Written evidence submitted by the North West Regions of the Consultancy Division of the Scottish Agricultural College (FSA0019)

SAC Consulting (North West Region)

The Future of Scottish Agriculture Post-Brexit: Inquiry Evidence Submission.

Opening Statement

The evidence submitted in this report considers crofting and farming in the Highlands and Islands area of Scotland, based on the knowledge and experience developed in the 6 crofting-area offices of SAC Consulting, servicing over 2200 crofting businesses. SAC Consultants have worked with many generations of crofters across a number of business enterprises and a range of subsidy scheme cycles. Inquiry evidence provided here is relative to crofting and small holding scenarios principally and aims to cover the issues and challenges facing rural disadvantaged areas within the Highlands and Islands of Scotland.

What should be the priorities of any future agricultural support system in Scotland? Are the needs of the agricultural sector in Scotland different from the rest of the UK?

There is a need to engage crofters and stakeholders in developing future support systems that fit the needs of 21st Century crofting.

Priorities for crofting should include:

- Maintenance of High Nature Value farming
- Support that overcomes the effects of fragility, small scale and biophysical constraints
- Encouragement of new entrants
- Targeted incentives for active croft conservation management

Priority should be placed on the current Scottish reputation for ‘High Health Status’ and excellent animal health and food safety standards which could be threatened post-Brexit, along with maintaining the High Nature Value farming practised in crofting areas. Focus needs to be on support that can allow business to adapt, develop, improve, diversify and grow and in the areas of the crofting counties also prevent land abandonment.

The needs of the Highland and Island producers are different to the rest of Scotland and the UK due to the additional challenges faced in remote locations.

As much as 85% of the Scottish land area is considered less favoured area (LFA) and is limited in growing and production capacity. This demonstrates a difference in the needs of the Scottish agricultural sector by comparison to the rest of the UK. Furthermore the crofting areas in Scottish agriculture are subject to a unique set of laws that determine and affect crofting land use. This difference compared to other areas of Scotland, and indeed the rest of the UK have not been considered in subsidy distribution previously. Historic schemes have in fact led to a reduction in
crofting agriculture\(^1\), thus reducing land productivity and biodiversity and inhibiting the potential of that land for future use. 70% of the Highlands and Islands only capable of supporting rough grazing (compared to 28% in the Rest of Scotland - RoS) and 17% of the agricultural area in the region is Common Grazings.

- 11% is capable of supporting mixed agriculture (20% in RoS).
- 15% is capable of supporting improved grassland (21% in RoS)\(^2\).

In addition to biophysical and legal constraints, there are constraints due to the management of statutory environmental designations, with a high proportion of croft land and Common Grazing Land is within designated sites.

The small business size in the crofting areas is a key limiting factor in their development and profitability, and crofters are more vulnerable to market and policy changes. Therefore a support package that supports and prioritises small business is essential.

**What funding will Scotland’s agricultural sector require post-Brexit? What should future agricultural support in Scotland look like, and what goals should it seek to achieve it?**

The principle aim of future funding should be to not only promote the survivability of Scottish agriculture in crofting and LFA areas, but improve its potential. This might include mitigating population reduction, providing incentives to become more efficient, encourage resilience and reduce the continued reliance on income support subsidy.

Specific support for crofting could include:

- targeted incentives for active croft conservation management, with simple application process and a ‘bottom-up’ approach
- a ‘Crofting New Entrants’ scheme that helps people into crofting and older folk out of crofting
- crofting specific training including peer learning
- crofting-specific development programmes
- innovation support
- tailored business and environmental advice
- tailored advice and support for Common Grazings
- increased and targeted payments to active crofters
- maintenance of grants for infrastructure and new grants for diversification
- funding for crofters to carry out grass-roots investigation
- user-friendly and information-gathering IT systems and programmes that help crofters to manage their business or environmental measures.

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\(^1\) See the Retreat from the Hills (www.sruc.ac.uk/downloads/download/18/2008_farmings_retreat_from_the_hills) and the Response from the Hills reports (www.sruc.ac.uk/info/120484/support_to_agriculture_archive/81/2011_response_from_the_hills)

\(^2\) http://www.hutton.ac.uk/learning/exploringscotland/land-capability-agriculture-scotland
Any future support structure should be simple and easy to understand, with clear objectives, simple application processes and simple to administer by SGRPID. Part of the issues we face today are due to over complex systems and processes.

We recommend that in the design of any new support system full account is taken of the specific nature of crofting systems, such as: small-scale, peripheral from market, the use of common land, and the High Nature Value (HNV) agricultural systems practiced in many areas. It is fundamentally important that schemes for the future be agreed upon and not forced or imposed. By fully understanding the needs of the farmer or crofter can a suitable framework be created for effective support.

*How should a future agricultural policy seek to accommodate different sectors of the farming community, especially those in remote areas and less favoured areas, and crofting?*

People are required to stay in remote areas to ensure that the land is worked. