

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE
FUTURE SUPPORT FOR AGRICULTURE IN SCOTLAND
WRITTEN SUBMISSION FROM HIGHLAND COUNCIL

The Highland Council welcomes the Pack Report and supports the main principles set out in the Negotiating Points and Recommendations as a way forward for agricultural support in the period 2014 – 2020.

The following issues are of particular relevance to the Highlands and Islands and Highland Council would be strongly supportive of these principles being carried forward by Scottish Government as the debate moves forward.

1. **Current levels of direct support must be maintained** and funds should not be diverted from Pillar 1 to Pillar 2. The present level of direct support has proved insufficient to maintain livestock production in the area and we have seen a significant fall in breeding sheep and cattle numbers. Any further reduction would seriously threaten the continuation of agricultural activity in many areas of the Highlands and Islands (Negotiating Point E).
2. The Highland Council strongly backs the principle of **establishing a new Vulnerable Area** and views this as crucial to the future of remote crofting and farming communities as statements emerge from the EU that threaten the future of LFASS. Many areas in Highland suffer from exactly the bio-physical constraints set out in the report and we would urge Scottish Government to take this forward (Recommendation 16).
3. Council supports the principle of payments only going to **active producers** and welcomes the principle of a significant Top Up Fund (TUF) and Headage payments within the LFA. The **Scottish Beef Calf Scheme (SBCS)** has proved valuable in slowing the decline in cattle numbers in the Highlands, and a more targeted scheme as proposed in the Pack report with greater assistance to smaller herds would give a much needed boost to beef producers in the area (Recommendations 4 and 8). The retention of cattle is recognised as a locally valuable economic multiplier, supporting hauliers, feed merchants, vets etc, and also delivers significant environmental benefits. Support for this sector is therefore vital both in terms of maintaining rural communities and delivering public goods.
4. The proposed lamb headage scheme clearly requires some further development, but **Council supports the principle of targeting support to a sector that has seen the largest decline in numbers since decoupling** (Recommendation 9). In this context the Council would also welcome further work on the **most effective management of peatland and moorland as carbon sinks** as there are significant opportunities to

contribute to the global challenges by appropriate management of these valuable areas. This may be particularly relevant as regards future use of some of the 600,000 hectares of common grazings.

5. Highland Council also supports the principle of incorporating a payment based on **Standard Labour Requirements (SLR)** as a core element of the TUF. We do however have concerns about the data set that will be used to calculate SLRs, particularly in relation to beef cows. The figure for example taken from the SAC Management Handbook 2009/10 suggests that 158 beef cows would generate 1 SLR. Our view is that this figure is seriously flawed and that the reality for beef grassland farms in this area is that a figure closer to 100 beef cows requires at least 1 SLR. This is a crucial point as grassland beef producers in the area possibly stand to lose the greatest amount of support and **a regional refresh of data used to calculate the SLR is considered essential** (Recommendation 6).
6. In terms of the timing of change, Highland Council supports the recommendation in the Pack Report that this **should take place as early as possible and in a single step**. If, as is now being muted, that the European negotiations will not be completed in time for a 2014 implementation, that will leave only a 5 year period and the potential difficulties and complications in attempting to phase in a new system using a hybrid of some form does not seem sensible. Any delay till 2015 will also allow greater time for businesses to adjust to the restructuring of payments. The one step change will also allow immediate access to payments for New Entrants which the Council views as a crucial part of any reform (Recommendation 12).

Highland Council
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