Support for Crofting

Executive Summary

The purpose of this report is to

- examine the extent to which the support payments currently available to crofters are sufficient to achieve the Scottish Government's objectives for crofting and the sustainability of the crofting system
- identify alternative support systems that might achieve these objectives to a greater extent in future.

The Scottish Government's objectives for crofting land use (Section 2), both for crofts and common grazings, is set out at the most basic level in legislation. The Government's main objective for crofting is to have crofts occupied and cultivated; the Act puts a personal responsibility on crofters to have their crofts cultivated and maintained.

Evidence from a variety of data sources (Section 3) strongly suggests that while the overwhelming majority (though not all) of croft and common grazing land is being cultivated and maintained (and not being neglected or misused), only a minority of crofters are undertaking this duty personally (of the order of 30% on average, but with considerable variation locally). There is also some evidence that the number of active crofters is reducing over time. Both of those patterns would suggest that current measures (whether regulatory or support) have been insufficient, either in quality or quantity or both, to achieve the Scottish Government's objectives for crofting and the sustainability of the crofting system.

Before going on to consider the response to those deficiencies, an attempt was made to provide more detail on some aspects of the 'crofting system' (Section 3), and in particular on the size of croft holdings. Basic Payment Scheme payment data for 2016 was used to give a feel for the scale of holdings in the 'Crofting Sample' of parishes dominated by croft holdings. Half of all claimants in the sample received less than £1474; in Lewis half of all claimants received £1000 or less. Crofting is overwhelmingly a small-scale activity; policy measures aimed at tackling the problems of crofting or at delivering other wider policy goals through crofting must address the needs of the small-scale and low-intensive producer.

What then of current policy – how should it be assessed (Section 4)? We suggest the following criteria at a minimum:

- Maintenance and cultivation – How successful are current measures in terms of ensuring that a high proportion of crofters cultivate and maintain their crofts?

- Public good delivery – To what extent are current measures encouraging and rewarding the delivery of public goods by crofters?

- Use and governance of common grazings – How successful are current measures in terms of ensuring that common grazings are sustainably used and effectively governed, with a high proportion of crofters engaged in active management?

The report assesses current support measures against these tests and, while recognising some positive aspects, finds a number of deficiencies which might be addressed in future approaches. What this report highlights are the handicaps for the smaller-scale producer within the support structures and to that extent the disincentives to operate or continue within the support system. What has developed in practice is an alternative, less formalised, proxy system that enables a level of continuity and acceptance, but appears contrary to the policy aims for crofting and arguably to its longer term sustainability. Even a policy which tries to move incrementally in the direction of the aspiration implicit in the Act is one which is qualitatively and quantitatively very different to the current one, not least in questions it asks of itself.

We set out some of the legal and regulatory constraints under which even a post-Brexit policy would have to operate (Section 5.2) and, having considered the rationale for a completely separate set of measures for crofting, conclude that the difficulties in establishing such a package are not inconsiderable, while the rationale for doing so is generally weak (Section 5.3). We do however find that an exception to this finding would arise where wider agriculture policy was predicated on or implied a reduction in the number of holdings, since maintaining and increasing the number of active crofters is a fundamental aim of crofting policy.

We set out the following requirements for a realistic, effective policy (Section 5). It should:

