

POLICY NOTE

THE LESS FAVOURED AREA SUPPORT SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2014

SSI 2014/7

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 extend the Less Favoured Areas Support Scheme (LFASS) to 2014 as permitted by Regulation (EU) No [1310/2013] laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Background

The EU's Rural Development Regulation (1698/2005) provides for an area based support scheme for less favoured area (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 £65.5 million per year to around 11,500 farmers and crofters for the period 2011 - 2013. The terms of the LFASS have been approved by the EU and are reflected in the Scotland Rural Development Programme (SRDP) which was supposed to come to an end on 31 December 2013 on the basis that a new programme would be in place. However, the new Rural Development Regulation has only just been formally adopted which means Member States will only be in a position to submit new rural development programmes for approval by the European Commission in late 2014.

Given these delays, the Commission has produced regulations giving transitional provisions in 2014, until new Rural Development Programmes have been approved. This regulation allows for the extension of LFASS as approved under the SRDP 2007 – 2013, to 2014.

Description of LFASS 2010 – 2013

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

- an applicant must actively farm eligible land for the majority of the qualifying year;
- it is historically based using values, including stocking densities, derived from area and livestock data declared by farmers in 2009;

- 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.

Main changes made by these Regulations

The SSI amends the principal Regulations to make provision for a Scheme 2014 Payment. As with previous scheme years, recipients of LFASS 2014 will be obliged to meet the requirements of cross compliance on the applicant's holding throughout the scheme year. The previous obligation to continue using the eligible land for at least five years is removed for LFASS 2014 in line with the requirements of Regulation (EC) No [1310/2013. This is in light of the forthcoming change of LFA support anticipated under the new Rural Development Regulation (EC) No [1305/2013 (payable in respect of so-called areas facing natural constraints or ANC).

The SSI also amends the Rural Payments (Appeals)(Scotland) Regulations 2009 to ensure that decisions in respect of LFASS 2014 can be appealed to the same extent as previous scheme years.

Timing of the 2014 SSI

Payments under the current round of applications will be made during the period March to May 2014.

Financial Effects

The change affected by the amendment SSI has no impact on the existing budget.

Consultation

Stakeholders welcomed the intention to extend LFASS to 2014 through a Ministerial announcement in September 2013: <http://news.scotland.gov.uk/News/Rural-support-schemes-to-continue-446.aspx> No further consultation has taken place as there are no changes beyond implementing the EC provisions to provide for LFASS 2014, however stakeholders have been notified of the forthcoming amendment through the Areas facing Natural Constraint Working Group. The Scottish Government will review LFASS in line with the European Regulations and will issue a separate consultation once the details and options for Scotland are clear.

Scottish Government Rural Agriculture, Food and Rural Communities Directorate