scotland) Bill has been given Royal Assent and is now referred to as the Land Reform (Scotland) Act 2016. The Act will:

- encourage and support responsible and diverse land ownership;
- increase transparency of land ownership in Scotland;
- help ensure communities have a say in how land in their area is used;
- help to underpin a thriving tenant farming sector in Scotland; and
- address issues of fairness, equality and social justice connected to the ownership of, access to and use of land in Scotland.

In particular, it aims to:

Part 1 – Require the Scottish Government to publish a statement on land rights and responsibilities and review this every 5 years. The statement will contain a set of principles to guide the development of public policy on the nature and character of land rights in Scotland, to ensure that the full public benefits from land in Scotland are realised.

Part 2 – Establish the Scottish Land Commission.

Part 3 – Increase transparency of landownership through provision or information and publication about controlling interests in land.

Part 4 – Require Ministers to issue guidance for landowners about engaging communities in decisions relating to land.

Part 5 – Introduce a right to buy land to further sustainable development (subject to certain tests).

Part 7 – Give local authorities the power to change the use of inalienable common good land (i.e. land that forms part of the common good and with respect to which a question arises as to the right of the authority to alienate) by applying to such proposed changes of use the same legal process as currently applies to disposals of such common good land, by getting court consent.

Part 10 – Reform agricultural holdings legislation to improve relationships, re-dress imbalances and provide the tools to help the industry begin to move forward. Includes provisions setting up new forms of agricultural tenancies, changing the procedure for rent reviews and expanding assignment and succession provisions.

4.15 Throughout its tenure, the Group were conscious that the land reform legislature passage could potentially impact. We appreciate that the separate parts of the Act will be commenced in due course but equally we are comfortable that our recommendations are sufficiently flexible to absorb future changes.

Data Base

4.16 We also looked at the idea of a data base of farmers offering a succession opportunity and those looking for an entry route. We understand that this is a concept explored through other forums with mixed reviews. Such mixed views were mirrored in responses to the proposal in the mini consultation to create a matching service. In considering the prospect, we became aware of, in particular, a Lantra UK mentoring service that was withdrawn after a short time and on reflection the Group were generally not convinced of the merits of creating such a database.

4.17 The Group did identify that not all available opportunities come to the open market and are able to attract the correct level of publicity and quality of applicants to succeed. To support this objective, the Group plan to use the Scottish Government website to hold, manage and publicise an on-going list of opportunities available and continue to promote these once the work of this short life group has ceased. It is envisaged that this will assist in matching the units to the best available operators and to promote success.

Early Opportunities

4.18 While the timing of this report meant that most land was already let for 2016 - 17, the Group moved to identify a few new opportunities for that period with the prospect that more will become available in 2017-18 as all emerging demand for land becomes clearer. These early opportunities include:

- A selection of 7 grazing units on the National Forest Estate across Scotland and ranging in size from 11 to 560 acres; and
- The potential for a young farmer to take up a 10 year Limited duration Tenancy on the Crown Estate's Fochabers estate in Moray.

4.19 In addition, from discussions with Highlands and Islands Enterprise and Scottish Enterprise, we understand that suitable land may be identified on these Estates.

Scottish Government Support

4.20 As alluded to in the introduction, we are aware that our work is part of a wider package of existing Scottish Government measures employed to assist young farmers and New Entrants since 2007. Measures have included:

- introducing the first Scottish dedicated new entrant scheme under the SRDP 2007-13;
- tasking the Tenant Farming Forum to identify barriers and propose solutions and acting on their recommendations to amend tenancy legislation;
- hosting a New Entrants Summit and establishing an Expert Panel to advise Government on support and assistance for New Entrants, including the position of New Entrants under the next Scotland Rural Development Programme (SRDP), as part of the Common Agricultural Policy (CAP) reforms;
- worked with the Expert Panel to deliver £2 million (New Entrants Payment Scheme) of help to new entrant farmers disadvantaged by previous the previous CAP;
- introduced an advisory support programme delivered by SRUC; and
- appointed a group to undertake a legislative review of agricultural holdings legislation.

4.21 More recently, and crucially, the Scottish Government helped ensure that CAP reforms allowed to be eligible for Basic Payment from the start; entitlement values can be topped-up and the SG is able to perform further top-slices to award entitlements to future New Entrants through the National Reserve.

4.22 The new SRDP now also offers specific start-up support for young farmers and other New Entrants and a new advisory service is to be added that will include specific provision for New Entrants.

4.23 During our discussions around government support, the question of a Loans Guarantee Scheme for New Entrants was one that also found favour. But on further investigation, we found that the current Enterprise Finance Guarantee Scheme is already designed to enable banks to lend up to £1.2m to viable small businesses that are unable to provide the security that the bank would otherwise require. The British Business Bank operates the scheme on behalf of the Dept. of Business, Innovation and Skills. However while most business sectors are eligible, agriculture is excluded because of EU State Aid rules. We have found that finance has seldom been a barrier for New Entrants, with Auction Marts, Banks and leasing companies being very sympathetic to their needs. However, as businesses grow, credit can become a problem and a loan guarantee scheme for agriculture would be very helpful.

4.24 We acknowledge the priority placed by the SG on assisting young farmers and New Entrants and those initiatives are an evolving process.

5. Conclusions

5.1 The availabilities of land and farming units for New Entrants to the industry is a subject that has a long history of debate and discussion. The Group identified a general consensus that New Entrants are highly desirable. In general, New Entrants have many of the core skills through training they have undertaken and are also predisposed to accepting new ideas.

5.2 The Group identified very few examples of New Entrant activity through leasing agreements, share or contract farming. Forest Enterprise Scotland's repositioning program and Starter Farm Programme has given a very welcome boost to getting a few New Entrants started. A key finding from this experience is that all New Entrants on the National Forest Estate had all previously farmed some small parcels of land, let on a seasonal basis and were intending running their starter farms on a part-time basis with other income streams. Applicants have shown a high level of determination to get a start and tend to be entrepreneurs and prepared to make things happen.

5.3 This has led to the conclusion that those seeking to enter agriculture may need an initial small first step on to the farming ladder. Rather than needing a full-time, equipped farming unit, they need the security to rationalise or formalise a medium term agreement on areas of land to allow them to develop their skills, experience and capital base in preparation for the next stage commitments of possibly changing employment, investing further capital or time in their next venture.

5.4 In order not to block progression from smaller opportunities it is important that New Entrant opportunities allow for progression beyond New Entrant status.

5.5 From all the information provided by the different organisations, there is potentially a supply of starter opportunities on publicly owned land.

5.6 It should be noted that a reasonable amount of the publicly owned land is let out to secure tenants and these areas have been excluded from this report.

5.7 The potential opportunities consist mainly of bare land with very little in the way of housing. Most of this land will be for grazing purposes and there are only a very few examples of opportunities in arable production. The group recognised that with limited capital New Entrants may find it easier to grow a business using livestock (particularly sheep) rather than invest heavily in machinery & equipment.

5.8 Some of this land is currently let on a seasonal basis, often to the same established farmers in succeeding years. There could be the opportunity in the future to give first preference to New Entrants for such areas. However, that risks alienating the current land managers and established businesses seeking to spread their fixed cost base therefore guidance for this will be required from Scottish Government.

5.9 From responses to the mini consultation and further discussions, it is very evident that **access to land is the key requirement.**

5.10 With this in mind, the opportunities on publicly owned land should be looked at as a ladder allowing progression from very small beginnings up to larger units and in to full scale farming businesses or agribusiness.

5.11 There is already in place a New Entrant Support Group providing networking and business advice and details of this Group and what it can provide are included in Annex 6.

5.12 In many discussions regarding bringing starter opportunities to fruition and the market, the Group identified public bodies referring to difficulties in the rules regarding property, valuations and value for money or best consideration. The Group concluded there was a need to dispel the mythical barriers surrounding the letting of such land to New Entrants.

5.13 While the sole focus of the Group's work has been on publicly owned land, we hope that it provides an impetus and example of what could also be achieved from land held by charities, communities and in private hands.

6. Recommendations

- **R1** Publicly owned land is managed by many different organisations in Scotland and for a New Entrants project to be successful; there must be a coordinated approach. Hence the Group recommends the development of a New Entrants Opportunities Programme
- **R2** The Group understands that the existing New Entrants Panel could be coming to a natural closure following conclusion of the CAP. It is recommended that a New Entrants Group is now established with a revised remit/terms and to coordinate a New Entrant Opportunities Programme.
- **R3** Further communication is still required with publicly owning land managers to identify and encourage the letting of smaller units as the initial building block of any successful new entrant business. This communication should also be used to dispel some of the fears for change and highlight that structured opportunities are possible within current guidance. If public land managers are having difficulty in developing potential opportunities, then members of this Group have agreed to support the development and implementation of these opportunities if desirable. This can be further developed when a New Entrants Group is formed.
- **R4** Where units are provided, there is likely to be an expectation that the tenant will seek to grow and move on from these at the end of the term allowing others to enter the sector by similar routes. To allow this, public bodies should be flexible about renunciations and lease alterations to allow growth. There is also the need to be flexible with the lengths of the lease agreements but they should be longer than just a seasonal let.
- **R5** Forest Enterprise Scotland has developed selection criteria with a scoring matrix that favours new tenants (whilst not excluding established farmers) and it is recommended that such a system is made available to other public bodies and used, with the involvement of an independent member from this Group, for all New Entrant parcels of land.
- **R6** The Group believes it is important to pilot the new scoring matrix on small tenders in 2016 and, indeed, some available land has already been successfully let to New Entrants on this basis. Public bodies with less experience of marketing agricultural opportunities should seek to bring land parcels forward with the assistance of experienced bodies and the support of the New Entrants Group.

- **R7** Different organisations will rightly advertise any new opportunities through their usual regional and national outlets but there is also the need to highlight these opportunities on the Scottish Government website. This needs to be explored further.
- **R8** This report has focussed on publicly owned land for New Entrants and how an initiative like this can play its part in economic growth and overall positive sustainable development. However there are many other owners of land in Scotland such as Charities, Communities where it is hoped this project will provide a lead in how New Entrants can grow their careers by providing the right opportunities for them.
- **R9** The Group identified that most starter opportunities will be offered through short and longer term leases. However, the Group also identified examples of successful share and contract farming arrangements and it is important to establish a broad “toolkit” with a library of good case studies which interested parties can refer to.
- **R10** The Group seeks approval of the report by the Cabinet Secretary.

Annex 1

Membership of Group	
Henry Graham	National Chair of Lantra Scotland, member of Forestry Commission Scotland's National Committee,
Sarah Allison	Member of Lanark Young Farmers Club and Agriculture and Rural Affairs Chair on the Scottish Association of Young Farmers Clubs National Council.
Ian Davidson	Head of Agriculture Development at the Scottish Government's Directorate for Agriculture, Food and Rural Communities.
Alan Laidlaw	Member of the senior management team at the Crown Estate and is the rural lead within the Edinburgh corporate leadership team, responsible for delivery of the Scottish strategy. Also, member of the RICS Rural Professional Board in Scotland and the Scottish Rural College's Consultative Committee.
Angus McCall	Former Chair of the Scottish Tenant Farmers Association
Andrew Midgley	Head of policy at Scottish Land and Estates covering agriculture, forestry, crofting and land use policy.
Viv Montgomery	Young crofter and member of the Scottish Crofting Federation.
John Sleigh	Policy manager at the National Farmers Union of Scotland. Replaced in Jan. 2016 by Gemma Thomson, Legal & Technical Policy Manager at the NFUS.
Harriet Smith	Land Use Manager (Loch Lomond & The Trossachs National Park Authority) and farms the Forestry Commission Scotland starter farm in Port of Menteith, Stirlingshire
Laurie Tyson	Head of Estates at Forest Enterprise Scotland with senior oversight of the FES Starter Farm programme. Replaced by Jim Higgins in Jan. 2016, following Laurie's retirement from HoE post.
Robin Waddell	Agricultural advisor at the Forest Enterprise Scotland and programme manager of the FES Starter Farm project.

Annex 2

Public Land Holdings in Scotland - Summary

(i) In Scotland, the main public land holdings (excluding organisations such as Universities, Network Rail and the Ministry of Defence²) are:

(a) National Forest Estate	651,300 ha	(owned by Scottish Ministers)
(b) Crofting estates	95,200 ha	(owned by Scottish Ministers)
(c) SNH	36,000 ha	
(d) Crown Estate	35,500 ha	
(e) Local Authorities	33,000 ha	
(f) Scottish Water	24,300 ha	
(g) Main Others	10,000 ha	

National Forest Estate (NFE)

(ii) The NFE is 9% of Scotland's land area and accounts for around 80% of Scottish Ministers' land holding. The purpose for which Forest Enterprise Scotland manages the NFE on behalf of Scottish Ministers has broadened out in recent years, with the estate (a third of which is open land) now being managed not only for forestry objectives but also for wider economic, environmental (e.g. biodiversity) and social outcomes (e.g. recreation). The NFE is mainly in the uplands, but with a growing portfolio in central Scotland and around towns. The objectives for the NFE are set out in 'Scotland's National Forest Estate and Strategic Directions', under six strategic objectives:

- safeguarding 'national treasures';
- delivering economic forestry for people and community benefits;
- timber production for market stability and development;
- contributing to the Scottish Government's climate change targets;
- landscape-scale management for biodiversity and ecosystem services; and
- supporting policy, R&D and exemplars of land use integration and best practice.

Scottish Ministers Crofting Estate

(iii) Scottish Ministers own 58 Crofting Estates for the purpose of maintaining viable crofting communities in remote rural areas. These are concentrated in Skye, Sutherland and the Outer Hebrides. There are currently around 1,556 crofts on these estates, which represents nearly 9% of all crofts in Scotland. These estates also include a small number of other agricultural holdings. There are, in addition, shooting and fishing leases on some of these estates as well as lets for masts, quarries and other items. The Crofting Commission exercises regulatory functions in pursuit of the Scottish Government's crofting policies.

² As at 1 April 2011, the MOD had land holdings (owned, leased or with legal rights) in Scotland totalling 146,000 ha.

Scottish Natural Heritage (SNH)

(iv) SNH owns 36,000 ha and leases 7,000 ha of land run as nature reserves; including 36 of the 47 National Nature Reserves (NNRs) (other NNRs are managed by FES, National Trust for Scotland, RSPB, Scottish Wildlife Trust and South Lanarkshire Council). NNRs are widely distributed and there are criteria to ensure NNRs are selected to showcase some of the best examples of Scotland's nature and can be managed to provide people with special opportunities to appreciate and enjoy Scotland's rich natural heritage. They are all protected as [Sites of Special Scientific Interest](#) and a number of them are also [Natura sites](#) of European importance. Some of these sites are managed by other organisations on behalf of SNH.

- The Natural Heritage (Scotland) Act 1991 sets out that SNH's property 'shall not be regarded as property of or held on behalf of, the Crown'. However, for the purposes of applying any Act or law to land which belongs to SNH, and is managed as an NNR, the legislation deems SNH land, for the purpose of any rate on property, to be land occupied by or on behalf of the Crown for public purposes (i.e. SNH land which is managed as an NNR is exempt from rates as if it was owned by the Crown).

Crown Estate

(v) The Crown Estate's role is 'to make sure that the land and property we invest in and manage are sustainably worked, developed and enjoyed to deliver the best value over the long term' and its annual revenue profit is paid to the UK Government. In Scotland the Crown Estate manages:

- four rural estates (42,000 ha with agricultural tenancies, residential and commercial properties and forestry);
- salmon fishing rights and approximately half the foreshore, including 5,000 licensed moorings and 850 aquaculture sites;
- almost all of the seabed, including leasing of the seabed out to 12 nautical miles and the rights to renewable energy, pipelines and cables on the continental shelf; and
- In Edinburgh, 39-41 George Street and Fort Kinnaird Retail Park (the latter is through a 50 per cent interest in a joint venture).

Local Government

(vi) Another key component of public land ownership in Scotland is the property owned at local government level by Scotland's 32 Local Authorities. These Local Authorities need to own and manage land for a wide range of purposes. There appears no readily accessible information on the extent of land held by the Local Authorities and as we describe earlier identifying suitable communication routes has been challenging. Therefore, for the limited purpose of providing an indication of the order of magnitude of the extent of land owned by local authorities, the Group has used an existing estimate.

Scottish Water

(vii) Scottish Water owns land, including around reservoirs/catchments, to protect water supplies.

Main Others

National Parks

(viii) Loch Lomond and The Trossachs National Park Authority own a small amount of land such as car parks and picnic areas at visitor facilities. Cairngorms National Park Authority does not own land. The land within the National Parks is principally split between private land owners, FES, SNH and Scottish Water. The National Parks (Scotland) Act 2000 sets out that a National Park Authority is not regarded as a servant or agent of the Crown and that its property is not of, or held on behalf of, the Crown.

