



Scottish Rural Development Programme

Summary of Progress - 2014 to 2019



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



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Introduction

The fifth Annual Implementation Report (AIR) on the [Scottish Rural Development Programme \(SRDP\) 2014-2020](#) covers the calendar year 2019 and the period from 2014 to 2019. The full report can be accessed [here](#).

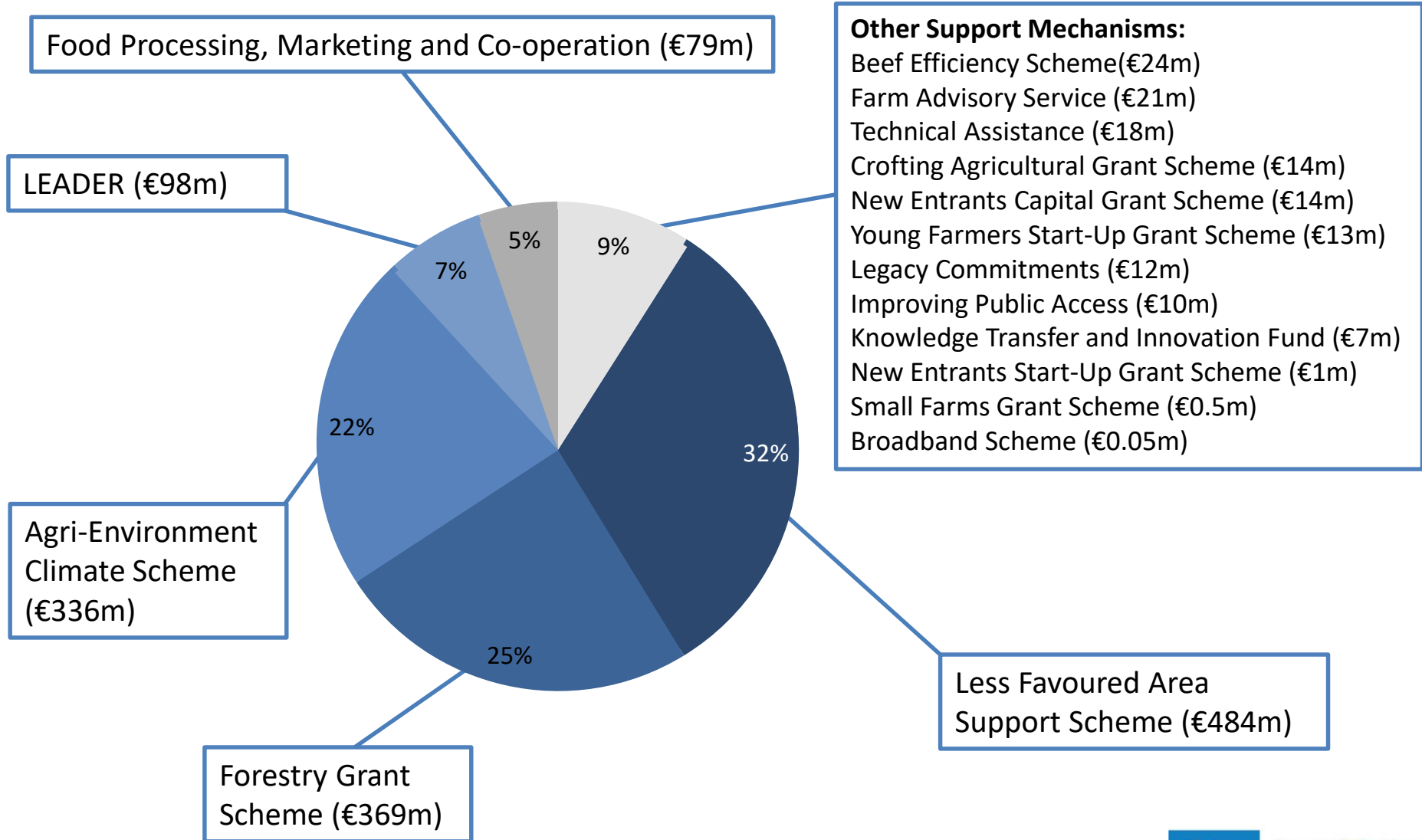
The SRDP delivers Pillar 2 of the European Union's (EU's) Common Agricultural Policy (CAP). It funds economic, environmental and social measures for the benefit of rural Scotland. The key purpose of the SRDP 2014-2020 is to help achieve sustainable economic growth in Scotland's rural areas and the key 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 €1,502.1 million, with funding coming from the EU (€844.7 million) as well as from the Scottish Government (€657.4 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 six 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 and sixth modifications, carried out during 2017 and 2019 respectively, the co-financing rate and the financial plans were revised. These modifications have 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.

