



**CROFTING COMMISSION
COIMISEAN NA CROITEARACHD**



Support for Crofting

A report prepared for the Crofting Commission

Gwyn Jones



European Forum on
Nature Conservation
and Pastoralism

Support for Crofting

A report prepared for the Crofting Commission

Gwyn Jones

European Forum on Nature Conservation and Pastoralism
Penygraig, Llanfair Clydogau, Lampeter SA48 8LJ

2018

This report was commissioned by the Crofting Commission but the opinions within do not necessarily reflect those of the Commission nor those of the Scottish Government.

Contents

Contents.....	1
List of abbreviations.....	3
Introduction	4
Executive Summary.....	6
1 Purpose of this report	10
2 The Scottish Government’s objectives for crofting	10
3 The state of the ‘crofting system’	14
3.1 Estimating the degree of neglect.....	14
3.2 Estimating the proportion of crofters taking personal responsibility for cultivating and maintaining their croft.....	18
3.3 The use of common grazings	21
3.4 The scale of crofting.....	22
4 Assessing the performance of current support	23
4.1 What are the needs?.....	23
4.2 Support for maintenance and cultivation.....	25
4.2.1 Overall assessment	25
4.2.2 Basic Payment Scheme (BPS).....	26
4.2.3 Scottish Upland Sheep Support Scheme (SUSSS).....	29
4.2.4 Less Favoured Area Support Scheme (LFASS)	31
4.2.5 Scottish Suckler Beef Support Scheme (SSBSS)	33
4.2.6 Crofting Cattle Improvement Scheme (CCIS).....	34
4.2.7 Crofting Agricultural Grants Scheme (CAGS)	34
4.2.8 Other complementary measures.....	36
4.3 Complementary/competing measures aimed at public goods delivery.....	36
4.3.1 Agri-environment and Climate Scheme (AECS)	37
4.3.2 Forestry Grant Scheme (FGS).....	40
4.4 Interaction with common grazings	41
4.5 Advice and the Farm Advisory Service.....	41
4.5.1 The need for advice and its scope.....	41
4.5.2 Strengths and weaknesses of the current provision.....	42
4.6 Lifelong learning.....	47
5 Towards a new support framework.....	47
5.1 Basic requirements	49
5.2 Legal constraints	51
5.3 Feasibility of a separate and dedicated support structure.....	53
5.4 Could current support mechanisms be adjusted?.....	54
5.4.1 Direct payments.....	54

5.4.2	LFASS (or equivalent)	55
5.4.3	Agri-environment-climate.....	55
5.4.4	CAGS.....	56
5.4.5	Capacity building.....	56
5.4.6	Budgetary implications	57
5.5	Opting for change – reflections on the wider discussion	57
6	References	59
Annex 1 – Support for Crofting - contract specification		61
Annex 2 - Response to the recommendations of the Agriculture Champions’ Report		64
Annex 3 - Response to the Government consultation document, Stability and Simplicity.....		75
Annex 4 - Response to the NFUS proposal outlined Steps to Change		84
Annex 5 – Recommendations of previous reports		86
Crofting and the Environment (SCU and RSPB 1992)		86
Post-Brexit Position Document (Scottish Crofting Federation 2017).....		87
NFUS Manifesto for Crofting (NFUS 2016)		88
Trends in Common Grazing (Jones 2011)		88
Supporting common grazing through agri-environment (Jones 2012b).....		91
Agri-environment support for crofting (Jones 2012a).....		91



Figure 1. Skerry, Tongue parish (Richard Webb, Creative Commons Licence)

List of abbreviations

AECS	Agri-Environment and Climate Scheme
BCMS	British Cattle Movement System
BES	Beef Efficiency Scheme
BPS	Basic Payment Scheme
CAGS	Crofting Agricultural Grant Scheme
CAP	Common Agricultural Policy
CC	Crofting Commission
CCIS	Crofting Cattle Improvement Scheme
CPH	County Parish Holding (holding identification number in the format CC/PP/HHHH)
eID	Electronic Identification
ESA	Environmentally Sensitive Area (first state agri-environment schemes in Scotland)
EU	European Union
FGS	Forestry Grant Scheme
HNV	High Nature Value
IACS	Integrated Administration and Control System
IT	Information Technology
LFA	Less Favoured Area
LFASS	Less Favoured Area Support Scheme
LPIS	Land Parcel Information System
LU	Livestock Unit (1 LU is the equivalent of one cow)
NFUS	National Farmers' Union of Scotland
NGO	Non-governmental organisation
R	(Payment) Region (in the context of BPS)
RSPB	Royal Society for the Protection of Birds
SAF	Single Application Form
SCF	Scottish Crofting Federation
SCU	Scottish Crofters' Union
SG	Scottish Government
SGRPID	Scottish Government Rural Payments and Inspectorate Division
SNH	Scottish Natural Heritage
SPS	Single Payment Scheme (forerunner to BPS)
SSBSS	Scottish Suckler Beef Support Scheme
SUSSS	Scottish Upland Sheep Support Scheme
WTO	World Trade Organisation

Introduction

Being asked to prepare a report assessing current support for crofting and making proposals on the post-Brexit approach to support was a great honour and a not inconsiderable challenge.

Two big issues faced me. The first was how to go about making recommendations at a time when everything is in flux – how could the report avoid becoming immediately obsolete when others are already asking for responses to detailed consultation questions or even drawing up detailed proposals themselves?

The answer is I think to start from a set of needs, drawn up by contrasting the vision set out or implied in policy with the current reality. Unless policy itself changes at the most basic level, these needs are relatively static and can be used, as in the report, for a range of purposes, whether proposing adjustments to current measures or responding to proposals and consultation documents.

Indeed, I think that those needs should be more central than they have been to the policy making process – informing not just individual measures, but the whole basket of measures and their coherence; informing the scale of delivery; informing the monitoring and evaluation criteria and the consequent adjustments to implementation decisions.

Which brings me to the second big issue facing me – what exactly *is* the objective of crofting policy when it comes to crofting land use? The law seems clear – crofters are themselves to ‘cultivate and maintain’ their croft, but what does this mean in practice, when it seems that so many of them do not, whatever exactly that duty means in practice (and that is an important question for the future of crofting and crofting policy).

Given the potentially large scale of the issue – one task I set myself was to estimate the scale of the problem – and given the clearly limited size of the current carrot (support measures) and the current stick (regulatory pressure), did that mean that the policy was an embarrassing hangover which I should be ignoring in practice? I think that the discussions this question inspired with crofters, Scottish Government staff and Crofting Commission Assessors, Commissioners and senior staff were in fact one of the major outputs of this piece of work!

The clear answer from crofters and Commission staff alike was that the policy as set out in law is relevant and current and should indeed underpin my analysis. Not that every crofter is going to be personally active in the short-term of course, but that policy should be designed to work towards that goal, should be monitored in the light of that goal and should be assessed and adjusted to be more cost-effective in pursuit of that goal.

That would in itself be a massive change in the ethos of policy - one which implies that crofting policy emerges from the shadows of the stock phrases ‘farming and crofting’ and ‘farmers and crofters’ to voice its own demands, even if those needs are then met through measures which are not specific to crofting.

Indeed, even that phrase ‘crofting policy’ has to start meaning more than just policy about things like subletting and registers or the few existing crofting-specific measures; if the huge potential of crofting to deliver for the wider goals of policy is to be realised, then its realities and needs have to be mainstreamed in *all* relevant policy-making.

Policy must start from where we are, warts and all. It must lift its head, confront the scale of the challenge and the scale of most crofts and respond accordingly, inspired and justified by the potential size of the benefits not only for crofting but for the people of Scotland. Two thirds of a job is starting it, says the Welsh proverb; there’s no time like the very challenging present!

Finally, a lot of people gave me a lot of help during the work. Within the Crofting Commission, a special thanks to John Toal and Bill Barron for their guidance and much useful and stimulating discussion, to Donna Smith for help with the Register of Crofts and to the Commissioners and panel of Assessors for their input in a number of dedicated sessions. I also had invaluable face-to-face discussions with (in alphabetical order) Angus Anderson, Alastair Culbertson, Ian Davidson, Jonnie Hall, Gordon Jackson, Martin Kennedy, Arthur Macdonald, I G MacDonald, James MacDonald, Siobhan Macdonald, Murdo Mackay, Donald (Arnol) MacKinnon, Eilidh MacLellan (Ross), Donald Murdie, Agnes Rennie, Sally Reynolds, Lucy Sumsion, Janette Sutherland and Susan Walker. Needless to say, the report doesn’t claim to reflect any of their views and any errors within are solely my responsibility.

Gwyn Jones
Llanfair Clydogau
July 2018

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 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.

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.

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 cash flow

- 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).



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

1 Purpose of this report

The Crofting Commission's specification (Annex 1) asks the contractor 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.

It sets out two broad tasks:

1. To carry out an **analysis of current agricultural and environmental support** from a crofting perspective. This should examine, in particular, any perceived disadvantages (or advantages) to crofting, detailing what these are and estimating what any financial loss (or gain) to crofting might be, and
2. To consider the **feasibility of some form of separate support structure** that would be specific to crofting. Such consideration should also set out how this might operate and how it might recognise the unique features of crofting such as (a) its smaller scale; (b) its regulatory system; (c) its perceived benefits for the community and (d) its perceived benefits for the environment, landscape and biodiversity.

2 The Scottish Government's objectives for crofting

While describing the essence of the 'crofting system' whose sustainability support is supposed to maintain, is largely an empirical task. It was necessary before starting the analysis to understand better the 'Scottish Government's objectives for crofting', at least in so far as they relate to crofting land use.

The Government's main objective for crofting is to have crofts occupied and cultivated. That is the logic of the 2010 legislation and it was particularly emphasised at the time. On the passing of the 2010 Bill, the Minister Roseanna Cunningham said,

'This is a defining moment for crofting. Today the Scottish Parliament had to choose between propping up a failing system or having the courage to take action and put in place a vision for the future of crofting to deliver growth and stronger communities.'

Delivering sustainable economic growth and strong communities depends on land being kept in crofting tenure and on crofts being made available to people who are willing to make a permanent contribution to these communities by living there and working the land.

In supporting the principles of this bill, the parliament has indicated it will deliver the legislative framework needed to ensure that future generations have the opportunity to follow this traditional way of life.'

Earlier on, introducing the final stage of the Bill to Parliament (1 July 2010), she said,

'I have been fortunate enough to see for myself the benefits that crofting delivers. Those include strong communities that are bound together by a collective effort to work the land and contribute to one another's welfare; the innovation of crofters and the contribution that they make to the economic vitality of the Highlands and Islands; the remarkable landscape, environment and hospitality in those parts of our nation that we can all enjoy as a consequence of their work; and the vibrant Gaelic culture in the west and the strong Nordic culture in the north that add to the cultural diversity of this great country.

Those are all consistent with the Government's purpose, and reflect the national outcomes that we seek to deliver. However, crofting has been under threat from those whose concern is not the welfare of those communities, and whose motives are sometimes driven purely by personal gain.

That is why we must act now to address speculation, to tackle absenteeism, neglect and misuse, and to ensure that crofts once again provide people with the opportunity to live on and work the land.'

The first paragraph echoes some of the values identified in section 2 of the Shucksmith Report, *The Contribution of Crofting*, a theme picked up by Fergus Ewing. His introduction to the 2017 Consultation uses terminology such as 're-peopling Scotland's rural areas', a framework which 'allows those associated with crofting the opportunity to develop businesses and manage the landscape for the benefit of all is key.' Why retain people on the land? In simple terms, says the Cabinet Secretary, the Government's objectives for crofting are to have people on the land and have the land worked; from that they consider a range of benefits will follow¹.

The current policy for crofting on the Government website continues in the same vein:

'The Scottish Government values crofting as a form of land tenure and recognises the added contribution that crofting continues to make to the rural economy and the sustainability of rural and remote rural communities.

The Scottish Government is committed to reforming crofting to secure its future, bring new blood into crofting communities, and ensure it can continue to contribute to the development of a thriving rural Scotland.

This policy is reflected in the current legislative framework which places a number of duties on crofters, including the duty to reside within 32 km of the croft; cultivate the croft, or put the croft to another purposeful use; and not misuse or neglect the croft. These duties serve to maintain the integrity of rural communities in the Highlands and Islands.'

Following the same logic, the consultants for the legislative reform provided the following interrelated aims for crofting:

- to encourage stable and flourishing communities;

¹ <https://www.theyworkforyou.com/sp/?id=2017-06-20.7.0>

- to assist in delivering thriving and resilient local, rural economies;
- to assist in delivering maintained and balanced land usage and management, including sustainable small-scale agriculture; and,
- to encourage fair and equitable relationships between all crofting stakeholders.

It is clear that the Government has had a consistent approach on the occupation and cultivation or purposeful use of crofts since 2010, and that is enshrined in the legislation. What was recognised by Roseanna Cunningham at the time of introducing the final Bill to Parliament in July 2010 (and this was quoted in the invitation to tender document for this contract (Annex 1)) was that legislating for the regulation of crofting itself is not the only factor at play – ‘Market forces and support mechanisms have a big impact on crofting, and we must continue to do what we can to ensure that crofting continues to provide opportunities for those who live in our remote and rural communities.’

The detailed implications of that policy are in part set out in legislation. The Crofting Act (*Crofters (Scotland) Act 1993*) provides that not only is the crofter to avoid misusing or neglecting his/her croft (Section 5B) but also has a duty to cultivate and maintain any part of the croft or put it to ‘another purposeful use’ (Section 5C). The crofter must now also report annually on his/her compliance with these duties.

It seems clear from discussions during the preparation of this report that avoiding neglect does not necessarily involve direct activity by the crofter (in this sense the similarity with the ‘maintenance in Good Agricultural and Environmental Condition’ standard used in the CAP and set as the default standard in the Act is very clear). The duty put on owner-occupied crofters in Section 19C parallels Section 5 - they must keep the croft ‘in a state fit for cultivation’.

In contrast the consensus seems to be that ‘maintaining and cultivating’ (the two words are not necessarily synonymous, but at very least closely aligned) involves activity, usually of the agricultural variety, for which the crofter has personal responsibility. This duty applies even where parts of crofts are put to other purposeful uses.

One might therefore reasonably conclude that the Scottish Government’s objectives for crofting imply having something approaching all of the 20,000 or so crofts not only maintained in GAEC but cultivated by the crofter or his/her family or directly on his/her behalf and that crofting support (alongside regulation and other policy activity) should work towards that goal. By such responsibility being taken directly, as policy and legislation appears to suggest, crofters would no longer be a minority of around a ¼ of Scotland’s active agricultural claimants but the majority. That would appear to be the logical conclusion of the general policy aim, whether intended or otherwise and, as such, its significance cannot be overstated.

The Crofting Commission in its Policy Plan (Crofting Commission 2017b) sets out further what the Scottish Government in the broader sense of the word sees as the public benefits flowing from such policies:

- Ensuring that croft land is kept in good condition for present and future generations
- Increasing the income derived from croft land use

- Encouraging tenants and owner-occupier crofters to develop crofting resources and share communal crofting activities, machinery and skills
- Increasing the amount of croft-grown local produce
- Assisting the development of other alternative enterprises on crofts
- Retaining and, where appropriate, enhancing biodiversity through the careful management of the natural environment by tenants and owner-occupier crofters
- Having regard, where required, to the Nature Conservation (Scotland) Act 2004 and other environmental legislation, regulations and directives.

It should be noted at this point that the policy for crofting, with its insistence on continuing agricultural activity by a large and undiminishing body of crofters, stands in opposition to efficiency or productivity gains through 'rationalising' structural change; any such improvements must by implication be achieved while maintaining the number of crofters and those crofters have a personal responsibility to ensure the cultivation and maintenance of their crofts.

When it comes to common grazings, while the Act is phrased in terms of enabling crofters to avail themselves of the opportunity to organise and govern themselves, it is also clear that active self-governance is regarded as a norm, with the Commission empowered to step in to fill gaps in governance in particular circumstances.

The Commission sets out the broader benefits of its enforcement and support roles as it sees them:

- Improvement of the management of common grazings and build capacity at township level
- Increasing, where appropriate, stocking levels, crofting activity on common grazing and related activity on crofts
- Strengthening crofting townships and connections between crofters, and encouraging best practice on common grazings
- Where appropriate, improving biodiversity by effective management of the natural resources on common grazing land
- Increasing the opportunities for forestry and other purposes on common grazings, with associated carbon reductions and associated economic benefits to crofters and crofting communities
- Encouraging the management of common assets
- Protecting better quality inbye land by encouraging use of common grazing land for affordable housing or community facilities in liaison with planning authorities, as appropriate.

Perhaps it is appropriate to note here that this picture does not seem quite so coherent to all observers. Sir Crispin Agnew, having noted the current pattern of croft usage in evidence to the Scottish Parliament, said that - 'the crofting legislation is not fit for purpose because it does not have an underlying policy theme that is appropriate to the present day and age.....; someone will have to sit down and think, "What policy are we trying to achieve in the crofting context?"'.

Hints of such internal contradictions might be detectable in official statements such as 'whether the land is being used to produce food, deliver environmental benefits, *business premises or housing* is not as important as ensuring that the land is being used in some shape or form' (author's emphasis). (Scottish Government 2008).

Policies other than the current one are of course possible. This report, while noting some of the challenges, is however based firmly on current policy. It assumes that this policy is in general clear and consistent; where any dubiety exists, crofting legislation is the best guide to Government objectives.

3 The state of the ‘crofting system’

Sir Crispin Agnew points out that ‘in many townships, one or two crofters are the ‘farmers’ and farm the majority of croft land on various formal or informal arrangements, while the rest of the crofters just live on their crofts’ (Agnew 2015). If Crispin Agnew’s sketch is a valid picture of crofting today, it poses a significant challenge to the narrative of crofting and to crofting policy, so what then is the current state of crofting, when set against the standards and norms set out in crofting policy?

Given that there is no data source which both gathers reliable and representative information and does so in a way which reliably distinguishes crofting, we have sought to use surrogates to give an imprecise but hopefully accurate picture of the current situation.

3.1 Estimating the degree of neglect

This is perhaps the most difficult aspect to pin down, since the crofter is not required to do anything in particular, and any work that is done can be carried out by a third party.

The approach taken has been to use the online Land Parcel Information System (LPIS) data, and specifically whether or not parcels have been allocated a ‘payment region’ for the purpose of claiming under the Basic Payment Scheme, as an indicator of whether that particular parcel is used for agriculture. The fact that a parcel is thus mapped says nothing about the activity of the crofter personally, but does strongly suggest that the parcel is used to a degree that would stand up to an inspection by SGRPID. It is accepted that some land is used for grazing but not declared in any Single Application Form, but from personal experience and that of colleagues and consultees, the area concerned is likely to be quite small.

The results are striking. As the maps on the next few pages show (Figure 3 - 5), the overwhelming majority of crofting land is in some way used for agriculture, at least to the likely satisfaction of SGRPID, even in the remotest and most marginal crofting areas such as the Bays of Harris.

What is also apparent is that there are nevertheless a significant number of crofts where there is *prima facie* evidence of non-cultivation and, in some cases, neglect. There are blank spaces in all crofting areas, but the incidence rises in two circumstances – areas where agriculture is particularly challenging (difficult conditions and/or tiny parcels) and what might be called ‘crofting suburbia’. Whilst the former is primarily a question of support, the latter probably requires more in the way of stronger regulation. Note that the maps are only an *indication* of possible neglect – there are known cases where croft land is not in IACS for some reason; nevertheless, the picture is sufficiently consistent to warrant at least some investigation.

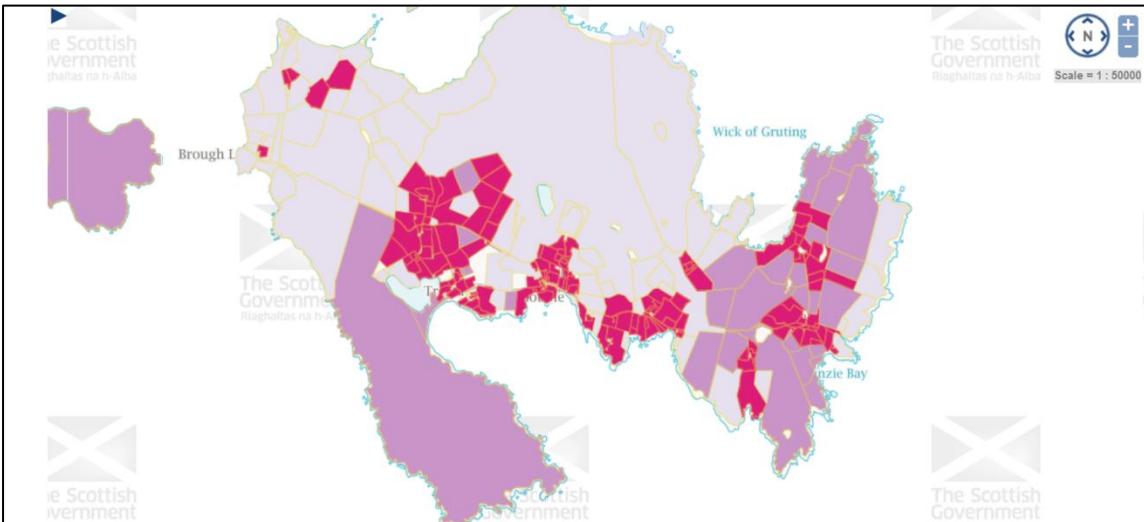
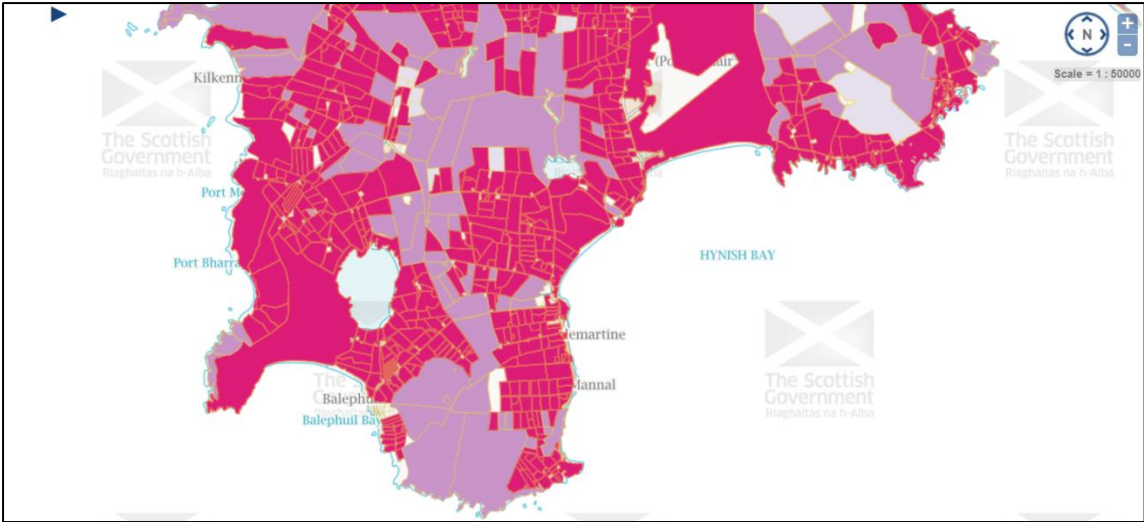


Figure 3. Extracts from the online CAP payments mapping system - areas with hardly any unclaimed land
 Top: Tiree; middle: North Uist; bottom: Fetlar
 Map: Rural Payments Scotland, Crown Copyright Reserved

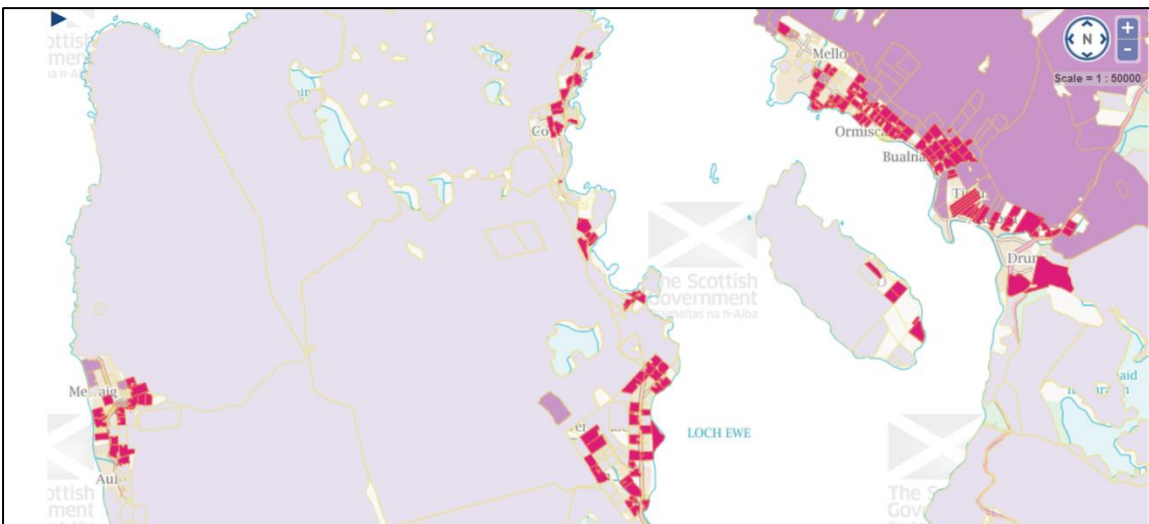
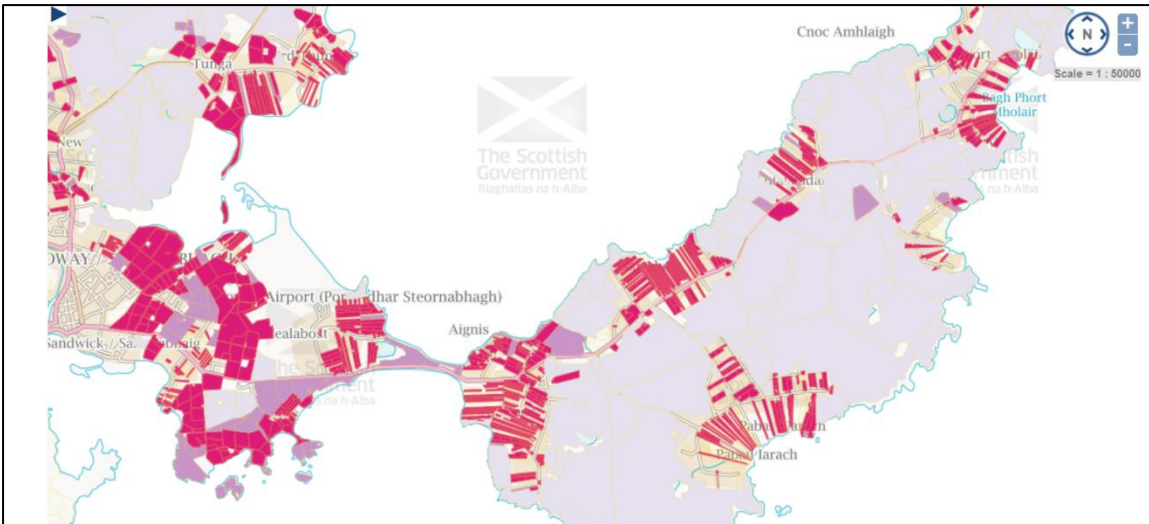
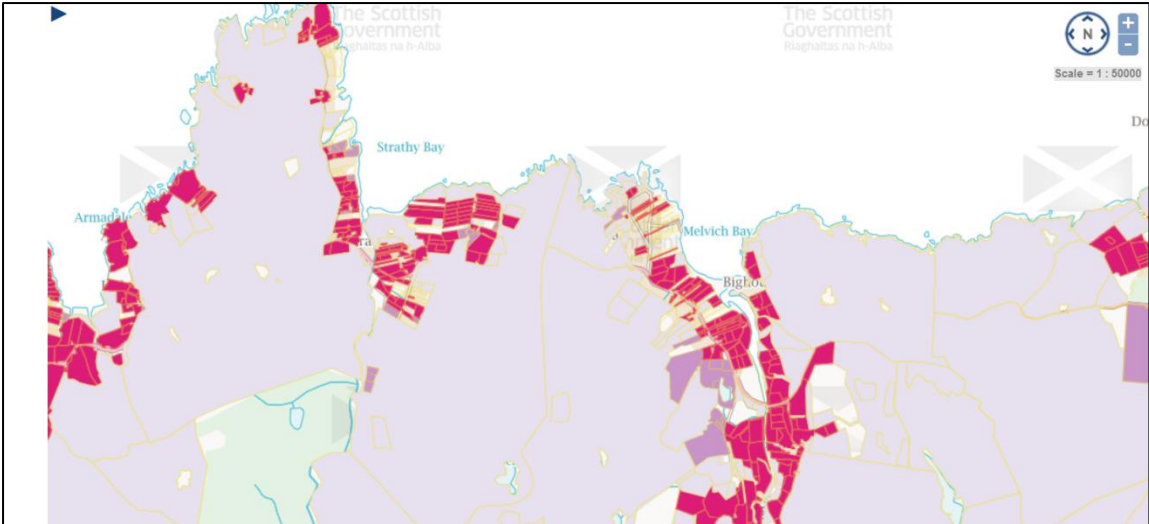


