



The James
Hutton
Institute

Science connecting land and people

Scottish Government Consultation on future CAP direct payments in Scotland from 2015

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Submitted: 28th March 2014

Question 1: The Scottish Government proposes that Payment Regions should be based on historical land type designations. Do you agree?

Response: Yes

Question 2: The Scottish Government proposes that having two Payment Regions will allow sufficient account to be taken as regards to the difference between land of differing quality without causing undue complexity for farmers and officials. Do you agree?

Response: No

Question 3: The Scottish Government proposes that Region 1 should be arable, temporary grass and permanent grassland and Region 2 should be rough grazing. Do you agree?

Response: No

Question 4: In considering future Payment Regions, please rank your top 3 options in order of preference (1 = first priority, 2 = second priority etc.).

Response:

a) Proposed Scottish Government approach of 2 regions based on land type; ranks 2

b) 3 regions based on land type; - rank 1

c) 2 regions based LCA

d) 3 regions based on LCA Rank 3

Question 5: The Scottish Government thinks the final area rate for mandatory direct payments (i.e. Basic Payments plus Greening Payments) on land in the Rough Grazing Payment Region should be between €20-25/ha. Do you:

Response: Support the Scottish Government's proposal

Question 6: How quickly should we move to average payment rates in a region?

Response: Flat area rate from Day 1 (2015)

Question 7: How would you prioritise the following factors which we need to take into account in deciding how to move to area based payments (1 = first priority, 4 = lowest priority etc.)

Response:

a) Simplicity; Rank 2

b) Clear and accurate forecasts of future payments to each farmer; Rank 3

c) Allowing farmers time to adjust to change; Rank 4

d) Avoid undue delay to those seeking fairer payments; rank 1

Question 8: The Scottish Government proposes that the value of future Basic Payments be calculated based on the value of the SFP entitlements **held** by farmers in 2014 rather than on the amount of SFP **paid** to a farmer in 2014. Do you agree?

Response: Yes

Question 9: The Scottish Government proposes to keep the minimum threshold at the present level, so that control of at least 3 hectares of eligible land would be needed to claim future direct payments. Do you agree?

Response: Agree – the minimum threshold should remain at 3 hectares

Question 10: The Scottish Government is not minded to add further business types to the negative list, to be automatically excluded from payments unless they can demonstrate that they are active farmers. Do you agree?

Response: No

Question 11: If the detailed rules allow, the Scottish Government intends to require land that is naturally in a state suitable for grazing to have a minimum stocking density in the region of 0.05LU/ha (i.e. roughly 1 sheep on 3 hectares) with derogations, for future direct payments. Do you agree?

Response: Disagree for some other reason

Question 12: If we are not able to use a minimum stocking density requirement to meet the minimum activity requirement, should we instead require farmers to demonstrate that they are “active” famers by having plans to ensure a structured flock or herd, for example, plans showing a replacement strategy?

Response: No

Question 13: What should we be aiming for when considering an appropriate minimum activity requirement –please rank your top 3 options in order of preference (1 = first priority, 2 = second priority etc.).

Response:

c) Do the minimum necessary to meet European requirements even if this means slipper farming continues in Scotland; Rank 3

d) Workable and easy to understand rules for farmers; Rank 2

e) Appropriate procedures for environmental sensitive land; Rank 1

Question 14: Comment Box on the minimum activity requirement (200 word maximum)

As noted in research conducted by the Institute, minimum activity requirements based on stocking rate are unlikely to eliminate slipper farming since the rate cannot be set high enough without generating an unacceptable administrative burden in terms of derogations on the grounds of environmentally appropriate management. The uncertainty over the legality of SR also means that other measures must be put in place to provide real certainty. There may be potential for adding to the negative list businesses where returns are not from agricultural activities as commonly understood and there is no obvious public good such as derived from designated areas or the like. This could include estates managed exclusively for sporting interests. It may also be worth considering differentiating within the rough grazing land type to exclude areas used predominantly for sporting activity so as to appropriately support businesses that combine both agricultural and sporting interests. Proposals by others with potential merit have included the need for land managers to declare via SAF and have available for inspection receipts to a minimum value for agricultural inputs and bills of sale for agricultural commodities.

Question 15: The Scottish Government does not propose to use the reduction coefficient that can be applied when payment entitlements are **allocated**. Do you agree?

Response: Yes

Question 16: The Scottish Government does not propose to use the reduction coefficient that can be applied when payment entitlements are **activated**. Do you agree?

Response: Yes

Question 17: Which one of the following options for degressive reductions do you prefer?

Response: Should apply other types of optional degressivity in addition to the mandatory 5% degressive reduction of Basic Payments to a business which is greater than €150,000

Question 18: The Scottish Government proposes to use the windfall provision in cases where the termination or ending of a lease leads to a windfall gain for the farmer concerned. Do you agree?

Response: Yes

Question 19: The Scottish Government thinks that Scotland should take full advantage of a siphon on sales of entitlements without land. Do you agree?