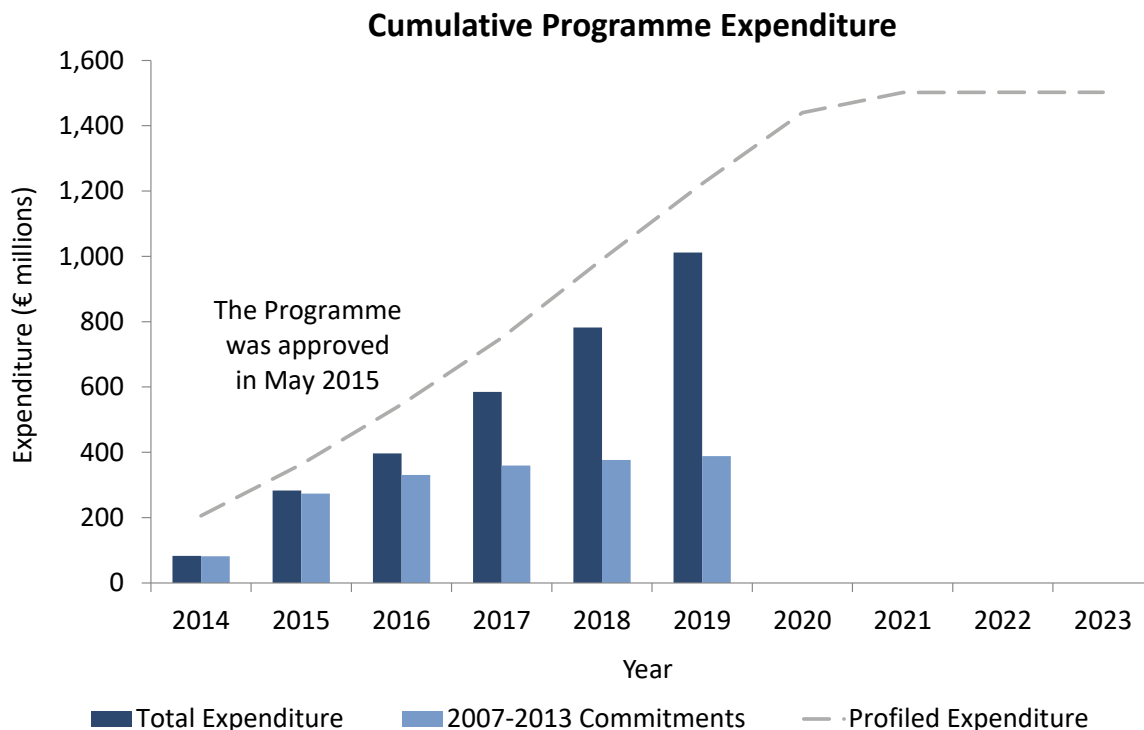
The outcome of the EU Referendum on 23 June 2016, the UK Government's decision to leave the EU and the on-going uncertainty about how and when this will happen has resulted in significant uncertainty for communities across Scotland who rely heavily on this investment. The UK Government has guaranteed the EU element for all contracts entered into by the end of 2020, for the lifetime of those contracts. Scottish Ministers continue to seek further assurances for funding beyond the date of an EU exit. The ['Stability and Simplicity' consultation](#) proposed that the majority of schemes would continue but could be subject to simplification and improvements to broadly refocus and target schemes, where possible, towards key priorities including climate change and biodiversity loss.