Royal Botanic Garden Edinburgh (RBGE)

(ix) RBGE now extends over four Gardens - in Edinburgh, at Benmore in Argyll, at Dawyck in the Borders and at Logan in Dumfries and Galloway - and is a world-renowned centre for plant science and education. The Gardens also provide amenity to the public.

Main Research Providers

(x) The Scottish Agricultural College, The James Hutton Institute and the other research providers own, lease and manage land, principally farms, to assist in the programmes of research commissioned by Scottish Ministers and others.

Scottish Environment Protection Agency (SEPA)

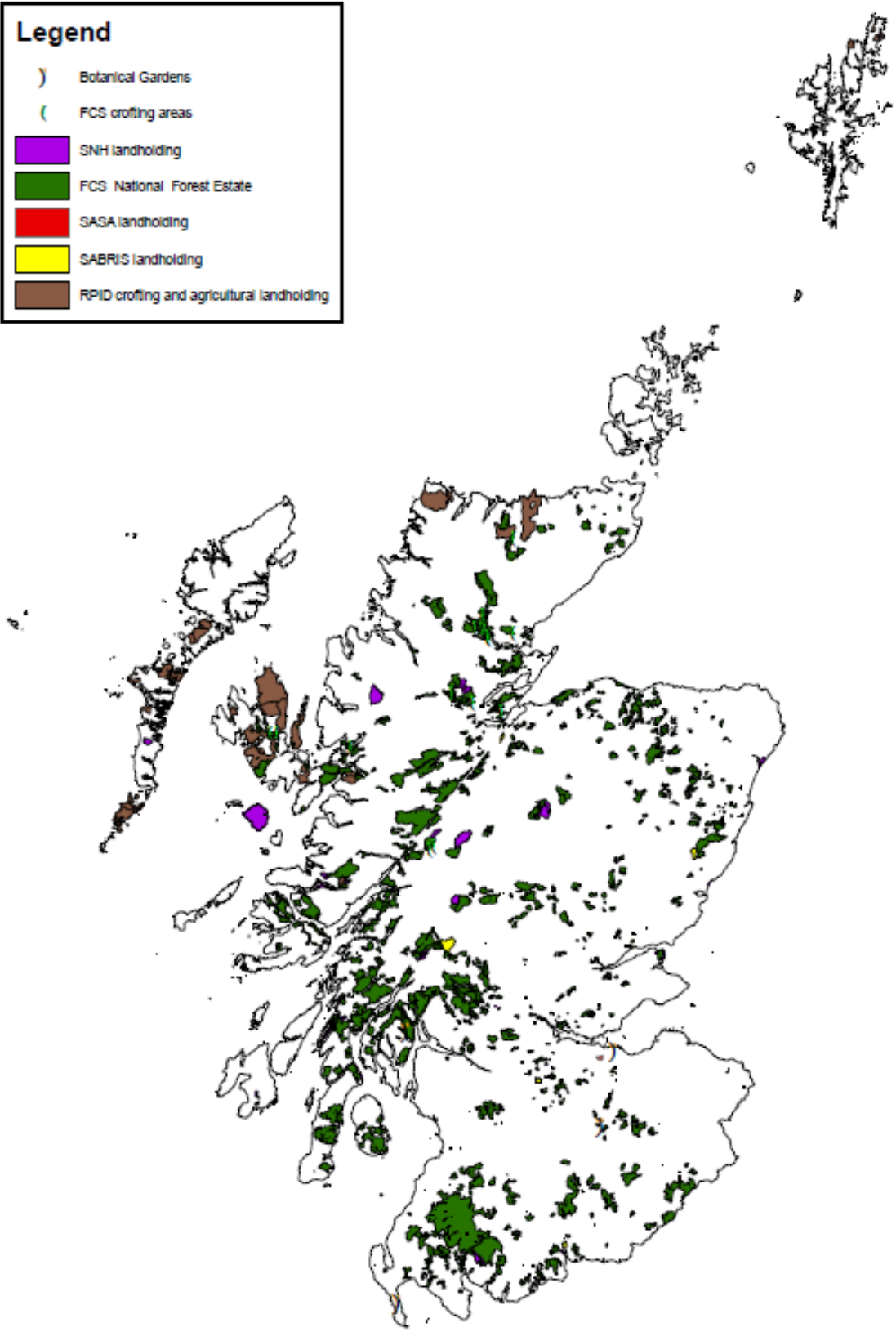
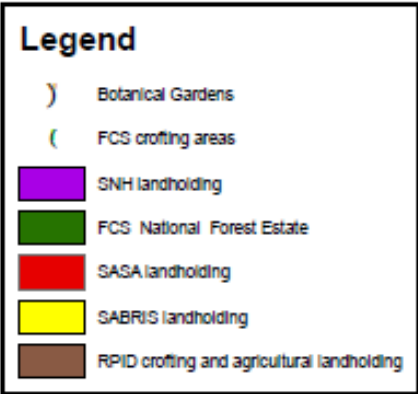
(xi) SEPA owns negligible amounts of land.

Science and Advice for Scottish Agriculture (SASA)

(xii) The SASA farm estate is owned and managed to meet statutory and regulatory responsibilities under national, European Union and other international legislation and agreements on plant health, bee health, variety registration and crop improvement, genetic resources, regulation of genetically-modified organisms and the protection of crops, food and the environment.

Other Scottish Public Bodies

(xiii) Others that own or administer small land assets include: Historic Scotland, Scottish Prisons Service, Transport Scotland, Caledonian Maritime Assets, Canals Scotland, Highlands & Islands Airport and Scotland's two Enterprise Agencies - Highland & Islands Enterprise and Scottish Enterprise.



