

# Scotland Rural Development Programme 2007 – 2013 implementation

## An Update... March 2007

This newsletter, together with future updates, will help to keep you informed on the new SRDP, its development and implementation. We are planning the provision of web-based information and guidance, training events, further newsletters and other communications later this year. All this is designed to equip you to play your part in the successful implementation process and future delivery of the SRDP.

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### The RDR & SRDP - what are they?

EU Member States draw up multi-annual programmes setting out how they intend to use rural development money under Pillar 2 of the Common Agricultural Policy (CAP) budget. The CAP is commonly seen as having two pillars. Pillar 1 includes agricultural market support, and subsidies paid direct to farmers (e.g. the Single Farm Payment). Pillar 2 is rural development spending and is administered through Rural Development Programmes.

Member States can implement the *Rural Development Regulation (RDR)* through regional programmes, and in the UK, separate programmes are being produced by the Scottish, English, Welsh and Northern Irish administrations. For Scotland, it is the *Scotland Rural Development Programme (SRDP)*. For the EU25, the balance of spending between the two pillars is c. 80% Pillar 1: 20% Pillar 2. A new programme period started in January 2007 and runs until December 2013. The RDR governs rural development spending during this period and contains 42 possible options for spending. These options are grouped under three axes or themes. Member States must spend a minimum proportion of European Union (EU) fund on each axis as follows:

- Axis 1: Improving the competitiveness of the agricultural sector (10%);
- Axis 2: Improving the environment and countryside by supporting land management (25%);
- Axis 3: Improving the quality of life in rural areas and encouraging diversification and growth of economic activity (10%)

Failure to meet this requirement will lead to the imposition of considerable penalties.

The RDR sets the rules and scope of the 2007-13 SRDP.

Key aims under the new Regulation are to adopt a more strategic approach and to provide support for a wide range of beneficiaries in rural areas, including land managers (farmers, crofters, foresters, sporting estates), other businesses and community groups.

An outcome-based approach is the fundamental building block of the new SRDP, and five key outcomes have been identified:

*Business viability* and competitiveness - fundamental under the new SRDP as viable rural economies are a prerequisite to deliver the range of benefits that society expects from farming and forestry;

*Enhanced biodiversity and landscape* thus securing and improving Scotland's natural and cultural heritage for current and future generations;

*Improved water quality* particularly to meet the requirements of the Water Framework Directive;

*Tackling climate change* - mitigating its effects and adapting to it; and

*Building thriving rural communities* and improving the quality of rural life.

### Delivering the SRDP

The Programme will have the following delivery vehicles: Land Management Contracts, Less Favoured Areas Support Scheme (LFASS), LEADER, Processing & Marketing Grants, Crofting grants, Woodlands in and around Communities Challenge and Forest for People Challenge.

The cornerstone of the 2007-13 SRDP will be **Land Management Contracts (LMC)**. These will have three tiers:

- Tier 1 is the Single Farm Payment (Pillar 1 of the CAP), which is covered by a different EU regulation and is not part of the SRDP. However, all land-based elements of the 3 Tiers of LMCs will be subject to environmental cross-compliance to meet regulatory requirements and standards identified under Good Agricultural and Environmental Condition.

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- Tier 2 is a non-competitive menu of options available to all land managers and aims to secure environmental, social and economic benefits across a broad band of rural Scotland. This was introduced in 2005 and currently offers 17 different options. The Executive has proposed a similar menu for 2007-13 with some additional measures.
- Tier 3 will be introduced later this year and will deliver higher levels of benefits in a more targeted way, based on regional priorities. It will be available to land managers and, for some measures, other businesses and community groups. It will be a competitive scheme.

**LEADER** is a locally-based approach to development and is delivered through a “bottom up” approach, rather than “top down”. Decisions are taken by a Local Action Group (LAG) partnership of local public agencies, NGOs and private representatives.

Projects are largely from the economic and community angle; however environmental and diversification projects have also been funded.

LAG areas must have a population base of 5,000 inhabitants and a maximum of 150,000 to ensure that it remains “local” and that there is sufficient critical mass to implement the strategy.

The LAG partners produce a local development strategy based on need and requirements which they use to target funding to maximise resources.

Leader engages rural communities widely. The Leader axis (Axis 4 of the RDR) is a horizontal one which can deliver against any or all of the other three axes. A minimum of 5% must be spent using the Leader approach. Leader has a strong focus on innovation and cooperation and as such can support projects which would not be supported by other measures in the regulation. Cooperation fosters the promotion of knowledge transfer, skills and expertise amongst rural players as well as business and community gain. The regulation prioritises women and young people and one of the key aspects is building capacity in local partnerships, organisations and communities.

In 2003, The European Court of Auditors criticised the way EU money was being used to support farmers in Less-Favoured Areas (LFA). The Court was critical of whether all areas classified as LFA were equally disadvantaged, and whether the impact of support was being measured. When the EC made proposals for a new RDR, it undertook a review of LFA payments. However, no agreement could be reached among EU agriculture ministers on changes to support LFAs. Instead it was agreed that LFAs would be reviewed in 2009, with a view to implementing any changes to the rules from 2010. The SE has proposed to implement a simplified **LFA Support Scheme (LFASS)** for 2007, 2008 and 2009, with farmers being paid on the basis of what they had received in previous years.

