

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Cabinet Secretary for Rural Affairs
and the Environment

c/o Clerk to the Committee
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Dear Richard,

Rural Affairs and Environment Committee's work on the future of Scotland's Hills and Islands

I refer to the Rural Affairs and Environment Committee's recent evidence-taking, over two meetings,¹ on the Royal Society of Edinburgh's (RSE) Committee of Inquiry Report into the Future of Scotland's Hills and Islands².

Although the report was published in 2008, we consider that its conclusions are still largely timely and relevant. Prices for beef and lamb may be less bad now than they were then (partly due to seasonal variation and a favourable exchange rate), but the longer-term trends, in many upland or island areas, of depopulation, de-stocking and the abandonment, or partial abandonment, of land are apparently continuing to unfold. Nor can it be assumed that the Pound-Euro exchange rate will remain favourable to Scottish hill farmers. The Inquiry into Future Agricultural Support for Scotland currently being led by Brian Pack, which is due to report to the Scottish Government later this year, and the current Europe-wide debate on the future of the Common Agricultural Policy (CAP) post 2013 also give the report continuing relevance.

The Committee focussed on several areas in its evidence taking, such as land use (including forestry and of the consequences of abandonment), the long-term decline in livestock numbers, the future of EU policies and funding under Pillars 1 and 2, and the future of the Single Farm Payment (SFP) scheme and the Less Favoured Area

¹ Scottish Parliament Rural Affairs and Environment Committee. Official Report, 12 May 2010. Available at: <http://www.scottish.parliament.uk/s3/committees/rae/or-10/ru10-1202.htm#Col2637>

Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010. Available at: <http://www.scottish.parliament.uk/s3/committees/rae/or-10/ru10-1302.htm#Col2689>.

Written evidence submitted to the Committee on this issue is available at this link:

<http://www.scottish.parliament.uk/s3/committees/rae/inquiries/Scotlands%20Hills%20and%20Islands/HillsandIslandsinquiry.htm>

² The Royal Society of Edinburgh (2008). *Report into the Future of Scotland's Hills and Islands*. Available at: http://www.royalsoced.org.uk/enquiries/hill_and_island_areas/index.htm [accessed 2 June 2010]

Support Scheme (LFASS). The underlying theme of our investigation emerged as how to make the most economic and sustainable use of Scotland's vast amounts of upland and agriculturally marginal land, so as to ensure that some of our most remote communities have a secure and thriving future.

Land use

The Committee heard evidence concerning some of the fundamental tensions at the heart of land use in Scotland. Balancing sometimes competing interests such as food production, carbon storage, renewable energy, recreation, forestry, and the promotion of biodiversity is the key challenge in ensuring that we make the best use of our hills and islands.

We note your intentions to put a draft land use strategy out for consultation in the coming months with a view to introducing the finalised strategy in March 2011, and your assurances that the strategy would be “wide ranging”³, which other witnesses considered to be important. The Committee believes that the strategy will be an important opportunity to draw together various policies, plans, and statutory and international obligations into one coherent framework. **However, there is a need for the strategy to strike the right balance, so as to be neither too high-level on one hand nor too prescriptive on the other. Effective mechanisms for delivery will be crucial. In particular, the strategy must be clear on how its aims are to be achieved in a country with such a large proportion of privately owned land.**

On forestry, the Committee took a variety of evidence concerning the Scottish Government's target to increase woodland cover to 25% of the Scottish land area by 2015. Willie Towers, from the Macaulay Land Use Research Institute, told the Committee that—

*“Things have moved on since the 25 per cent forestry cover target was set in 2006. For a start, food and energy security has become a bigger issue and climate change, which has always been a big issue, has become even more so [...] I think that the 25 per cent target should be revisited given how quickly things have changed over the past four years.”*⁴

Whilst we note your comment that there are no current plans to re-visit the target, we do ask you to give careful consideration to the evidence we have received and to confirm whether you still consider the target to be appropriate.