Figure 4. Extract from the online CAP payments mapping system - examples of areas with an intermediate proportion of unclaimed inbye

Top: Farr; middle: Stornoway; bottom: Gairloch

Map: Rural Payments Scotland, Crown Copyright Reserved

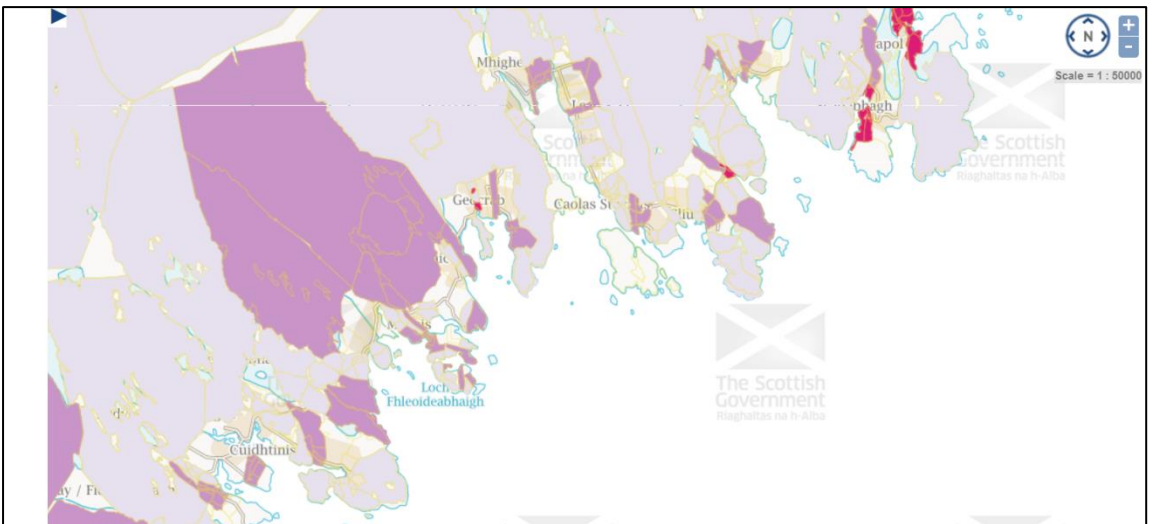
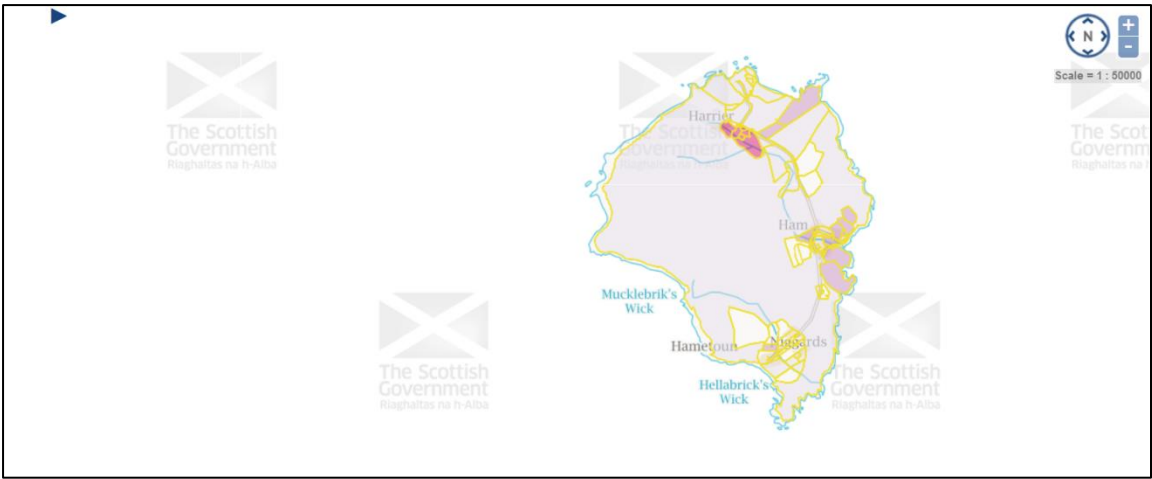
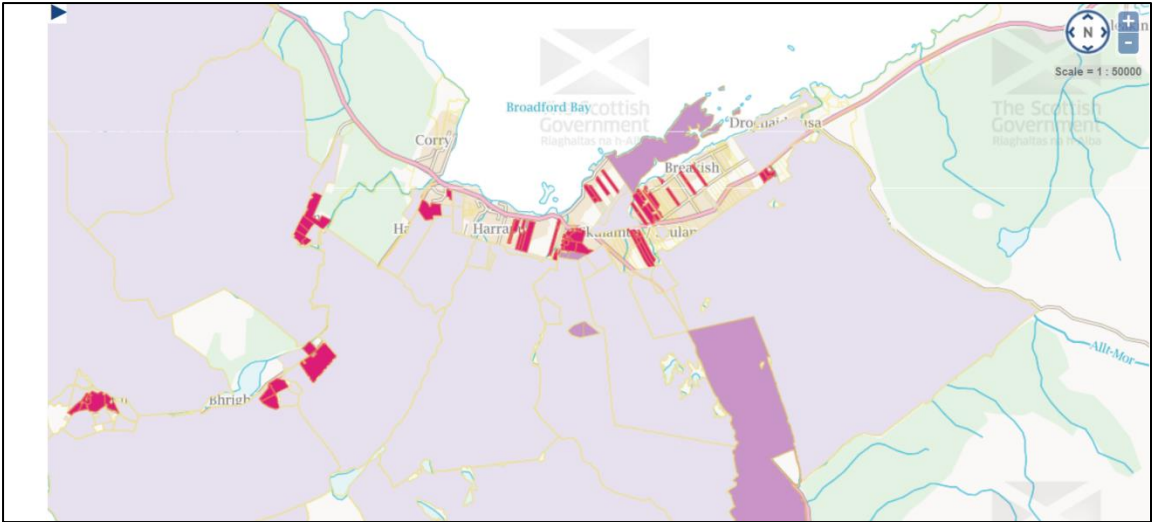


Figure 5. Extract from the online CAP payments mapping system - examples of areas with a high proportion of unclaimed inbye

Top: Strath; middle: Foulca; bottom: Harris

Map: Rural Payments Scotland, Crown Copyright Reserved

The crofting census requires crofters to report on this question – 76% of the 76% of crofters who returned the form said that they were not neglecting their croft (Crofting Commission 2017a). The LPIS evidence suggests that this could be correct.

3.2 Estimating the proportion of crofters taking personal responsibility for cultivating and maintaining their croft

LPIS mapping suggests that most croft land is used, but the duty to cultivate and maintain sets a higher standard – that the agricultural activity is the personal responsibility of the crofter, either by the crofter, their family or directly on their behalf.

Direct experience of the huge numbers of informal permission letters to use croft land being submitted in support of Single Application Forms engenders a suspicion that for large numbers of crofters, the work implied in the avoidance of neglect is in fact undertaken by third parties. Is it possible to find evidence to cast light on this question?

It is not possible to distinguish flock or herd registrations by crofters from those registered to non-crofters. Interpreting the agricultural census raises many challenges, the reliable identification of crofter responses being one – (Sutherland et al. 2014) use census data to look at non-croft smallholdings; the statistics they quote for the Western Isles suggests that of 5404 holdings of less than 10 ha, 2869 are crofts and a massive and surely incorrect 2535 are something else.

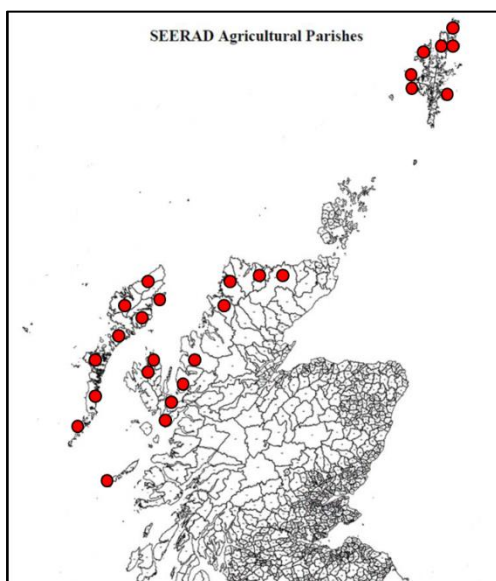


Figure 6. The Crofting Sample parishes
Map: Rural Payments Scotland, Crown Copyright Reserved

In the absence of the data requested from the Scottish Government, we had to use the online CAP Payments database alone, searching by individual postcodes. We were aware of the limitations of using BPS payments, at least at the margins (claims of <3 ha ineligible; some activity not BPS-eligible; some active crofters choosing not to claim, recent entrants or developers possibly not having entitlements). However, the administrative difficulties which have plagued LFASS recently meant that almost no payments were issued in the period covered by the 2016 data, while SUSSS only covers a

proportion of sheep-keepers and no cattle-only crofters. Despite its limitations, we firmly believe that this method gives an answer reliable at least to a tolerance of $\pm 10\%$ and probably much better.

The usual obstacle affects CAP Payments data – crofters cannot be identified separately. We have adopted the approach to identifying predominantly ‘crofting’ data for a subsample of parishes first used in (Jones 2012a), namely focussing on the 26 parishes where $>80\%$ of direct payment claimants included a common grazings share in their 2010 applications (Papa Westray also fulfils this criterion, but it is omitted in the current work because of the small number of producers involved). This sample (Table 1, Figure 6) contains 67% of such claimants and all of the 14 parishes with the highest absolute number of the same. It also contains 21 of HIE’s 61 Fragile Areas, reflecting the wider socio-economic importance of crofting activity. In 2010, it contained 15% of all SPS/LFASS claimants in Scotland and 11% of the claimed area.

Parish No.	Parish	% of claims with CG area	No. of claims with CG area	No. of common grazings
633	Papa Westray*	100.0*	6*	1*
890	Walls Foula	100.0	12	1
754	Lochs	95.8	227	21
753	Barvas	95.3	284	29
755	Stornoway	95.3	261	27
832	Eddrachilles	93.6	44	13
756	Uig	93.2	234	39
465	South Uist	93.1	390	52
444	Harris	92.7	203	44
443	Barra	92.6	87	20
874	Fetlar	91.7	11	2
460	Kilmuir	90.6	116	36
749	Gairloch	90.2	101	26
457	North Uist	89.1	188	37
464	Strath	89.1	49	16
891	Yell	89.1	98	17
840	Tongue	88.1	52	4
886	Unst	87.8	72	15
758	Applecross	87.5	28	21
463	Snizort	87.4	83	24
839	Farr	86.4	108	16
869	Bressay	84.8	28	1
462	Sleat	84.6	44	16
168	Tiree	82.6	71	27
828	Assynt	81.3	52	21
888	Sandness	80.8	21	??
880	Northmavine	80.4	86	8
	Average/Total	91.1	2956	533

Table 1. The Sample - parishes where $>80\%$ of SPS or LFASS claimants had a common grazings share in 2010.

*Papa Westray is not included in the sample in the current report.

This sample also contains a small number of non-crofter claimants; we tried to steer our analysis in a way which minimised the effect of these mostly larger holdings such as using variables such as

numbers of claimants and using medians instead of means. It does however mean that estimates of receipts to crofting and percentage of crofters participating are in almost all cases over-estimates.

The sample is biased to a certain type of crofting, namely crofts with a common grazings share. Other types of crofting, whether the hill farm like crofts of parts of Bracadale parish or the many crofts in various parts of the country which have no access to a common grazings, are excluded unless they fall into a common grazings dominated parish; Duirinish is excluded due to the Glendale holdings.

What then of the baseline against which the sample data could be compared? How many potentially active crofters are there in those parishes who might reveal themselves through claiming BPS (and, in the later analysis, for participating in the various other support measures)?

We used the Register of Crofts, making the following assumptions which, while not entirely valid in every case, allowed us to make a meaningful estimate:

1. We excluded all grazings shares registered as separate deemed crofts
2. Where multiple owner-occupiers or owner-occupier crofters were registered, we recorded only one, and a male if there was a choice
3. If there was a sublet or short-term lease, we recorded the sub-tenant/lessee
4. Given the apparent dubiety between 'landlord' and owner-occupier in some Register entries, we had to some extent to guess which crofts were in fact vacant (which we counted separately) and which were owner-occupied; we used criteria such as address, whether there were multiple crofts so registered, lack of an agent etc.. This is probably the source of most error in the figures.

Parish/group of parishes	Parish number	No. of crofts	No. crofters + vacant crofts	No. BPS claims	Max. % of crofters claiming BPS
Tiree	168	274	134	82	61.2
Barra	443	451	395	70	17.7
South Uist	465	938	734	252	34.3
North Uist	457	484	349	290	83.1
N Skye	460, 463	591	471	185	39.3
S Skye	462, 464	521	430	88	20.5
Harris	444	566	481	131	27.2
Lewis	753, 754, 755, 756	3680	3134	764	24.4
NW Mainland	758, 749, 828	1011	819	222	27.1
N Mainland	832, 839, 840	754	556	107	19.2
Shetland	869, 874, 880, 886, 888, 890, 891	1167	631	312	49.4
Whole sample		10437	8134	2502	30.8

Table 2. An estimate of the number of potential crofters and activity levels in the sample parishes (parishes grouped to ease use of postcodes)

Having obtained an estimate of the number of 'crofts', we worked through the addresses to obtain an estimate of the potential number of 'crofters', combining the apparent number of distinct individual crofting occupiers and the apparent number of vacant crofts. This represents the maximum possible

number of active crofters in the parish, against which actual scheme participation, numbers of livestock keepers etc. can be compared. The results are shown in Table 2.

The data shows that there is a huge variation in the proportion of holdings claiming BPS, from an exceptionally high value in North Uist, through intermediate values on Tiree and in the Shetland parishes taken as a whole down to Barra, where fewer than 1 in 5 holdings put in a claim. For crofting specifically, some of these values will be overestimates, since the number of BPS claims could not be reliably split into crofting and non-crofting payees.

If this percentage is extrapolated to the total number of crofts in Scotland, 20,566², this suggests that the number of holdings not maintained or cultivated by their occupiers is of the order of 14,000.

This is not to say that these crofts are subject to neglect, rather that the cost of their maintenance and cultivation is not being at least directly borne by the crofter. Interestingly, almost none of this third party use takes place under formal subletting or short-term lease arrangements – North Uist, with 5.8% of crofts subject to such arrangements, was again exceptionally high; the average in the sample was 2.8%. Rather, as anyone who has helped crofters with their SAF forms can attest, the pattern is of very significant numbers of informal arrangements, albeit ones formal enough to furnish a letter of permission to SGRPID.

How this broad figure tallies with crofters' own assessment is not clear – 82% of returns to the crofting census (a higher proportion than those 'not neglecting or misusing'!) claimed to be maintaining and cultivating their croft (Crofting Commission 2017a).

3.3 The use of common grazings

In 2011, using 2010 claim data for SPS and LFASS, the author (Jones 2011) attempted for the first time to provide some statistical evidence for the use of common grazings, both in practice and to support claims for agricultural support payments. This suggested that much the same pattern as that seen for croft holdings applied to grazings shares at that time – a minority of crofters claiming their shares in support of payment; an even smaller minority actively using the grazings; large-scale annual reallocation of shares to support payment claims, but with large areas of grazings still remaining unclaimed. Given that we were unable to obtain fresh data from the Scottish Government in time to finish this report, we cannot provide an updated picture; however personal experience suggests that the pattern of use and claiming remains the same. It would be interesting however to see whether the move towards standard payment rates for BPS has changed the overall percentage of land claimed.

² <http://www.crofting.scotland.gov.uk/facts-and-figures>

3.4 The scale of crofting

The CAP Payments database provides information on the payments made to each individual claimant in the year in question, split by type of scheme. It is therefore possible to look at the distribution of payments without being misled by the vagaries of parish totals and mean values.

Figure 7 shows that half of all payees in the sample parishes in 2016 received less than £1474. Note that the sample contains some large non-crofting claimants, so the figure for crofting alone, were we able to extract it, would be lower. The range in the top 25% is in all cases huge; only in Tiree did fully one quarter of all payees receive more than £10,000. The same data is reworked in Figure 8, this time showing the percentage of all claimants in the parish in receipt of £1000 or less of BPS in 2016. While such claims accounted for less than one in ten on Tiree, on Lewis they made up half of all claims, and around a third in the sample as a whole. Figure 2.16 in (Moxey and Thomson 2018) gives a similar picture at the council area scale using Standard Output estimates.

These payments reflect the underlying realities – in the Highlands and Islands as a whole, crofts account for 48% of holdings with suckler cows and 66% of holdings with ewes, but only 23% and 39% of total cows and ewe numbers respectively, while 47% of the breeding ewes in the Western Isles are in flocks of fewer than 50 (Moxey and Thomson 2018).

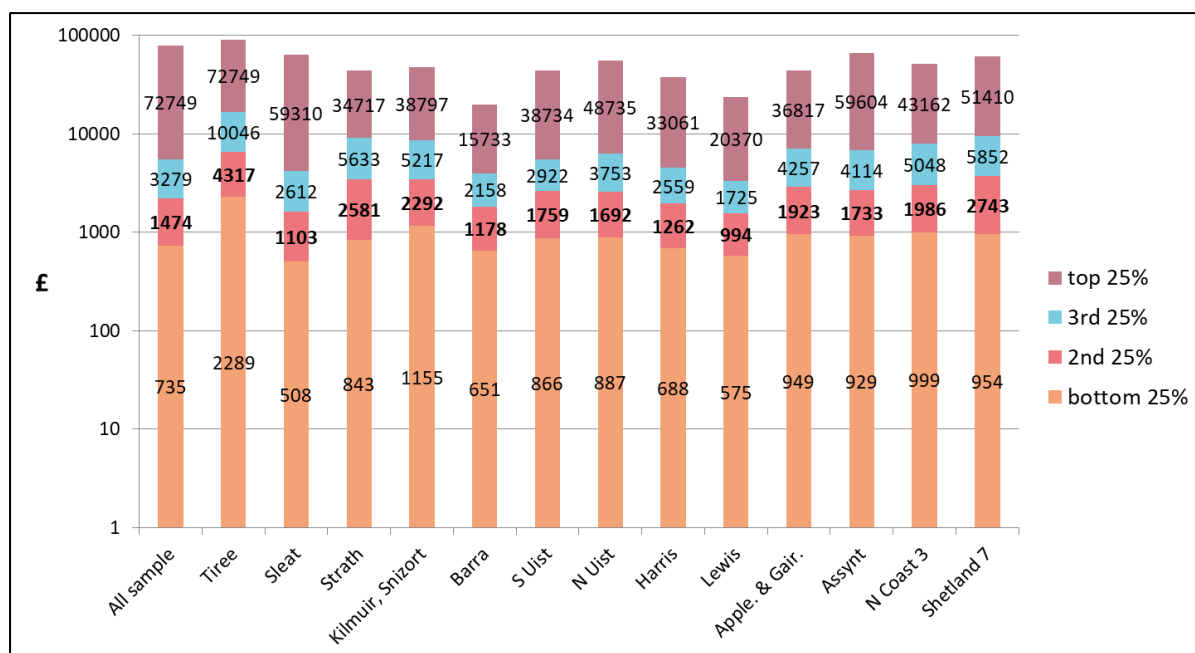


Figure 7. Lower quartile, median, upper quartile and maximum BPS payments made in 2016. Note: log scale used for clarity (from CAP Payments database)

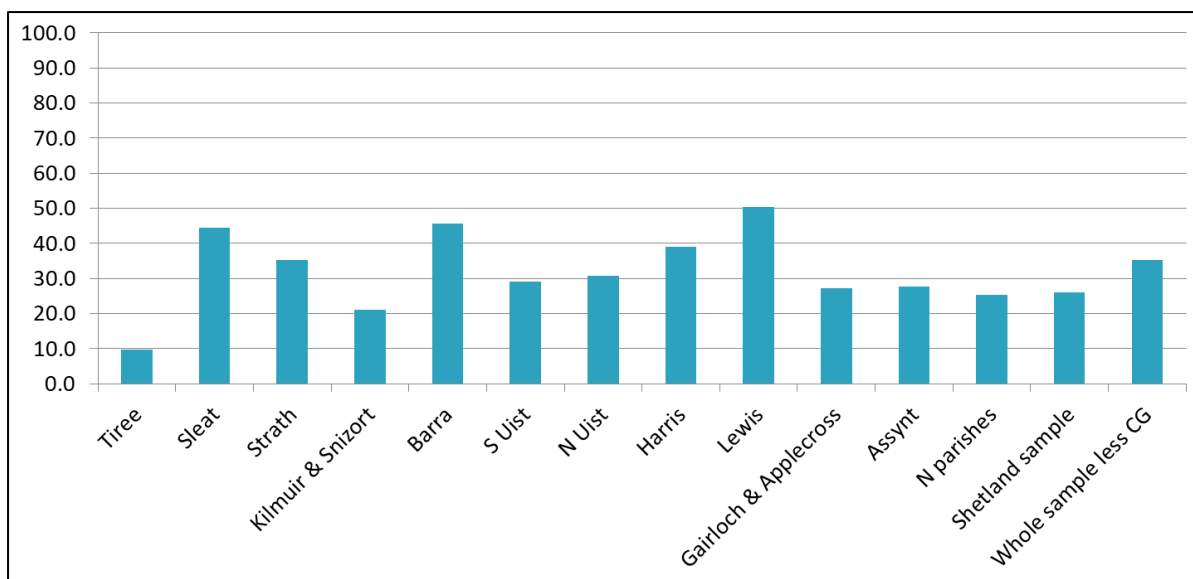


Figure 8. Percentage of BPS payments in 2016 which were <£1000

Crofting thus remains overwhelmingly a small-scale system; any assessment of measures to support it must likewise address the needs, aspirations and constraints of the small-scale. Moreover, a policy which intends every crofter to have personal responsibility for the cultivation and maintenance of the croft would, if fully implemented, lead to a huge expansion in the number of small-scale crofters, to the point where they will make up the majority of actively-farmed agricultural holdings in Scotland.

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.

4 Assessing the performance of current support

4.1 What are the needs?

Looking at the present-day state of crofting land use in the light of the Scottish Government's vision for crofting as refined by the Crofting Commission, we can arrive at a number of simple tests against which current policy can be assessed:

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

Further refinements of this question might ask whether this encouragement goes beyond the minimal or token, while maximising the flexibility of the crofter to respond to economic signals, not least from the market. Is it flexible – can it be 'switched on' without difficulty in the case of newly-active crofters? Does it avoid pushing the crofter into stocking decisions which have negative impacts on the wider

environment or on the underlying croft economy? We might go further and ask whether on balance being agriculturally active is financially (and non-financially) attractive for a crofter?

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

Is the encouragement given by support measures tailored in a way which is more rather than less likely to deliver a range of public goods and policy goals, from supplying local food to maintaining biodiversity and sequestering carbon? Does it avoid giving signals which are in conflict with those from other policy measures? Since these are public goods, the only possible 'market' is the state – does the taxpayer pay the crofter a fair hourly rate for his/her work, when that isn't being otherwise delivered as an incidental of viable agricultural activity?

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?

Are the measures reinforcing governance mechanisms? Are they encouraging use over inactivity? Are they able to bring in new users or do they maintain a status quo? Again, is sustainable food production socially and financially attractive, and do otherwise uneconomic activities which deliver public goods get rewarded by at least the living wage rate per hour?

In all cases, it is recognised that the policy is not and probably cannot be delivered by support measures alone – regulation is also a vital complementary tool, but lies outwith the scope of this report. Similarly the burden of bureaucracy and fear of penalty can be a discouragement to activity. More importantly, we also recognise the many other major factors which impact on crofting land use decisions, especially when it comes to a shift in generations, some of which are not even part of wider 'crofting policy' and none of which are covered in this report. They include:

- The macro-economic context in which they operate - what happens in terms of trade policy or in terms of support or regulation for intensive farming has a huge influence on crofters
- The availability of jobs locally to supplement crofting activity
- The social vitality of the local community
- The health of the wider economy as an alternative to the crofting life
- The degree of competition in the market for crofts from those who intend to be inactive.

And while we illustrate how most of the payments go to intensive farming, and indeed to a very few holdings, we don't discuss the clear importance of this in the overall picture, whether of macro-economics, budgetary considerations or agricultural politics. To use the rather unfortunate terminology of LFASS discussions, we pose the question 'is the measure adequately compensating crofting?' and leave the wider question 'is the measure overcompensating (some?) large farmers?' to others.

4.2 Support for maintenance and cultivation

4.2.1 Overall assessment

In terms of the absolute proportion of crofters who are taking personal responsibility for the cultivation and maintenance of their croft, even if it is accepted that the policy has only been set out clearly in that way since 2010, delivery has fallen short of the aspiration. While the precision of the figure can be questioned, it seems clear that a majority of crofters do not take personal responsibility for maintaining and cultivating their crofts.

A fairer test for current policy might be the extent to which it has halted and reversed those long-term trends. We requested data from the Scottish Government on direct payment and LFASS claims by parish to compare against the 2010 set, but had not received them by the time this report was completed. According to (Espinosa and Faure 2004), the number of SAF submitted from South Uist parish sometime in the early years of the millennium was 351; in 2016, there were 252 BPS payments made – the suspicion is that this pattern of decline is repeated more widely in crofting, even if not at this scale. In this overall light, let us then examine the core support for their strengths and weaknesses when it comes to low-intensity and small-scale holdings.

The contract specification focusses on the land use aspects of crofting support. Seen from this perspective, current support measures directly focussed on ‘maintenance and cultivation’ can be separated into two groups:

- a) Direct support for agricultural activity
 - 4.2.2 Basic Payment Scheme (BPS)
 - 4.2.3 Scottish Upland Sheep Support Scheme (SUSSS)
 - 4.2.4 Less-Favoured Area Support Scheme (LFASS)
 - 4.2.5 Scottish Suckler Beef Support Scheme (SSBSS)
 - 4.2.6 Crofting Cattle Improvement Scheme (CCIS)
- b) Investments in holdings
 - 4.2.7 Crofting Agricultural Grant Scheme (CAGS)
- c) Other complementary support measures
 - Beef Efficiency Scheme (BES)
 - New and Young Entrant Schemes
 - Food Processing, Marketing and Cooperation Scheme (FPMCS)
 - Knowledge Transfer and Innovation Fund (KTIF).

