



# Scottish Rural Development Programme

Summary of Progress - 2014 to 2017



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



**Scottish Government**  
Riaghaltas na h-Alba  
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# Introduction

This is a summary of the third Annual Implementation Report on the [Scottish Rural Development Programme \(SRDP\) 2014-2020](#) covering the calendar year 2017 and the period from 2014 to 2017. The full report can be accessed [here](#).

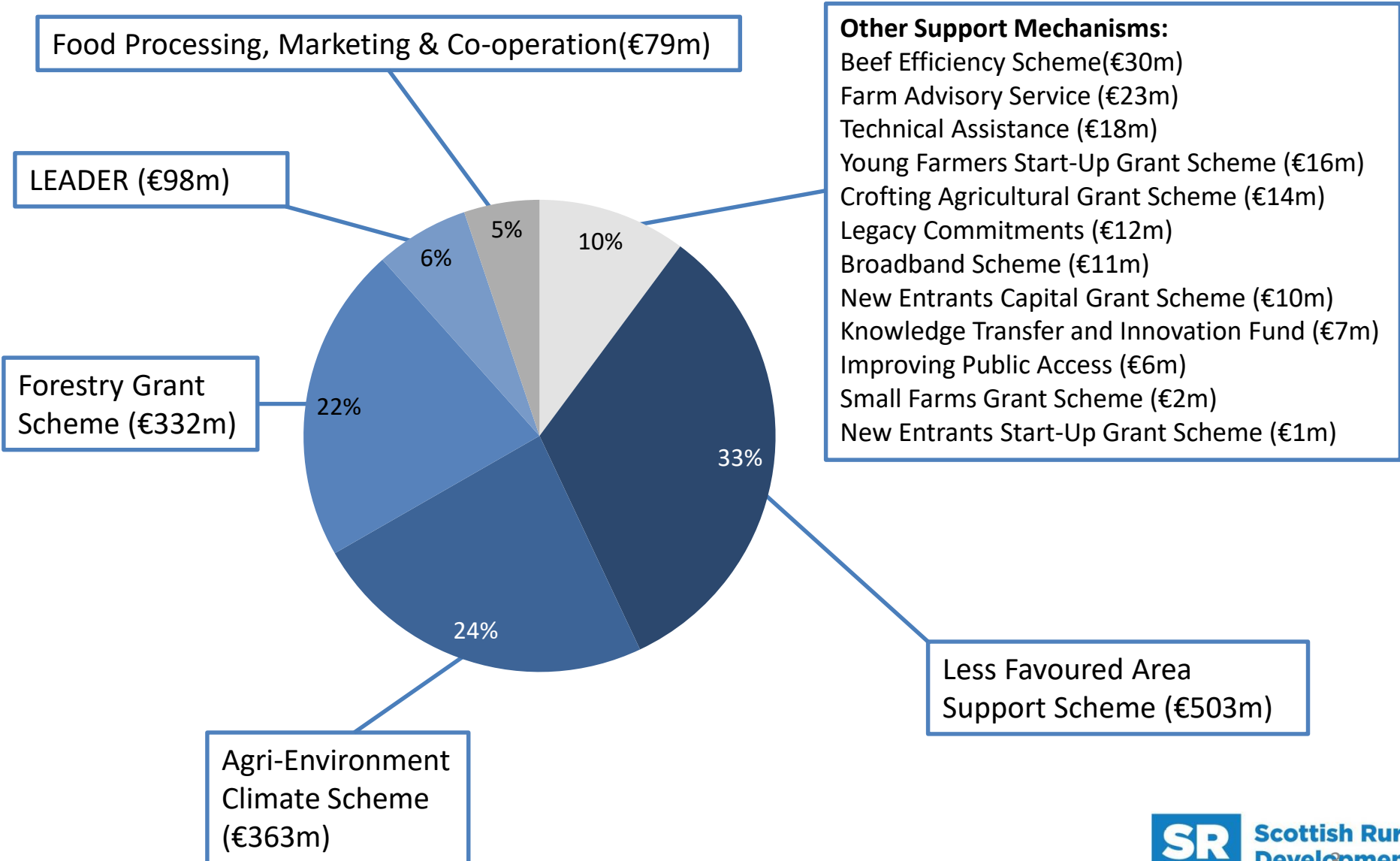
The SRDP delivers Pillar 2 of the European Union's (EU's) Common Agricultural Policy (CAP). It funds economic, environmental and social measures for the benefit of rural Scotland. The key purpose of the SRDP 2014-2020 is to help achieve sustainable economic growth in Scotland's rural areas and the key 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 2014-2020 is €1,531.6 million, with funding coming from the EU (€844.7 million) as well as from the Scottish Government (€686.9 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 the CAP (€366.9 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 Programme has been modified three times which has taken account of editorial amendments, amendments to some Measures to provide clarification for the support offered and some updates to State Aid conditions. As part of the third modification, carried out during 2017, the co-financing rate and the financial plans were revised. This resulted in a decrease to the overall indicative Programme budget due to a reduction in the Scottish Government contribution, while still allowing the full allocation of EU funds to be accessed.

