

## Decisions on CAP implementation in Scotland

### Background

The Scottish Government has a number of decisions to make on implementation of the recently reformed Common Agricultural Policy (CAP) in Scotland. The Cabinet Secretary for Rural Affairs and the Environment is due to announce his decisions to Parliament on Wednesday, 11 June 2014. ***This briefing summarises Scottish Environment LINK's views on what must be included in the package of CAP measures if Scottish farming is to become more sustainable and environmental targets for biodiversity, water quality and climate change are to be met.***

LINK believes the CAP serves a much wider purpose beyond maintaining food production. Agricultural land management has a vital role to play in maintaining the rural landscape, combating biodiversity loss, improving water quality and helping to mitigate against and adapt to climate change, as well as maintaining viable rural communities. Both Pillar I (direct payments) and Pillar II (Scotland Rural Development Programme) must play their part in this.

### Key decisions in Pillar I

#### Regionalising payments

- The EU requirement to move from an historic to a regionalised system of direct payments is an opportunity to redistribute funds and increase support for the most economically vulnerable but environmentally important farms and crofts located predominantly in the Highlands and Islands of Scotland. This requires a reduction in support to more competitive farms, working better quality land in the more economically viable regions of Scotland.
- ***LINK supports creating 2 payment regions based on land type*** – 1 region including all arable and permanent grassland and 1 region including all rough grazing.
- Original proposals for payment rates (Basic Payment + greening payment) in the rough grazing region were €23.68/hectare (compared to €216.03/ha for arable and permanent grassland). ***LINK believes that to ensure the long-term viability of the majority of farms and crofts in the rough grazing region payments must be higher, closer to €50/ha.***
- ***LINK supports moving to the new system of payments from 2015*** (or 2017 at the latest) rather than a slow transition.

#### Minimum activity levels and negative list

- Under EU rules, the Scottish Government must establish minimum activity requirements on land that is naturally in a state suitable for grazing e.g. moorland, in order to be eligible for payment. A minimum stocking density is likely to form part of such requirements and the rate proposed in the consultation was 0.05 LU/ha. At least 650,000ha of land designated for its nature conservation value (SSSIs/Natura 2000) is stocked at 0.04LU/ha or lower. ***Setting the rate at 0.05LU/ha risks excluding environmentally important land from payments.*** A rate of 0.03LU/ha would be more appropriate.
- In order to ensure that payments support farming activity, EU rules specify that certain types of non-farming businesses (the negative list) are not eligible for CAP payments e.g. airports and real-estate businesses. The Scottish Government has the option to extend this list if it wishes but signalled in the consultation that it was not minded to do so. ***LINK supports not extending the negative list.***

#### Greening payment

- In future, 30% of the direct payments budget (c£130 million per annum) will be allocated to a green payment in Scotland and effective use must be made of these funds.
- The Scottish Government has a number of decisions to make in relation to implementing the greening payment. In broad terms, it can introduce a standard set of greening requirements

(crop diversification, maintenance of permanent grassland and Ecological Focus Areas) or introduce an equivalent certification scheme. **LINK wants to see an equivalent certification scheme which includes a combination of standard greening requirements and equivalent practices.** Using the standard requirements alone requires too few farmers to take too little action for the money they will receive.

- LINK wants to see:
  - Crop diversification – requirements to meet the 2/3 crop rule or retain stubble or grow a catch crop on a proportion of land.
  - Permanent grassland – the Scottish Government to designate further environmentally sensitive permanent grassland outwith Natura 2000 sites and prevent ploughing or conversion. In addition, requirements for nutrient efficiency measures should be introduced.
  - Ecological Focus Areas – farmers required to have 5% of their arable land as EFA which can include ecological set-aside (fallow), buffer strips along hedges and water courses and management of landscape features (including hedges, field margins, ponds and ditches).
  - Mapping of landscape features and habitats – the Scottish Government must commit resources to map landscape features and other habitats included in greening measures and cross compliance, by 2018.

### **Cross compliance**

- **LINK wishes to see a strengthened set of cross compliance requirements** including, for example, a ban on cultivation, pesticide and fertiliser use within 2m of all hedges and watercourses, and an effective inspection and enforcement regime established. Advice and guidance to farmers on their cross compliance obligations must be improved.

### **Pillar II**

#### **Budgets**

- In December 2013, the Scottish Government decided to transfer 9.5% of Scotland's CAP budget from Pillar I to Pillar II to increase funding for the new SRDP. The maximum transfer possible was 15% and would have moved an additional £200 million into the SRDP. This transfer was welcome but insufficient to ensure the Scottish Government meets its own environmental commitments and targets. **The Scottish Government can revisit the budget transfer decision in 2018 and increase the rate; LINK wishes to see this happen.**

#### **New SRDP**

- **LINK broadly supports proposals for the new SRDP and is especially supportive of the agri-environment-climate measure, forestry, co-operation and advisory services.** We are concerned at the large share of the budget (35%) allocated to the Less Favoured Area Support Scheme which is poorly targeted at the most environmentally important farming areas.
- **We welcome efforts by the Scottish Government to target limited resources** and design a programme which – apart from LFASS – should be better able to achieve desired outcomes than the last SRDP has been.
- **LINK wants to see the Scottish Government commit adequate resources to the proper monitoring and evaluation of the SRDP** which includes establishing baselines now against which progress and outcomes can be measured.

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LINK 9 June 2014

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