

**EXECUTIVE NOTE TO**  
**THE RURAL DEVELOPMENT CONTRACTS (LAND MANAGERS OPTIONS)**  
**(SCOTLAND) REGULATIONS 2008**  
**SSI / 2008 /159**

The above instrument is made in exercise of powers conferred by section 2(2) of and paragraph 1A of Schedule 2 to the European Communities Act 1972. The instrument is subject to negative resolution procedure.

**Policy Objectives**

The purpose of the instrument is to create a legal framework to allow Scottish Ministers to pay European and national funds from the Scotland Rural Development Programme 2007-2013 (SRDP) to beneficiaries of Rural Development Contracts (RDC) Land Managers Options (LMO) and operate the application and funding process. RDC LMOs will contribute to delivery of the Scottish Government's strategic objectives and will provide support for the provision of economic, social and environmental improvements across Scotland.

**Background**

There are a number of Scottish Statutory Instruments (SSIs) for the SRDP in the process of being made reflecting the EU rules and allowing Scottish Ministers to implement the SRDP.

The European priorities for 2007-2013 are laid down in the Rural Development Regulation (Council Regulation (EC) 1698/2005 and consist of 4 Axes:

- Axis 1 – Improving the competitiveness of the agriculture and forestry sector
- Axis 2 – Improving the environment and countryside
- Axis 3 – Quality of life in Rural Areas and diversification of the rural economy
- Axis 4 – LEADER

RDC LMOs cover measures (referred to as options in the 2008 Regulations) in the SRDP across the three main thematic Axes 1, 2 and 3.

To achieve these priorities in Scotland, the five main outcomes are those established for rural development in the Scottish National Strategic Plan as follows

- Improved business viability
- Enhanced biodiversity and landscape
- Improved water quality
- Mitigating climate change
- Enhanced development of rural communities

The 2007–2013 SRDP aims to contribute to all these outcomes and so will RDC LMOs as part of the Programme.

LMOs, together with Rural Priorities (for which a separate SSI came into force on 29 March 2008) make up the Rural Development Contracts funding stream under the SRDP 2007-2013 approved and partly funded by the European Commission. Although LMOs is new for 2007-

2013, it follows on from and is similar to the Land Management Contracts Menu Scheme introduced in 2005 under the previous Rural Development Programme.

LMOs are non-competitive. There is no approval process and hence no approval letter issued. Each participant is limited to a maximum allowance based on the amount of land they have. Any land manager with land in Scotland can apply. Applicants must be registered with the Scottish Government's Integrated Administration and Control System (IACS) and have a business reference number (BRN).

All applicants must submit a LMO application form by 15 May. In addition, all participants must submit a Single Application Form (SAF) and complete the LMO details on the SAF Field Data Sheet.

For the area related multi-annual options applicants must either hold the land under a secure tenancy for the duration of the commitment or, if the tenancy is less than 5 years, get the landlord to sign up for the remainder of the commitment period.

Commitments start from the applications submission deadline and payments are to be made from the end of the scheme year the following May. Land-based options will be paid automatically. A claim form will require to be submitted for the other options by 31 August following the end of the scheme year.

## **Regulations**

The 2008 Regulations will make provision for:

- Guidance material
- The content and timing of applications for aid including eligibility of land and activities and rules relating to claims and payments.
- Undertakings to be entered into by beneficiaries in relation to activities and other matters.

## **Regulations – enforcement -**

The 2008 Regulations will –

- Require beneficiaries to retain all invoiced accounts and other relevant document in relation to an undertaking.
- Provide such additional information in relation to the undertaking or aid paid in pursuance of that project as Ministers may require.
- Permit authorised persons to verify the accuracy of any information contained in an application or a claim for payment under the Regulations or any other information provided by the applicant relating to the application or undertaking.
- Permit authorised persons to ascertain whether an offence under these Regulations has been or is being committed
- Permit the withholding or recovery of aid.

- Set out what constitutes an offence and the level of penalty.
- At the annexed Schedules, provide details of eligible activities and eligibility conditions and the rate of payment for each of the options, reflecting the eligibility and rates of payment set out in the SRDP as agreed with the European Commission

## **Consultation**

[The Consultation on the Strategic Framework](#) was launched as part of Scottish Environment Week 2005, and ran until 29 March 2006.

[The Consultation on the Scotland Rural Development Plan](#) itself was launched on 4 April 2006 and closed on 30 June 2006; and nine public meetings were held around Scotland during this period, with over 1,400 copies of the consultation document being distributed. Additionally, the Consultation was available on-line. An [analysis of responses](#) was undertaken by the Scottish Agricultural College (SAC).

A total of 259 written responses were submitted from a range of organisations and individuals. The responses comprised answers to closed questions, as well as extensive textual answers to each of the 21 questions set out in the consultation document.

## **Financial Effects**

The instrument uses funding which the Scottish Government and the European Commission have allocated to the RDCs under the SRDP.

The effect of the Regulations is to permit financial assistance to eligible land managers undertaking eligible activities. We foresee no increase in costs to the Scottish Government, local government, or business. We have therefore not carried out a Regulatory Impact Assessment.