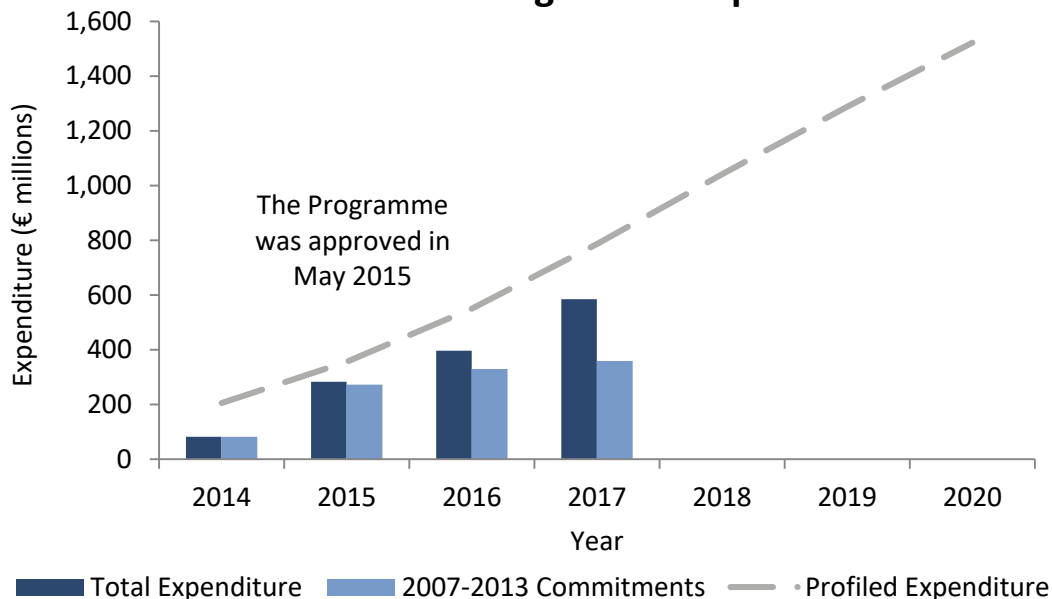
The outcome of the EU Referendum on 23 June 2016 and the UK Government's decision to leave the EU, created significant uncertainty for communities across Scotland who rely heavily on this investment and are unable to plan beyond the UK's departure from the EU. The Scottish Government has confirmed that it will be passing on the current UK Government guarantees in full to Scottish stakeholders to provide stability and certainty for these key sectors of the Scottish economy. This means that all contracts entered into by the point of a UK exit from the EU will be honoured in full. Scottish Ministers continue to seek further assurances for funding beyond the date of an EU exit.

# Structure of SRDP 2014-2020



# Programme Expenditure

## Cumulative Programme Expenditure



The total public expenditure (EU and Scottish Government funding) incurred and paid in 2017 was €188.4 million. In the first four years of the Programme the total public expenditure has been €585.1 million. This includes on-going commitments made under SRDP 2007-2013.