Structure of SRDP 2014-2020



- Other Support Mechanisms:**
- Beef Efficiency Scheme(€24m)
 - Farm Advisory Service (€21m)
 - Technical Assistance (€18m)
 - Crofting Agricultural Grant Scheme (€14m)
 - New Entrants Capital Grant Scheme (€14m)
 - Young Farmers Start-Up Grant Scheme (€13m)
 - Legacy Commitments (€12m)
 - Improving Public Access (€10m)
 - Knowledge Transfer and Innovation Fund (€7m)
 - New Entrants Start-Up Grant Scheme (€1m)
 - Small Farms Grant Scheme (€0.5m)
 - Broadband Scheme (€0.05m)

Programme Expenditure



The total public expenditure (EU and Scottish Government funding) incurred and paid in 2019 was €229.8 million. Of which €224.6 was co-financed with the EU and the remaining €5.2 million was solely Scottish Government funded.

Since the start of the Programme the total public expenditure has been €1,012.0 million. This includes legacy commitments made under SRDP 2007-2013.

Expenditure is profiled until 2023 as the 2014-2020 Programme budget can be spent up to three years after 2020.

By the end of 2019, 78% of the total Programme expenditure had been delivered through just three schemes. With 38% of the expenditure being on the Less Favoured Area Support Scheme (€380.3 million), with a further 22% of expenditure on the Forestry Grant Scheme (€220.1 million) and 19% on the Agri-Environment Climate Scheme (€189.0 million).

As the SRDP 2014-2020 was only approved in May 2015 there was a delay in new schemes being launched. As a result most of the expenditure in the initial stages of the Programme were on legacy commitments. These legacy commitments are now coming to an end. During 2019, just 5% (€11.8 million) of the expenditure was for legacy commitments made under the SRDP 2007-2013. This compares to just under 40% (€388.6 million) for the whole Programme period.

Scheme Updates

During 2019, the majority of schemes were open to new applications and were approving and supporting new projects under the 2014-2020 Programme. Of the 15 schemes, six were closed to new applications in 2019:

- Beef Efficiency Scheme;
- Broadband Scheme;
- Improving Public Access;
- New Entrants Capital Grant Scheme;
- New Entrants Start-Up Grant Scheme; and
- Young Farmers Start-Up Grant Scheme.

As part of the sixth modification of the Programme, approved in December 2019, the Broadband Scheme was closed. The closure of the scheme was a result of the launch of the Scottish Government's [R100 Broadband initiative](#) which reduced the need for community led broadband solutions funded by the SRDP 2014-2020.

As a result of projects that received support in 2019:

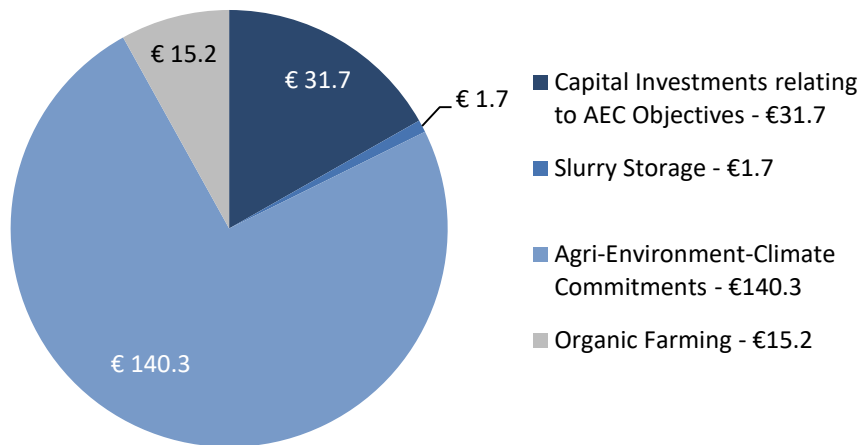
- The Beef Efficiency Scheme advised 1,413 beneficiaries;
- The Crofting Agricultural Grant Scheme supported 596 crofts;
- The Farm Advisory Service advised 12,772 beneficiaries;
- The Food Processing, Marketing and Co-operation Scheme supported 18 projects, one of which was a co-operation project;
- The Knowledge Transfer and Innovation Fund trained 2,691 participants;
- Over 100,000 of the rural population benefited from improved infrastructure due to the Improving Public Access Scheme;
- LEADER projects created 119 jobs; and
- The Less Favoured Area Support Scheme supported over 2.3 million hectares facing natural constraints.