Response: Yes

Question 20: The Scottish Government thinks that the Greening payment should be regionalised and paid on an area basis. Do you agree?

Response: Agree the Greening payment should be regionalised, with each region having its own Greening payment rate;

Question 21: Do you think the Scottish Government should use the option to designate further environmentally sensitive permanent grassland areas outwith Natura sites?

Response: Yes

Question 22: Do you think that the Scottish Government should continue to monitor the area of permanent grass at national level?

Response: Yes

Question 23: Which of the following areas do you think we should consider as being part of EFA in Scotland (bearing in mind the measurement and verification issues for landscape features):

Response:

b) Buffer strips

c) Landscape features

e) Uncultivated strips along forest edges

h) Catch crops or green cover

Question 24: Do you think we should consider the option to implement the EFA requirement at regional level?

Response: Yes

Question 25: Do you think we should consider the option to allow groups of farmers to implement the EFA requirement collectively?

Response: Yes

Question 26: We would like your views on whether optional weighting and conversion factors should be used when calculating the area of EFA on holdings?

Response: No, because this would weaken the benefit delivered by the EFA requirement

Question 27: Should we consider using the equivalence option in Scotland and if so how?

Response: Farmers should be required to deliver their Greening obligations through an equivalent certification scheme which could include a combination of standard Greening requirements and equivalent practices

Question 28: As far as the Greening crop diversification requirement is concerned, how do you think it should be implemented in Scotland?:

Response: No view

Question 29: If we had an equivalent crop diversification requirement should it include:

Response: No view

Question 30: As far as the Greening permanent grassland requirement is concerned how do you think it should be implemented in Scotland?

Response: Through the standard Greening Permanent grassland measure

Question 31: If we had an equivalent permanent grassland requirement in a certification scheme, which equivalent practice/s do you think should be included on meadows and pastures?

Response: None of these. The permanent grassland requirement should be delivered through standard Greening requirement

Question 32: If we had an equivalent permanent grassland requirement in a certification scheme, which equivalent practice/s you think should be included on extensive grazing systems?

Response: None of these. The permanent grassland requirement should be delivered through the standard Greening requirement

Question 33: As far as the EFA requirement is concerned how do you think it should be implemented in Scotland?

Response: No view

Question 34: If we had an equivalent EFA requirement which areas do you think should be able to count towards this requirement?

Response: No view

Question 35: The Scottish Government thinks that GAEC 1 – the requirement to establish buffer strips along water courses – should include a ban on cultivation within 2m of surface water or wetland? Which of the following options do you prefer? Tick one.

Response: A ban on cultivation and fertiliser and pesticide use within 2m of a water courses

Question 36: The Scottish Government does not intend to introduce new requirements into GAECs 2, 3, 4 and 5. Do you agree?

Response: No view

Question 37: The Scottish Government does not intend to introduce new requirements other than the compulsory ban on the burning arable stubble as set out by Europe. Do you agree?

Response: No view

Question 38: In relation to hedges, which of the following options for GAEC 7 “Retention of landscape features” do you prefer? Tick one

Response: A ban on cultivation and fertiliser and pesticide use within 2m of a hedge

Question 39: In relation to dry stone walls, which of the following options for GAEC 7 do you prefer? Tick one

Response: A ban on cultivation and fertiliser and pesticide use within 2m of a dry stone wall

Question 40: The Scottish Government does not intend to use the option to allow GAEC 7 to require farmers to tackle the spread of invasive species (click all that are relevant).

Response: No view

Question 41: Comment box for comments on greening measure, Equivalence and GAEC (500 words maximum)

While the overall thrust of the proposals is welcome, the levels of complexity introduced by multiple equivalence options is potentially bewildering for land managers, likely to be expensive to implement and inspect, and for individual cases may be difficult to justify. Equivalence provides the means by which measures defined by the EU can be implemented most appropriately for the Member State circumstances. Yet there is also the potential for equivalence to be used to water down the measures and to limit the potential environmental gains. All equivalence measures should be required to demonstrate the circumstances (including spatial dimensions) in which they result in superior outcomes and that the nature of the superiority is clear.

Question 42: What level of VCS do you think should go to a [futurebeefscheme?](#)

Response: 0%

Question 43 : The Scottish Government thinks that future VCS should be allocated to give 3 x the rate for the first 10 calves, 2 x the rate for calves 11-50 and 1 x rate for more than 50 calves. Do you agree?

Response: No view

Question 44: Should any future coupled support scheme for beef allow payments on beef calves from dairy cows i.e. 50+% beef genetics?

Response: No because it would complicate the market and devalue the "Scotch beef" brand

Question 45: Do you agree that we should not consider coupled support for lambs until there is a statutory database in place that identifies individual animals?

Response: Yes

Question 46: If a coupled support scheme for sheep was introduced what proportion of VCS funding should be used?

Response: No view

Question 47 – Should we explore with the other UK regions whether it could be possible to use more than 8% of the Scottish ceiling for voluntary coupled support?