Just over 80% of the expenditure in the first four years of the Programme has been delivered through three schemes. Almost 40% of the expenditure has been on the Less Favoured Area Support Scheme (€230.6 million), with a further 21% of expenditure on the Forestry Grant Scheme (€122.9 million) and 20% on the Agri-Environment Climate Scheme (€114.9 million).

In 2017, all schemes were open to applications, with all of them approving and funding projects apart from the Broadband Scheme. During 2017, the Beef Efficiency Scheme and the Improving Public Access Scheme paid out money to projects for the first time. In addition, money was paid out for advice delivered via the Farm Advisory Service for the first time during 2017. In 2017, the Scottish Government took the decision that it was no longer going to re-launch the Environmental Co-operation Action Fund. However, other SRDP 2014-2020 schemes were enhanced to help support the facilitation and delivery of landscape-scale environmental management.

As the SRDP 2014-2020 was only approved in May 2015 there was a delay in new schemes being launched and therefore new projects being approved. As a result, in the first four years of the Programme 61% (€359.2 million) of the expenditure has been for on-going commitments made under the SRDP 2007-2013. However, only 15% of the expenditure occurred in 2017 was for on-going commitments. This indicates that the number of new projects being approved and funded is increasing, while the level of on-going commitments made under the SRDP 2007-2013 is decreasing.

# Summary of Progress

The table below shows a summary of the SRDP progress against expenditure between 2014 and 2017:

Support Mechanism	Holdings/ Beneficiaries supported <sup>2</sup>	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 to 2017 (€ millions)
Agri-Environment Climate Scheme	323	992		1,017,573 (including 68,692 ha supporting organic farming)					114.9
Beef Efficiency Scheme				64,759		Nil			4.1
Broadband		NCR						NCR	NCR
Crofting Agricultural Grant Scheme	1,397	1,808	1						8.1
Farm Advisory Service						7,769			4.2
Food Processing, Marketing & Co-operation		84	2						24.9
Forestry Grant Scheme	2,354	1,141	3	232,790 (including 16,919 ha of woodland creation)					122.9
Improving Public Access		19						32,311	0.7
Knowledge Transfer and Innovation Fund			17				12,766		2.9
LEADER <sup>1</sup>		294	30		Nil			145	15.4
Less Favoured Area Support Scheme	11,855			2,333,304					230.6
New Entrants Capital Grant Scheme	197	241							4.2
New Entrants Start-Up Grant Scheme	25	25							0.3
Small Farms Grant Scheme	18	24							0.2
Young Farmers Start-Up Grant Scheme	146	146							9.2

Notes:

1: Of the 294 LEADER projects supported, 263 were on-going commitments from the 2007-2013 Programme.

Jobs created by these projects and the population benefiting from them were reported under the 2007-2013 Programme.

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

NCR: No claims received and paid between 2014 and 2017.

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

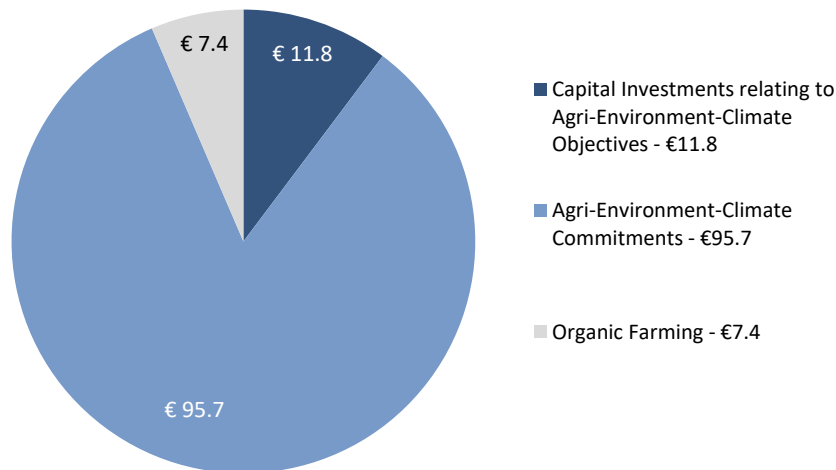
With the programme having only been formally approved in May 2015 the level of expenditure and outputs generated from this expenditure were lower than anticipated in the initial years of the Programme. With all schemes having been launched in 2016 and having now approved and funded projects, with the exception of the Broadband Scheme, the level of outputs being generated, as shown in the table above, have started to increase.