Map 1 Scottish Government Rural Land Assets

Annex 3

Mini Consultation Responses

1. What do you assess are the key facilities farmers of the future need in progressing their early career?

Borders New Entrant Group

- Grant funding to develop business and diversification ideas.
- Land of all types across Scotland so all enterprises can have new blood e.g. most New Entrants go into sheep as it is a low input system with low capital start-up costs and a low labour requirement, but where is the new blood/opportunities in higher cost systems e.g. veg, dairy, etc.
- Lower cost of permanent infrastructure.

New Entrant Farmer

- Land availability is a major stumbling block for New Entrants in Scotland; however, it is not the biggest problem.
- Lack of access to finance is the single biggest issue facing New Entrants. If finance was more readily available then more New Entrants would be in a position to make use of opportunities when they arise.
- They may also find alternative routes to the same end goal - e.g. starting out as a contractor rather than the farmer, and moving up the ladder later.
- I do not think grants are particularly useful in solving this problem. Many of the SRDP grants available have to be paid off in full before any money can be claimed back. If you can afford to pay off the asset in full, why do you need the grant?
- By having a system of low or 0% loans the person taking the loan feels more responsible for it and more likely to use it for a genuine workable idea. Many grants are taken because they are seen as free money.

Farm and Business Advisor

- Key facilities: access to resources. Initially access to land so that can put stock on and build up flock/herd (this is key issue). Equipment, suddenly need everything at once; trailer for stock to market, handling system tractor and topper etc. Thought a New Entrants voucher of £x that is placed with local machinery ring and draw down on this as hire in equipment. This may encourage mind set of hiring in rather than magpie syndrome which can increase fixed costs and should help with entering the industry.

Farm Management Group

- Land is the biggest stumbling block, as without that you couldn't even get a start. Finance was also highlighted as an issue stopping them getting their first foot on the ladder. Particular areas were finance for arable equipment, or for capital items relating to dairy start-ups. Many said they knew of New Entrants in the sheep world, but this wasn't the sector that they hoped to pursue, thus putting them off.

2. What do you regard as the timescale for the different facilities?

Borders New Entrant Group

- ASAP for all listed in response to Q1.

New Entrant Farmer

- Finance needs to be in place before a business of any scale can commence trading. The levels of finance may vary but the principle remains the same. Whether the farm is full or part time, the levels of finance required are often similar due to fixed costs.
- Any loan facility should have a flexible timescale - probably between 1 - 25yrs similar to a mortgage, depending on the amount borrowed. This allows the person taking the loan to mould the finance around their business and aspirations. These should not be available for the purchase of land as this then distorts the land market in favour of New Entrants, but should be available for the purchase of a tenancy.

Farm and Business Advisor

- Time-scale for access to land/progression on farming ladder. Every case different, to my mind essential to have a churn of land availability to provide step up opportunities and add ons, with New Entrants back filling. Unsure on 5, 10, 15 or 25 year term, again probably need a mix.

Farm Management Group

- Any support must be consistent in being offered - and that as people move up the ladder then there must be further support available to help facilitate that.

3. What are your views on the potential for a matching service through a central database that helps bring together New Entrants with experienced farmers who have opportunities or land/facilities available?

Borders New Entrant Group

- Response was mixed: some liked this idea, some were a bit sceptical.
- Depends on who the “experienced” farmer is and could be complicated if they do not get on. Is the “experienced” farmer a good communicator?
- Concerns on housing for the two “farmers” on the land.
- Confidentiality concerns e.g. would need to be a confidential database for the “experienced farmer” and possibly an independent person acting as the “match maker” in an attempt to pair up individuals that would get on and work together. Confidentiality also for the “experienced” person so that his/hers details were not shown on a website as wanting to retire.
- One suggestion that it could be linked to the census? A tick box if “experienced” farmer would be interested in such a service to gauge interest/feasibility.

New Entrant Farmer

- It will be rare that you can match an existing farmer ready to retire on a holding of adequate to support a young farmer, with a young farmer that can afford to buy that farmer out of the business/tenancy. Most farmers require the capital realised from a farm sale to retire.
- There is no reason why handing this on to a New Entrant cannot bypass this part, but again, where does the New Entrant get the capital?
- I have no problem with the idea, but realistically do not see it solving this industry wide problem.
- Now, if you got rid of the BPS and ploughed all that money into an extended SRDP scheme open to one and all - that would solve many of the problems!

Business Advisor

- Matching service. Good proposal question of formal or informal and who facilitates it (Young Farmers movement as most farmers old and new have been members with good memories plus activities are often skill based-mock auction/stock judging so acceptable as a possible facilitator). Transfer of senior farmer skills to New Entrant but also scope for new /young entrant to provide computer skills for online form filling for senior farmer. Is there scope for senior farmer to have a tax break equivalent to loss of SFP etc. this could be tweaked to 'encourage' a churn of land-appreciate this may well not be applicable for public owned land.

Farm Management Group

- Were very enthusiastic about this idea as had mentioned during Q1 discussions that the biggest factor to them was that they didn't know where to even begin looking or where opportunities might present themselves. There was an Irish student in the fray who was aware of the land mobility service offered in southern Ireland and commented that it had done a lot of good there. (<http://landmobility.ie/>)

Annex 4

Starter Farm Application and Scoring Template

- (i) This template can be amended to suit the needs of the particular Public Body. This can include amending the desired outputs and the weighting of the scoring categories.
- (ii) The template is designed as such that it does not exclude established businesses should a suitable New Entrant not be identified.

Your Organisation

Agricultural Grazing Opportunity

Land at:

XXXXXXXXXX

Introduction

This section to be amended to suit individual organisations

Forest Enterprise Scotland, which is an agency of Forestry Commission Scotland, manages the National Forest Estate (NFE) on behalf of Scottish Ministers.