Schemes in group a) are taken up by virtually all eligible crofters - in practice all agriculturally-active crofters and a large proportion of all sheep or cattle-keepers, as relevant. Uptake of these schemes, and of BPS and LFASS in particular, is a measure of the number of crofters eligible to apply for them; we therefore use data for these schemes to explore the proportion of crofters who, by this criterion, are active managers of their land. CAGS is used very widely but, by its very nature, intermittently; its uptake is also linked to the security with which the agriculturally active croft user holds the land (crofter vs. sub-lessee vs. informal user).

Schemes or other forms of support in group c) are at present used by only a fraction of crofters. For this group of schemes, uptake figures might equally reflect on the adequacy or quality of the measures themselves and we will evaluate each briefly in turn.

4.2.2 Basic Payment Scheme (BPS)

BPS is arguably *the* fundamental support scheme for crofting – we use it above as a marker for ‘maintenance and cultivation’. BPS payments are made on the basis of entitlements which were either allocated gratis at the commencement of the scheme on the basis of land claimed in the reference year, or gratis to a qualifying new entrant at some time, or were purchased on the open market.

The scheme has a minimum claim of 3 ha and any claimed parcel must be at least 0.1 ha in area. Payments are made at 3 basic levels, corresponding to the ‘region’ allocated to each parcel based on a combination of land quality and previous activity levels. For common grazings, a complex system based on the average of claims (rather than the overall use, for example) was used to determine the region to which it was allocated, and where grazings are ‘split’, it is never into more than 2 regions (whereas farms and crofts can contain parcels in any of the 3 regions). A top-up is available to young entrants.

Payments are moving gradually from a historic basis, in which each holding receives different amounts per ha to one of uniform payments per region of around €244/ha for Region 1, €41/ha for Region 2 and €13/ha for Region 3, the most marginal land. In such a system, crofting as a whole receives a low average payment per ha.

Region 2 and 3 land is subject to minimum use rules (or a demanding alternative system of annual biological surveys), with no payments made where there is less than 0.05 LU/ha of qualifying grazing livestock. Region 1 land is not subject to an usage rule, but has to be maintained in Good Agricultural and Environmental Condition, such that it could be brought into production within a year using just normal machinery.

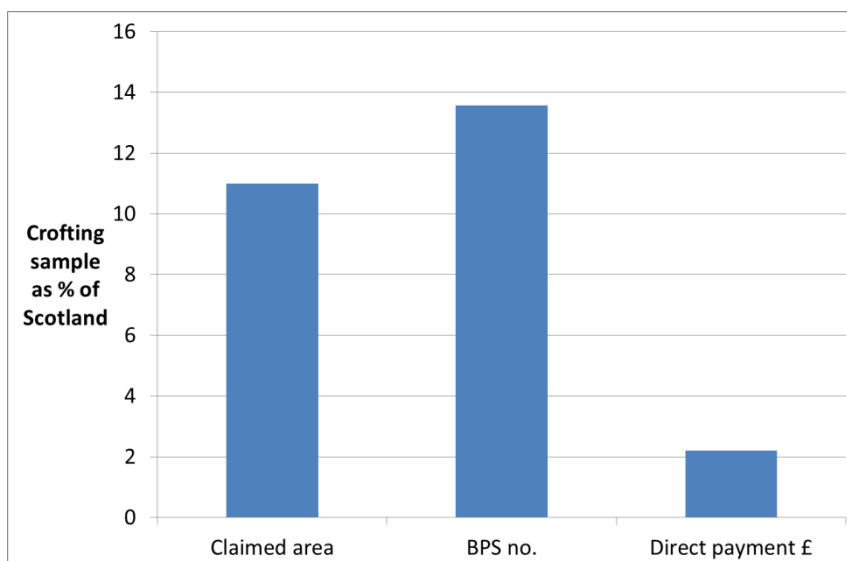


Figure 9. Direct payments relative to rest of Scotland (CAP Payments 2016 data + 2010 Scottish Govt. data on IACS claims)

In terms of positive and negative aspects, the minimum stocking requirement for R2 and R3 land is certainly positive – its impact is clearly felt in Lewis and Harris, where numerous claimants are in that band of extremely low stocking densities; despite it being possible to claim that stocking levels are ‘low historically’, it seems in general to provide a floor to activity below which few want to stray.

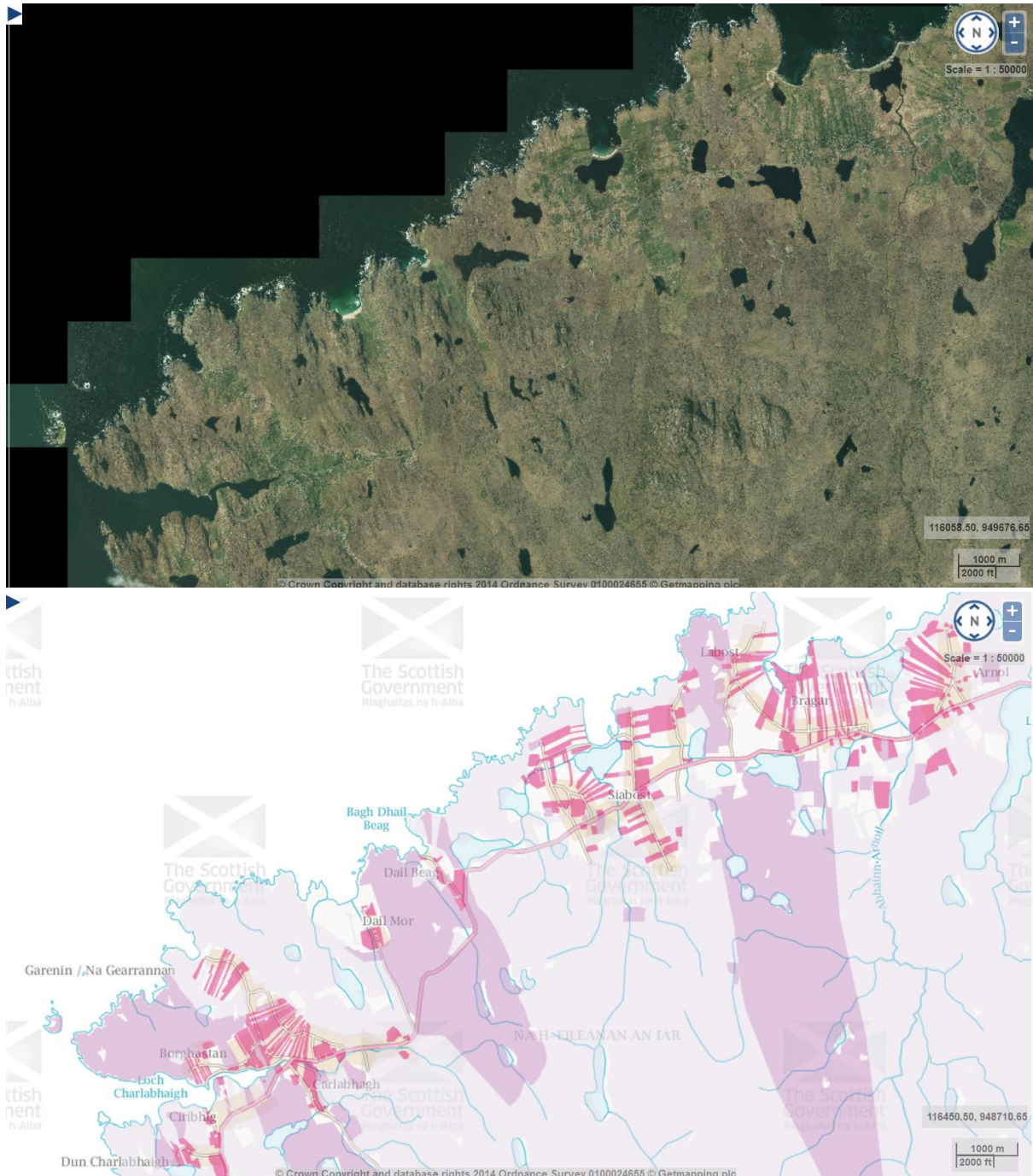


Figure 10. Regionalisation anomalies between grazings in Barvas & Uig, Lewis. Pink - R1; purple - R2; lilac - R3
Image: Google Earth; Map: Rural Payments Scotland, Crown Copyright Reserved

The scheme has many negative aspects however. It channels large sums of money to Scotland’s intensive farming areas, strengthening and reinforcing the agri-industrial system which is a major competitor for crofting, driving down prices in the market into which crofting sells, and the costs of

whose low environmental performance is in part paid by crofters. Crofting's receipts, whether measured per hectare or per claim are of course well below the Scottish mean.

Other negative aspects stem from the detailed rules. Region 1 claimants don't need to do anything within the claim year, yet receive the highest payments by far (more than 18 times those in R3); Region 2 claimants have to meet minimum stocking requirements no more onerous than those on Region 3 but, despite being on better land where activity is less challenging, receive around 3 times the level of payment. While both R2 and R3 claimants have to do *something*, there is no encouragement from BPS to do anything more than this minimum. (Greening has no additional impacts on crofters and is not worth discussing separately here.)



Figure 11. Regionalisation anomaly within a township - this large square apportionment in Leurbost, Lewis, has been mapped as R3, but appears to be more intensively managed than the surrounding R2 common grazings
Image: Google Earth; Map: Rural Payments Scotland, Crown Copyright Reserved

The regionalisation of croft land is not completely irrational, but in the case of common grazings, the method used provides many perverse anomalies, both between grazings (Figure 10) and between

grazings and crofts/apportionments within the same township (Figure 11). The decision not to allow for more than 2 regions in any common grazings is likely to exacerbate such anomalies.

The system of entitlements underlying the payments seems to provide no added value when compared to a system governed solely by the land claimed each year. It is an obstacle in the way of the newly active who do not fit into the new entrant definition (e.g. by having been tenants of a croft for some years but only recently having become active). More broadly, it is a problem on common grazings – areas managed but not claimed in a reference year can subsequently be reallocated to active graziers by the clerk, but no entitlements are available to reward this management; the author showed that during the last implementation of the CAP an average of around 1/3 of the area of grazings was apparently managed but nevertheless not in receipt of payments (Jones 2011).

The 3 ha minimum claim is generally not an issue in townships with common grazings, but has been raised as a problem in other crofting areas and in cases where a croft has no associated share in a common grazing. Minimum parcel size is an irritant more than a serious issue, but it seems rather strange that the area has had to be mapped by SGRPID and is declared annually by the applicant and yet cannot be used to support a claim.

Recently it has also emerged that qualifying activity in the reference year was not as broad as had been thought, with certain cattle-only producers being disadvantaged, though clearly 'active' – a decision that is particularly hard to stomach when R1 claimants are not required to do anything to access their much higher payments.

4.2.3 Scottish Upland Sheep Support Scheme (SUSSS)

SUSSS is a headage based scheme available only to claimants with >80% of their land in R2 and <100 ha of R1 land. Designed to boost R3 payments, it is payable on homebred ewe hoggs kept into the spring of the following year, with a maximum of one hogg receiving payment for every 4 ha of R3 land. The amount of money in the scheme is fixed, so the payment per animal depends on the number of hoggs claimed; in practice the payment has been lower than initially intended, with the result that sheep-only R3 claimants can never match the payment received by their R2 counterparts. Most crofting areas have a significant dependence on the measure (Figure 12).

The most positive element of the scheme is that it provides an encouragement for activity, but in a way which reduces the incentivisation of overgrazing (or economically-irrational stocking levels, for that matter) – for holdings following normal flock replacement patterns, the 1 hogg per 4 ha rule equates to a stocking rate of 0.15 LU/ha or so. The payment is available even below the BPS minimum stocking, providing a small degree of support for producers wishing to get back above that threshold. By being paid on hoggs rather than gimmers, the measure avoids the need to examine teeth during inspections.

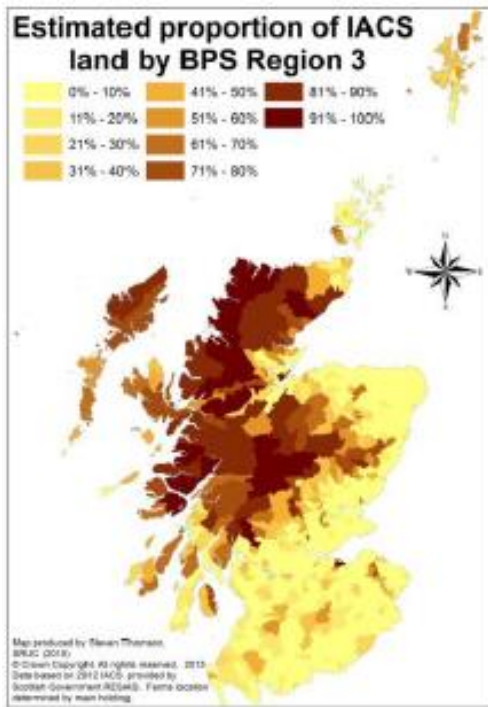


Figure 12. Estimated proportion of IACS land in BPS Region 3
 After (Moxey and Thomson 2018) based on SG Rural & Environment Science & Analytical Services, 2015 data

The negatives are however numerous. While the encouragement given to R3 sheep producers is to be commended, all else being equal, all else is very clearly not equal. In particular R2 producers get a substantially larger amount of money for doing nothing more than reaching the minimum stocking, and R3 claimants cannot reach that level of payment even at the maximum SUSSS claim level. SUSSS, while underpinned by the SAF, is claimed separately - many forget to claim it, as there is no auto-enrolment or even a reminder system. Its retention period extends into the following year, as then does the wait for payment. Thus the most marginal producers have to do more on the ground, to fill in more paperwork and to endure a much worse cashflow for much less money than any other claimants. Those producers with 79% of R3 land don't even have access to it (Figure 13).

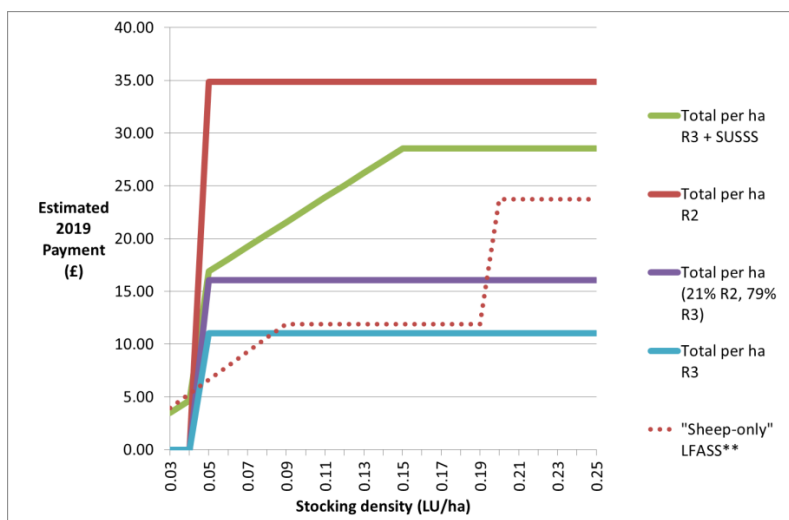


Figure 13. Interaction of stocking level and payment at low livestock densities for various schemes and croft characteristic

SUSSS is also only paid on ewe hoggs, with the assumption that the 'farming/crofting of last resort' is the standard sheep flock. R3 producers with systems based around grazing stirks, for example, cannot get extra support. (Hill cow producers can get additional support of a kind through LFASS, but this is available to producers throughout the LFA, even on R1-dominated holdings.) Meanwhile, sheep producers are discouraged from deviating from a standard system – a producer who keeps a larger proportion of the flock as widders for mutton can do so without a second thought in R2, but in R3 this could come at the cost of losing some SUSSS.

4.2.4 Less Favoured Area Support Scheme (LFASS)

LFASS is claimed by almost all livestock-keeping crofters – only those without breeding ewes or breeding cows in the reference years are excluded. With its lack of entitlements, it is more easily accessible by the new entrant and the amount claimed can vary annually with the area available to declare.

LFASS is the latest in a long series of measures, starting in the 1940s, to support livestock keeping on the poorest land. Originally paid as headage, LFASS has for the last 20 years or so, been a per hectare payment, decoupled in most circumstances from current production, though subject to occasional rebasing to re-establish that link at least temporarily.

LFASS does this with an extremely complex series of calculations which combine the marginality of distance with the marginality of land (as expressed in past stocking levels in terms of breeding ewes and breeding cows) and the mix of stocking (cattle vs. sheep) to produce a large number of possible payment rates per ha. In summary, the more marginal the land, the lower the payment; crofting receives a low average payment per ha.

All of these payments are 'historic' in character, having no direct relationship to current activity, other than in two circumstances. The first is that any apparent substantial reduction in declared activity can trigger an inspection. The second, and more routinely, below a so-called 'minimum stocking' threshold of 0.09 LU/ha in terms of the activity declared that year, the payment is reduced proportionately – this means that LFASS is a coupled headage scheme below 0.09 LU/ha for at least some claimants.

The qualification in the last sentence is due to another unique characteristic of LFASS, at least amongst Scottish Government measures, in that it has a minimum payment. Any payment due which is below a threshold level (currently around £385) receives this minimum amount. Since the payment rate varies considerably, this threshold kicks in at a different number of ha in different circumstances (Table 3); the area corresponding to the minimum payment in fact increases without limit below the 0.09 LU/ha 'minimum stocking'.

Although key to the income of crofters and fundamental in terms of its basic aims, the positive aspects of LFASS in the details of its current incarnation are limited, given its specific vocation in supporting disadvantaged areas. The link between reward and activity at the lowest stocking levels is certainly welcome, as is the minimum payment, which, uniquely amongst Scottish area payments, provides a safety net to the smallest producers. The lack of a link to entitlements or similar barriers to claiming

is also a positive, though some bureaucracy is nevertheless involved at the time of the first claim. On paper, it also supports the maintenance of cattle herds in the remotest areas – something almost everyone agrees should be encouraged – but in fact this top-up is not related to current activity, but to a historic reference year.

	A Up to 0.19 lu/ha Multiplier: 0.167			B 0.2 to .039 lu/ha Multiplier: 0.333			C 0.4 to 0.59 lu/ha Multiplier: 0.667			D 0.6 or more lu/ha Multiplier: 0.8		
	S	F	VF	S	F	VF	S	F	VF	S	F	VF
Cat. A & B <10% cattle	44.2	37.1	32.3	22.2	18.6	16.2	11.1	9.3	8.1	9.2	7.7	6.7
10-50% cattle	32.7	27.5	23.9	16.4	13.8	12.0	8.2	6.9	6.0	6.8	5.7	5.0
>50% cattle	26.0	21.8	19.0	13.0	11.0	9.5	6.5	5.5	4.8	5.4	4.6	4.0

Table 3. Variation in the area corresponding to the minimum payment in LFASS

The first major weakness of LFASS is outwith the control of the Scottish Government. It is a scheme which tries to implement an inherently paradoxical regulation – one whose payments are to compensate for the additional costs of carrying out particular agricultural activities in remote and otherwise handicapped areas, but which is forbidden from demanding that those activities are carried out in any particular year. The result is profoundly unsatisfactory to all stakeholders, but converting the scheme into one linked to current production would entail moving it out of the WTO ‘green box’ into the ‘amber box’, where the total support allowed is limited.

	Outer Islands	Inner Islands	Remote Mainland
Fertiliser (£/t)	£36	£28	£15
Feed (£/t)	£32	£30	£10
Forage (£/t)	£38	£32	£20
Cattle haulage (£/hd)	£24	£21	£11
Sheep haulage (£/hd)	£5	£2	£1

Table 4. Representative extra costs of remoteness (SAC Consulting data)

The second weakness is very much a reflection of Scottish agricultural politics in that the payment rates, supposedly proportional to the biophysical constraints, in fact end up rewarding the least marginal areas with the highest payments (in Table 3 it takes 10 times as many hectares to generate £385 on the most disadvantaged holdings at top left as in the least disadvantaged at bottom right) – even the cattle top-up tends to have the effect of concentrating payments on the better land. The well-documented extra costs of not only biophysical constraints at a location but remoteness (Table 4 after (Moxey and Thomson 2018)) are lost in the calculation.

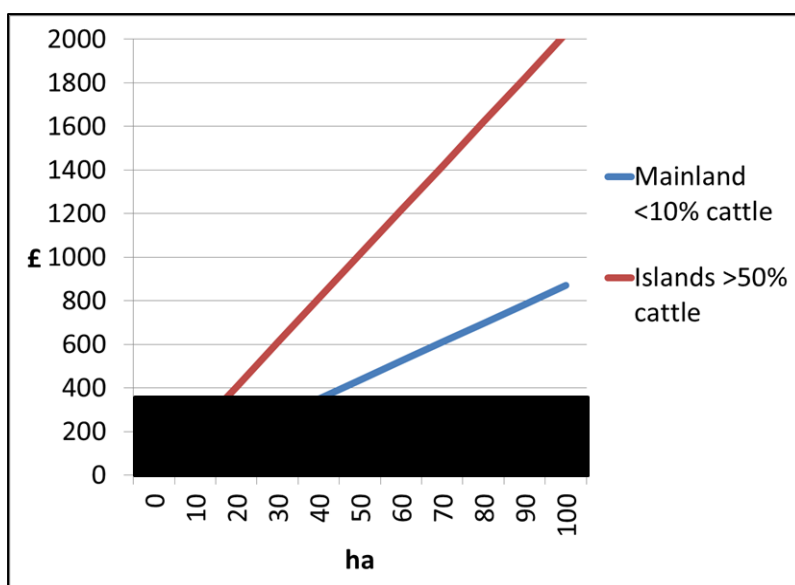


Figure 14. Illustration of the effect of the minimum payment in terms of the policy signal
 Note that <math><0.09 \text{ LU/ha}</math>, the number of ha affected increases proportionately.

While the minimum payment is undoubtedly a welcome innovation, the way it is implemented is unfortunate – its effect is to create a group of claimants to which it can give no policy signal, whether during the occasional rebasing exercise or, in the case of holdings below the 0.09 LU/ha ‘minimum stocking’, during the current year (Figure 14).

Data on uptake was requested but had not been made available at the time of completion of this report; CAP Payments data for 2016 was useless in this regard – almost no payments were issued due to the ongoing IT difficulties on the part of Scottish Government.

It is of undoubted importance and vital for all crofting businesses which claim it, but comparing its performance to the role set it in the Regulation, LFASS is perhaps the most disappointing of all of Scotland’s current CAP measures.

4.2.5 Scottish Suckler Beef Support Scheme (SSBSS)

The SSBSS is the coupled support payment for cattle which corresponds to SUSSS for the sheep sector. However, unlike SUSSS, ‘the calf scheme’ is targeted not by region but by type of animal – eligible calves have to be at least of 75% beef breed. Both sexes are eligible and there is no restriction on the number animals claimed, either directly or by means of stocking density limits. Higher payments were formerly made on the first calves claimed, but this has now been dropped; approximately 50% higher payments are however made on calves born on the islands. Claims are made by a separate bureaucratic process and payment levels are governed by the number of claims made in any particular year.

Data on uptake was requested but had not been made available at the time of completion of this report.

The direct link to current activity and the substantially higher rate for island areas are both positive aspects, but the uniform rate to all mainland producers combined with the lack of a cap on the

numbers claimed produces a measure whose benefits overwhelmingly flow to the less disadvantaged areas. The contrast with SUSSS is marked – this is not a scheme designed to encourage production at the margins, but a support measure for Scotch Beef. For crofters with low numbers of cattle, perhaps even just one cow, the link to successful impregnation and calving brings with it a somewhat higher level of risk.

4.2.6 Crofting Cattle Improvement Scheme (CCIS)

CCIS is a measure outwith the RDP by which the state provides bulls for hire to groups of crofters, with wintering facilities available at additional cost.

Having been made subject to a review in 2009, the positive reaction was such that a decision was taken in 2010 to retain the measure and to invest in the supporting facilities. It is perhaps significant that this targeted and much-praised scheme is not part of the integrated programming of the RDP, nor mentioned therein as a complementary support for any of its aims and objectives.

4.2.7 Crofting Agricultural Grants Scheme (CAGS)

CAGS is an investments-in-holdings measure aimed solely at crofters. Although it might appear out of sequence in this list, this reflects its importance for crofting as a whole. CAGS grant aids a broad range of capital items at an attractive grant rate, one that is higher still for young entrants and for ‘groups’, including grazings committees. Claims are made against actual costs, with the supplier selected on the basis of a range of quotes, and payments are made in arrears to the claiming crofter.

Despite the scheme’s importance, usage annually is modest, with 172 payments made to individual crofters within the Crofting Sample in 2016 (Figure 15) and 15 to grazings committees or sheepstock clubs. This is not necessarily a cause for concern – crofters only need to use CAGS occasionally. However, it is likely that the proliferation in the informal use of crofts, which separates short-term needs from long-term interest, is likely to depress the proportion of crofts which avail themselves of this grant over time, with a likely impact on the state of croft infrastructure over time. Data was requested for the whole of Scotland but had not been made available at the time of producing this report.

The benefits of having a dedicated grant scheme with such high intervention rates should not be underestimated; the weaknesses of the scheme are to be set in that generally positive context. The negative aspects in the current implementation model fall under three headings – scope, bureaucracy and cashflow.

The Scottish Government decided to fund CAGS as a purely ‘agricultural’ scheme; this means that there are no opportunities within it to fund ‘other purposeful uses’ outwith the land management sphere, but neither is it currently able to support investment in land management on forest crofts.

Its predecessor scheme allowed claims to be made on the basis of either standard or actual costs, both of which had their pros and cons. CAGS only funds actual costs, requiring at least 2 quotes for any expenditure under £10,000 and at least 3 for sums in excess of that figure. This both excludes the possibility of the applicant being paid for his/her labour and poses difficulties in some areas where multiple suppliers are not available. Ironically, we heard anecdotes where SGRPID rejected quotes as being too high – if local offices know what a reasonable price might be, why have quotes? On the

other hand, a standard-costs-only system, though much easier in terms of bureaucracy, has the effect of offering different grant rates in different areas due to the variation in the actual costs.

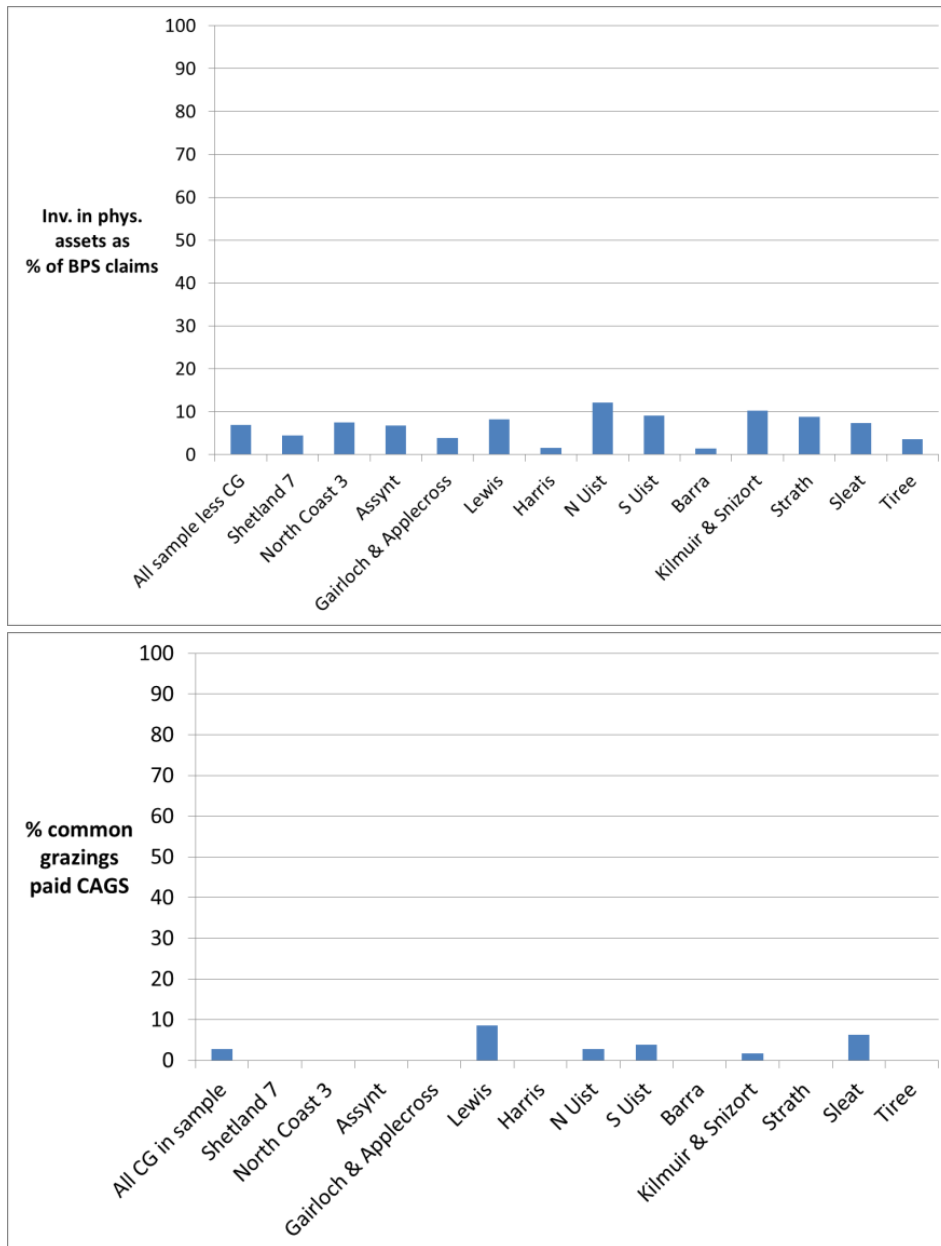


Figure 15. Percentage of BPS claimants and of all common grazings receiving investment in physical assets payments (overwhelmingly CAGS) in 2016 (CAP payments data)

Lastly, and very importantly, the current scheme can cause severe cashflow problems which can be problematic and even off-putting for potential claimants. Not only is it difficult to get prompt approval (a key issue for some types of operations), but the time taken by SGRPID local offices to reimburse the claimant is said to be excessive almost as a norm. In the past, it was possible to assign the grant to a contractor, meaning that he would in effect carry the cashflow; at present, this option is not available.

4.2.8 Other complementary measures

Alongside the mainstream schemes, there operates a number of smaller schemes also broadly geared to improving production and/or productive capacity and/or productivity.

The Beef Efficiency Scheme pays a modest sum to encourage the recording and benchmarking of various aspects of beef production. While we requested uptake figures from Scottish Government, they had not been made available at the time of completion of this report. However the clear impression is that for smaller herds at least, the scheme provides too small an incentive to encourage producers not already collecting this data to start doing so. Even apparently simple scheme demands – to weigh the animal for example – can be very difficult for the smallest herds to carry out.

The Young Entrant and New Entrant Schemes give generous lump sums to new producers in support of approved business plans. The schemes are designed in a complementary way – the Young Entrant scheme is not only limited to the young entrant, but applicants have to prove activity equivalent to at least €10,000 of Standard Output³, which may be beyond many young crofters, but they can then apply to the New Entrant scheme, whose activity range is €600-9,999 of Standard Output. This attracts support of £15,000 in contrast to the Young Entrant offering of £70,000. Note however that young crofters can also avail themselves of higher CAGS rates. We are not aware of any negative comments on these schemes (although they are currently closed to new applicants). But while uptake in the crofting sample is slightly below what might be expected, expenditure is massively lower.

The Food Processing, Marketing and Co-operation Scheme provides grants for capital and non-capital items. Very few of the successful applicants have been from the Crofting Counties, and on first inspection, none seem to be from croft-based or –related businesses⁴.

The Knowledge Transfer and Innovation Fund provides funding for activity which builds capacity on the technical side, including the monitor farm programmes. We are unable to comment further on its uptake in the context of crofting.

4.3 Complementary/competing measures aimed at public goods delivery

While the measures in the previous section are aimed squarely at supporting production and productivity, those discussed here have a broader remit, with positive impacts on production being incidental, at least formally.

The ability of crofting to deliver public goods as a direct consequence or by-product of its land management practices and systems is one which has been much feted over the years. Even before the McSharry CAP reform of 1992, the Scottish Crofters' Union and the Royal Society for the Protection of Birds produced a landmark joint document citing both the strengths of crofting as regards biodiversity and the challenges preventing these strengths from being converted into more financially and sustainable livelihoods for crofters (SCU and RSPB 1992). They also recognised the negative trends

³ https://www.ruralpayments.org/publicsite-rest/fscontent/repository/portal-system/mediadata/media/resources/ready_reckoner_october_2015~1.xlsx

⁴ https://www.ruralpayments.org/publicsite-rest/fscontent/repository/portal-system/mediadata/media/resources/food_processing_marketing_and_co-operation_-_2014-2020_-_fpmc_-_rounds_1-6_awards.pdf

visible in many crofting townships and produced a vision for 2010 in which a more positive path was being followed. While the report was very clear that agri-environment measures should not be the only element in the toolbox, it is clear that the benefits of the approach taken in the pioneering Machairs Environmentally Sensitive Area scheme was in the authors' minds something which should be extended to all crofting areas in a locally-tailored way.

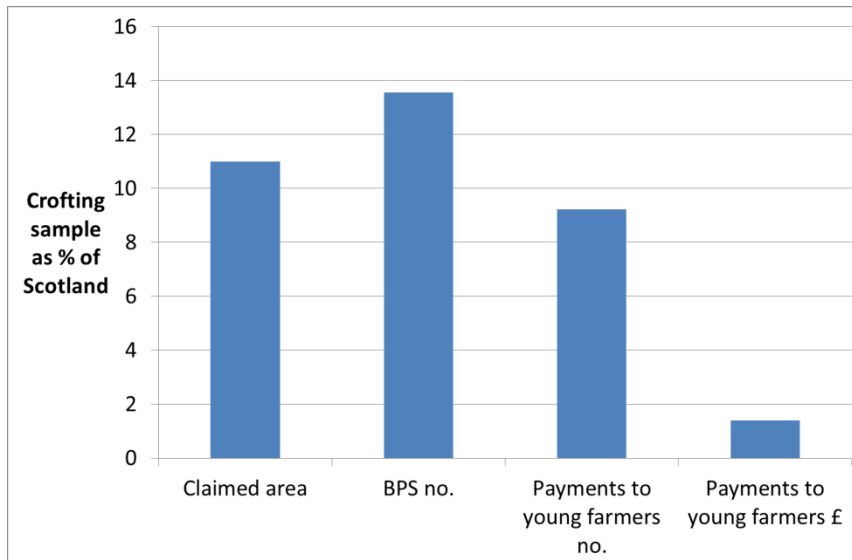


Figure 16. Payments to young farmers relative to the whole of Scotland (CAP Payments 2016 data + 2010 Scottish Govt. data on IACS claims)

The quality of produce from crofting is also highlighted in the report and has been much-trumpeted since. While the provisioning of local markets can work by personal knowledge and word of mouth, quality assurance on larger scales often depends on certification schemes. One such is organic production, a measure supported by complementary payments in the agri-environment-climate measure.

The report also highlighted the importance of small-scale woodlands on crofts, with the need to promote both the management and extension of existing woods and the planting of new ones, where appropriate and complementary to the overall crofting system. At almost the same time, the Crofter Forestry (Scotland) Act 1991 was being steered through Parliament, giving crofters rights to plant trees on common grazings and thus freeing them to engage in schemes to this end (the rights being further clarified in the 2007 Act). Since then, there has been a wider push to extend tree planting in response to the climate change debate, but the management of existing woodlands remains something of a neglected topic in broader discussions on the needs of crofting, despite the recent advent of forest crofts.

4.3.1 Agri-environment and Climate Scheme (AECS)

Since the Machairs ESA scheme was launched, there has been a plethora of regional, national, discretionary and non-discretionary agri-environment measures, sometimes operating in parallel with each other.

Currently however, there is but one scheme open for applications, the Agri-Environment-Climate Scheme AECS. This offers, on paper, a broad suite of options most of which have been developed over

the years through the experience of previous measures. The scheme is designed to be targeted to deliver particular objectives of the Scottish Government; only applications which meet the thresholds set through the various criteria are accepted into the scheme.

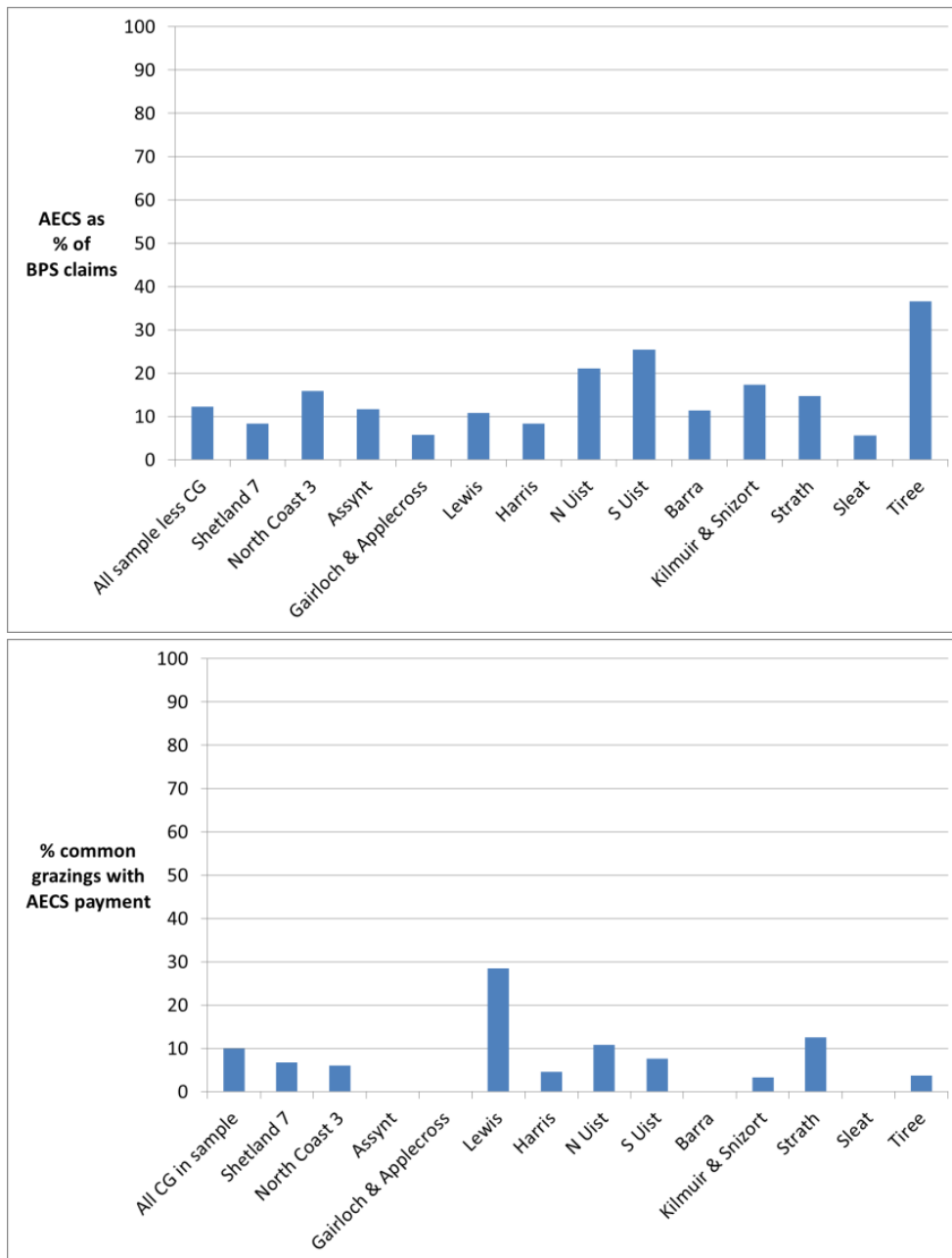


Figure 17. Percentage of BPS-claiming holdings and of all common grazings receiving agri-environment payments in 2016 (CAP payments data)

By far the main negative aspect is the inability of the measure to provide general support for environmentally-friendly crofting. Looking at payments made in 2016, which include Rural Priorities and Land Managers' Options monies, it is clear that not only is the uptake rate lower than for Scotland as a whole (7.4% vs. 24.8% - CAP Payments data), but the percentage uptake amongst producers in the crofting sample is extremely low – markedly so in some of the parishes (Figure 17); only Tiree and to a lesser extent North and South Uist buck the trend.

Common grazings fare worse in most areas, despite being almost entirely High Nature Value semi-natural pastures and lacking the difficulties posed by scale in the context of a complex scheme for which most applicants need the help of a consultant. This is surprisingly the case even on the Uists and Tiree, where a large number of grazings are in designated sites; Lewis stands out, due to a concerted advisory effort, but a participation rate of little more than a quarter is still appallingly low.

For many aspects of policy, it was things were ever thus, but in the case of agri-environment, SCU and RSPB’s optimism looked justified. More ESAs were set up, with excellent uptake rates (Table 5), according to Scottish Government data in (Birnie, Shannon, and Schwarz 2007). But rather than extend this approach to other areas mystifyingly excluded from the list of ESA (NW Highlands, Lewis and Harris, Orkney etc.), the decision was taken to opt for a single poorly-funded national discretionary measure (later supplemented by a series of stand-alone options in a complementary non-discretionary scheme).

ESA	Participants	% participation
Argyll Islands	357	83
Cairngorm Straths	183	97
Machair of Uists and Barra	423	88
Shetland	829	61

Table 5. Uptake of ESA schemes in Crofting Counties, 31/10/03 (Birnie, Shannon and Schwatz, 2007)

Meanwhile expenditure is low – less than the proportion of Scotland’s farmland area would suggest (Figure 18), and for the crofting sample amounting to roughly £2.69/ha in 2016.

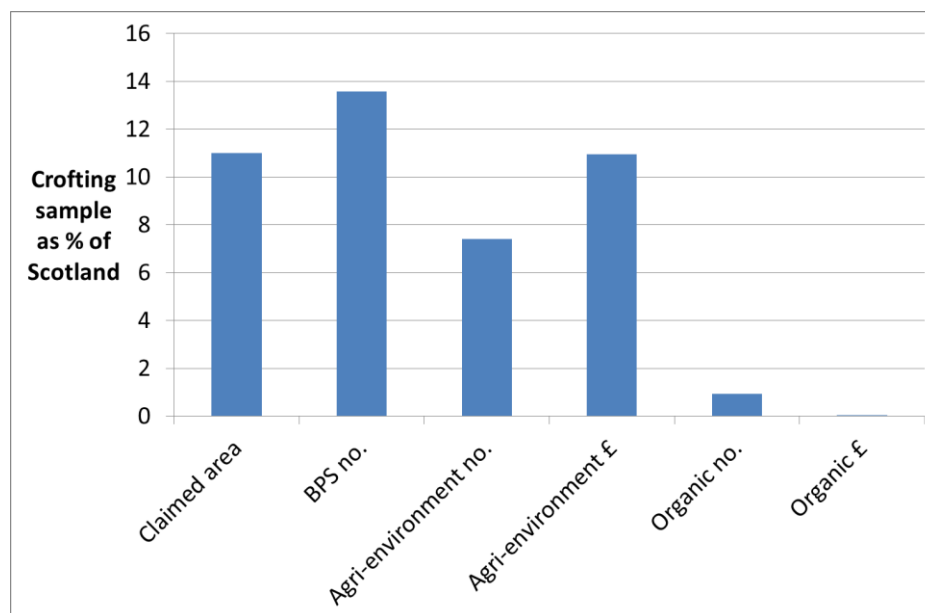


Figure 18. Agri-environment-climate and organic payments relative to the whole of Scotland (CAP Payments 2016 data + 2010 Scottish Govt. data on IACS claims)

For organic farming, the situation is if anything worse, though in this case the difficulties are not solely caused by funding issues. There are hardly any organically-certified crofters.

4.3.2 Forestry Grant Scheme (FGS)

The FGS provides payments for new afforestation projects, both by planting and natural regeneration, and for a range of woodland management measures. In general uptake is low, with a marked regional pattern suggesting unusual local interest or targeted activity by particular consultants or NGOs in those parishes.

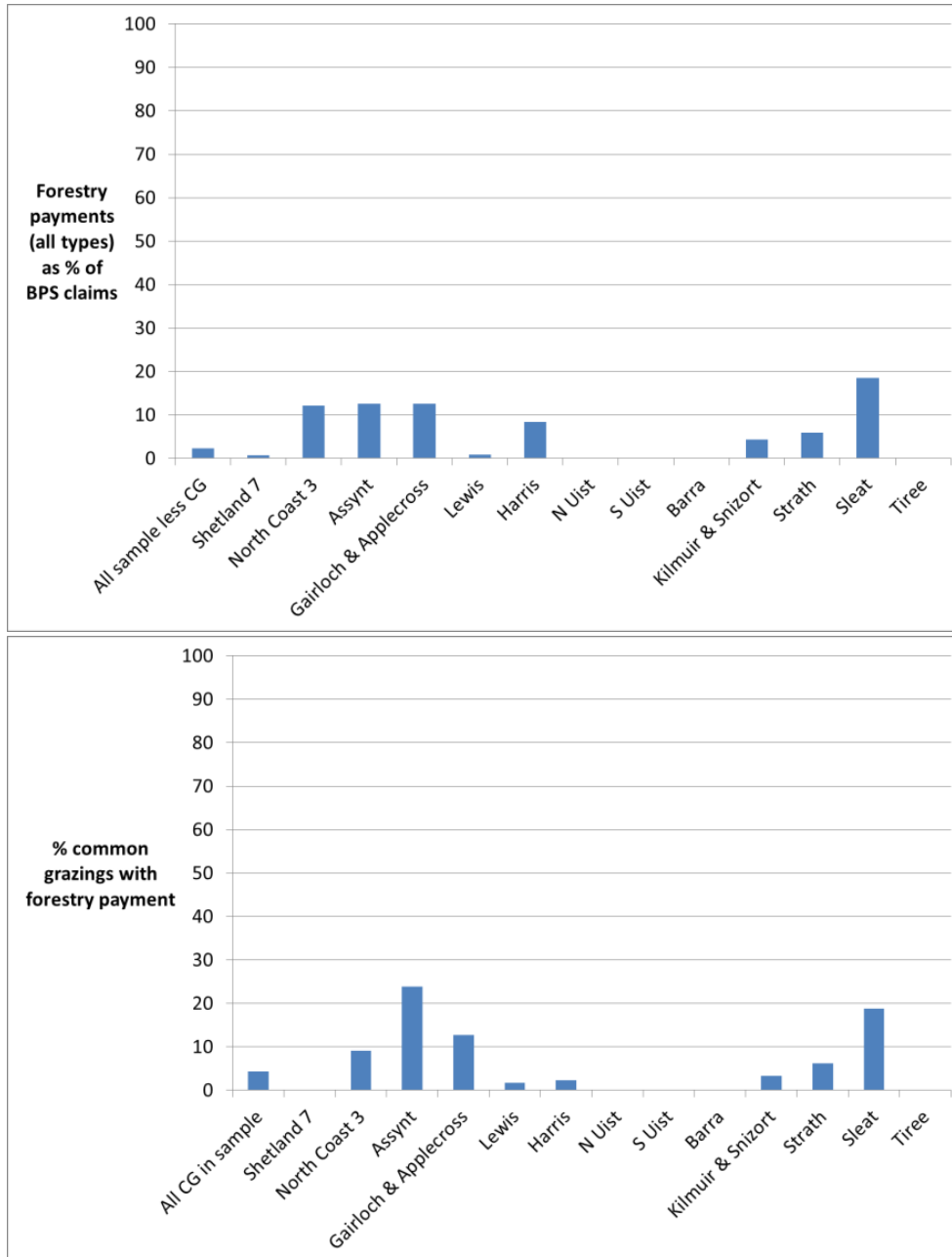


Figure 19. Percentage of all (not just crofting) BPS claimants and of all common grazings in receipt of any forestry payment, 2016 (CAP payments data)

4.4 Interaction with common grazings

There are no measures specifically targeted to common grazings, with the exception of a £500 allowance in CAGS towards the establishment of a properly constituted common grazings committee (CAGS also offers enhanced grant rates and a higher claim ceiling for common grazings).

Uptake of measures by common grazings committees is generally lower than for individual crofters. In general, the regional variation by measure is idiosyncratic. Why is the uptake of CAGS so low in some areas – does it reflect the relative vitality of committee governance? Why are the designated common grazings of Tiree and the Uists so poorly represented in agri-environment-climate participation? Does it reflect the ease by which advisors can reach their income targets by doing croft-based applications (the contrast with Lewis has been noted above and bears repeating here)? What do increased participation levels in forestry schemes indicate? Action by agents? Or by Community Trusts and the like?

We suspect that, assuming that advice is available everywhere (by no means a certainty), the question boils down to whether it is worth ‘bothering’ with common grazings, and that that question is being asked independently, and maybe subconsciously, by both crofters and their agents. Doing things on common grazings requires additional effort – additional ‘transaction costs’ in the jargon – and if income targets or an adequate income/effort balance for the crofter can be achieved without making that effort, the strong suspicion is that nothing happens. Such thoughts were discussed at length in (Jones 2012b).

The irony is that, as (Jones 2011) tried to demonstrate, the common grazings should be a major resource for the community, if public money does indeed follow public goods – not only are they the vast majority of crofting land, but they produce extremely high and supposedly-valued levels of positive externalities – biodiversity, landscape, carbon storage and sequestration and so on. As such, they are of course also a major focus in the Government’s crofting policy, but one which as yet has perhaps not delivered as much as it could.

4.5 Advice and the Farm Advisory Service

4.5.1 The need for advice and its scope

Just like every other human being, the individual crofter’s capacity to know everything, to understand everything, to respond effectively to everything is limited – by the easy availability of information, by time, by comprehension skills, and so forth. Crofters, like everyone else in society, make use of professional experts to inform them of the state of play and current best practice in all aspects of their crofting life: of changes in scientific knowledge, of most recent developments in relevant technology, of the plethora of ever-changing legal and regulatory constraints, of the bewildering here-today, gone-tomorrow array of possible support measures.

Advisors filter out the irrelevant, warn against the spurious, guide towards the useful, hand-hold through the necessary bureaucracy. The use of advisors in any of these areas is not a sign of weakness, but of common sense risk and time management. And it is no more a sign of inadequacy to ask for advice on BPS than it is to ask for it on foot rot – each is an important aspect of making the croft enterprise as effective, efficient and profitable in all senses as possible.

Advisors also help steer their clients to better deliver specific Government policy goals – on biosecurity, on animal welfare, on soil quality, on biodiversity, and so on. In the case of crofting, Government also has a very significant over-arching objective – to get all crofters to actively cultivate and maintain their croft, starting from a situation today when the majority in all likelihood do not. Not only are many of the detailed objectives largely delivered or supported through specific schemes, but the very underpinning of active crofting itself – something which needs to be expanded massively, according to policy – happens largely through a set of support payments.

Both the Champions' Report (Scottish Government 2018a) and the NFUS strategy which largely echoes its form and content (NFUS 2018) assume a much greater role for advice as the changes implied by Brexit itself and which will flow from Scotland's response to Brexit assert themselves.

In addition, the specific policy objectives set for crofting, particularly the huge increase in new entrants, but also better management and governance of common grazing and facilitating inter-generational transfers, all imply an expansion of the advisory provision, both in its scale and the range of subjects covered and, in all likelihood, in the degree of complementarity and collaboration with a range of agencies and with other elements of policy delivery such as regulation.

4.5.2 Strengths and weaknesses of the current provision

Advisory provision in Scotland is delivered by a whole range of bodies and in a variety of ways. As well as dedicated general advisors, some partly publicly funded and some private, farmers receive advice from their vets, from bodies such as QMS and, less independently, from actors in the supply chain, such as chemical or feed manufacturers.

For most crofters, the picture is very different – in many areas, and for the bulk of their advisory needs, crofters rely on the services of SAC Consulting, the advisory element of SRUC (veterinary advice being the major exception, and vets in remote areas are also subsidised by the State). 9 of SAC's 26 offices are in the old Crofting Counties; of those only 4 are located in crofting-dominated areas (Balinvarich, Stornoway, Portree, Lerwick), while other areas with large numbers of potential crofting clients (e.g. some of the Argyll islands, Lochaber, Wester Ross, Sutherland) depend on offices located some distance away in predominantly farming country (Oban, Inverness, Thurso).

In general, the higher the proportion of crofters in the potential clientele, the greater the number of potential clients per advisor (Figure 20). Set against a baseline of recent direct payment claims, the Crofting Counties, were they to have the same density of advisors per potential client as the rest of Scotland, would need an extra 17 FTE of advisory staff – an increase of 58% on 2012 figures (Figure 21). Given that Government policy aspires to a trebling of the number of active crofters, current provision is clearly insufficient, even without the extra challenges of Brexit.

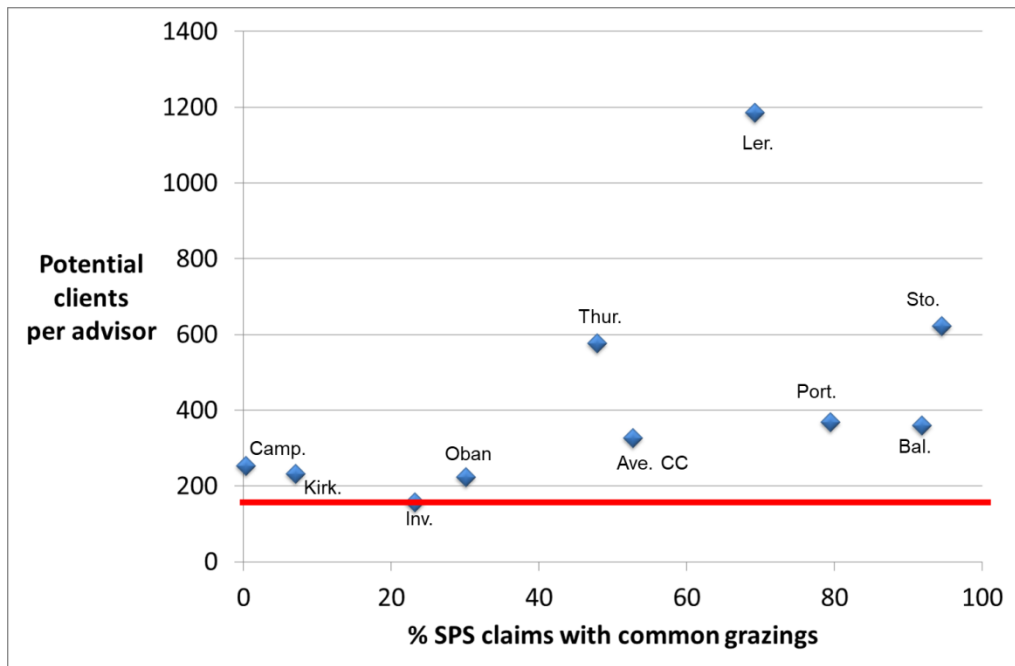


Figure 20. Relationship between proportion of SPS claims with common grazings shares ('crofters') and potential clients per SAC advisor, 2012 data. Red line – average in rest of Scotland

	All SPS	Other CG	Est.tot. pot. clients 2010	Advisory FTE staff 2012	Pot. clients per FTE	No. advisors for 200 potential clients/advisor	Apparent shortfall
Balivanich	724	113	837	2.33	359	4.2	1.9
Campbeltown	314	3	317	1.25	254	1.6	0.3
Inverness	1231	98	1329	8.5	156	6.6	-1.9
Kirkwall	807	8	815	3.5	233	4.1	0.6
Lerwick	1046	140	1186	2	593	5.9	3.9
Oban	937	122	1059	4.75	223	5.3	0.5
Portree	681	179	860	2.33	369	4.3	2
Stornoway	1279	169	1448	2.33	621	7.2	4.9
Thurso	1314	126	1440	2.5	576	7.2	4.7
Average CC	8333	958	9291	29	315	46.5	17
Rest of Scot.	13195	0	13195	72	182	n.a.	n.a.