# AECS and FGS Scheme Updates

## Agri-Environment Climate Scheme

- Indicative scheme budget of €363.3 million
- €114.9 million spent in 2014 to 2017
- Number of applications: 2,942
- Number of applications approved: 2,305

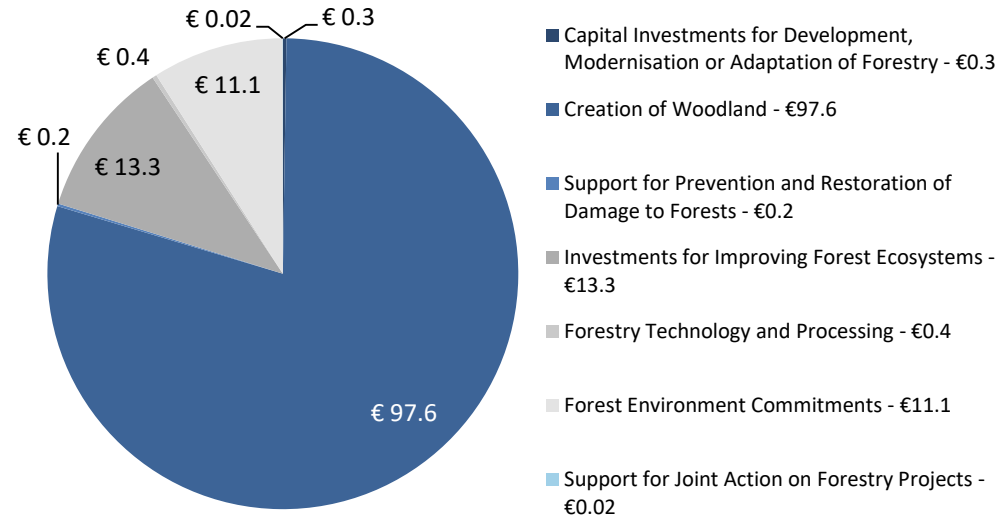
Expenditure in 2014 to 2017 (€ millions)



## Forestry Grant Scheme

- Indicative scheme budget of €332.2 million
- €122.9 million spent in 2014 to 2017
- Number of applications: 2,395
- Number of applications approved: 2,027

Expenditure in 2014 to 2017 (€ millions)



The majority of expenditure on the Agri-Environment Climate Scheme (AECS) and the Forestry Grant Scheme (FGS) during the SRDP 2014-2020 will be on multi-year contracts. In first four years of the Programme, most of the expenditure on both of these schemes has been on multi-year contracts that were on-going commitments from the SRDP 2007-2013 under the Rural Priorities and Land Mangers Options schemes. Expenditure on new SRDP 2014-2020 multi-year contracts for the FGS started in 2016 and in 2017 for the AECS.

# Performance Framework Indicators – Performance Reserve

There are specific milestones 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 milestones, against Priorities and Focus Areas, and progress through the first four years of the Programme are shown in the table below.