The National Forest Estate is one of Scotland's greatest assets, providing economic, social and environmental benefits to the people of Scotland and FES, amongst many other things, have a duty to protect and enhance our environmental features. We will also take opportunities to increase agricultural use of the Estate where this is consistent with environmental objectives.

We work with the Scottish Government to deliver the Scottish Forestry Strategy and also contribute to many aspects of wider Scottish Government policy such as energy, environment and climate change, biodiversity, healthy living, rural transport, tourism and education.

More information is available on our website at www.forestry.gov.uk/scotland

Scottish Government has a desire to see publicly owned land used to give opportunities to New Entrants to Agriculture and those progressing from New Entrant status. Forest Enterprise Scotland has already contributed to this by the creation of a number of Starter Farms. It has now been recognised that the first foot on the farming ladder is a level below the FES model of Starter Farms and therefore public bodies are being asked to give consideration to New Entrants on other agricultural land letting opportunities.

We will do this by weighting application in favour of suitably qualified New Entrants and Progressors wherever we think they can contribute to our wider objectives.

Grazing Opportunity.

Land at **Someplace, Town,**.

We are offering an agricultural opportunity at **Someplace** where **Organisation** consider that their environmental (**amend as appropriate**) objectives can be met by way of low input/output farming methods and invite proposals from parties who would be interested in undertaking complimentary grazing over these areas, subject to the following conditions.

The area(s) will be offered initially on a **5 year** SLDT.

Subject to satisfactory performance FES retain the right to negotiate with the winning bidders with a view to converting the lease to a 10 year (total) LDT. (**remove if necessary**)

Organisation considers that fencing and other fixed equipment to be in suitable condition for the purpose of the lease, however bidders are to satisfy themselves of this and will be responsible for maintaining the fixed equipment for the duration of the lease.

Where bidders consider that additional fixed equipment is required then they should make that known in their application.

Farming methods must be low input/output in order to encourage and promote desired flora and fauna.

This is expected to include. **Adapt to fit the opportunity in question**

- All grassland must remain as pasture. No reseeded by any means will be permitted.
- No artificial fertilisers to be applied.
- No organic manures to be imported from off the holding.
- Grazing will be by sheep only and must be hardy native breeds.
- Grazing will be at a maximum of 0.3 Livestock Units per Hectare (equivalent to 54 ewes).

Cutting, burning or any other mechanical intervention will not be permitted, unless authorised in advance in writing.

The Area

The grazing area extends to approximately **XX.XX** ha as is marked in pink on the attached plan.

Please note that the hatch area on the plan is specifically excluded due to FES's desire to encourage natural regeneration of woodland fringe

Application Form

Personal Details

Name		
Address		
Post Code		
Telephone number		
Mobile number		
Email Address		
References	Please supply the names of two references who can vouch for your character and experience	
Reference 1	Name	
	Address	
	Phone	
	Email	
Reference 1	Name	
	Address	
	Phone	
	Email	

<p>Organisation or other parts of Scottish Government may wish to contact you regarding other New Entrant opportunities.</p> <p>Please indicate if you are content for your details to be released for this.</p>	<p>Yes/No</p> <p>Delete as appropriate</p>
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Scoring

Proposals will be scored against environmental & agricultural objectives and rental offer using the undernoted matrix.

Please start to type in the grey box and it will expand to fit as required.

	Scoring range	Score ORG USE ONLY
1. Grounds for mandatory rejection		
1.1 Animal welfare	Are you currently banned from keeping livestock or have you been subject to an animal cruelty conviction.	
<i>1.1 Answer</i>	Yes/No	Pass/Fail
1.2. Insurance	Do you have or will you obtain prior to entry suitable Public Liability Insurance cover (Min £5m)	
<i>1.2. Answer</i>	Yes/No	Pass/Fail
2.1 New Entrant Status We will give preference to New Entrants and Progressors, although others may apply for this opportunity. We are looking for applicants with some agricultural experience, but that currently have no permanent land holding. Applications from existing farm businesses will not score highly in this section. The applicant could however be related to an active farmer but their tenure at this opportunity must not be connected to any other business. The applicant will need to demonstrate how this opportunity allows the development of a new agricultural unit. We recognise the value of having built some business capital and experience and therefore it is also feasible that the applicant may undertake existing limited agricultural activity, on seasonal grazings for instance.	0 - 5 - No response or totally inadequate 6 - 10 - Major Reservations or constraints 11 - 15 - Some Reservations or Constraints 16 - 20 - Fully Compliant 21 - 25 - Exceeds Requirements	

<p><i>2.1 – Please explain you current farming status & experience and how it fits with our desire to help New Entrants</i></p>		
<p>2.2 Exit Strategy For us to continue to offer the Starter Unit as an opportunity in the future we need to understand how you plan to consolidate your start in farming and move on to a new opportunity.</p>	<p>0 - 5 - No response or totally inadequate 6 - 10 - Major Reservations or constraints 11 - 15 - Some Reservations or Constraints 16 - 20 - Fully Compliant 21 - 25 - Exceeds Requirements</p>	
<p><i>2.2 Please explain how you intend to consolidate and progress in your farming career.</i></p>		
<p>2.3 Farming System Please outline the farming system you will employ. This will include making reference to the breeds and class of livestock, supplementary feeding methods and how you will manage the stock on a day to day basis You should include narrative on how these practices will fit with our environmental objectives. You should include a brief description of your farming experience, which should include reference to other conservation work you have undertaken. You should include in this section any requests for fixed equipment improvement or replacement.</p>	<p>0 - 5 - No response or totally inadequate 6 - 10 - Major Reservations or constraints 11 - 15 - Some Reservations or Constraints 16 - 20 - Fully Compliant 21 - 25 - Exceeds Requirements</p>	
<p><i>2.3 Please describe the Farming System which you propose giving details of the ancillary facilities which you have to help deliver this:</i></p>		
<p>3 Rent This section will be judged against realism, affordability, flexibility and any other justification you have provided.</p>	<p>0 - 5 - No response or totally inadequate 6 - 10 - Major Reservations or constraints 11 - 15 - Some Reservations or Constraints 16 - 20 - Fully Compliant</p>	

	21 - 25 - Exceeds Requirements	
3.1. Rental amount:	Please insert rental offer. This should be the total per annum.	£
3.2. Rental Justification:		
Total Score (Org use only)	Maximum 100 points	

Answers may be continued on a separate sheet but must be cross reference to the paragraph numbering used above.