Response: No

Question 48: Should Scotland use the Redistributive Payment option?

Response: Yes

Question 49: The Scottish Government proposes to pay Young Farmer top ups on the first 54 ha using Option (1) (top up payments calculated at 25% of average entitlement value). Do you agree?

Response: No view

Question 50: Given that the majority of Scotland's small farms are grassland and livestock based, the Scottish Government does not propose introducing a Small Farmers Scheme. Do you agree?

Response: Yes

Question 51: The Scottish Government does not propose to use the Pillar 1 ANC option and will continue to provide support for Less Favoured Areas under Pillar 2. Do you agree?

Response: Yes

Question 52: In Year 1, the Scottish Government proposes to use the National Reserve to help existing new entrants from Day 1. Do you agree?

Response: Yes

Question 53: The Scottish Government intends to ensure that future new entrants are able to access the National Reserve for entitlements and may use the option to perform further top slices to ensure there are adequate funds for this purpose. Do you agree?

Response: Yes

Question 54: Please score the following aspects of the proposed package for Basic Payments (1= Strong agreement that feature should be in final package, 2 = Agreement, 3 = Weak agreement and 4 = Disagree that feature should be in final package).

Response:

- a) **Two Payment Regions based on land type (Region 1 = arable (including temporary grass) and permanent grass and Region 2 = rough grazing; 3**
- b) **Regional budgets set to give a Basic Payment plus Greening payment combined rate in rough grazing Region 2 of €20-25/ha (any VCS would be in addition to this) and the combined Basic Payment and Greening rate in arable/permanent grassland Region 1 of €200-250/ha; 3**
- c) **Area based payments phased in by 2019 using standard internal convergence mechanism; 4**
- d) **Minimum activity requirement of around 0.05LU/ha with derogations; 4**
- e) **National reserve used for force majeure and new entrants; 1**
- f) **8% VCS to 75+% beef sector; 4**
- g) **Young Farmer Payments made on basis of 25% of average entitlement value; 3**
- h) **No Small Farmer Scheme; 1**
- i) **No Pillar 1 ANC payments; 1**

Question 55: Please score the following possible aspects of the future package (1= Strong agreement that feature should be in final package, 2 = Agreement, 3 = Weak agreement and 4= Disagree that feature should be in final package).

Response:

- a) **Regionalised redistributive payments across Scotland; 1**
- b) **Greening comprising Europe's 3 standard Greening measures; 3**
- c) **Greening comprising equivalence options; 3**

Question 56: Final comment box for comments on proposed package as a whole (500 words maximum).

A key finding of the Pack Inquiry was that future support for agriculture must drive transformative change. That is, the purpose of support must be demonstrable positive outcomes of public benefit rather than continuing to maintain existing practices and individuals. To that end, the overall package of measures must be judged against their impacts and not merely the distribution of support. The assessment of these impacts could be made by asking if the measures help businesses to:

- **Produce food wanted by the market;**
- **Help to sustain rural communities;**
- **Protect and sustain landscapes and habitats;**
- **Help to tackle climate change.**

As it stands, the consultation does not address these impacts, so there is a danger of the policy-making process being shaped solely by questions of (re)distribution rather than outcomes.

Managing complex coupled social-ecological systems with partial and uncertain information is particularly challenging. Recent research literature on *resilience* emphasizes the need to accept and even engender change within such systems; otherwise they ossify and lose their capacity to cope with external pressures. The role of government in such situations is argued to be in supporting the adaptive capacity of the system as a whole. This means supporting economically active, progressive, and especially small and medium-sized enterprises that provide diversity of supply, innovation, niche production and local linkages.

In this regard, a key element is the need not to preserve historic patterns of payments preferably beyond 2015 and certainly not beyond 2019. These are clearly unfair to active land managers who for whatever reason did not qualify for or purchase entitlements during the current funding period. There can be only limited justification for continuing to pay based on activities during 2000-2002, reflecting policy priorities from the 1990s. While there will be the need to adjust, this change has been on the horizon since 2005 and actively discussed and even mapped since 2010.

Voluntary coupled support (VCS) is seen by some in the industry as a 'silver bullet' to address the redistribution issues generated by the transfer to area-based payments, and that more coupling is in all cases better. While the VCS measures are unlikely to generate the serious market distortions and environmental damage of the pre-2005 payment regime, their use is not without cost. Our research indicates that VCS is a blunt instrument to address the issues with limited effectiveness and a significant cost to other parts of the agricultural sector. As such, its use should be minimized consistent with achieving the specific outcomes set.

Finally, care needs to be taken that measures are not allowed by increments to become too complex to be effective. Slipper farming is primarily the outcome of the need for WTO green box compliance. Its overall magnitude is limited, and its future scope will be severely limited by the use of payment regions based on land quality. Care should be taken that further measures to limit the scope for such activities are not disproportionate in terms of administrative complexity and burdens on farmers.