Decline in livestock numbers

It is an undoubted fact that there has been a significant decline in sheep and cattle on the hills and islands in recent times, and that this decline is part of a trend which stretches over a decade, although when considered over a longer timescale, stock numbers today are at around the level they were in the 1950s and 1960s. The Committee was deeply concerned by evidence about the knock-on effects of de-

³ [Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010, Col 2712.](#)

⁴ [Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010, Col 2694.](#)

stocking on community viability, food production, economic growth, landscape, and biodiversity. There seems to be some cause for cautious optimism thanks to recent improvements in beef and lamb prices, although (as stated above) this may be in part due to by other factors such as fluctuating exchange rates and seasonal demand. We also note with interest that lamb production levels appear not to have fallen off to a proportionate extent, suggesting that headage-based payments may have created perverse incentives to over-stock, partly inhibiting the development of an economically efficient hill-farming sector. Reductions in stocking have resulted in production gains, and perhaps also improved animal health and welfare. The Committee is therefore not seeking a return to 1980s methods of subsidy; the debate has clearly moved on. Indeed, whilst patterns of agricultural payment clearly play a part (as discussed further below), we noted that the decline was not simply a question of subsidy as there are examples of countries or regions having greater subsidy but a steeper rate of decline.

Nevertheless, there are fundamental issues which still need to be addressed. Many of these are social, such as an ageing hill farming and crofting population, with young people moving away from hill and island areas to seek training and employment in urban areas. Increasingly farms are not being passed on within families. The result is that fundamental farming skills are not being passed on within families either. The Committee is of course mindful that the farmers of the future will also need to learn not just the skills passed on within families but also new skills required to compete and be successful in the 21st Century. The Committee was, therefore, pleased to note your observation that there had been an increase in the number of people studying agricultural courses, and hopes that this is indicative of not only a general trend in applications to further and higher education courses, but of interest in agricultural courses specifically. If this turns out to be the case, **the Government needs to ensure that this trend continues, by continuing to support agricultural colleges and courses and working with Lantra, the UK sector skills council for environmental and land-based industries, to identify and tackle skills gaps.**

The Committee was also made aware of many farmers and crofters in hill-farming areas or on islands either scaling back production or abandoning farming the land altogether. Fewer sheep on the hills means that areas of higher ground are increasingly being left to un-managed grazing and, to all intents and purposes therefore, abandoned. **It is essential that appropriate levels of support are in place, and creative thinking is being used, to help farmers and crofters in such situations explore alternative options for land use, such as forestry, wind turbines, drainage etc.**

Agricultural funding

The Committee is deeply dismayed to note that Scotland has the lowest rate of EU rural development funding by land area within the Union. This arises from historical factors; a low UK spend on agricultural development in the 1990s, combined with low discretionary spending by the UK of EU funds available for such development, as a knock-on consequence of the 1984 UK rebate.

However it was that we have ended up here, there is now a clear need to move on. The current set-up inhibits the ability of the Scotland Rural Development Programme to support the provision of public goods by Scottish farmers and land managers, and means that the Scottish Government must make a sizeable contribution to the Programme from its own funds. Accordingly, **the Committee supports a move away from historical-based funding within Pillar 2 to funding based on need and on the production of public benefits. We would urge you to ensure that this view is put across forcefully in discussions on the future allocation of resources under the CAP post-2013.**

The Committee, of course, accepts the stark reality that, however funds are divided between Pillar 1 and Pillar 2, and within each pillar, there is unlikely to be more funding available overall in the post-2013 CAP, and there may well be cuts. Scottish Environment LINK told the Committee that the allocation of funding under both pillars of the CAP (including Single Farm Payments, LFASS and the previous Rural Stewardship Scheme) generally disadvantaged hill and island areas. We note LINK's call on the Scottish Government to produce up-to-date maps and data showing how the funding from 2007 until 2013 is distributed across Scotland.

The Committee heard about the eight biophysical criteria that the European Commission has developed and is trialling with national governments as part of its proposals to introduce more consistent criteria for the Less Favoured Area designation (to be renamed Area of Natural Handicap - ANH). **The RSE told the Committee that LFA criteria needed to be more evidence based in terms of what, and how, areas are classified, a point we fully accept.** In this regard, we noted that socioeconomic factors are not currently being considered as criteria for defining LFAs. **The Committee recognises arguments that the revised LFA/ANH designation should be based on purely biophysical criteria, but considers it crucial that socio-economic factors – in particular the physical remoteness of some communities from the European market are adequately taken account of in any revised package of agricultural support measures available following reforming both of the CAP and of the LFA designation.**

We noted that the Scottish Government, with input from the Macaulay Institute, has submitted a report to the UK Department for Environment, Food and Rural Affairs (Defra) on the results of tests in Scotland. The Committee heard concerns that the proposed criteria may not be best suited for Scotland. **We support the call from the National Farmers' Union Scotland and others that field capacity days (a measure of soil wetness) should be included as a criterion, and also suggest that wind chill ought to be given consideration.** Scotland is one of the parts of the EU worst affected by wind chill, and it is surely only commonsense to observe that this can make both rearing animals and raising crops far more challenging than in less exposed regions. **Comments made by Willie Towers of the Macaulay Institute suggesting that the proposed low temperature criterion is not currently fit for purpose in a Scottish context⁵ also give rise to concern, and we ask you to ensure that this is pursued at European level.**

