

## **EXECUTIVE NOTE**

### **THE LAND MANAGEMENT CONTRACTS (MENU SCHEME) (SCOTLAND) AMENDMENT REGULATIONS 2006 SSI/2006/ 213**

#### **Introduction**

1. The above instrument was made in exercise of the powers conferred by section 2(2) of the European Communities Act 1972 and all other powers enabling the Scottish Ministers in that behalf. The instrument is subject to the negative resolution procedure and will come into force on 15 May 2006.

#### **Policy objectives**

2. The purpose of the Amendment Regulations is to update the reference to dates and to clarify the intention of certain options under the Land Management Contracts Menu Scheme (LMCMS) by adding further detail.

#### **Background**

3. The Land Management Contracts Menu Scheme was introduced in Scotland under the Common Agricultural Policy (CAP) Pillar 2 for farmers with land in Scotland. The reform of the CAP changed the way in which agriculture is supported. This second tier of funding allows for a further annual payment for delivering different combinations of economic, environmental or social benefits. The Scottish Rural Development Programme was modified following a Commission Decision in March 2005 to allow for such activities under the LMCMS.

#### **The Scheme**

4. The aims of the LMCMS are as follows:

- To deliver benefits which would not otherwise be provided in a free market
- To improve the efficiency and competitiveness of Scottish agriculture to allow it to respond to the challenges of decoupling and operating in a free market.

5. Farmers can choose from 17 menu options suitable for their particular circumstances, covering training, agri-environment and animal welfare, participation in Food Quality Schemes and promoting the adaptation and development of rural areas. Producers can choose the options they wish to implement up to a maximum level of funding per producer based on the amount of land in Scotland which they have declared.

#### **Consultation**

6. The Scottish Executive worked with stakeholders on the Land Management Contract Working Group throughout 2004 on the development of the LMCMS. The outcome of this work was the consultation document which was issued on 4 August 2004 and was concluded

on 3 September 2004. A total of 73 responses to the consultation were received and a summary of the responses is available on the Executive website [www.scotland.gov.uk/agriculture](http://www.scotland.gov.uk/agriculture) The information in these responses was used to refine the LMCMS and a modification to the Scottish Rural Development Programme was then lodged with the European Commission in September 2004 with details of the Menu Scheme. After detailed discussion with the Commission this modification was approved on 23 February 2005.

### **Financial Effects**

7. The CAP Reform introduces compulsory European Modulation and allows for national modulation. Modulation transfers funds from direct support payments under the SFPS and other support schemes to rural development measures as provided for in the Rural Development Regulation (Council Regulation 1257/1999). The LMCMS is funded through EU Modulation and co-financing. These Amendment Regulations will have no effect on this arrangement.

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