## Funding the SRDP

There are three main sources of funding for the SRDP; European Agricultural Fund for Rural Development (EAFRD), SE resources (DEL) and voluntary modulation.

Scotland’s allocation from EAFRD has been announced, but it is not known at this stage the level of SE funding that will be available (beyond that required to match-fund EAFRD resources) or the level of voluntary modulation. DEL will account for the majority of the funding.

The Scotland Rural Development Programme budget for 2007 – 2013 will be in the region of £1.5 billion, including EAFRD, DEL and Voluntary Modulation.

## What’s new?

Reform of the Common Agricultural Policy (CAP) in 2003 has led to support for agriculture and forestry being de-coupled from production. The new SRDP will be *buying priority public benefits* without subsidising production.

*Support under the new SRDP will be strongly focused upon outcomes that will deliver those public benefits, notably good environmental and land management, and secure sustainable rural economies.*

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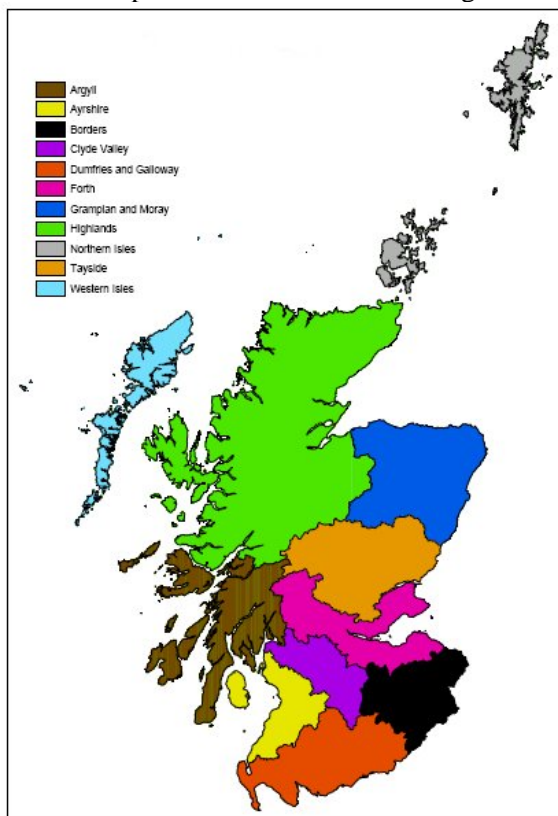
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Collaboration and innovation will be encouraged, as *rural communities will be empowered to deliver agreed regional priorities.*

*Environment & Rural Affairs Department, Scottish Natural Heritage and Forestry Commission Scotland staff will be brought together as a unified customer-focused public service to support implementation of the new programme.*

*Tier 3 will be competitive and outcome-focused. Proposals that contribute most towards regional priority outcomes will stand greatest chance of being supported under the new Programme. This will be achieved through a regional approach – similar to that used for Business Development and Structural Fund support. Regional Rural Development Forums (RRDF) will be tasked with setting priorities at a regional level; Regional Project Assessment Committees (RPACs), comprising government officials, to assess proposals and a National Project Assessment Committee to take an overview and provide feedback to regions as the programme develops.*

The SRDP will be delivered through 11 RPACs. This map illustrates the 11 RPAC regions:



## The timetable

Implementing the SRDP is a major programme of preparation and delivery work. Implementation itself will extend over a 3-year period to allow phased introduction of the various elements and supporting systems.

A complete programme plan, showing the main stages of work and key implementation dates, is being developed and will be made available shortly.

At this point there are no firm commitments to dates for the opening of any particular parts of the SRDP. There are many interdependencies which need to be worked through before we can go 'live' with the new elements of the Programme.

However, for the purposes of planning our work over the next few months, we are aiming to be ready to start a Tier 3 proposals submission process from the late autumn of 2007, or as soon after as all significant interdependencies have been resolved. The situation is continuously reviewed by the SRDP implementation management team.

Development and preparation work is now well underway and we shall all need to keep up a brisk rate of progress to meet what is a demanding timescale.

## What progress?

The SRDP Implementation Programme has been formally established, with Paul Neison as its Director.

- ERAD, SNH and FCS are joint delivery agents, supported by the wider ERAD family.
- The work has been divided into 12 workstreams, each with a designated manager, and team members from ERAD, SNH and FCS.
- Cathy Watkins took up post in Pentland House at the end of January as overall Programme Manager, with support from Helen Stanley and Sandra Hynd.
- Progress is reviewed monthly by the Implementation Programme Board and the Director reports to the Implementation Steering Group at least quarterly.

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Workshops and follow-up planning sessions have been held to develop a coherent plan and approach to the work, with workstreams tackling their specific tasks and challenges. This has already achieved significant progress, including for example:

- Agreement of an ICT vision and strategy
- Approval of a proposals submission and assessment process for Tier 3
- Approval of the principles of regionalisation; and agreement on key contacts from FCS, SNH and ERAD offices for each of the RPAC areas.
- Approval of a communications strategy and a working plan for implementing that strategy.

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### **What's in a name?**

**Land Management Contracts Tier 2** has the name the *Menu Scheme*. As yet, **Land Management Contracts Tier 3** has not been given a distinctive name. Any ideas? Please send your suggestions to Michael O'Neill by 30<sup>th</sup> April 2007. E-mail: michael.o'neill@scotland.gsi.gov.uk