Interviews – Org reserves the right to call a shortlist of candidates to interview. Should interviews be held scoring may be amended according to interview performance.

Should interviews be required these will be held on **XXXXX** at the address below.

Applications to be sent to:

Organisation

Address

Applications to be received by 5p.m. on **xx/xx/xxxx** and marked “**Application for xxxxxxxx Grazings, not to be opened until 9a.m. on xx/xx/xx**”

An excerpt from this document follows which indicates the scoring system used by FES

<p>B 1</p>	<p>What is your motivation? Please provide details of relevant experience and qualifications which have led you to decide why you want to set up a new farming business. What skills do you bring which will allow you to overcome the challenges and demands this new business will involve? Where there may be any cause to doubt your eligibility as a new entrant it is your responsibility to fully justify to us that you do not have opportunities elsewhere.</p>	<p>0 – 35</p>	<p>0 No response or totally inadequate 1-9 Major Reservations or constraints 10-18 Some Reservations or Constraints 19-27 Fully Compliant 28-35 Exceeds Requirements</p>
<p>B 2</p>	<p>Please provide information on how you plan to source any additional income, integrate this into and compliment your farming policy. Think about balancing farm and supplementary income streams, the diversity of sources, and any changes over time.</p>	<p>0 – 30</p>	<p>0 No response or totally inadequate 1-7 Major Reservations or constraints 8-15 Some Reservations or Constraints 16-23 Fully Compliant 24-30 Exceeds Requirements</p>
<p>B 3</p>	<p>Applicants might include in the answer the requirements of the tenancy agreement, provision of information, and public access. We are also prepared to consider directly funding some activities.</p>	<p>0 – 20</p>	<p>0 No response or totally inadequate 1-4 Major Reservations or constraints 5-9 Some Reservations or Constraints 10-15 Fully Compliant 16-20 Exceeds Requirements</p>

B 4	<p>Include in the detail explanation of how you will liaise with FES and reference the requirements of the LDT. Provide relevant references to training in relation in pest control, firearms or shotgun licence, safe use and storage of any weapons or pesticides. FES is interested in detail on the range of controls you will use and any hierarchy with which they will be employed. Note that use of firearms will be solely at the discretion of FES. Any such use will require prior written permission and must abide by the FES firearms policy.</p>	0 – 10	<p>0 No response or totally inadequate 0 No response or totally inadequate 1-2 Major Reservations or constraints 3-4 Some Reservations or Constraints 5-7 Fully Compliant 8-10 Exceeds Requirements</p>
B 5	<p>Think about how you could help FES in sharing good practice about starter farms and any examples of your experience in publicity or open days</p>	0 – 15	<p>0 No response or totally inadequate 1-4 Major Reservations or constraints 5-7 Some Reservations or Constraints 8-11 Fully Compliant 12-15 Exceeds Requirements</p>
B 6	<p>FES is interested in expenditure and employment locally, while we understand opportunities will be limited, innovation, part time work, work experience, apprentice work, might all be possible.</p>	0 – 20	<p>0 No response or totally inadequate 1-4 Major Reservations or constraints 5-9 Some Reservations or Constraints 10-15 Fully Compliant 16-20 Exceeds Requirements</p>

B 7	The Health & Safety Executive web site has guidance on good health and safety practice on farms, your answer should explain what will be relevant to your farming proposal.	0 – 20	0 No response or totally inadequate 1-4 Major Reservations or constraints 5-9 Some Reservations or Constraints 10-15 Fully Compliant 16-20 Exceeds Requirements
B 8	Explain how your training will allow you to undertake the required farming activities. Is there a new activity that you will need to undertake training to do? Interview candidates will be asked to provide certificates.	0 – 30	0 No response or totally inadequate 1-7 Major Reservations or constraints 8-15 Some Reservations or Constraints 16-23 Fully Compliant 24-30 Exceeds Requirements
B 9	We will look favourably on any specific projects that reduce environmental impacts and also any that favour the biodiversity and habitats found at this location. Consider what support, such as future SRDP and LMO programmes, may be available and is applicable to the farm location. This is also an area where FES will consider funding directly innovative ideas.	0 – 20	0 No response or totally inadequate 1-4 Major Reservations or constraints 5-9 Some Reservations or Constraints 10-15 Fully Compliant 16-20 Exceeds Requirements
B 10	Your business plan will inform how you will consolidate and move on. Please explain clearly the duration you anticipate the tenancy lasting. What steps will you take prior to vacating the starter farm and how you propose to manage the handover of the unit to the following tenant.	0 – 20	0 No response or totally inadequate 1-4 Major Reservations or constraints 5-9 Some Reservations or Constraints 10-15 Fully Compliant 16-20 Exceeds Requirements