Figure 21. Apparent advisory shortfall in the Crofting Counties, even before challenges of Brexit and crofting policy aspirations

What proportion of crofters use advisory services? 2012 data from SAC (pers.comm.) suggests that the percentage of crofters taking up a crofter subscription varies considerably, but is hardly ever more than half of all crofters, and usually substantially less than that (accepting that the % of SPS claims declaring common grazings shares is an imperfect estimate of the proportion of claimants who are crofters, especially away from the 'crofting heartlands').

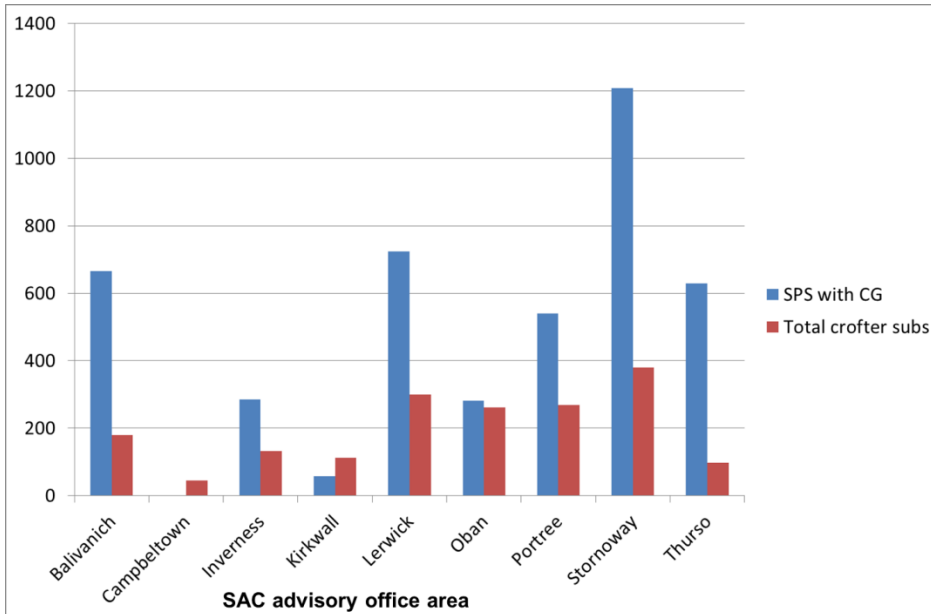


Figure 22. Estimating the proportion of crofters with an SAC crofting subscription

Comparison with data for the same offices for all potential clients (farmer and crofter) shows that whatever the variation within crofting, the uptake is much lower than for farming clients (Figure 23).

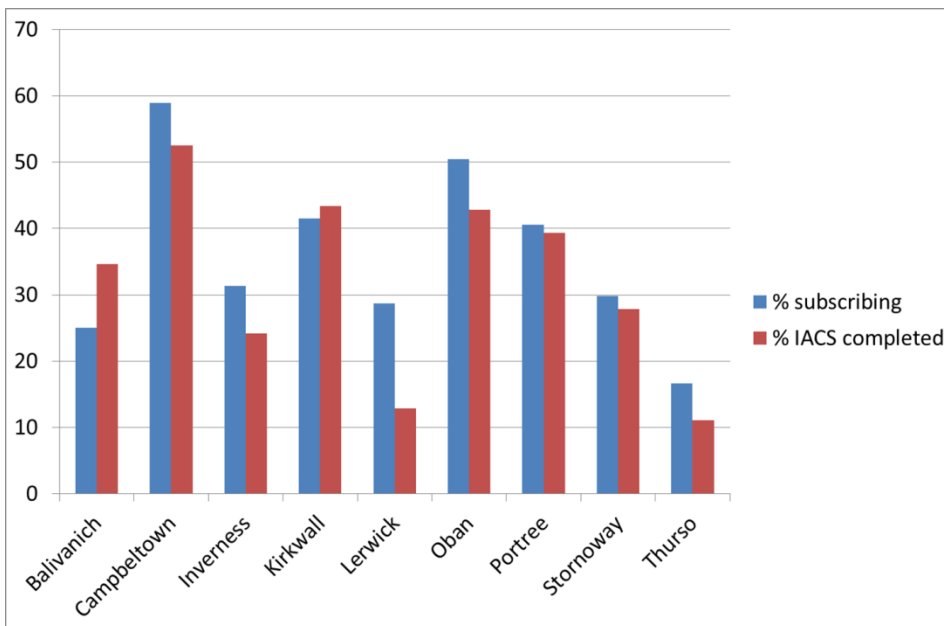


Figure 23. Use of some SAC Consulting services by all (farming and crofting) potential clients (2012 SAC data, pers. comm.; 2010 SGRPID IACS baseline data)

It is likely that at least two factors underlie this pattern of advisory uptake, namely advisory effort and the relationship between the cost of the service and its benefits.

Advisory effort covers a broad range of issues, both personal and institutional. Advisors are people, with all the variety and HR challenges that brings. Some advisors are motivated and energetic and proactive; others less so. Advisory work can often be humdrum and repetitive, or manic and stressful; some advisors are conditioned by their upbringing and education to consider crofting as somehow

less worthy of their attention; some like the 'social work' element of working with aged crofters, some yearn for the thrill of younger farmers and new technologies.

The issue is whether the Scottish Government through its FAS funding provides SAC Consulting with the incentives to ensure that it not only staffs its crofting offices with the best possible staff, but encourages and rewards those staff members for engaging to a greater degree and with more effectiveness with its crofter and common grazing clientele. Are offices able to achieve their targets without engaging with crofters, or by doing so passively? Are all the targets inward-looking ones (xx per advisor) or ones which lack any context of scale (no. of xx) or do they rather seek to address needs in a way which meets the scale of those needs (xx per 100 potential clients, xx per total no. of grazings)? Are there more detailed specific properly scaled targets which focus on individual policy objectives? How is the location of offices and the number of advisors in each office determined? Is it a reflection of the status quo or is it a response to current needs and policy priorities?

These questions are just as pertinent when it comes to charging and pricing. It used to be, for example, that travel time and travel costs were not charged to clients in remote areas, including remote islands – a policy which complements some of the other measures discussed in this report and others such as the subsidy to remotely-located vets. Now, for procurement reasons, this no longer applies for 'paperwork' visits to individual client. Has anyone analysed the impact of this decision?

The Government has also decided that 'paperwork' should not fall within those subjects which it subsidises directly, and this has some logic, especially when the purpose of that paperwork is to access funding. Subscribers to SAC services can request two hours of 'free' (i.e. pre-paid) advice, but not on paperwork. But SAC's charging structure means that the proportion of the support payment thus released which is spent on that advice is much higher for small crofters than for large farms (Figure 24).

Is this what the Scottish Government intends? What constraints are put on SAC in such charging decisions? What is the impact on crofters? Is it the intention of the Government that they receive their advice from the Inspectorate (for crofters regard it as advice, not the 'guidance' which it is claimed to be), and how many have fallen foul of mistakes or omissions arising from this process, responsibility for which is put squarely on their own shoulders? Is it not a fundamental weakening of the advisory system and policy delivery deliberately to draw claimants away from the doors of advisory offices when a high proportion of advice comes at the initiative of the advisor rather than in response to client demands?

A useful starting point for further consideration of the role of advisors and how they are used in the real world by (relatively) recent entrants to crofting is the report prepared for the Proakis project (Creany, Duckett, and Sutherland 2014). The impression they gleaned was of a 'primarily fee-for service' offer, which emphasises 'larger-scale profit making farms'; it is 'difficult for both the crofters and advisory services to be able to financially justify formal advice provision'. Advisors are poorly equipped to respond to the whole range of crofter activity, the regulatory framework for which is often continually evolving. Although formal advisors are often drawn on for paperwork and administrative procedures, many other aspects are addressed through (free) 'local knowledge' from fellow crofters, which the interviewees noted can lead to the spreading of inaccurate information,

particularly in relation to the intricacies of livestock movement recording. The report makes some useful suggestions, as well as providing an outsider's insight into the experiences of crofters.

<p>Example 1 – a typical Lewis croft</p> <ul style="list-style-type: none"> - 4 fields in R1; total area 2ha - 30 ha share of a R3 common grazings - 0.05 LU/ha consisting of 11 sheep and 3 ewe hogs <p>Total CAP payments moving towards approximately:</p> <ul style="list-style-type: none"> - R1 BPS 200 x 2 = £400 - R3 BPS 30 x 10 = £300 - SUSSS 70 x 3 = £210 - LFASS (8.71 x 0.05/0.09 x 32 = £154, which is less than the minimum payment) £385 - Total: £1295 <p>Cost for this non-VAT-registered crofter:</p> <ul style="list-style-type: none"> - standing charge £130 - per parcel charge 5 x 6 = £30 - VAT £32 - Total: £192 <p>This is the subscribers' rate, but crofter probably won't use the £86.52 subscription for anything else, so real cost is £278.52.</p> <p>This is 21% of total subsidy receipts where support payments are c. 100% of net receipts.</p>	<p>Example 2 – a simple non-LFA farm</p> <ul style="list-style-type: none"> - 100 ha of R1 in 15 fields - might have beef cattle attracting SSBSS, but for simplicity, assume just keeping land in GAEC <p>Total CAP payments moving towards:</p> <ul style="list-style-type: none"> - BPS £20,000 <p>Cost for this VAT-registered farmer:</p> <ul style="list-style-type: none"> - Standing charge £180 - Per parcel charge 15 x 9 = £135 - total £315 <p>This is 1.5% of subsidy receipts, where net profit is likely to be > support payments.</p> <p>These are subscriber rates. If he doesn't use the £206 subscription for something else, then the total cost is 2.6% of subsidy receipts.</p>
---	---

Figure 24. Real world examples of SAC Consulting's IACS charges

The discussion in this section has thus far assumed that the current model of advice is the best available, but as the Champions, Government and NFUS all imply, other more facilitative models are also possible and probably desirable. Advisors and facilitators were after all a key element in successful initiatives aimed at improving outcomes, such as the series of biodiversity projects on the Burren. (Atterton 2007) notes the following characteristics of successful rural development initiatives, all of which are relevant to a newly-invigorated advisory service, and few of which are possible on budgets which focus not on outcomes but inputs:

- Empowerment
- Broad local engagement
- Clearly stated, achievable objectives

- Flexibility
- Partnership working
- Animation
- Strategic commitment by agencies/organisations
- Supporting volunteers
- Time
- Evaluation.

All in all, as experience shows (Moxey and Thomson 2018), advice should be accessible and relevant, and it needs to be good value for money.

4.6 Lifelong learning

One result of working to Atterton’s list in advisory work would be to increase capacity in crofters and grazings committees over time. Another, complementary, way of achieving similar goals is through so-called ‘lifelong learning’ opportunities – the idea behind this piece of jargon being a seamless transition from appropriate educational offers in the formal education chain from primary through to tertiary and higher educational establishments to a set of complementary offerings to those in the world of work, both specifically vocational and more general and non-vocational.

It is not the role of this report, nor within the expertise of the author, to comment on current provision, only to note that the challenges set for crofters and crofting communities by policy and in all probability by the reality of post-Brexit life are daunting, and are unlikely to be solved quickly or by isolated and short-term ‘projects’ – this requires a long-term strategy backed by appropriately targeted resources. Bryden has pointed out “that crofting policy has traditionally been oriented towards agriculture, despite the ubiquitous importance of pluriactivity (and especially off-farm work) for the livelihoods of crofting households”; to what extent does the lifelong learning (and advisory) offer currently available to crofters recognise and celebrate that fact?

5 Towards a new support framework

The reason for this report’s commissioning is the apparently unavoidable prospect of exiting the European Union. Preparing detailed recommendations is extremely difficult, given the UK Government’s insistence of its right to prepare the over-riding policy framework while at the same time providing little in the way of guidance on the shape of that framework, and given the uncertainties about funding and indeed on the broader trade environment with the UK and the wider world post-Brexit.

Does that mean we can say nothing about how a future support framework should look, if it is to be one which both better delivers current Government policy for crofting and helps crofting address the additional challenges of the post-Brexit world? Far from it. Our role is not only to ask pertinent questions but to suggest some tentative answers, despite the uncertainties.

This stage of the work can be divided into four logical steps:

- Setting out the features of an 'ideal' support system
- Considering the legal and other constraints on such a system
- Proposing specific elements in such a system
- Estimating the cost implications of the proposals.

It is however perhaps appropriate at this point to ask whether such a support framework is needed. After all, a case has been made (Birnie, Shannon, and Schwarz 2007) that 'where income generation is not the primary objective of the land manager (e.g. crofters with alternative employment; owners of sporting estates) there may be little or no connection between land use decisions and the economic rationalities of agriculture or woodland production. In these circumstances the crofts or estates may have more similarity to the average garden than to the average farm. Because of the disconnection between land use and income it will be very difficult to predict land use changes and certainly there may be no direct connection with changes in agricultural support policy. In these situations it may be more appropriate to view land use changes on the basis of social acceptability rather than on economic rationality.'

However, while there is a lot of truth in this over the short-term – the continuation of crofting activity on many crofts is indeed 'irrational', or more correctly, has a non-economic rationale. Over the years the pattern which emerges is largely what 'common sense' would dictate, with the change of generation usually providing the time when difficult decisions have to be made. And in general, young people largely leave the area or stay at home and do not take up active crofting. The disincentives to crofting are certainly not all financial, but it would be foolish to assign no import to the poor return to a crofter's hard work.

The same authors ask, 'to what extent there is a direct connection between changes in agricultural support and changes in land use within the crofting counties?' Over time, we would argue that the pattern is unmistakable; crofting needs financial support. While there is indeed a 'disconnection between land use activities and income' which cannot but be 'a significant issue where policy is attempting to deliver public benefits through agricultural support. What indeed 'would happen to the wider environment if these land uses were to stop'?

The same authors point out the added complication of pluriactive households where the majority of net income comes from sources other than crofting agriculture, and indeed the interaction is far from simple. But the exposure of crofters to the realities of the wider world of work provides not just opportunities to subsidise the crofting 'hobby', as many seem to expect; it also constantly contrasts the poor financial rewards against the norms of the minimum wage (£60 for an 8 hour day⁵) or even the state pension (up to £122.30/week⁶) and makes a slow retreat from active crofting that much easier. As an attendee at a meeting in Lewis said, 'the government may be subsidising crofting agriculture, but crofters subsidise it even more' (Committee of Inquiry on Crofting 2008); this is neither sustainable nor fair.

⁵ <https://www.gov.uk/national-minimum-wage-rates>

⁶ <https://www.gov.uk/state-pension>

5.1 Basic requirements

Having looked at the characteristics of crofting and the way current support interacts with it, we can set out some broad characteristics which any new policy needs to have if it is to have any chance of success.

This has been done before - as long ago as 1992, the Scottish Crofters' Union and RSPB (SCU and RSPB 1992) highlighted the importance of crofting for biodiversity, set out a vision for 2010 (which we will revisit here) and listed a number of policy priorities which they regarded as essential parts of a strategy to achieve that vision.

'Far too many crofting townships are characterised by low quality land use resulting from crofts being in the possession of aged, inactive or even absentee crofters. None of these things can be put right overnight. But all such problems are, in principle, soluble – given a new willingness to devise policies which build on the crofting system's own strengths and which give due recognition to the crofting population's own wishes and aspirations.' This will, they note, require a measure of investment and a transfer of wealth.

The Champions Report (Scottish Government 2018) quotes Einstein who wrote that 'the world we have created is a product of our thinking. It cannot be changed without changing our thinking'. But Einstein was a theoretical physicist, talking about the way we conceive our universe – in the physical day-to-day world, policy, and crofters, must deal with the rather immutable limitations of climate, soils, topography, location and even of basic economics (Figure 25); those things cannot be changed by mere thinking. A policy which ignores that fact would be disastrous for crofting; as the great man also said 'be as simple as possible, but no simpler'. As SCF points out, 'if crofting is not viable [which they define as safeguarding the 'well-being of family, community and public assets without financial detriment to the individual'], crofters will not croft'. Attempting to address the 'current marginal situation', they say, by increasing regulation without increasing viability, 'will not work'⁷. On that we agree.

A realistic, effective policy should therefore:

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

⁷ <http://www.crofting.org/aboutus> under 'SCF vision for crofting'

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 cash flow 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. Be at a scale of response appropriate to scale of the challenge
18. Be locally-adapted and locally-delivered
19. Always focus on delivering results and quickly adapted when performance disappointing.

The new policy should then 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.

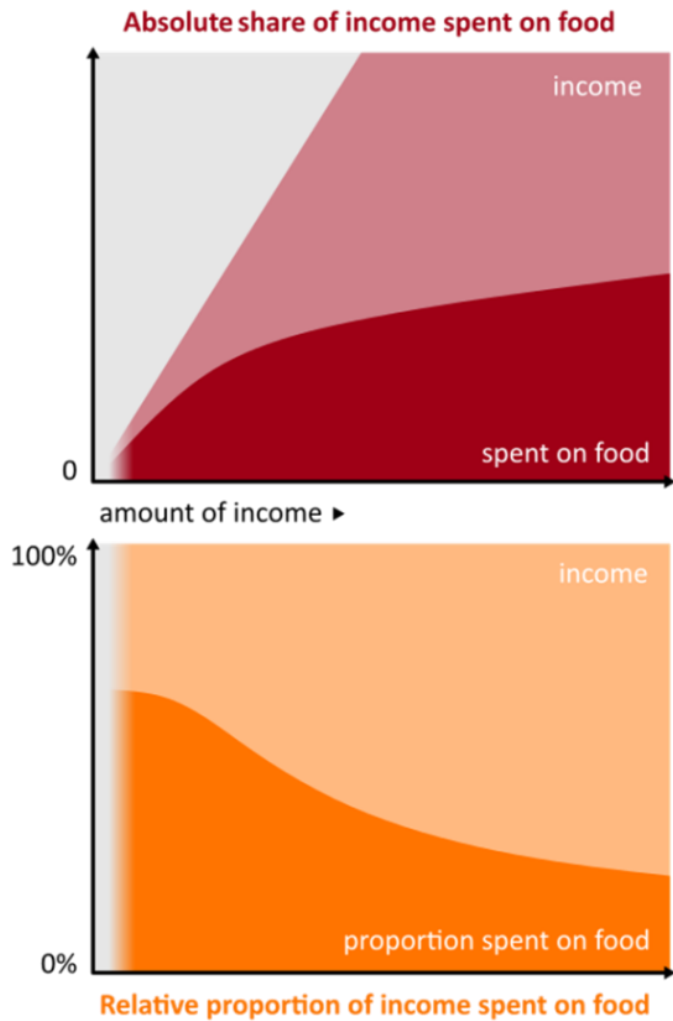


Figure 25. Engel's Law – as income rises, the proportion of income spent on food falls, even if actual expenditure on food rises. Doesn't this mean support will always be needed if the number of active crofters is to be maintained (let alone increased)? (Image: Martin Kraft, Creative Commons Licence)

5.2 Legal constraints

Despite the widely-peddled view of 'Brussels' as the source of all regulatory constraints, the UK's freedom of manoeuvre will be limited post-Brexit not only by any agreements with the EU, but by a range of international treaties and conventions. The WTO Agreement on Agriculture⁸ underpins many existing EU rules and policies. Less wide-ranging in their impacts, but nevertheless important for many crofting areas are the

- Bern Convention⁹ on the conservation of habitats and species of European importance (which underlies the SAC network, for example)
- Bonn Convention¹⁰ on the protection of migratory species (which partly underlies the SPA network, for example)
- Ramsar Convention¹¹ on the protection of wetlands

⁸ https://www.wto.org/english/docs_e/legal_e/14-ag_01_e.htm

⁹ <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/104>

¹⁰ <https://www.cms.int/en/convention-text>

¹¹ https://www.ramsar.org/sites/default/files/documents/library/scan_certified_e.pdf

- Convention on Biological Diversity¹² and its supporting Protocols, whose commitments cover crofting-relevant items such as the conservation of crop and livestock genetic resources, biodiversity conservation outwith designated areas, preservation and maintenance of traditional lifestyles relevant for biological conservation, associated funding.
- United Nations Framework Convention on Climate Change¹³.

Key constraints arising from international obligations therefore arise in both a negative and positive sense, for example:

- Restrictions on the amount of agricultural support which can be coupled to production
- Restrictions on the type of payments which can be made without limitation for environmental reasons or to support disadvantaged areas
- Restrictions on activities which are damaging to certain habitats or species
- Obligations to conserve biodiversity in various circumstances
- Obligations to reduce the net emission of greenhouse gases.

The relationship between legal obligations on individual producers and payments is also one which has traditionally imposed constraints on the design of measures. (Note in passing that we are referring here to those aspects of the law which relate directly to crofters; many of the obligations in biodiversity legislation, for example, fall on states, not individuals.) Policy in general does not pay claimants to obey the law; in many cases, the reverse is the case, with penalty reductions in payments even when legislation does not itself provide for fines.

Exceptions have occurred, but only where these are justified by the specific situation. For example, capital grants have been made to help farmers meet their obligations to avoid pollution as a one-off means of removing obstacles to compliance. In EAFRD, Natura 2000 payments are designed to ensure that the additional constraints of adhering to the mandatory obligations associated with farming a designated area do not impose a financial penalty on those producers – the unfairness of penalising those who had not destroyed their local environment being in this case considered sufficient grounds to make the exception.

In the case of crofting, we have something of a dilemma – there is a clear set of legal obligations, but those obligations, at least when it comes to the key requirement to ‘cultivate and maintain’, are not easy to enforce and are in practice largely unenforced. The difficulty arises because, as SCF point out, if crofting is not viable, crofters will not croft and ... seeking to address the current marginal situation with increased regulation ... will not work¹⁴. At very least an enforceable regulation must be seen to be reasonable; it would be at least helpful to the overall situation were crofting support to offer inactive crofters the alternative of a ‘viable’ minimum activity. At all times, the distinction between minimum requirements and additional activity which can receive additional reward should be borne in mind.

¹² <https://www.cbd.int/convention/text/>

¹³ <https://unfccc.int/>

¹⁴ <http://www.crofting.org/aboutus> under ‘SCF vision for crofting’

5.3 Feasibility of a separate and dedicated support structure

At various times in the past, the case has been made that crofting should have its own separate and dedicated support structure. In some cases, the case made has been a moral one based on the extra obligations imposed on crofters by crofting law, largely unenforced as those may be. At other times, as, one suspects, in the case of Shucksmith¹⁵, the aim seems largely driven by the view that in the case of crofting at least, simplicity and the avoidance of paperwork can more easily be made compatible with the effective delivery of policy objectives.

For the author, it is far from clear that crofting can be so cleanly separated from farming – a significant minority of crofts are themselves farm-scale operations, while some non-crofts are also very small, including some holdings (in Glendale, along the Cross-Skigersta road in Ness etc.) whose exclusion from current crofting support seems extremely unfair. More fundamentally, it is clear that at present the much-vaunted regulatory burdens on crofters are at most extremely lightly enforced, at least if the crofter is locally-resident, throwing some doubt on the moral case for separate support.

We suggest that critical questions are rather whether such a separate structure is needed, and how practicable it would be to have one. This practicality question is not trivial: at present, it would be very difficult indeed to operate a croft-only support policy. It could certainly work for actions firmly rooted to a particular parcel (a croft-only cropping grant, for example), much in the way that CAGS only pays for fencing on crofts, though in practice that probably still implies some sort of crofting identifier in IACS – something in the CPH number as happens for commonages in Northern Ireland, or a crofting layer in the Land Parcel Information System – and though that would be a very sensible and positive move for all sorts of reasons, there is no sign of the Government implementing such a change.

The fact remains however that most support (and particularly of the most basic, generally-available support) is not targeted in that way; it relates rather to livestock numbers or livestock densities over whole businesses, which creates an administrative headache in the case of the many units which combine croft with non-croft land. Could a system be designed which assigns various livestock to croft and non-croft land? The author is sceptical.

Is such a separate system necessary to safeguard crofting? Does crofting have any problems which cannot be addressed within a broader, more general framework? Yes, crofting needs to be properly financed, to have measures available to it which address its difficulties and offer it opportunities. Yes, those measures need to work well for the small-scale and extensively-managed holding, recognising the diseconomies of scale and the interaction with non-agricultural activity. Yes, they need to be delivered in a way which is as simple as possible and supported by a coherent, good value, advice and lifelong learning infrastructure. And so on. But is any of this less true of marginal farming?

¹⁵ A non-discretionary scheme suitable for crofters and other small farmers, would have the following features:

- simple menu scheme with list developed through local consultation;
- single, simplified payment for small units;
- tiered to ensure that smaller units are adequately incentivised;
- easy to access (not web based nor restricted to electronic applications);
- simple plan; simple output; and
- based on outputs rather than prescriptive management.

Why does crofting need separate measures? If the answer is, ‘to protect crofting from neglectful (or malevolent) policy-making’, we suggest that such an approach is destined to fail, since any separate measures will also be a product of the same policy-making. Where that seems to be the main or sole rationale for separate treatment, this report steers clear of making such a recommendation.

There is however one exception; crofting can legitimately argue for separate support if and when the objectives for crofting diverge from the objectives for farming; were that divergence to be so significant as to undermine the objectives of crofting policy, solutions would have to be found to the seemingly-intractable practical issues outlined in previous paragraphs.

The most obvious example concerns the number of active crofters. The unspoken but nevertheless undeniable response of ‘agriculture’ to Engel’s Law over the years has been amalgamation, or ‘rationalisation’ as its proponents would term it. Indeed such past restructuring is something which is in certain political circumstances extolled as a virtue of Scottish and wider UK farming. However, the policy for crofting implies not only the maintenance of the current number of active crofters, but a substantial increase, at least over the long term; the average crofting business making claims for support payments would in fact become gradually smaller.

Were there to be an agricultural policy which implied, let alone was predicated on, a continuation or acceleration of the trend for farm amalgamation, there would be a clear case for a separate set of measures to support crofting.

5.4 Could current support mechanisms be adjusted?

Could current instruments and indeed current Scottish measures be adjusted to better take account of the needs and realities of crofting? Here we present some illustrations of how that might be done, most of which are compatible with EU rules, and a few of which are not.

5.4.1 Direct payments

1. Abolish entitlements (i.e. move to a system similar to the SAPS being used for a supposedly transition period in 10 Member States (European Commission 2016))
2. Introduce a redistributive payment. We propose that whatever area is required as a minimum claim (currently 3 ha), these hectares be paid at a substantially higher rate (e.g. £500/ha), in effect introducing a minimum payment for all claimants
3. Introduce the concept of minimum activity to all land, and differentiate it according to land quality (i.e. at least differentiating between R1 and R2/R3). The relationship of the new minimum to the range of activity in practice should mirror that currently in place for R2/R3 to minimise market distortion while abolishing slipper farming (e.g. 0.3 LU/ha)
4. Strongly consider abolishing the distinction between R2 and R3, which is proving so risible in practice, OR, redefine R2 and R3 by land capability
5. Strongly consider extending SUSSS to R2 land, with a commensurate reduction in R2 payment rates, while limiting SUSSS claims to a certain proportion of the breeding flock.
6. Strongly consider whether limiting claims to ewe hoggs only is too distorting (i.e. change to SSBSS-like approach), and if changes are made, further restrict the numbers which can be claimed
7. Reintroduce the higher payment for the first calves claimed under SSBSS

8. Strongly consider putting coupled scheme claims onto the SAF, with payments automatically linked to eID/BCMS records
9. Improve cashflow by introducing payment advances, possibly based on the previous year's claim and an appropriate declaration on the SAF
10. Allow seasonal use of grazings shares only when countersigned by grazings clerks of committees in office (with full provision of relevant claim information to clerks by SGRPID).