AECS and FGS Scheme Updates

Agri-Environment Climate Scheme (AECS)

- Indicative scheme budget of €336.4 million
- €189.0 million spent in 2014 to 2019
- Total number of applications: 4,474
- Total number of applications approved: 3,390
- Almost 900,000 hectares were under management due to AECS contracts in 2019 and a further almost 58,000 hectares were supported for organic farming

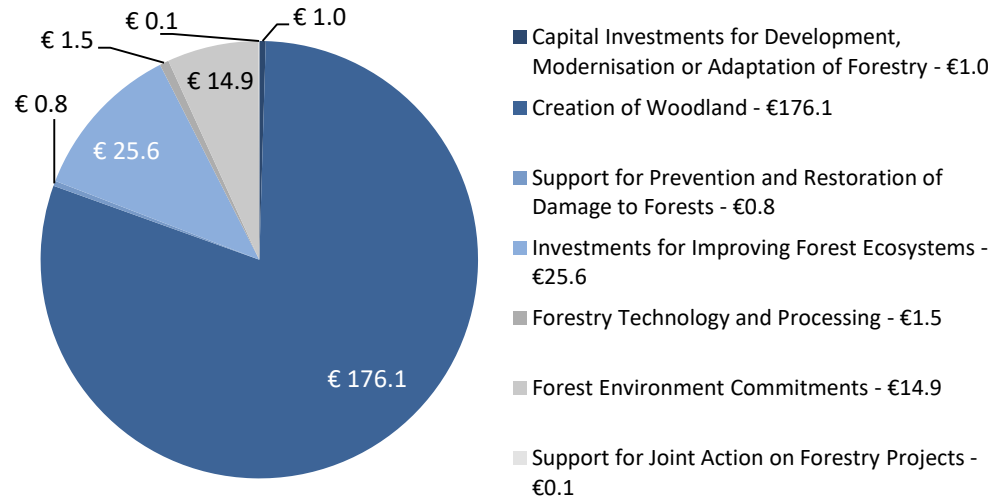
Expenditure in 2014 to 2019 (€ millions)



Forestry Grant Scheme (FGS)

- Indicative scheme budget of €368.6 million
- €220.1 million spent in 2014 to 2019
- Total number of applications: 3,877
- Total number of applications approved: 3,613
- Over 9,900 hectares of woodland were created in 2019 and over 33,000 hectares were supported to improve forest ecosystems

Expenditure in 2014 to 2019 (€ millions)



The majority of expenditure for the AECS and the FGS will be on multi-year contracts. In the initial years of the 2014-2020 Programme, most of the expenditure on these schemes was on multi-year contracts that were legacy commitments from the SRDP 2007-2013. Expenditure on new multi-year contracts for the AECS started in 2017 and in 2016 for the FGS. From 2018 onwards the majority of both the AECS and the FGS expenditure has been on projects approved under the 2014-2020 Programme.

Summary of Progress

The table below shows a summary of the SRDP progress against expenditure between 2014 and 2019:

Support Mechanism	Holdings/ Beneficiaries Supported ²	Actions/ Operations/ Projects Supported	Co-operation Operations Supported	Area Supported (ha)	Jobs Created	Numbers Advised	Numbers Trained	Benefiting from Improved Services/ Infrastructure	Expenditure in 2014 to 2019 (€ millions)
Agri-Environment Climate Scheme	536	1,750		1,851,727 (including 122,728 ha supporting organic farming)					189.0
Beef Efficiency Scheme				108,322		2,868			16.8
Broadband		4						-	0.05
Crofting Agricultural Grant Scheme	2,510	3,339	1						15.2
Farm Advisory Service						27,873			12.6
Food Processing, Marketing & Co-operation		125	5						44.2
Forestry Grant Scheme	2,422	1,919	8	289,948 (including 33,224 ha of woodland creation)					220.1
Improving Public Access		71						165,745	4.3
Knowledge Transfer and Innovation Fund			11				17,075		5.6
LEADER ¹		1,127	70		352			289,068	50.9
Less Favoured Area Support Scheme	12,505			2,342,251					380.3
New Entrants Capital Grant Scheme	681	908							12.4
New Entrants Start-Up Grant Scheme	49	49							0.6
Small Farms Grant Scheme	41	55							0.4
Young Farmers Start-Up Grant Scheme	205	205							13.0

Notes:

1: Of the 1,127 LEADER projects supported, 263 were legacy 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.