<p>B 11</p>	<p>Detailed farm policy and business plan:</p> <p>Detail how you intend to farm the starter farm, the type of farming system(s) you wish to implement, and link this to your existing experience. Explain the use of the buildings and any additional equipment you would need to be provided as part of the tenancy. FES will have primary concern for the realistic nature of the capital investment required, favour innovative and diverse ideas, particularly where they support other income or interaction with the public and forestry. It is important however that you fully understand and can justify any such ideas. Include cropping plans, sourcing inputs and outlets for your product(s). Please explain how you see your farming policy developing over the period of the tenancy. Your farming policy should integrate into both your Application Form and Gross Margin/Budget Summary submission. You can use example cropping sheets we provide or any of the widely available financial programs available in the market and we welcome the use of these in the submission.</p>	<p>0 – 100</p>	<p>0 No response or totally inadequate</p> <p>1-24 Major Reservations or constraints</p> <p>25-50 Some Reservations or Constraints</p> <p>51-75 Fully Compliant</p> <p>76-100 Exceeds Requirements</p>
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B 12	<p>Gross Margins and Summary Annual Budget:</p> <p>Please produce Gross Margin Budgets for each proposed enterprise, a Summary Annual Budget and year on year cashflow covering a period of five years, to show your cropping/stocking plans and financial appraisal of the farm. Applicants should ensure that budgets make full recognition of all items noted in foregoing sections, including diversified income and environmental measures.</p> <p>If using published data from the likes of SAC or John Nix applicants are advised to remember that all farms differ in nutritional status and productivity.</p>	0 – 50	<p>0 No response or totally inadequate</p> <p>1-12 Major Reservations or constraints</p> <p>13-25 Some Reservations or Constraints</p> <p>26-38 Fully Compliant</p> <p>39-50 Exceeds Requirements</p>
B 13	<p>Rental Offer</p> <p>Please provide justification of your rent. This section will be judged against realism, affordability, flexibility and the justification you have provided.</p>	0 – 50	<p>0 No response or totally inadequate</p> <p>1-12 Major Reservations or constraints</p> <p>13-25 Some Reservations or Constraints</p> <p>26-38 Fully Compliant</p> <p>39-50 Exceeds Requirements</p>
	Total Available B.1 – B.13	420	
	<p>Note to candidates selected for interview:-</p> <p>We will revise our scoring of the applications sections 3.1 to 3.13 based on the interview and the ability to answer questions regarding the application form and business plan submitted. The marking system above will remain valid.</p>		

Annex 5

Relevance of the Scottish Public Finance Manual (SPFM)

(i) The SPFM is issued by Scottish Ministers to provide guidance to Scottish Government and other relevant bodies on the proper handling of public funds. It places a duty of Best Value in Public Services delivery. “Best Value” is concerned with balancing costs and quality whilst having regard to the economy, effectiveness, equal opportunities and the achievement of sustainable development.

The SPFM sets out the following guidance relevant to leasing or disposing of land and property assets:

“Where there are wider public benefits, consistent with the principles of Best Value, to be gained from a transaction, disposing bodies should consider disposal of assets at less than Market Value. This includes supporting the acquisition of assets by community bodies, where appropriate. Otherwise, assets are to be disposed of at Market Value, as defined in the International Valuation Standards (as used in the Royal Institution of Chartered Surveyors Valuation Professional Standards) but reflecting any special value and the effect of any voluntary conditions imposed by the seller”

The Group considers that New Entrant opportunities can be tendered in a way that seeks to achieve the principles of Best Value.

(ii) Best value is demonstrated by nine characteristics:

- Commitment and Leadership
- Sound Governance at a Strategic and Operational Level
- Accountability
- Sound Management of Resources
- Responsiveness and Consultation
- Use of Review and Options Appraisal
- A Contribution to Sustainable Development
- Equal Opportunities Arrangements
- Joint Working

(iii) [Best Value in Public Service: Guidance for Accountable Officers](#) refreshes these guidance groups into five themes and two cross-cutting themes. This change reflects the experience of applying Best Value across the Scottish public sector over the last few years and the context within which Public Bodies now work. The five themes, and the relationship to the Best Value characteristics as listed in the SPFM, are:

- **Vision and Leadership** (SPFM - "*commitment and leadership*", "*responsiveness and consultation*" and "*sound governance at a strategic and operational level*");
- **Effective Partnerships** (SPFM - "*joint working*" and "*responsiveness and consultation*");
- **Governance and Accountability** (SPFM - "*responsiveness and consultation*", "*commitment and leadership*" and "*accountability*");
- **Use of resources** (SPFM - "*sound management of resources*" and "*use of review and options appraisal*"); and
- **Performance Management** (SPFM - "*Sound governance at a strategic and operational level*" and "*responsiveness and consultation*").

(iv) The two cross-cutting themes which a Best Value organisation should fully embrace across all of its activities are:

- **Equality** (SPFM - "*Equal Opportunities arrangements*"); and
- **Sustainability** (SPFM - "*A Contribution to Sustainable Development*").

Annex 6

New Entrants Support Group

(i) To help ensure that Scotland meets its European obligations in its provision of advice to farm businesses, we know that historically Scotland's Rural College have delivered on behalf of the Scottish Government a wide range of public good advice (cross-compliance, climate change, pollution prevention etc.) on a generic basis through the 'Veterinary and Advisory Service'.

(ii) Key amongst this advice is delivering a programme of advice to ensure that potential and aspiring New Entrants to the agricultural industry are aware of the opportunities that exist and have a skills set that equips them for success in the industry.

(iii) Activities centre on a series of training workshops. New Entrants belong to groups based on a geographical spread across Scotland. Subject areas will be predominantly business orientated but include scope for flexibility to cater for specific topics requested by groups.

(iv) Under the SRDP (during 2016), we recognise launch (September 2016) of a new Farm Advisory Service that aims to provide an enhanced dedicated provision for New Entrants including a new mentoring service.



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Riaghaltas na h-Alba
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This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-78652-295-5 (web only)

Published by The Scottish Government, November 2016

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS72315 (11/16)

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