5.4.2 LFASS (or equivalent)

1. Abolish the 'no-go' area for policy, by changing the way the minimum payment operates. Introduce a real minimum below which no payments are made, and pay it per ha on the minimum area, as per direct payments above. Minimum payments could be adjusted to reflect stocking mix and/or disadvantage of the area.
2. Retain principle of encouraging additional activity (as at present happens <0.09 LU/ha), but only at low stocking rates. Otherwise, pay highest rates on the most marginal holdings.

5.4.3 Agri-environment-climate

1. Introduce simple options which promote both activity and public goods delivery, accessible where possible by tick box on the SAF, including:
 - a. Instead of the flawed 'introduction/maintenance of a small cattle herd' option, offer a substantial payment (e.g. £500) for keeping at least 1 LU of cattle on the holding for 12 months (perhaps with a reduced rate to allow for away-wintering), with payment automatically linked to BCMS records, as with the census
 - b. A substantial payment (e.g. £300) for the first small area of arable cropping (e.g. 0.02 ha, of which 0.01 could be fallow), identified only by ticking a box for the appropriate parcel on the SAF (no maps)
 - c. A substantial payment (e.g. £150) for a small area (e.g. 0.1 ha) of hay or silage (incremental payments of say £300/ha or part thereof could be offered on top up to a larger, but still small, area, e.g. 2 ha, but this makes declaration on the SAF more complicated). There would be no specified cutting dates, to allow for compatibility with other AE options (e.g. corncrake measures)
 - d. Substantially amend the summer cattle grazing option to pay for 25 ha per LU (i.e. not requiring 1 LU for every 25 ha of the parcel), with full use of the transaction cost top-up for common grazings applicants to recognise the need for the keeping of stocking calendars.
2. Examine thoroughly ways to address the apparently substantial weaknesses in the 'deeper and narrower' AECS measure, paying particular heed to advice from respected practitioners.
3. Start a process by which locally-developed measures can be brought forward. This needs to be done step-wise if local crofters are to be engaged and empowered, with the various stages (understanding the possibilities, agreeing a vision, designing measures, implementing measures) possibly needing to be carried out as separate steps.
4. Within or in parallel to this process of local engagement, investigate the possibilities of results-orientated schemes. In the case of crofting, at least two tracks need to be followed:
 - a. Testing established approaches to inbye land (e.g. from Ireland, England, possibly further afield)
 - b. Exploring the difficulties of vision-setting on a range of common grazings, before developing workable approaches to scheme implementation (looking at both agro-

ecological and socio-regulatory challenges). Giving grazings the initiative to 'sort out' condition makes complete sense, but when crofts are small, it's not easy for individual graziers to respond, creating a clear disjuncture between potential benefits and potential impediments which agri-environment would need to address in an innovative way.

5.4.4 CAGS

1. Improve cashflow implications by
 - a. Reintroducing the ability to assign the grant to a contractor
 - b. Introducing bridging loans (which can be renamed advances post-Brexit), possibly as part of a much broader unsecured loan facility for crofters
2. Loosen the rules for quotations to make them proportionate to the size of the grant requested (as per other procurement protocols)
3. Extend it to cover forestry-related capital items on forest crofts (the example given was sheds for equipment)
4. Examine any practical issues arising from the procedure for proving that a young entrant is eligible for the top-up

5.4.5 Capacity building

1. Relating to regulation
 - Crofting Commission should be coordinating the delivery of a coherent and comprehensive range of capacity-building actions to the subjects of regulatory policy concern, including inactive crofters, potential retirees, new entrants and grazings committees
 - Funding for this should be proportionate to the scale of the issues identified by regulation
2. Education and training
 - Provision of a coordinated training programme to meet crofters' basic needs near to where they live without unreasonable time delay (not an ad hoc one, or a short-term 'project')
 - Make funding easily-available to develop and deliver training to encourage low-level technical improvement, in conjunction with FAS, local vets, training providers
 - Develop the 'Monitor' programme, focussing once more on crofts, townships and common grazings, but looking beyond the minority of large farm-like crofts and a narrow 'agricultural improvement' focus
 - Look at the role of formal education in the lifelong learning process for crofters, assessing the appropriateness of current provision from both an agricultural and 'other purposeful activity' standpoint.
3. Advice and 'form-filling'
 - Conduct a thorough-going review of advice provision to crofters and common grazings, comparing needs and provision/uptake, looking at the proportionality of cost/pricing and the appropriate role of Government in changing the net cost to crofters, assessing the FAS contract to see whether the demands it makes on the contractors are sufficiently well tailored to the needs identified and whether the finance available is commensurate to the challenges and the wider needs of policy.

5.4.6 Budgetary implications

Given that crofting has been the poor relation in the context of almost all of the measures outlined above, it is hard to escape the conclusion that for crofting at least, the changes imply a substantial increase in spending, all the more so because policy envisages an increase in the number of active (and therefore supported) crofters.

Whether the changes would imply an increase in the overall spend is another matter. In some cases, it is largely a political question; direct payments and LFASS are not obviously underfunded, for example. On the other hand, Scottish investment in and delivery of agri-environment is extremely low compared to the best-performing countries in Europe (albeit largely for factors currently outwith the Scottish Government's control). Similarly, spending on advice and training probably needs expansion, if the policy challenges are to be addressed.

5.5 Opting for change – reflections on the wider discussion

The previous section discusses ways of improving support for crofting starting from current measures as they stand, amending existing provisions and introducing new elements where necessary. What if Brexit was rather the trigger for a root-and-branch change in the approach to agriculture and rural development funding?

This is precisely the narrative from the Agriculture Champions (Scottish Government 2018a), NFUS (NFUS 2018) and latterly the Scottish Government itself (Scottish Government 2018b). And while SCF's post-Brexit proposals are perhaps less detailed, the Federation also welcomed the tenor of the Agriculture Champions' report, not only praising its 'welcome new direction of travel', but going so far as to say that it was 'croft-proofed'.

Given this warm reception, it is particularly appropriate to comment briefly on this report and the other work which so clearly relates to it, pointing out the opportunities and threats from a crofting perspective. Detailed comments on the individual consultations and proposals are given in Annex 2 (Champions' Report), Annex 3 (Government consultation) and Annex 4 (unpublished NFUS proposals to accompany their published strategy). These should be read in conjunction with the still-relevant conclusions of past reports by this author and others (Annex 5).

The most striking impression given by the Champions' report is of a marked contrast between the overall narrative (massive, thoroughgoing change; shift to a more demanding and in some ways smaller support framework, which is very much geared towards encouraging and rewarding productivity gains) and those elements of the text which relate to systems which, like crofting, are marginal and deliver significant benefits to society in the form of positive externalities/public goods (the report prefers the term Natural Capital, which has its limitations).

(Moxey and Thomson 2018) rightly point out that 'irrespective of the barriers to improving productivity [on marginal land], it is also important to note that even if significant productivity gains were realised across a large proportion of farms and crofts, the absolute level of market returns achieved would still not necessarily represent a significant income in most cases. That is, even the most technically efficient farms achieve only modest margins per animal, so unless large numbers of animals are kept farm households will require supplementary income'. The lack of clarity on the

intended implications of the report's recommendations for substantial parts of Scottish agriculture as a whole, and for crofting in particular, is therefore regrettable. Should it, for example, be taken to imply a substantial increase in funding for crofts and marginal farms, albeit tailored to continued or enhanced delivery of public goods? Surely if the policy is to be geared to outcomes at the appropriate scale, it should.

And while the report's conclusions can easily be read as appropriate to crofting, assuming the same interpretation is made, the lack of a clear setting out of any objectives which highlight established crofting-specific policy goals prevents the current author, at least, from regarding it as 'croft-proofed'. There is rather too much of the usual '...and crofting' feel to the text, and that usually leads to policy which fails to consider crofting up front and, if necessary, separately from the farming sector.

The published NFUS strategy is very much in the same vein, and cross-fertilisation between the two pieces of work is very evident. Once again, there is very little to disagree with and much to commend, though the experience of measures such as the Beef Improvement Scheme, which has penetrated only minimally into many crofting areas, should give pause for thought on some of the proposals for 'easily-accessible' (and economically-essential) 'top-ups'.

Alongside their published report, NFUS have also produced an unpublished proposal for a support measure which is meant to illustrate how their strategy might be put into practice (this is heartily to be welcomed, although the author did not get the promised official version of the detailed NFUS proposal). This is in many ways innovative and has some excellent elements. But it is also problematically one-size-fits-all, giving the impression of testing crofting (and extensive farming) in the scales of intensive farming and finding it wanting, and providing an unambiguous incentive for intensification on extensive farms on all but the best land; we offer a critique and some possible methods for improving it in Annex 4.

The Government's consultation is in some ways less specific, but covers a very broad area of ground, with some very detailed and pertinent questions. The big challenge it faces is how to balance the two aspirations mentioned in the title of the document – stability and simplicity – with the need for trialling and then implementing potentially considerable change, the scale of which is to a large extent contingent on factors outwith its control. Some of the themes it rehearses are by now common currency – much greater stress on results, for example. The challenge is how to get from where we are to where they want to reach in a reasonable time and with as much farmer and crofter engagement as possible.

In all of these documents, as with current policy, the fundamental issues lie in the setting of objectives and the prioritisation of action – subsequent difficulties with measures (or the lack of measures) are only the symptom of the underlying problem. In all of them, there are large elements which, read in a favourable way, imply that significant action to address the issues facing crofting will result. However, the lack of a clear narrative for crofting or a clear place for crofting in the wider narrative is extremely concerning and should be addressed as soon as possible. And that is just the start – only when a comprehensive, coherent and appropriate set of measures and systems is built on that foundation can things be described as truly croft-proofed. That support framework must address the situation and needs of small-scale crofters and common grazings; it must make substantial progress

in increasing the number of active crofters. And most of all, it needs to be at the scale the challenges demand – quantity, after all, has a quality of its own!

6 References

- Agnew, Sir Crispin. 2015. "Crofting: A Clean Slate." *Northern Scotland* 6: 84–97.
- Atterton, Jane. 2007. "Assessment of Evidence about the Effectiveness of Rural Development Schemes. Report to the Committee of Inquiry into Crofting." Committee of Inquiry into Crofting.
<https://www.webarchive.org.uk/wayback/archive/20150309193443/http://www.croftinginquiry.org/Documents/Reports/RDS.html>.
- Birnie, Richard, Peter Shannon, and Gerald Schwarz. 2007. "Trends, Patterns and the Environmental Consequences of Land Use across the Crofting Counties. Review Paper Commissioned by the Committee of Inquiry on Crofting." Macaulay Institute.
<https://www.webarchive.org.uk/wayback/archive/20150309193443/http://www.croftinginquiry.org/Documents/Reports/trendslanduse.html>.
- Committee of Inquiry on Crofting. 2008. "Committee of Inquiry on Crofting - Final Report [Shucksmith Inquiry Report]."
<https://www.webarchive.org.uk/wayback/archive/20150309190714/http://www.croftinginquiry.org/Resource/Doc/0/0000405.pdf>.
- Creany, Rachel, Dominic Duckett, and Lee-Ann Sutherland. 2014. "The Effectiveness of Advisory Services to Respond to Demands of Diverse Types of Small-Scale Farmers: New Entrants to Crofting- West Coast of Scotland. Prospects for Farmers' Support: Advisory Services in European AKIS, WP 4, Topic 1 Country Report for the United Kingdom."
- Crofters (Scotland) Act*. 1993. <http://www.legislation.gov.uk/ukpga/1993/44/contents>.
- Crofting Commission. 2017a. "Crofting Commission Annual Report & Accounts 2016-2017."
http://www.crofting.scotland.gov.uk/userfiles/file/annual_report_and_accounts/Crofting-Commission-Annual-Report-2016-17.pdf.
- . 2017b. "Crofting Commission Policy Plan."
http://www.crofting.scotland.gov.uk/userfiles/file/Act_and_Policy/Policy-Plan-October-2017.pdf?d=13/10/2017%2009:13:07.
- Espinosa, Sophie, and Jean-Baptiste Faure. 2004. "Crofting Agriculture in South Uist - Impacts of the CAP Reform." Highlands and Islands Enterprise.
- European Commission. 2016. "Direct Payments 2015-2020: Decisions Taken by Member States - State of Play as at June 2016." https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/simplementation-decisions-ms-2016_en.pdf.
- Hunter, James. 1991. *The Claim of Crofting: The Scottish Highlands and Islands 1930-1990*.
- Jones, Gwyn. 2011. "Trends in Common Grazing – First Steps towards an Integrated Needs-Based Strategy." <http://www.efncp.org/download/Trends-in-Common-Grazing3.pdf>.
- . 2012a. "An Attempt at an Ex Post Evaluation of Agri-Environment Support for Crofting in the 2007-13 SRDP." <http://www.efncp.org/download/SRDP-crofting-report.pdf>.
- . 2012b. "Supporting Common Grazing through Agri-Environment – Lessons from an Ex Post Evaluation." <http://www.efncp.org/download/SRDP-CG-report.pdf>.
- Moxey, Andrew, and Steven Thomson. 2018. "Post Brexit Implications for Agriculture in the Highlands and Islands - a Report to HIASG."
- NFUS. 2016. "NFUS Manifesto 2016; Crofting – 12 Point Plan."
[https://www.nfus.org.uk/userfiles/images/Parliamentary/NFU Scotland Crofting Manifesto - 2016.pdf](https://www.nfus.org.uk/userfiles/images/Parliamentary/NFU%20Scotland%20Crofting%20Manifesto%202016.pdf).
- . 2018. "Steps to Change: A New Agricultural Policy for Scotland."
- Scottish Crofting Federation. 2017. "SCF Post-Brexit Position."
<http://crofting.org/uploads/news/scfpostbrexit.pdf>.

- Scottish Government. 2018a. "A Future Strategy for Scottish Agriculture - Final Report by the Scottish Government's Agriculture Champions." <http://www.gov.scot/Resource/0053/00536005.pdf>.
- . 2018b. "Stability and Simplicity - Proposals for Rural Funding Transition Period."
- SCU, and RSPB. 1992. "Crofting and the Environment: A New Approach."
- Sutherland, Lee-Ann, Keith Matthews, Kevin Buchan, and Dave Miller. 2014. "Beyond Crofting: Assessing Change on Scotland's Small-Scale Holdings." *Scottish Geographical Journal* 130 (4): 223–42.

Annex 1 – Support for Crofting - contract specification

Proposal

The Crofting Commission has a duty to “*keep under general review all matters relating to crofts and crofting conditions*” and to “*advise the Scottish Ministers on any matter relating to crofts and crofting conditions ... on which they may think fit to submit advice*”.

The Commission wishes 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, and to identify alternative support systems that might achieve these objectives to a greater extent in future.

We are now seeking expressions of interest in a short-life analytical study to examine these issues, and to identify future policy options with an outline of their potential costs.

Context: Scottish Government Policy on Crofting

1. Crofting is an important system of land tenure throughout much of the Highlands and Islands. It is a system that sustains land settlement and land use, and provides a valuable means of community cohesion. Since the Crofters Holdings (Scotland) Act 1886, crofting has had its own legislative structure which has been reformed by a number of Crofting Acts in the 20th and 21st centuries. Indeed, the Scottish Government has recently consulted on a further review of crofting legislation. The consultation paper itself stated that:

“The Scottish Government values crofting as a form of land tenure and recognises the added contribution that crofting continues to make to the rural economy and the sustainability of rural and remote communities.”

2. It went on to state that: *“This policy is reflected in the current legislative framework which places a number of duties on crofters, including the duty to reside within 32 km of the croft; cultivate the croft, or put the croft to another purposeful use; and not misuse or neglect the croft. These duties serve to maintain the integrity of rural communities in the Highlands and Islands.”*
3. The Crofting Commission is required to enforce these duties, and it is partly in this context that the Commission wishes to examine the context for the cultivation and use of croft land. The consultation document also stated that in terms of crofting policy one of the aims for crofting is *“to assist in delivering maintained and balanced land usage and management, including sustainable small scale agriculture;”*.
4. The consultation document also advised *“that it does not include issues that, while possibly of equal or greater importance to those in crofting communities, are non-legislative in nature.”*
5. When introducing what would become the Crofting Reform (Scotland) Act 2010 to Parliament in July 2010, the then Minister for the Environment, Roseanna Cunningham, advised that legislation could not resolve all the challenges facing crofting. She continued by stating that market forces and support mechanisms have a big impact upon crofting.
6. It is the support mechanisms that the Crofting Commission wishes to consider in more detail, particularly in the context that the crofters have a duty, enforced by legislation, to cultivate their land. The small-scale non intensive crofting system is considered to, but also now expected to, deliver a range of public goods relating to land management and its effect on the

environment, landscape and biodiversity. In such terms the means of support available to crofters to undertake their statutory requirements merits specific consideration.

Existing support mechanisms

7. Traditionally there have been two recognised means of providing specific support for crofting. What is now the Crofter Housing Scheme and the Crofting Counties Agricultural Grants Scheme have respectively provided support for croft housing and for agricultural buildings and other crofting infrastructure and improvements. While specific to crofting, such schemes also require significant matching investment from the crofters concerned. All other support available to crofting is within the mainstream support for agriculture and the environment. In general, crofting's capacity to access this funding is essentially dependent upon funding priorities and how these are categorised. In addition, crofting is generally handicapped by the smaller size of holding and consequent poorer economies of scale from which it operates. While one might expect these, and the generally poorer quality of land under crofting tenure, along with other topographical and natural handicaps to be adequately compensated for, there is a contention that this is not the case.
8. If it is the case that a distinctive system that is recognised to provide a range of public benefits for rural and remote communities is generally encountering difficulties within mainstream support structures, then it is important to examine how this might be addressed. There is a sense of irony in that what is generally the most marginal agricultural land in the country is that for which there is a statutory obligation to occupy and cultivate. Crofting's regulatory structure helps to provide crofting's distinctiveness, but to a certain degree it also militates against crofting's specific agricultural development. As it stands, the system works to provide a degree of equilibrium between the community interest and the individual interest. However, from a purely agricultural perspective that makes it more difficult to achieve economies of scale or even to secure access to certain types of funding. In this respect, it has to be appreciated that much of croft land is a shared resource on common grazings, and once again that entails specific regulations, with limitations for individual interest and often the need to acquire a degree of consensus.

Context for croft specific support

9. It is recognised that realistically crofting cannot be totally detached from the general agricultural support environment. However, it also has to be considered how some of these inbuilt handicaps might be overcome. The specific nature of crofting, its distinctive legal system and the resultant regulatory structure, might indicate that there is some need for a support structure more particular to crofting and its requirements. While it is now 10 years since it was published, the Committee of Inquiry on Crofting (Shucksmith Report), reported that:

Crofting's low intensity form of land management has had a significant positive impact upon landscape and biodiversity. However changes in crofting practices have meant that these benefits are declining in many cases and under threat.

10. Despite the introduction of enforcement duties to ensure the cultivation and maintenance of croft land, the impression is that crofting production and land management may continue to decline with consequent adverse consequences for the environment, landscape and biodiversity. The Shucksmith Report acknowledged that: *The relationship with the land lies at*

the heart of crofting. At that time, potential was seen in the then Scottish Rural Development Programme (SRDP), but the report recommended that a non-discretionary scheme would be preferable for crofting, and would have the following features:

- simple menu scheme with lists developed through local consultation;
 - single, simplified payments for small units;
 - tiered to ensure that smaller units are adequately incentivised;
 - easy to access (not web based nor restricted to electronic applications);
 - simple plan; simple output; and
 - based on outputs rather than prescriptive management.
11. The report concluded that further detailed research was required to identify measures relevant to crofting areas and their diversity.
 12. While not critiquing what has resulted from successive SRDPs in terms of crofting, it is apparent that these recommendations were of particular relevance to the crofting situation. The regulatory structure is also fundamental to crofting's particularity and it is apparent that there is an increasing need for better interconnection. The regulation of croft land use would have much greater rationale if the support structure more readily aligned and was readily available to those tasked with cultivating and maintaining croft land.

Specification

13. What is required is (a) an analysis of current agricultural and environmental support from a crofting perspective. This should examine, in particular, any perceived disadvantages (or advantages) to crofting, detailing what these are and estimating what any financial loss (or gain) to crofting might be.
14. The work should also (b) consider the feasibility of some form of separate support structure that would be specific to crofting. Such consideration should also set out how this might operate and how it might recognise the unique features of crofting such as (a) its smaller scale; (b) its regulatory system; (c) its perceived benefits for community and (d) its perceived benefits for the environment, landscape and biodiversity.
15. Essentially, there is a desire to explore the feasibility of a separate basic croft management support system and to identify the criteria on which it might operate and how it might better support the achievement of the Scottish Government's objectives for crofting and rural land use, as set out in paragraphs 1-6 above.

Crofting Commission
December 2017

Annex 2 - Response to the recommendations of the Agriculture Champions' Report

Public value

5. There is inadequate information on the state of public attitudes to farming in Scotland, and therefore on the baseline from which any campaign is starting.[W]e recommend that government commission a baseline survey on public attitudes which should include testing the impact on attitudes of the level of information the public has.
6. Government, in partnership with industry, should establish an information campaign and communications strategy, so that over time the public gains a better understanding of the industry.
7. Government and industry should also invest in developing a societal brand which shows taxpayers how their money is invested, producing safe, healthy food from sustainable farmland but also sequestering carbon, helping adapt to climate change and safeguarding wildlife. Ireland has been investing in its 'Origin Green' branding. Scotland should investigate our version of such an approach.
8. [Follow up surveys at intervals to check on evolution of opinion and effectiveness of campaigns.]

- The unique system of crofting must be separately recognised, not as a superior system to all of farming, but in a way which recognises, highlights and values its strengths. The unthinking standard phrases '...and crofting'/'...and crofters', currently used as the norm, must be replaced with more considered, meaningful usages, sometimes grouping crofting with all other farms, sometimes with semi-natural-vegetation-rich HNV farms, sometimes with smallholdings elsewhere and sometimes separating out its unique characteristics. This applies not only to the public, but to all stakeholders, both in the private and third sectors and in Government.

Continuity

9. We recommend a transition stage for 3-5 years, with scope for targeted improvements but with the emphasis on stability. The transition must not be so long that businesses put off starting the process of change – they must use the time productively to prepare for the future.
10. We recommend that government, in consultation with industry, must use the transition period to experiment and to pilot the new approaches that will be needed. In the absence of new money, this should be funded by capping payments at a much lower level than at present.

- Whilst these recommendations are eminently sensible, it is vital in the case of crofting that not only the direction of travel but the likely end points are made clear, and that these are formulated with the Government's wide policies, not least the policy for crofting, which implies not only the maintenance, but an increase, of and from the current numbers of active crofters.
- And again, in the case of experimental and pilot measures and approaches, these should include ones which focus on the challenges and needs of crofting and of achieving the goals of crofting policy, always bearing in mind that the transition period should lead seamlessly to

a position of improved viability and attractiveness and public goods delivery by crofting. There is a pattern of well-intended measures whose design or scale is inappropriate to crofting (and not to crofting alone); such failures at a time of massive overall change and uncertainty would be disastrous and, at least in the case of crofting, a massive 'rationalisation'-type reduction in numbers would be completely counter to policy and should be avoided at all costs.

Transformational change

11. We recommend that government should introduce schemes as soon as possible to support farmers and crofters in changing mindset and with the adaptation of their businesses, building on the existing one-to-one farm advisory offer. Topics covered must include collaboration and where appropriate the possibility of retirement or exit. Schemes should reflect regional circumstances and opportunities. The accredited consultants also need training in mindset change as they are among the main agents to facilitate change.

- The change in the challenge being set for both advisors and producers is welcome; for advisors, the change must somehow be made internal and accompanied by a suite of realistically positive messages - it should not be a one-size-fits-all 'campaign'; its messages must be ones which good advisors can believe will be not just relevant, but hopefully transformational for his/her clients. In other words, this must be accompanied by a range of other actions within the overall strategy and by clear messaging on directions of travel which is self-evidently complemented by realistically designed and scaled support measures (in the broadest sense).
- For crofters, the policy must start from where we are, not an idealised version of the world, since those deviations from the ideal are to a large extent the impediments to progress; it should rather build a transformed situation starting from a crofter population which has a broad range of needs, by recognising and addressing those needs. It must, if policy is successful, also encompass large numbers of new entrants, some of whom will have limited experience and training (if only due to the timescale involved). A 'good clear out' is not part of the policy for crofting; crofting advice needs to include and be good at addressing the needs of a huge spectrum of users – sometimes resembling an innovation fair; sometimes a Citizens' Advice Bureau or drop-in centre. Targets and programmes should address the latter needs specifically, as well as the former. This requires a particularly high level of skills and dedication; standard agricultural education is not the only means of ensuring this (nor one which is guaranteed to deliver it). A working group should be set up urgently to consider how such a service could be delivered to any crofters that need it.
- The emphasis on one-to-one is appropriate and welcomed; it is important not only to build on the strengths of the current provision, both public and private, but to address its weaknesses, which in the case of crofting include charging structures disproportionate to the added value received in terms of the likely increase in croft income, loss of the subsidy from public funds for travel time to remote areas and a poor level of activity in crofting areas, particularly with smaller crofts from some advisory providers, in some areas.
- The need to be responsive to policy is key (assuming that policy is well expressed in terms of appropriate incentive/reward) and that can indeed mean adjustment and adaptation. There is no clear distinction of principle between true 'advice' and mere 'paperwork', and the line is even more blurred in practice – it should not inform policy and funding formulae. The policy

of letting of a single large contract should perhaps be reviewed. A separately budgeted and prioritised crofting advisory element should be introduced.

12. The mindset needed is one of a professional, modern businessperson who works with the needs and preferences of their customer – whether that is the food supply chain paying for a product, or the government paying for public value on behalf of society, or both.

- In principle, this is fine, but care must be taken at all times not to imply that the only producers who fit this description are the larger, the more intensive, the more mechanised etc..In fact an effort needs to be made to rebalance that misapprehension, and to focus on metrics which are both appropriate to crofting in principle and meaningful in real-world decision-making in practice, such as optimising use of time, focussing on return per hour, balancing risk and opportunity etc.. Again, mindsets need to change all through the policy and marketing chains, certainly including crofters, but also in Government.

13. Farmers and crofters must take advantage of such schemes and also other options such as business support groups or private sector advice/consultancy. Where change is needed, businesses must begin it during the transition period.

14. We recommend that government must continue to support and consider expanding existing schemes such as Rural Leadership, whilst ensuring consistency of approach.

15. We recommend that government should review its farm advice offer to see if it can deliver more on mindset change and business skills.

- This is all valuable, but the point needs to be reiterated that crofters are likely to major on the delivery of public goods; that implies that Government itself needs to make maximum use of the transition period to reach the new status quo in terms of not only the requisite range of financial assistance measures, but also of the accompanying and complementary support structures.

16. We are aware that some farmers and crofters, including some of those who would benefit most, do not habitually take part in initiatives aimed at helping them. To address this, government should investigate the possibility of a broad-scope mindset change tool that could be put online and be accessible to every farmer and crofter. The tool could cover topics such as improving production efficiency, producing for the market, diversification, and collaboration.

- This recommendation is an example of not starting from where we are. It would be useful for some, and for advisors, but for most it would be an irrelevance; it is imperative that systems be found to deal realistically with the overwhelming majority, not the small minority, exemplary as they might be.