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 were lower than anticipated in the initial years of the Programme. All schemes were launched by the end of 2016 and have been approving and funding projects since then. As the end of the Programme is approaching some schemes are now closed to new applications. The level of expenditure and therefore outputs have increased across the different schemes in recent years, as shown in the table above.

Evaluation Activities

Evaluation activities increased during 2019. While evaluations on a number of schemes and delivery mechanisms of the Programme were started in 2019, two evaluations were completed and published:

Farm Advisory Service (FAS)

- The FAS is performing a range of functions in giving farmers ideas for action, a better understanding of which actions to take, their potential benefits and how to do so (with greater confidence);
- About a third of the recommended actions would not have been taken without the input of the FAS;
- The FAS is mainly acting to improve the benefits farmers and crofters achieve through taking recommended actions. These benefits are quite wide ranging including increased profitability, the creation and restructuring of businesses, creation and safeguarding of employment and various environmental benefits; and
- Satisfaction with the service is relatively high. It is perceived to offer high quality, practical advice.

Food Processing, Marketing and Co-operation (FPMC)

- There is evidence to show that the FPMC Scheme is having a positive impact on the Scottish economy, population health, and environmental sustainability;
- The meat sector contributed the most to the job market and cost efficiencies (grant cost per job, turnover, pre-tax profits). The alcohol sector meanwhile contributed least to jobs, cost efficiencies, population health, and the environment;
- Most applicants were satisfied with the application process overall; and
- There was also consistent concern around the use of agents which was perceived as inequitable especially for smaller businesses that were less able to afford agents' fees.

Communication Activities

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

Communications in 2019 supported and informed colleagues and stakeholders about SRDP 2014-2020 schemes. Updates on SRDP 2014-2020 schemes were provided directly to stakeholders at the [Agriculture and Rural Development Stakeholder Group](#) throughout 2019. The Royal Highland Show also allowed wider engagement with the agricultural community in June 2019.

This has been complemented by specific scheme actions including:

- The [Rural Innovation Support Service](#) has attracted more than 2,370 visits to the website helping as a bottom-up approach to rural innovation and addressing the needs of land managers;
- The Beef Efficiency Scheme delivered 36 events across Scotland, covering improved herd fertility and financial and management benefits;
- Raising awareness of the Farm Advisory Service continued by on-going promotion activity;
- Continued operation of the LEADER Communications Working Group to drive and coordinate communications and link up Local Action Groups across the Programme; and
- Promoting the woodland creation element of the Forestry Grant Scheme.

In addition to the specific communications around the SRDP 2014-2020, the [Rural Payments and Services](#) website provides a single point of information for all CAP support, including scheme guidance and information on inspections, breaches and penalties, and appeals and complaints.

Scottish Rural Network

The Network Support Unit, based within Scottish Government, was 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 2019-20, and this was supported by the SRN Communication and Monitoring and Evaluation Plans.

Some of the key activities undertaken by the SRN in 2019 included:

- Produced and promoted 27 SRDP case studies. This includes 12 case study videos and purpose made flyers from the SRN and 15 case studies promoted by the SRN commissioned [Rural Innovation Support Service](#);
- Produced a [SRDP brochure](#) with a summary of schemes and case studies to be handed out at the Royal Highland Show and other events;
- Linked in with European colleagues at events such as the NetworX conference and Rural Inspiration Awards held in Brussels, where the SRN supported ENRD colleagues in the delivery of the event and supported the two Scottish LEADER funded projects who were among the 25 finalists for the Rural Inspiration Awards;
- Worked with policy colleagues and stakeholders to deliver the Rural Enterprise Futures Event in September 2019. The SRN produced an event highlights [video](#) to publicise the outcomes of the event;
- Delivered and co-hosted the Smart Digital Villages' event held for the EU Smart Villages Network and the LEADER Smart Digital Villages project. The SRN produced an event highlights [video](#); and
- Continued to build on our youth engagement in 2019 in partnership with the Rural Youth Project.