

EXECUTIVE NOTE

THE LESS FAVOURED AREA SUPPORT SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2012

SSI 2012/24

This note explains the purpose of the above SSI which is made in exercise of the powers conferred by Section 2(2) of the European Communities Act 1972. The instrument is subject to negative resolution procedure. The SSI amends the Less Favoured Area Support Scheme (Scotland) Regulations 2010 No. 273 ('the principal Regulations') which came into force on 2 July 2010.

Policy Objectives

The purpose of the SSI is to amend the principal regulations to enable an additional category of approximately 150 active farmers in the less favoured area ("LFA") to be eligible for payments under the LFA Scheme who, despite having maintained eligible stock on LFA land in the historic year (2009), were technically excluded from the Scheme. Although they held eligible stock in the base year, their land did not have a "grazing category". The policy intention is to enable this group to now receive financial support under the Less Favoured Area Support Scheme ("LFASS"), via a minor amendment to the principal regulations.

Background

The EU's Rural Development Regulation (1698/2005) provides for an area based support scheme for LFA farmers in recognition of the permanent natural disadvantage they face due to, for example, poor soil, adverse climate or difficult topography, that make it difficult for them to compete on level terms with other areas. In Scotland 85% of agricultural land is classified as being within an LFA. LFASS has a high profile and will be worth in the region of £65 million per year to around 12,000 farmers and crofters for the period 2011 - 2013. The terms of the LFASS have been approved by the EU and are reflected in the current Scotland Rural Development Programme.

Description of LFASS 2010 – 2013

The key features of the 2010 – 2013 scheme implemented in the principal Regulations are that:

- it is historically based using values, including stocking densities, derived from area and livestock data declared by farmers in 2009;
- applicants must actively farm eligible land for the majority of the qualifying year;
- payments are made per hectare of eligible land, adjusted for LFASS grazing category and any minimum or maximum stocking density restrictions;
- Payment rates are varied according to LFASS Fragility area, i.e., Very Fragile, Fragile or Standard, according to the location of the applicant's main farm.

Changes introduced in 2011

The principal Regulations were amended in 2011 to introduce changes to better target support to the most active farmers. In particular, four levels of minimum stocking density replaced the single 0.12 threshold. This change was designed to better match payments to farming activity. In addition, the land eligibility rules were relaxed slightly in light of reduced pressures on the LFASS budget.

Main changes made by these Regulations

The SSI (regulation 4) amends the definition of “the historic land area” in regulation 9(8) of the principal Regulations to include land which, but for lack of grazing category prior to 2009, would otherwise have met the eligible forage land requirements under LFASS. This change will admit the small group of active LFA farmers, currently excluded from support, to the scheme, thus meeting the policy intention.

Regulation 3 of the SSI also amends regulation 2 (1) of the principal Regulations by inserting a definition of Commission Regulation (EC) No 1975/2006, which was repealed by 65/2011 but continues to apply in respect of pre-2011 claims. That EU Regulation required deduction of a penalty area where an applicant over-declared land for LFASS in respect of pre-2011 claims. Thus it applied in relation to the relevant base year for determining the historic land area for the majority of applicants. For this reason, in order to obtain an accurate “historic land area” for the purposes of regulation 9(8), it is necessary to be able to also take into account any penalty area applied under Regulation 1975/2006.

Timing of the 2012 SSI

Payment will be made to those affected during the period March to May 2012.

Financial Effects

The changes affected by the amendment SSI can be absorbed within the existing budget.

Consultation

The change is being implemented following lobbying by LFA stakeholders.

Period of the Instrument

It is envisaged that this Instrument will remain in force until 2013.

Scottish Government Rural Payments and Inspections Directorate
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