Priority	Indicator	2014 to 2017	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)	158.77	338.06	135.22	40%	47%
	Number of agricultural holdings with support for investment in restructuring or modernisation (Focus Area 2A) + holdings with supported business development plan/investment for young farmers (Focus Area 2B)	2,407	5,171	2,068	40%	47%
	Area supported under LFASS/ANC (ha) (Focus Area 2A)	1,166,652	1,400,000	1,260,000	90%	83%
3 - Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	Total Public Expenditure (€m)	31.56	87.27	26.18	30%	36%
	Number of supported agricultural holdings receiving support for participating in quality schemes, local markets/short supply circuits, and producer groups (Focus Area 3A)	2	4	2	40%	50%
	Number of operations supported for investment (Focus Area 3A)	86	122	37	30%	70%
4 - Restoring, preserving and enhancing ecosystems related to agriculture and forestry	Cumulative Numbers of holdings supported (Focus Area 3A)	7,683	7,683	6,920	90%	100%
	Total Public Expenditure (€m)	308.32	692.96	277.18	40%	44%
	Agricultural land under management contracts contributing to biodiversity (ha) (Focus Area 4A) + improving water management (ha) (Focus Area 4B) + improving soil management and/preventing soil erosion (ha) (Focus Area 4C)	662,726	1,333,100	533,240	40%	50%
5 - Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	Area supported under LFASS/ANC (ha) (Focus Area 4A)	1,166,652	1,400,000	1,260,000	90%	83%
	Total Public Expenditure (€m)	50.09	256.92	102.77	40%	19%
6 - Promoting social inclusion, poverty reduction and economic development in rural areas	Agricultural and forest land under management to foster carbon sequestration/conservation (ha) (Focus Area 5E) + Agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (ha) (Focus Area 5D)	71,621	139,000	55,600	40%	52%
	Total Public Expenditure (€m)	23.99	126.31	44.21	35%	19%
6 - Promoting social inclusion, poverty reduction and economic development in rural areas	Population covered by LAGs (Focus Area 6B)	2,100,000	2,100,000	2,100,000	100%	100%
	Number of operations supported to improve basic services and infrastructures in rural areas (Focus Areas 6B and 6C)	1,125	1,259	441	35%	89%

Progress against the overall 2023 targets and 2018 milestones have been subject to the variance of scheme availability in the initial years of the Programme and the levels of on-going commitments from the SRDP 2007-2013. This has resulted in greater progress towards achieving the 2018 milestones for some of the indicators compared to others. Progress for the expenditure indicators for Priorities 5 and 6 has been slower than forecasted. These issues are being investigated and will be addressed in a future modification of the Programme.

# Communications

The [Information and Publicity Strategy](#) for the SRDP 2014-2020 was established in early 2015 and has been updated accordingly since then, including in 2017.

Communications in 2017 continued to raise the awareness of each of the schemes, the procedures of applying, selection criteria, process and timetables for approvals and payments. Following the UK referendum on EU membership communication has continued to all stakeholders to ensure that they understood how this impacted on the SRDP, and to provide reassurance that the SRDP continued to operate.

Avenues for engaging with customers included:

- A targeted promotion campaign for Agri-Environment Climate Scheme, aiming to promote and increase the number of applications in spring 2018, ahead of the UK exit from the EU in March 2019;
- Extensive promotion of the Less Favoured Area Support Scheme loan for 2016 applications; keeping stakeholders informed about the future of the Less Favoured Area Support Scheme;
- Raising awareness of the Farm Advisory Service;
- Launch of the Beef Efficiency Scheme advice provision to provide compulsory advice for applicants on delivering the best environment and climate outcomes.
- Continue engagement with Local Action Groups to help improve the implementation of the LEADER programme; and
- Communications on the closure of the Environmental Co-operation Action Fund, including other avenues for support for co-operative action.



# Scottish Rural Network

The 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.

An Annual Work Programme was drawn up which set out the planned activities of the [Scottish Rural Network](#) (SRN) for 2017-18, and this was supported by the SRN Communication and Monitoring and Evaluation Plans.

Some of the key activities undertaken by the SRN in 2017 included:

- Production of 20 short films featuring SRDP funded projects released as part of the [SRDP on Film](#) series;
- Publication of 19 SRDP project [case studies](#);
- Production of eight case study flyers, distributed at the Royal Highland Show, other events and online, to promote SRDP funded schemes and the application process;
- Establishment of the LEADER Communications Working Group to coordinate communications activity across the LEADER Programme in Scotland;
- Launch of LAG only area of SRN website containing LEADER information and resources;
- Organised and facilitated three cooperation workshops across Scotland leading to 23 proposed LEADER cooperation projects; and
- Linked in with key stakeholder Scottish Rural Action, supporting and helping to facilitate the Scottish Rural Action Conference in September 2017.