17. Industry bodies must encourage farmers and crofters to face up to the reality of the challenges the sector will face, and to take advantage of all available initiatives whether from government, industry or others. Ongoing support payments must be conditional over time upon recipients accepting and embracing schemes and initiatives designed to enhance

production efficiency or education/skills training, or public value or natural capital benefits including biodiversity.

- The recommendation is written as if the obstacle to this happening, at least in the case of schemes to deliver high levels of public goods such as agri-environment measures, lies largely in the mindset of producers, including crofters. In fact, experience in the ESA schemes showed that substantial changes to mindset and large-scale uptake (3/4 or more of all potential applicants) could be achieved through a relevant, modestly-funded and relatively easily-accessible measure, backed up by a strong advisory effort. All of these aspects of ESA could have been improved, but the point here is that the onus is at least as much on Government to come up with workable measures, which are well-nigh universally applicable. Some of the current agri-environment contracts double the income of a few crofters; the problem is that they are the rare exception – a situation where BPS dwindles to nothing and is replaced by such a measure would be disastrous.
- Care should also be taken to avoid being satisfied with merely the external appearance of a mindset change which compulsory attendance at training courses is likely to engender; agri-environment training in Ireland works in the Burren where it enhances the experience of and success in delivering the measure, but was an at best underwhelming feature of REPS, where it was mandatory.

18. Consideration should be given to including in farm support policies the option of retirement plans and/or exit strategies for individuals or businesses for whom that is appropriate, potentially linked with bringing in a new entrant with a sound business plan. Examples could be degressive farm payments above an age threshold if no-one has been nominated to take over the business, innovative business models, or tax breaks to encourage generational renewal.

- This is an essential element in crofting, where the current crofter is unwilling or unable to maintain and cultivate the croft. It needs however to be sensitively done and to involve high quality advice on a broad range of topics, covering not just crofting law, agricultural policy and housing issues, but also requiring input from experts on social care, health and social security. The Crofting Commission might play a coordinating role in the case of crofting.

19. Support must be given to existing farm businesses to develop succession plans and encourage the earlier involvement of younger generations in decision-making.

- As above. Also there is a clear need to integrate more fully with lifelong learning initiatives in their very broadest sense.

20. [Planning and rural housing, linking to ease of inter-generational transfers]

21. [Migration issues]

Natural capital

22. There is the need for a multi objective set of land use and management policies. The present system is fragmented because of different policy imperatives acting in silo fashion, for

example on forestry expansion and timber supply, on renewable energy installations, on biodiversity protection, on protecting wildland, on flood management and on agricultural support.

- We wholeheartedly support this point. Difficult questions, such as the vision for individual common grazings, should be explored, using challenging examples during the transition period. Alongside the 'silo' issue is one of 'one-size-fits-all'; a country with such marked diversity from place to place needs to be much more diverse in its policy responses, perhaps including a greater degree of decentralised policy making? The question of what other mechanisms might be designed and put into place to tailor and adjust policies locally should also be explored.

23. Those policies should be aimed at the twin objectives of enhancing Natural Capital and improving Production Efficiency – for instance peatland restoration in conjunction with grazing management.

- Whilst possibly acceptable as a short-hand in this context, one that also chimes with UK Government phraseology, not all public policy goals on croft land can be described meaningfully in terms of 'Natural Capital'. For example, while corncrakes may attract significant numbers of tourists, obscure rare invertebrates or bryophytes have a very low utilitarian value, but will still be important public goods, as witnessed by their being the target of legal protection or Government action, for example. The point is that while maintaining and enhancing Natural Capital in a meaningful way is very important, some public goods which do not fit into that conceptual box are still be worthy of support.

24. Future policies must be based on the best evidence about the challenges that need addressing, and as part of the solutions must encourage data to be collected and acted upon. This can simultaneously support improved nutrient management and water quality, improved performance, reduced greenhouse gas emissions and soil erosion.

Yes, but the perfect must not be the enemy of the good. There are many areas where comprehensive data is lacking, but where good indicative data exists. Where reasonable basis for action exists, particularly where the target and there is good cause to suspect significant negative implications if nothing is done, then there needs to be action.

It must of course be action which is monitored and evaluated comprehensively and the results of that monitoring and evaluation must be fed back rapidly and effectively into adapting the action. One of the difficulties with the current policy cycle, especially in the CAP, is that the feedback mechanisms often fail to feed back into the policy development part of the policy cycle with sufficient rapidity to impact on the current (or sometimes the following) policy interation.

25. Scotland's Natural Capital varies hugely across the country so future policies must avoid the trap of one-size-fits-all. In particular Scotland has huge areas of less favoured permanent grassland and rough grazing, where high nature value farming is both traditional and common.

Future policies must address the specific needs of this type of farming, including the fact that low profitability threatens its very survival. Income support schemes like LFASS and the Scottish Upland Sheep Support Scheme, and improvement schemes such as the Beef Efficiency Scheme, should be retained and built upon, whilst looking for opportunities to simplify them. They should encourage production which matches and evolves with the market.

For crofting, this is a key set of observations and recommendations. The threat to crofting from low incomes and other discouragements is already reflected in the high proportion of crofters who are inactive. Achieving the policy objectives for crofting means that crofters will probably form the majority of Scotland's producers in future. For that to happen, crofting needs to be made a lot more attractive. Low-intensity systems which deliver the broadest range of public goods are poorly rewarded by the market, but unless those public goods are somehow at least in part privatised ('marketised'), the desirable aim of 'encouraging production which matches and evolves with the market' has somehow to be balanced with the over-riding need to continue and enhance the delivery of those goods and services which remain 'public' in character. While the overwhelming emphasis in the presentation of this report is on change, for crofting (and possibly other marginal systems), this would ideally take place against a background of considerable stability and increased certainty, and bear in mind the nature of the crofting population.

26. Farmers must be encouraged to reduce waste in production systems, for example by testing their animal, crop and soil health. Any funding in this regard must require them not just to collect data but to act on the results with measurable improvements. Reducing waste will lead to lower greenhouse gas emissions per unit of output.

27. We recommend that support be delivered through a menu of targeted options which in total are wide-ranging but should be tailored to regional and sectoral needs. These options should be available in addition to basic income support and other schemes, and the overall total should be capped for the individual farm.

While a simple menu system is certainly desirable for at least a 'broad and shallow' measure, there needs to be a better way of designing such measures and to applying a quick-turnaround adaptive management approach once they are implemented; few measures have survived between RDPs, and few have been both attractive to farmers and seen as value for money by other stakeholders. There is also a danger that, as in other countries, the menu becomes a way of ensuring 'coffee for all', of making sure that each claimant is able to access 'their' money, becoming detached from wider policy prioritisation in the process.

Designing a good menu-based entry-level measure which is both near-universal and delivers real impacts will be far from easy. Yet the alternative of delivering support only through a targeted measure which reaches perhaps 20% of producers is clearly unacceptable, at least in a crofting context where a substantial role is likely to be taken by support for public good delivery.

It is however clear that if the previous well-made point against a one-size-fits-all approach is to be taken seriously, there needs also to be a complementary higher level set of measures designed for specific regions or issues. We would suggest that this should also avoid a wholly top-down approach; co-production approaches should be put in place which empower potential applicants and engage them with issues and other stakeholders (including the Government and its agencies) at the local level.

28. We expect that pressure from lobby groups will put increasing downward pressure on the availability of agrochemicals for crop and livestock production. The industry should therefore be encouraged to engage with the main research providers on strategies to deal with this, which might include new plant varieties benefiting from advanced breeding techniques, animal husbandry best practice, biocontrol technology and products to replace synthetic chemicals.

29. Enhancing soil health is vital to safeguarding the capacity of soil to function as a vital living ecosystem for the benefit of plants, animals and humans. Water quality and food security for future generations are underwritten by the capacity of soils to function. Soil testing, analysis and remedial activity combined with the use of technology (e.g. drones and precision farming techniques) aimed at improving production efficiency should be supported in all farming enterprises. Some projects could be conducted at holding level, others on a collaborative basis with the benefits being shared collectively.

30. Farming is the bedrock of rural land use but it does not exist in isolation. Scotland needs to increase its area of forestry, for both timber production and climate change reasons, and peatland restoration will become increasingly important for carbon sequestration. Our land must be capable of supporting other activities and objectives as well as farming, whether commercial ones like tourism or public ones such as habitat preservation. Farm support policy must work with, not against, other land uses, and farmers and crofters should see them not as threats but as alternative options.

Not all habitat preservation is achieved or achievable through agriculture, but the distinction is not as clear as at least one reading of this point would suggest. HNV farming implies a high degree of public goods delivery not only alongside farming on the same land, but through that farming to a significant extent. The system delivering those public goods requires support not only in the face of abandonment, but also of alternatives which deliver lower levels of public goods, as can be the case with forestry. Current policies assign a low value to HNV farmland habitats unless they are designated sites or on deep peat, sending a signal to crofters and others that their system is poorly appreciated.

Having said that, a better integration between crofting and forestry is highly desirable (including not only plantations, but the significant areas of very important native woodlands on crofts and common grazings), done in a way which enhances the prospects for delivering on wider objectives including population retention, with a flourishing pluriactive workforce and a higher proportion of actively cultivated and maintained crofts than at present.

Production Efficiency

31. To address the stagnation of farm productivity, we recommend that income support with little or no requirement for real farming activity should be reduced drastically; support based on farm and regional activity and production should be retained, including headage payments where appropriate; but there should be major new focus on policies and schemes to support production efficiency - such as the expansion of compulsory electronic identification (EID).

Eligibility for support payments should be clearly linked to those who bear the costs – active producers. There should indeed be minimum activity requirements for the receipt of payments (and entitlements should be abolished for any remaining BPS-like measure). Having said that, any additional measures to support efficiency should be designed so as to be relevant and accessible to all types of producers (including the large number of very small producers, many of them crofters). Given that the Government's aim is to increase the number of active crofters, any approach which intends to 'weed out' the smaller producer is inappropriate; similar considerations apply to small producers whose contribution to public goods delivery is significant. One aspect of scheme design is the relative cost of 'capital' items and any support given – measures which depend on expensive IT equipment or the possession of items such as weighcrates are likely to be unattractive to smaller crofters. Of course, not all schemes need be taken up by all producers, but this should be an explicit aspect of scheme design and the overall effect on the relative viability on the bulk of crofters should always be taken into consideration.

32. These new policies must include a major increase in knowledge transfer effort, to help the industry reap the benefits of both existing and new research and development on, for example, reducing animal diseases or improving soil organic matter. Communication is key, clearly showing farmers how it can be relevant and meaningful, and adding realism and consistency into the system. Inspiration must be taken from best examples from within Scotland and beyond. Businesses in the farm supply chain deliver a lot of advice via their field staff, and public-private methods of knowledge transfer should be explored.

A major increase in knowledge transfer is indeed needed, a comprehensive nationwide advisory system must become an accessible, affordable reality for *all* producers, integrating such independent advisors as exist and ensuring that supply chain advice sources can be slotted into an independent advice framework. Advice should be not only top-down but also linked to the facilitation of local action. There should be a comprehensive review of advice to crofters and grazings committees (and perhaps to marginal farms also) looking at the availability and coherence of current provision both in the light of current demand and needs potentially arising from the implementation of this strategy, at its costs, its charges and the appropriateness of the level of current support and the conditions which apply to it.

33. There should be more advice and training, and in particular greater emphasis on business skills as well as technical farming and land management skills. Where current initiatives have been successful, such as Monitor Farms which provide a valuable link with up-to-date research, they should be built on or expanded.

The provision of advice and training to crofters specifically should be independently reviewed, building on the evidence gathered in the Proakis project. Apparently huge variations in engagement rates and crofter per advisor ratios across the crofting regions should be investigated, as should fee structures and their relationship to croft incomes on the one hand and Government support through FAS on the other. The possibility of separating out crofter and crofting-specific support within FAS support should be seriously investigated, as should the setting of realistic real-world based targets for engagement with crofters. This engagement could (should?) include collaborative work with agencies including the Crofting Commission to help deliver their work, including increasing the proportion of crofters actively cultivating and maintaining their croft and facilitating inter-generational transfers. The distinction between what properly constitutes 'advice' and what is merely 'paperwork' which does not merit public support should be looked at to see whether it reflects the realities of crofting and the needs of crofters, and support mechanisms should be adjusted accordingly.

The setting up of a Monitor Township in Skye some years ago was much to be welcomed and should be repeated and adapted elsewhere. However, care should be taken to ensure that the townships and crofters selected are not exclusively from the minority at the larger end of the sector, nor that the discussions focus solely on 'commercial farming' type questions which relate to only a small part of the issues facing most crofters. The farming system approach used on South Uist by (Espinosa and Faure 2004) is an example of the type of differentiation which might be used to identify groups of crofts with different needs.

The provision of training, reliably-available when needed, and its cost relative to crofting incomes also needs to be reviewed. Recently SCF has been funded to run a number of successful and well-received courses, but such an arrangement needs to be formalised throughout the crofting area and made a permanent feature of the lifelong learning provision, rather than a short-term 'project'.

34. Production efficiency schemes must not be one-size-fits-all but must be tailored to the different needs of agricultural businesses in different regions and sectors.

Agreed, see first answer in this section.

35. Government must encourage participation in performance measurement and improvement schemes such as benchmarking.

Agreed, but see last answer but one.

36. More businesses should be encouraged to take part in assurance schemes, uptake of which is widespread in some sectors but not universal. Assurance schemes must evolve ..[and... be aligned with creation of a societal brand]

The obstacles to participation by the smallest producers should be investigated with a view to removing or overcoming those barriers.

37. We recommend that compulsory EID must be expanded, at the earliest opportunity, and in the long term the data it generates should be integrated into farm assurance schemes.

The practical difficulties for the smallest producers should be investigated with a view to removing or overcoming those barriers.

38. Government and industry should consider the potential to make future support payments contingent on participation in business or enterprise improvement schemes or training – noting that many industries have compulsory Continuing Professional Development (CPD).

This recommendation should be subject to a size threshold and made available but not compulsory below this limit.

39. Even if the farm support budget is successfully retained at current levels, there will always be more potential demand than there is money. To squeeze the most benefit for the industry out of whatever budget is available; government must look at the use of loans/financial instruments in situations where investment will benefit the individual private business as well as the public.

Despite the reticence of many crofters when it comes to debt (and the design of the basic annual support measures should not be predicated on taking out loans), there is a widespread feeling that making finance easily and cheaply available for crofters would be a very good thing. Examples where the need is evident range from the easing of cashflow in CAGS to financing the purchase of croft land.

40. Financial support must be made available for investments on farms: to improve production efficiency and marketable yields through innovation and new technology, to support basic farm investments such as drainage, fencing and livestock handling facilities, to enable environmental projects such as recreating wetlands, and to underpin shared and collaborative use of capital items such as mobile abattoirs or handling facilities.

Crofting is well-served in this regard in the form of CAGS. This should be explicitly extended to forest crofts in support of their forestry activities. It is however noticeable that, having made the point that agriculture and agricultural support should be seen as complementary to other land uses and on-farm activities, the request for capital investment support is narrowly focussed on agriculture. There is a case for arguing the opposite, albeit that the need to complement active crofting may imply a requirement to limit such support to those who actively cultivate and maintain the croft.

41. [Encouraging collective purchasing]

42. [Farmed deer]

43. [Streamlined and coordinated inspections, using newest technology]

44. Producers and industry bodies should consider a carcass classification scheme for sheep, to primary producers and the whole supply chain to supply product well matched to the market(s).

Careers

45. At school level there should be....
46. To improve the way in which career opportunities in farming and related sectors are illustrated and communicated in schools, there should be....
47. At pre-apprenticeship and apprenticeship level there should be....
48. We recommend particular policies are implemented by government to address the difficulties of form filling by those with dyslexia.
49. To address the age demographic of Scottish farming, existing new entrant initiatives such as Farming Opportunities for New Entrants, the Farm Advisory Service's New Entrant Programme and the SRDP new entrant grants and establishment grants must be continued with and built upon.

This is most definitely needed in/for crofting. The tendency to assess crofting (and 'good' crofting in particular) through the lens of intensive lowland farming, and particularly of its superficialities (large tractors, large rumped livestock, impressive facilities, pure green swards etc) needs to be reversed, while retaining/boosting an ability to question and innovate, focussing on key aspects such as net income per hour, creating and responding effectively to (new) markets, producing efficiently with regard to inputs, maximising biosecurity, the effective use of drugs in broader comprehensive animal health strategies, and so on. While these may sound like issues for training and advice, the message needs to be put across first in schools and then in the wider community and to become part of crofting's self-image.

Supply chain

50. Government and industry bodies including SAOS must encourage more businesses to take part in collaboration, which should become embedded in training and business practices. Government should consider investing in supply chain improvement programmes, through both vertical and horizontal collaboration. Such programmes should include expert knowledge and facilitation, particularly in the most challenging sectors such as those currently unsupported under the CAP.

Yes, and once again the link to other activities in the same landscape, not least on the holding itself, is a key one for pluriactive crofters. Tapping properly into the tourist market, and not only in the accommodation sector, is an area ripe for coordinated capacity-building action, for example.

51. Government must continue to provide grants towards collaborative capital investment in buildings and plant in the food and drink industry.
52. [Global thinking and benefitting from transnational knowledge transfer]
53. [Data sharing for a stronger, sustainable and resilient supply chain]
54. [Food fraud]
55. [Protected denominations]
56. [Supply chain regulation]

Annex 3 - Response to the Government consultation document, Stability and Simplicity

Question 1: Do you agree with the stability approach described here? Please provide comments.

The answer to this question is contingent on the degree of change which is either proposed or forced upon the Scottish Government as a result of Brexit and subsequent action by Westminster. While stability is desirable, all else being equal, there must also be an opportunity to introduce change and allow time for adaptation, especially if change involves substantial shifts in support between farms or between measures and emphases within the overall policy. For example, if it is proposed that the coupled support element of direct payments is to assume a greater importance and the area-based element to be weakened, it seems clear that coupled support for sheep will need to be extended to the current Region 2 and the relative policy signal to R2 and R3 respectively rationalised. Given the weaknesses already identified in SUSSS, this will clearly need careful introduction.

On the other hand, subtle changes, such as introducing an increased payment rate for the first hectares claimed could be introduced immediately (paying a higher rate for the minimum area – currently 3 ha – would be the approach which best avoids undesirable side-effects). In the short term this could be a ‘redistributive element’ à la Wales.

There should be as little delay as is legally possible in introducing minimum activity rules for the current R1 (e.g. 0.3 LU/ha on forage – 6 times the R2/R3 minimum).

Question 2: How might the annual application process for direct payments be adjusted to deliver with a lighter touch for those with little year-on-year change in their business?

Allow ‘until further notice’ letters for seasonal use of croft land and grazings shares (but with the latter only being accepted from a grazings clerk of a committee currently in office).

Once out of the CAP, abolish entitlements and adopt a SAPS-like system where payments are based on the land claimed in the current year.

Consider a split coupled payment, with an advance based on last year’s claim and a balancing item paid as at present; tie both the SUSSS and SSBSS to tick boxes on the SAF, and the use of electronic databases, and automatic triggering of payments at the end of the retention periods, with no separate claim procedure.

Question 3: Are there operational changes in our delivery of Direct Payments that you would like the Government to consider during the transition period?

See 1 and 2 above.

Question 4: Do you support the continuation of some or all CAP rules on inspections and compliance during the Transition period, bearing in mind that Scotland will still need to comply with the rules of the World Trade Organisation (WTO)?

Question 5: Do you have any suggestions for straightforward changes that would improve the environmental outcomes achieved through greening payments in Pillar 1?

Question 6: Considering how funding is currently distributed across CAP schemes, do you have initial views about how the balance between these schemes should change in future to maximise outcomes?

The answer depends on what outcomes are desired. In the case of crofting there are at least 3 sets of fundamental policy objectives – objectives relating to ensuring that all crofters maintain and cultivate their crofts (which implies more than a doubling in the number of personally-active crofters and crofters becoming the majority of Scottish agricultural producers); objectives relating to more general agricultural production and productivity; and objectives relating to the maintenance and enhancement of public goods delivery. At present, although rhetoric suggests crofting as a whole is a prime deliverer in the third category, only a small minority of crofts and common grazings alike receive support aimed at those objectives – this proportion needs to increase markedly. Meanwhile, while the supposedly production-supporting direct payments and LFASS are received by almost every active crofter, the fact that the majority of crofters do not personally maintain and cultivate their croft, as well as the fact that active crofters delivering public goods do not even receive the equivalent of the minimum wage for their efforts, implies that a substantial increase in those supports is also required. It is hard to see how Government policy objectives can be reached without a substantial transfer of funding towards crofters (and similar farm holdings).

Question 7: Do you agree that changes to capping are a useful measure to enhance the positive social and environmental impact of agricultural policy?

In practice, yes.

Question 8: Do you have any specific views on how capping should work including what a maximum cap should be?

Question 9: Should there be a maximum cap on the total funding a business receives from all schemes, or a scheme-by-scheme approach?

Question 10: How can the aims of LFASS be better achieved/would you prefer to see alternative methods of providing support?

Without minimising in any way the difficulties posed by CAP (and WTO) rules, the current measure's historic/non-historic fudge is unsustainable, as is the fact that it continues in general to deliver the highest levels of support to the land with the least disadvantage. The measure should be directly related to the additional costs of keeping livestock in disadvantaged areas, and every claimant should need to be keeping such livestock. To minimise negative impacts on the environment and the delivery of wider public goods as well as to minimise the impact on markets, this incentive to produce needs to be limited in scope to below what is agreed to be a sustainable level on all types of land in Scotland.

Question 11: Would you see value in directing future LFA support through other existing Direct Payment Schemes?

Although some see political import in safeguarding a separate LFA 'pot', the strength of that argument is seriously weakened by the perverse way that pot is distributed at present. It is also clear that any

attempt to make LFASS more related to current production activity (even in a way which is designed to cause minimal market distortion) brings with it the danger that the measure has to be moved from the WTO's Green box to the Amber box. Given this, it is vital that coherence with the clearly Amber box coupled payments is maximised, if possible to keep LFASS in the Green box, but if not, then at least to optimise the efficiency of the policy signal to claimants. It is clearly possible to design adaptations to any Scotland-wide basic support which recognises the added (and permanent) handicap of remoteness and poor growing conditions.

Once the EAFRD rules cease to apply, there should be no obstacle to clearly paying for the additional costs of location, particularly but not exclusively for the islands.

The possibility of using entry-level agri-environment options to do some of the work should not be overlooked, for example payments for the first LU of cattle, payments for the first small area of cropping, payments for the first small area of hay/silage. These could be limited to farms in the LFA or, as with SUSSS, linked somehow to BPS regionalisation. However, were BPS regions 2 and 3 used and kept separate in future, a remapping to reflect land capability would be needed.

Question 12: Do you think there are administrative and operational simplifications that would benefit current or future LFASS claimants?

There should be easy and automatic access to the payments for new claimants.

Question 13: Would you support a simplified approach to scheme use of map information or to the land mapping system and, if so, do you have views on where the main opportunities for doing so would lie?

The idea of tolerance is to be welcomed; 'pro rata' banding is also welcome in principle (even though it effectively creates winners and losers in each band), but would only work with increased tolerance at each band boundary (RPID corrections would still be needed, but without penalty if within the tolerance).

There should be a crofting layer to simplify monitoring and evaluation of measures as they apply to crofting and possibly also to target measures. The layer could be self-declared on the SAF (and subsequently pre-populated) in the case of croft land and declared by SGRPID in the case of common grazings.

Question 14: Do you support the use of regional pilots to help tailor schemes to local circumstances?

Very much. And while tailored schemes can be top-down and successful (e.g. corncrake measures), even those good examples involve a range of third party stakeholders. But the lesson from stand-out examples like the Burren is that schemes designed with the prospective applicants can create a wholly different mindset and sense of engagement, ownership and pride – something which is regrettably largely absent from current scheme participants in Scotland. Achieving this requires a step-wise approach, first building a shared vision, agreeing objectives and only then designing and implementing

measures. The sooner such a process starts, the better, so that measures can be in place by the end of the transition period.

Question 15: Do you have views on how the inspections regime could be made more efficient while retaining existing public benefits?

Question 16: Do you have views on how the penalty regime – particularly around fairness, transparency, the maintenance of standards and compliance burden – could be improved in the short-term?

Question 17: Are there specific issues you think the Simplification Task Force should prioritise for review?

Question 18: Do you agree with the proposals to set a timescale of up to five years for transition? Please provide comments.

The transition period has to include a time when CAP rules no longer apply, but changes should not be left until then if there is no obstacle in EU rules to making them. As much clarity as possible should be injected into the process and as soon as possible, not only in terms of form, but also of scale; regional or sectoral impacts should also be spelt out and then further refined as soon as possible, e.g. for crofting.

Question 19: If new schemes seek to encourage collaboration, enhance skills development, help with capacity building, facilitate wider integration into the supply chain, promote carbon audits and monitoring of the soil health, how might pilot projects be best designed to help test and develop new approaches?

There are two issues to address here – the first is the simpler one of how to encourage groups which arise, provide them with advice, funds for trials etc.. Current funding programmes have done this and can be further developed. The other is at the deeper level – how to generate innovators? Most successful projects depend on a few key individuals whose presence often appears purely serendipitous; what processes, structures, training, funding etc can make it more likely that such people emerge in Government, support services, in NGOs, amongst crofters and farmers? Study visits, including transnationally, are rarely a waste of money.

Question 20: Many of the measures described in this consultation will have co-benefits for both agricultural productivity and for reducing Scotland's Greenhouse Gas Emissions. Are there other practical and feasible measures that would have similar co-benefits that you feel should be considered?

Surely such synergistic impacts should be sought between all public goods and market returns, improving the latter and better tying them to the environmental services – making them less ‘public’, more ‘internal’ to the economy of the crofting/farming system?

Question 21: Do you agree to expanding the number and role of Monitor Farms or similar during the transition period? Do you have any ideas as to how Monitor Farms could be refined or adapted to better meet future needs?

The interactive, empowering approach used in Monitor Farms is much to be welcomed and it was good to see Borge and Annishadder providing the location for the first Monitor Township some years ago. There should be a series of such crofting-orientated initiatives as part of this work. Having said that, in the case of crofting the focus should expand from that of the standard Monitor Farm and the larger conventional-farming-orientated croft (which are a small minority), not to the exclusion of such issues, but to the inclusion of others, even those relating to other croft-based activity. Common grazings focussed work is also something to be encouraged. Such initiatives could complement very well the work of a range of agencies, not least the Crofting Commission, and be better integrated with them.

Question 22: Do you agree with the proposal to look at moving towards a more performance based approach to compliance, using key performance indicators and better information?

This question should in all cases be answered in the context of the policy goals for particular holdings. In the case of crofting, one clear policy goal is to substantially increase the total number of active crofters; since most crofts are already economically small, any such proposal has to be accompanied by an evaluation of its impact on the net attractiveness of crofting not only to current crofters, whose numbers are currently decreasing, but to the hoped-for thousands of new entrants. There needs to be an evaluation of why uptake of current initiatives and measures is low (QMS, Beef Efficiency Scheme, for example), and an impact assessment of any proposed changes, or indeed remedial action, made before they are introduced, and asking specific crofting-related questions.

Question 23: Do you have views on the types of indicator that should be used or areas of priority action within the operation of current CAP schemes?

Question 24: Given the importance of continuity of support for the forestry sector and that the target for new woodland is to increase to 15,000 hectares by 2025, should the current the Forestry Grant Scheme continue broadly in its current form until 2024 or can you suggest other short-term changes that would better achieve these policy aims?

Question 25: In considering the current Forestry Grant Scheme, are there opportunities to improve the administrative efficiency of the scheme?

Question 26: Given the importance of continuity of support for environmental outcomes, should the current Agri-Environment Climate Scheme continue broadly in its current form until 2024 or are there short-term changes that could be introduced to i) simplify and streamline the scheme, ii) improve customer experience and/or iii) enhance the delivery of environment and climate change objectives?