⁵ [Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010, Cols 2706-2708.](#)

In terms of the SFP, the interim report of the group led by Brian Pack proposed as the main method of agricultural support area-based payments, quantified according to land use classification. It seems that this proposal has not proved popular with many in the hill-farming and crofting sector, and the Committee awaits the final report of Mr Pack and his colleagues with great interest. The key question is whether Scotland can move to area-based funding and maintain the viability of marginal agricultural land. Currently, the SFP does tend to favour areas of high production (based, at any rate on historical production figures) rather than disadvantaged areas, and this would remain the case under Brian Pack's interim proposals for an area payment.

The Committee is aware that modelling of various agricultural funding scenarios is on-going, and that Mr Pack and his colleagues are to be given more time before making their final report. **The Committee is very much of the mind that the group should have sufficient time to assemble all the information they need to make informed, balanced recommendations on the likely impact of those various scenarios on Scottish agriculture, and to propose the scenario seeming to offer a best fit.**

Over the longer term, a fundamental question is – can a support system be devised which rewards farmers appropriately for the public goods they provide? The Committee heard evidence from the Scottish Rural Property and Business Association that a realistic timescale for devising such a system might be after the end of the next programming period, beginning in 2020. We believe that the public goods delivered by Scottish farming go far wider than agricultural production; they include environmental protection and carbon capture, the maintenance of traditional rural landscapes, biodiversity, public access to the countryside, and, above all (as discussed further below), the retention of viable, sustainable rural communities. **The Committee is aware that the Scottish Government has commissioned work on this area, and we ask you to keep us informed about progress.**

Community viability

At the heart of all of the Committee's evidence taking on this issue, as with our recent consideration of the Crofting Reform (Scotland) Bill⁶, were people and communities. The future of the hills and islands as places of agricultural production, biodiversity, carbon storage, and renewable energy generation, depends on the continuation of sustainable and viable communities. Some criticism emerged in evidence that rural development policy has focussed almost entirely on agriculture and forestry, at the expense of wider issues such as population retention and community viability. For instance, the RSE called for an explicit Scottish Government policy on community viability, arguing that it currently being implicit in policy and legislation was not enough to contribute towards the retention of thriving communities in hill and island areas.

This was a criticism made of successive Governments – it is not a party political issue. We note your observation that the current Government has no fixed position

⁶ [Crofting Reform \(Scotland\) Bill, supporting documents and relevant information.](#)

on expressly adopting policies to promote community viability, and in particular your comment that “the principle is attractive, but delivering it could be challenging for any Government”⁷, with which we have some sympathy. **However, with the confluence of various initiatives and developments at EU, UK and Scottish level (e.g. CAP reform, land use strategy, Pack inquiry), there is an opportunity to make progress in devising a truly integrated rural development policy based around strengthening and sustaining communities.**

The Committee notes your observation that the Rural Development Council intends to produce a draft rural framework for Scotland within the next month, which will consider how best to ensure Scotland has viable and prosperous rural communities. **We ask you to take account of the Committee’s views in continuing to develop policy on rural development issues.**

Conclusion

In your evidence, you posed two fundamental questions – what is the purpose of agriculture, and what is the purpose of agricultural support? These questions underpin the discussion that arose on practically all these issues that arose during our evidence-taking – and relate to agriculture not merely in the hills and islands, but across Scotland, the UK and the EU. They also underpin the work of the Pack inquiry and current debates on the future of the CAP and of LFAs.

The Committee views our short investigation into the future of the hills and islands as the start of work on these much wider issues. The Committee intends to take evidence from Brian Pack, once his group has produced its final report, and to be participants, along with the Scottish Government, on the debates on the CAP and LFA.

The Committee looks forward to your reply with interest. I am also copying you into a related letter to Commissioner Ciołoş, focussing on the future of the CAP and of the LFAS/ANH scheme as they affect Scotland’s hill farmers.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Maureen Watt', with a stylized flourish at the end.

Maureen Watt MSP
Convener

⁷ [Scottish Parliament Rural Affairs and Environment Committee. Official Report, 26 May 2010, Col 2715.](#)