1. Be coherent and consistent but also flexible and adaptable, and all of this even when multi-actor
2. Take proper account of macro-economic pressures
3. Deal with the activity dilemma – encourage more than tokenism, while limiting the pressure to intensify
4. Encourage innovation (or not discourage it anyway)
5. Encourage the building of and participation in local food chains
6. Encourage the delivery of wider public goods
7. Promote the diversity of low intensity land use, including a variety of grazing regimes, alternatives to sheep-only systems, mown grasslands, arable cropping and fallow, woodland, with a particular focus at all times on semi-natural vegetation
8. Protect soil, not least soil carbon, and encourage peat accumulation
9. Protect water courses and water supplies
10. Encourage the active use of common grazings under a flexible, responsive, fair and effective governance system
11. Provide advice and guidance which is appropriate and good value and which complements an appropriate wider lifelong learning framework
12. Encourage the transfer of crofts between generations and give appropriate assistance to both outgoing and incoming crofters to reduce the impediments to such transfers
13. Always focus on incomes, and particularly returns per hour, while being mindful also of cashflow and of encouraging investment
14. Be as simple as possible while achieving policy goals (…but no simpler!)
15. Be accessible; non-discretionary where possible
16. Be realistic, starting from where we are – in terms of the characteristics of crofts, common grazings, crofters, support services, success of CAP measures, delivery of ecosystem services etc
17. At a scale of response appropriate to the scale of the challenge
18. Be locally-adapted and locally-delivered
19. Always focus on delivering results and quickly adapted when performance is disappointing.

Figure 2. Stove, Shetland – Sandwick parish had no higher level agri-environment participants under the last RDP (Photo: Mike Pennington, Creative Commons Licence)

Any new policy should in practice deliver at least the following basic things, and deliver them well:

- It should support the small crofter to have some activity rather than no activity
  - e.g. by having minimum payments to reward doing something a lot more than doing nothing
  - e.g. make claiming small amounts of CAGS easy and provide a way of easing the cashflow

- It should support doing a *little* bit more (especially 'good' things) a whole lot more
  - e.g. a limited amount of encouragement of sheep keeping above the minimum densities
  - e.g. encourage the keeping of small cattle herds and putting them on grazings (but in a realistic way)
  - e.g. encourage at least small amounts of cropping to increase diversity ecologically and economically

- It should make sure all the basic support mechanisms complement and integrate with more advanced/complex programmes (and show that we have learned from the failures of such measures to penetrate in recent years)

- It should provide a basic level of easily-accessible advice, training and hopefully education to all who want them at reasonable cost

- It should provide an easy way to obtain finance for a variety of land-related purposes

- It should give affordable extra help to those who need it most, in a joined up way (advice, guidance, capacity-building, grants, loans....). This includes common grazings committees, the young and new entrants, the aged and possibly retiring, the inactive.

Based on this series of tests, we suggest a series of adjustments to the current suite of supports (Section 5.4). These include:

- For direct payments
  - Abolition of entitlements
  - Introduction of a minimum payment payable on the minimum claim area
  - Extension of minimum activity rules to R1 in a way which recognises its higher carrying capacity
  - A number of ways to reduce the anomalies between R2 and R3 land and in the operation of SUSSS
  - Accept PF27 letters from grazings clerks only (i.e. not from individual shareholders)

- For LFASS
  - Introduction of a 'real' minimum payment (as opposed to scaling back), and a change in how it operates

- For agri-environment
  - Introduction of simple, tick-box, agri-environment support for the first LU of cattle, for the first area of cropping and hay/silage making
  - Revise the operation of the summer cattle grazing option to allow all grazings with cattle grazing to claim

- CAGS
  - Reintroduce assignation of payment to contractors
  - Introduce financial instruments to ease cashflow
  - Revise quotations criteria to make it proportional to the amounts requested, as in other procurement rules
  - Make available to forest crofts, including where capital items are forestry-related

A number of recommendations relate to support services and advisory and lifelong learning initiatives and services. The provision of advice to crofters, its accessibility and cost-benefits should be the subject of a review, taking into account the daily needs of crofters as well as the wider objectives of policy.

We also respond to the wider discussion (Section 5.5) and in some detail to the Champions' Report (Annex 2), the Scottish Government's consultation paper *Stability and Simplicity* (Annex 3) and to draft proposals produced by NFUS on the back of its strategy document *Steps to Change* (Annex 4).

A full version of the report, Support for Crofting, can be found on our website at **www.crofting.scotland.gov.uk**

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