While it would be regrettable if any substantive ongoing management, funded under current schemes, were to be stopped, going forward AECS is not a success, broadly-speaking, and is regarded as administratively cumbersome and inefficient by agents/advisors. For crofting specifically – a form of land use supposedly delivering high levels of public goods through economically-marginal systems – uptake has been extremely low and extremely patchy, even on designated sites. There are no adequate ‘tools in the box’ for substantial parts of the crofting landscape (e.g. rough grazings which are not designated peatlands), while some measures which have received consistent criticism for many years (introduction/maintenance of small cattle herd and summer cattle grazing of moorland, to give just two glaring examples) remain unamended.

A simple menu-based entry-level option, integrated into the SAF, should be introduced – its options should be realistic in terms of actual crofting land use, costs etc.

Given that a more demanding national-scale measure is likely to be necessary (perhaps even desirable) for the foreseeable future, a panel of advisors and other experts with *first hand* and *in-the-field* knowledge of AECS should be convened to give a full and frank account of the weaknesses of the current measure and to suggest improvements – general ‘stakeholder groups’ are not enough. On the back of their findings, individual options can be revised, dropped or added to.

Lastly, there is a huge opportunity for a new and hopefully more successful approach based not only on outcomes but on locally-adapted and developed schemes. Work needs to start to get even a few such measures in place for the end of the transition period, and it needs to take a stepping stone approach if it is to involve not only field scientists and practising advisors/agents but also farmers themselves on the ground.

Question 27: Are there new emerging environment or climate change priorities that need particular focus under the Agri-Environment Climate Scheme in the next three - five years?

Looked at from the perspective of crofting, this question rings hollow, implying as it does that there is a clear focus on a well set-out list of priorities. For large areas of croft land (most, possibly), there is no clear vision. What message should a crofter in the Bays of Harris, or in Elgol or Keils or Foula read into the AECS offering? What value does AECS tell crofters their common grazing has in Lochbay or Taynult or Barra General or North Ronaldsay? Crofters are being rhetorically encouraged to make the most of the public goods which they produce and which society values, yet the only instrument by which society can reward them specifically offers little or nothing. Urgent steps need to be taken at the local level to agree visions for both croft inbye and common grazings (i.e. to take account of the diversity of crofting areas – success in Tiree is not a reliable surrogate for success generally). Common grazings pose particular difficulties and should be addressed immediately with an expert panel exercise followed by local trials of vision-generating approaches.

Question 28: Considering the current New Entrants Capital Grant Scheme, are there opportunities to improve the administrative efficiency of the scheme?

Question 29: Considering the CAGS in its current form, are there opportunities to improve the administrative efficiency of the scheme?

Introduce reasonable scale-related variations in the rules for quotes, reflecting those in other fields of procurement. Re-introduce the assignation of grant to contractors. Offer advance payments and/or a loan facility to further ease cashflow. Reduce substantially the turnaround period for approval and payment, particularly for seasonally-sensitive items. Perhaps introduce before/after photographs by the applicant to facilitate the process.

Question 30: Should the scope of what can be funded be reviewed, for example in terms of adding in new elements and restricting total spend on some projects?

Forest croft investments which relate to the forestry work (e.g. sheds for machinery) should be eligible; this change should be introduced immediately when EAFRD rules cease to apply. Consideration should be given to funding investments relating to 'other productive activities'.

Question 31: Do you have initial views on this proposal? (Small farms grant scheme)

Question 32: Would there be customer benefits if the CAGS, small farms capital grant scheme and the new entrants capital grant scheme were combined?

For the customer, probably not. There is a danger of the need for rules specially tailored for smaller applications being lost if the new entrant grant is included.

Question 33: Considering the current FPMC scheme, are there opportunities to improve the administrative efficiency of the scheme?

Question 34: Would you wish to see other aspects of this scheme changed in the short-term?

Question 35: Do you have views on priority issues to be considered by any pilots during the transition period?

The use of loan mechanisms similar to those used by land banks elsewhere would be very much welcomed, whether to ease the cashflow of a CAGS-funded investment or to facilitate the purchase of land where no standard security is available (or where banks in any case refuse to offer a mortgage on land alone).

Question 36: Is this an approach that you could support?

Though widely praised in some circles, LEADER in the way it is implemented in Scotland is significantly flawed. I am not aware of any other country where the co-funding (from the very same agencies as make up the active minority of the LAG) is applied for separately – elsewhere it is all in a single LEADER pot along with the EU contribution. The effect is that individual agencies have a veto on applications, even where the LAG approves them, and the way this works in practice is that the prospective applicant fails to get the co-funding and so does not bother applying to LEADER itself.

LEADER is also very narrow in its focus in Scottish LAG areas, again targeted at the pet project areas of the LAG's public authorities. While this may be fair enough, given the absence of other EU funds to support such work, the implications of this for other innovative or locally adapted projects (e.g. under the former Axis 2) should be explicitly addressed by Government and some alternative means of funding such applications put in place.

Question 37: Considering LEADER in its current form, are there other opportunities to improve the administrative efficiency of the scheme?

Question 38: Do you have initial views on this proposal? (Broadband)

Question 39: Do you have any thoughts on the form, content and delivery methods for future advice?

The first question is what constitutes 'advice'. Civil servants currently seek to distinguish between 'advice' and 'form-filling' (with the latter being undervalued by them but meant to be sufficiently valued by the crofter that he or she can afford the expensive fees charged by agents). At the same

time, the previous clear distinction between ‘guidance’ (such as might be proffered in a SGRPID office) and ‘advice’ (such as might be offered by an advisor with professional liability insurance) is being eroded, with local Department staff helping crofters to fill in their forms but taking no responsibility for any erroneous actions or omissions taken as a result of such visits. Meanwhile, one of the strengths of the Scottish advisory support system – that no advice recipient was charged for the travel time and costs of the advisor – has been done away with for one-to-one advice.

In reality, the distinction between advice and paperwork is meaningless – almost all crofters need advice on their paperwork and the current situation where crofters subscribe to SAC Consulting to get cheaper ‘paperwork’ rates but fail then to use the ‘free’ two hours of ‘advice’ (which can’t be used on that paperwork, because it’s not considered proper ‘advice’) is a nonsense. It also serves to drive ever more crofters into the Department office where, unlike with advisors (whether SAC or private), the risk is not shared. And misses a key feature of a successful proactive advisory service, which is that it needs some reason for clients to come through the door, not in order to sell them services (another unfortunate result of the current funding regime and SRUC’s implementation decisions), so much as to spot and address their needs.

The Government points out that there are almost as many private advisors as there are advisors working for SAC Consulting. This is true, and the way contracts are let should be examined to ensure that consortia of private advisors (or even individual advisors – it is deemed appropriate for vets, so why not?) are excluded. However, it is also true that in the core crofting areas, advisors overwhelmingly work for SAC; funding decisions should not seek to ignore that basic reality.

Having said that, there needs to be much closer scrutiny of the way SRUC delivers the advisory service for crofters. Even at current activity levels, the number of potential clients per advisor is much higher in crofting areas than in the rest of Scotland, and the more ‘crofting’ the area, the more extreme the pattern; if the Government’s policy of encouraging thousands of currently inactive crofters to maintain and cultivate their crofts is successfully implemented, this effect will be even further magnified.

Lastly, the pricing decisions made by SAC Consulting should be examined and, where they are related to FAS funding, challenged by Government; it cannot be right that crofters have to pay a much higher proportion of their income on basic services (even ‘paperwork’) than a larger holding on the lowlands, when the former is subsidised and the latter not.

Question 40: Do you have any views on the balance of advice delivered by one-to-one and one-to-many methods?

The stress put on one-to-many advice is appropriate for some topics and some needs, but it cannot detract, as has possibly been the case in recent policy signals, from the core one-to-one advice provision. But advisory provision should also be as integrated as possible with veterinary practices and lifelong learning initiatives in the broadest sense, with collaboration between various providers (including those in the supply chain) being essential.

Question 41: Do you have any views on how delivery of advice can be better linked to delivery of results?

Again, the first question is, what are the desired 'results'? One basic measure is engagement. Yet it is clear that there is a huge variation in the engagement of individual offices with their (potential) crofting clientele, particularly, but not only, where there are plenty of non-crofting alternative income sources. What mechanisms exist in the funding for the Advisory Service to assess and incentivise engagement with a high proportion of an area's active (or inactive) crofters? Such mechanisms have to be present to overcome the financial pressures which otherwise encourage the neglect of more difficult, less 'cost-effective' small clients and common grazings.

'Higher level' results are of course desirable, though often difficult to quantify. But again, given the current state of crofting and the needs identified for it by policy, it is completely wrong to separate out certain 'valuable' advice from no less vital 'routine' or 'basic' help, even with form-filling.

Question 42: Considering the KTIF scheme in its current form, are there opportunities to improve the administrative efficiency of the scheme?

Question 43: Do you have any views on the effectiveness of KTIF and how the aims of the scheme could be promoted in the future?

Question 44: Would you support a similar type of scheme going forward?

Yes

Question 45: Would you support a future approach that aims to deliver similar increases in efficiency through the direct payment support mechanisms?

No. Decisions on such matters should be informed by a detailed analysis of current uptake and whether significant segments of the potential beneficiaries are failing to participate, and on the effect going forward of such continuing lack of participation in the light of *all* Government priorities. In the case of crofting, uptake is poor for smaller herds – the very herds which the State is trying not to lose and encourage on other currently non-cattle-keeping holdings. This is largely a reflection of the scale of the incentive compared to the scale of the scheme requirements – apparently simple requirements such as weighing the animal can be insurmountable for small holdings.

Question 46: Do you see a continuing role for the SRN and, if so, do you agree that its current aims and objectives should be maintained during the transition period?

Annex 4 - Response to the NFUS proposal outlined Steps to Change

Strengths

- It encourages activity, with no exceptions
- For 'good land' the chosen reference value of 0.8 LU/ha is a very reasonable one – it is well above any token activity level, but well below what the potential of the land could well be, allowing 'space' for the market to work and at a level likely to be well below that where diseconomies kick in (chasing the subsidy even when the underlying economics are showing diminishing returns)
- It creates a coherent whole between direct payments and LFA/ANC support, which should be desirable, notwithstanding the political risks.

Perceived weaknesses

- The fact that it has one reference level for all land, and that that reference level behaves in a completely different way for the most challenging, most marginal land. For such land, it is way above the carrying capacity, clearly encouraging producers into that very subsidy versus underlying sense trap of which NFUS staff are only too aware. It also makes the proposal politically impossible for anyone with an interest in appropriate grazing levels to support. The proposal arguably does not need to go down this road - see below.
- A complementary weakness is that having studiously ignored land capability and given really unfortunate signals, the proposal then builds them in again late in the calculation, when it's 'too late' in terms of policy signal; it doesn't need to be that way.
- Thirdly, while having encouragement to do something apart from fulfil the basic production requirements is a good thing, whether it is along the public goods road or/and on the technical improvement side (productivity, as NFUS would term it), it is difficult to see how it is possible to say *a priori* that support should automatically transfer from one 'pillar' (an anachronistic term here, but the meaning is clear) to the other without posing not just a huge challenge but an ongoing threat to at least the most marginal LFA crofters and farmers. Whether there should be a differentiation with non-LFA is a political question for NFUS, but it's definitely the case that pursuing that logic makes the rationale for a crofting-only support mechanism stronger, however difficult it might be to design and implement in detail, because we know that any such proposal comes up against not just (possible temporary) capacity issues, but also the more permanent challenges of scale and biophysical constraints.

How could it be improved

- The first requirement is to differentiate at least in a gross sense between good and less good land. It is reasonable to say that a 'new line on a map' approach is to be avoided if at all possible. But then, there already exists a ready-made distinction which could be used, namely that between R1 and R2/3. While it is not perfect (and an appeal mechanism could be reinstated), in broad terms it seems to be quite meaningful (unlike the R2/R3 distinction, which is risible in practice)
- Doing so from the start has two advantages. First, it sorts out the 'signal' side of things, enabling a message to be given which is similar in quality and in its relationship to carrying capacity for both the better land and land with a lower carrying capacity. Second, it enables one aspect of the two currently addressed through LFA payments to be integrated directly

into the logic of the payments at an early stage. (Those two aspects being the disadvantage of carrying capacity of the land itself, which is independent of location, on the one hand, and the disadvantage of location, which is partly just about relative distance, but is also complicated and added to by sea crossings on the other.) Treating R2/3 land separately means you can start to compensate for their disadvantage at this stage (perhaps accounting for the disadvantage of the Standard (least disadvantaged) LFA compared to non-LFA?).

- The first step is to choose a reference stocking density for rough grazings (R2/3). For it to have the same relationship to carrying capacity as 0.8 has for R1, perhaps 0.1? This would give a higher immediate signal than LFASS (0.09) but lower than SUSSS (~0.15), but anyway it will be used here for the sake of easy arithmetic.
- Allocate the livestock first to either R1 or R2/3. To the former is preferable, since the intention is for the marginal incentive to be higher on the poorer land. So assume that 0.8 LU/ha of the livestock is on the R1 land and proceed with that as in the original proposal to work out an equivalent ha of R1 (i.e. $0.8 \times R1$ ha). Then use the remaining livestock to do the rough grazings sum. So 100 ha at a stocking rate of 0.05 would give a starting value of 50 ($100 \times 0.05 / 0.1$).
- We now want a number we can add back to the R1 value. What coefficients should be used to make these comparable within our framework? If we divide by 8, then we get back where we started – pointless! But if we now use a smaller divisor, we can bring in an element of the carrying capacity limitation. For example, comparing improved hill sheep performance vs. inbye purebred flocks in the 2017 FMH, GMs are roughly half, in which case divide by 4 instead. (This is *not* to say that this is the figure to use, but for the sake of argument and to illustrate the thinking....)
- Then add the R1 and R2/3 equivalent ha figures.
- Then you can use a [locational + extreme biophysical] multiplier, where Standard LFA is 1 (since you already incorporated its difficulties in the previous steps) or something small (to recognise that there are distance issues even for R1 land in the Standard LFA), and Fragile is something higher (1.3?) and Extremely Fragile something higher still (1.5? more?)
- That gives you a final equivalent ha which you can either simply multiply by the £240/ha or use a higher rate for the first number of equivalent ha and the standard rate thereafter (as suggested in the body of this report). There could also be payment caps, depression or other mechanisms to make it all add up and to avoid the money going to a few large units.

Annex 5 – Recommendations of previous reports

Crofting and the Environment (SCU and RSPB 1992)

Vision of 2010:

57. Changes in national priorities – paying only for env-acceptable projects; valuing crofting; greater investment in rural infrastructure, esp transport, IT, processing and marketing of local produce
58. Move away from production-oriented support towards env-sensitive farming e.g. crofting
59. Heavy dependence on financial support because of geography, but justified by env performance not food production alone
60. Expansion of crofting and p-t farming in general; better regulation means more local control and higher prop of croft land in active management
61. Crofting house standards improved and easier for young crofters to get homes
62. Higher level of diverse alternative employment, with IT important tool, also tourism
63. Increased flexibility in employment to allow for croft work and collaboration between crofters
64. Better income from crofting agri, partly through supported move away from dependence on poor sheep market. All support paid through coordinated and simplified administrative structure
65. Range of support options available, with priorities reflecting those of policy
66. Result is more diversity, less under-use
67. Support partly linked to sheep-cattle ratio, local dairy production once more, good grants for cattle facilities
68. Most fodder locally grown with hay/silage premium offering banded support based on cutting dates – larger area of hay/silage, some s-n, some not, policy achieves a balance by adjusted support based on intensity and for reseeding
69. Fewer sheep, paid on appropriate grazing densities. Stocking rates for various habitats. Emphasis on quality animals from a quality environment
70. Increased seasonality of grazing patterns (on machair, but not only), with marked shift to the grazings in summer
71. Small-scale tree planting, on areas of least negative/most positive impact, and with appropriate mix of regeneration/planting and species
72. More cropping, both for livestock and for small-scale local consumption; more free-range poultry
73. Plenty of wetlands remain; watercourses free from pollution
74. Negative trends on the machair (apportionments, artificial fertiliser...) partly reversed; non-native predators controlled
75. Red deer population culled regularly
76. Moorland wildlife seen as asset and has direct tourism benefits
77. Increased facilities/funding for, skills in and market for local-production of food
78. Reward in funding for public goods – environmental, cultural etc. Crofting delivers the highest levels and so gets the highest funding.

Recommendations:

- 1 New support system for crofting, with cross-compliance
- 2 Priority for crofting region
- 3 Coordinating agency as contact point for crofters for all schemes
- 4 Expand ESA programme and make contracts for 10 years
- 5 Late-cut hay/silage premium
- 6 Marginal cropping grant
- 7 Per ha livestock support
- 8 Township conservation (including woodlands, access as well as grazing) planning underpinning access to grants, communal management premia and concessions on freight costs
- 9 Grazings committees with power to enforce these plans on grazings
- 10 Aids to outgoing crofters >55 willing to assign croft to new entrant
- 11 Increase in financial support to crofting.

Post-Brexit Position Document (Scottish Crofting Federation 2017)

1. Similar levels of support
2. Based on activity but recognising constraints and public goods delivery
3. Croft-proofing all schemes
4. Cap on payments
5. Degression to help smaller producers
6. Scottish support designed in Scotland
7. LFA support pays according to need and including a recognition of costs of distance
8. Increased transparency in terms of payment recipients
9. Not Barnettised
10. More support for new entrants with training and funding including loans
11. More support for diversification, with broader range covered
12. Continued availability of foreign workers
13. Maintenance of standards
14. More local small-scale slaughterhouses
15. No tariffs or increased border checks to EU
16. No increase in import quotas from NZ etc.
17. Reduce red tape while maintaining standards
18. Protect protected geographical denominations
19. Same standards for imports
20. Locally-designed environmental schemes
21. Simpler access for small units
22. Designed from the start for small units.

NFUS Manifesto for Crofting (NFUS 2016)

- 1 Start with a clean slate in relation to crofting legislation, to develop a framework that is fit for the wants and needs of modern-day crofting
- 2 Identify a lead body to support crofters and the development of new opportunities
- 3 Develop financial incentives through Pillar 1 and 2 CAP support that will have a positive impact on crofting
- 4 Develop policies that will maintain a critical mass of livestock producers and the capacity for livestock production within crofting communities
- 5 Acknowledge the unique contribution that active management of common grazings can make to the delivery of climate change and natural heritage targets and simplify the legislation and management of common grazings
- 6 Develop a crofting specific new entrant scheme that supports and encourages new crofters while, at the same time, helping those contemplating retirement
- 7 Support the creation of new crofts, particularly on Scottish Ministers' Estate land and the development of Woodland Crofts
- 8 Explore and promote ways in which the proper and productive use of crofts can be given greater encouragement and that crofters are supported in their responsibilities
- 9 Take a fresh look at how crofters are made aware of available support measures and the application procedures, to encourage access to the Crofting Agricultural Grants Scheme (CAGS) and affordable advisory support
- 10 Increase affordable housing through delivery of the new Croft House Grant Scheme (CHGS) and the development of an associated Croft House Loan system, which will do more to help access to crofts in rural and island communities
- 11 Ensure the delivery of superfast broadband and mobile phone coverage to all crofting communities to ensure connectivity and maximise employment opportunities
- 12 Ensure that any new woodland planting on croft land is appropriate in scale and location and does not negatively impact on continued livestock production in the crofting areas, whilst also ensuring that issues such as local community consultation and deer management are fully addressed.

Trends in Common Grazing (Jones 2011)

Recommendation 1. There should be an unambiguously positive message from the Scottish state, making it clear through practical means that it values common grazings for their benefits for the public and for public policy and celebrating and supporting them as a significant feature not just of the cultural landscape but of a still-vital culture.

Recommendation 2. Common grazings (and croft land) should be clearly distinguishable through their CPH number as happens already in Northern Ireland. We suggest that 2000 be added to the croft holding number (i.e. most croft CPH will be of the form nn/nnn/2nnn, though in some Lewis parishes there will be some of the form nn/nnn/3nnn) and that all common grazings CPH numbers should be of the form nn/nnn/4nnn.

Recommendation 3. The next Economic Assessment of Crofting should contain detailed accounts of the state of play and of support delivery for crofts and common grazings in the agricultural and rural development spheres.

Recommendation 4. Common grazings should, given their unique social and administrative difficulties and disproportionate social and environmental importance, be considered explicitly in the National Strategy and Rural Development Plan for the programming period starting in 2014. What public goods should and could be delivered on them; what is the intervention logic? What is the balance between ‘top-down’ and ‘bottom-up’? How proactive must policy be?

Recommendation 5. Pending any further reform, LFASS rules should be amended so that no crofter more than 70% of whose forage is on common grazings is punished for ‘undergrazing’ if he is at his souming (recognising that it is appropriate that higher stocking levels should be expected on inbye land).

Recommendation 6. SNH should be required to provide recommendations on appropriate overall minimum and maximum stocking levels for all nationally or internationally-designated sites without delay. Mechanisms should be designed to ensure that in the medium term, and at least by 2014, active producers on common grazings where stocking densities are not below these minimum levels are not penalised in any CAP scheme (while not rewarding inactive producers).

Recommendation 7. The Summer Cattle Grazing LMO option should be amended at the first opportunity such that payment is still made for 25 ha per cow, but without the requirement either for there to be a cow for every 25 ha of the claimed parcel or for the parcel to be completely fenced. A maximum stocking level should also be set, above which no payments should be made (for example 5 ha per cow, 0.2 LU/ha, but the actual level should be set with reference to expert advice). Grazings clerks should be eligible to apply for this payment with respect to common grazings.

Recommendation 8. Given the well-documented ‘Retreat from the Hills’, the 2014-20 RDP should contain target stocking densities for all LFA land, differentiated by land type and region as appropriate, based solely on the minimum necessary to deliver public goods in the strict sense. The economics of farming at these stocking densities should be set out (including a clear description of the economies of scale) and measures should be proposed such that the total income from support measures when added to market returns ensures that producers grazing at these minimum levels receive the minimum wage for their labour (thus avoiding overcompensation). This implies the full integration of both Pillar 1 and Pillar 2, including, in the latter case, consideration of how accessible these measures are likely to be.

Recommendation 9. In parallel with a clear link between activity, eligibility for payment and the level of payment received being established, there should be a mechanism by which active use of all common grazings parcels is declared (see also Recommendation 16 below).

Recommendation 10. In the event that any further moves toward non-historic payments are made, urgent consideration should be given to finding mechanisms which reward graziers for all the land which they manage (at the minimum activity levels described above), not just on their ‘official’ forage

share as calculated from the souming. This could take a number of forms, from completely changing the route through which payments are made from the individual to the grazings to merely giving more encouragement to clerks to reallocate shares on a year-by-year basis. Work on this should start immediately.

Recommendation 11. Serious consideration should be given to a Rural Development Programme or sub-programme for common grazings in the next RD programming period, starting immediately. This programme should not be assumed to be limited to crofters' common grazings. Support should be delivered through grazings institutions.

Recommendation 12. As part of its consideration of common grazings in Scotland, the SG should assess the significance of non-crofter common grazings and obtain legal advice as to whether and how CAP support might be delivered to them. In the case of the Crofting Counties, the development role for these grazings should be added to the duties of Highlands and Islands Enterprise (the only significant areas outwith the HIE area are on Loch Tayside). There should be active support for the development of such institutions on grazings where this is possible, including through the use of constables in the short term. Where there is no legal framework in place, the SG should consider how best to reduce exclusion of those graziers from support mechanisms.

Recommendation 13. Raising capacity in common grazings committees, clerks and constables should be an explicit objective of SG policy; consideration should be given to delivering this using RDP funding.

Recommendation 14. SG support to SAC under Advisory Activity 411 for support to crofting is valuable, but could be better targeted. The broad-based element should be retained but linked explicitly to support to crofters, to common grazings and for work in support of the SG, CC and HIE's own work in support of crofting land use and common grazing.

Recommendation 15. Explicit support should be given, possibly through the grazings institutions, for the provision of specific advice on schemes, development planning and similar activity. The mechanisms chosen should avoid the need for contribution from the grazings/graziers until acceptance into schemes is guaranteed. In the case of a separate RDP scheme or measure for common grazings, serious consideration should be given to the 'project officer' delivery method.

Recommendation 16. RDP rules in future to require no more than a majority at a grazings meeting to secure participation in schemes.

Recommendation 17. The SG, through the CC, HIE and other bodies where appropriate, should spend more time capacity building grazings clerks. Specific written guidance should be available, especially for issues which are known to be causing difficulties, as well as access to examples of good practice. In the push for 'community' solutions, clerks should know what the law allows and ordains and have easy access to backup from the regulatory and development bodies. Some of this support and advice might be delivered through the assessors; there should be a stronger capacity building and support programme for them. For both clerks and assessors, support through the RDP should be considered.

Recommendation 18. Clerks' reporting responsibilities should be an integral part of a much wider development role, possibly closely related to RD support (e.g. a township development plan or grazings management plan). If they are to be asked for information which is to be used for validating claims, then a mechanism should be designed by which they are solely responsible for providing that data.

Supporting common grazing through agri-environment (Jones 2012b)

Programming

1. Crofting and small units should feature specifically and in a quantified way in all sections of the new RDP, and unlike the present RDP, it should contain clear and robust connections between the *ex-ante* evaluation, the design of measures and the monitoring plan, including specific crofting-related sub-indicators.
2. Crofts should be specifically identified through the farm code in order to facilitate monitoring and evaluation.

Advice

3. At least a doubling of advisory provision in Crofting Counties by a reinforcement of the AA 411 mechanism. Advisors should be based preferentially in the offices currently short-staffed and income budgets in those offices should not rise accordingly.
4. Serious consideration should be given to adjusting the balance between general advisory funding, within-scheme funding and subsidised consultancy support (and the adjustment of targets where appropriate).

Agri-environment

5. Design of access mechanisms which enable a significant proportion of HNV crofts and small units to avail themselves of meaningful and relevant AE options.
6. Replacement of the current small unit management prescription with a measure such as that outlined in the Annex.
7. Replacement of the current cattle retention prescription with a measure such as that outlined in the Annex. The extra costs for reintroductions should be recognised as with the current option.
8. Replacement of the current moorland management plan with a measure such as that outlined in the Annex.
9. Replacement of the current summer cattle grazing option with a measure such as that outlined in the Annex.

Agri-environment support for crofting (Jones 2012a)

Programming

1. Crofting and small units should feature specifically and in a quantified way in all sections of the new RDP, and unlike the present RDP, it should contain clear and robust connections between the *ex-ante* evaluation, the design of measures and the monitoring plan, including specific crofting-related sub-indicators.
2. Crofts should be specifically identified through the farm code in order to facilitate monitoring and evaluation.

Advice

3. At least a doubling of advisory provision in Crofting Counties by a reinforcement of the AA 411 mechanism. Advisors should be based preferentially in the offices currently short-staffed and income budgets in those offices should not rise accordingly.
4. Serious consideration should be given to adjusting the balance between general advisory funding, within-scheme funding and subsidised consultancy support (and the adjustment of targets where appropriate).

Agri-environment

5. Design of access mechanisms which enable a significant proportion of HNV crofts and small units to avail themselves of meaningful and relevant AE options.
6. Replacement of the current small unit management prescription with a measure such as that outlined in the Annex.
7. Replacement of the current cattle retention prescription with a measure such as that outlined in the Annex. The extra costs for reintroductions should be recognised as with the current option.
8. Replacement of the current moorland management plan with a measure such as that outlined in the Annex.
9. Replacement of the current summer cattle grazing option with a measure such as that outlined in the Annex.

Published July 2018

Great Glen House
Leachkin Road
Inverness IV3 8NW

Taigh a' Ghlinne Mhòir
Rathad an Leacainn
Inbhir Nis IV3 8NW

T: (01463) 663439

E: info@crofting.gov.scot

W: www.crofting.scotland.gov.uk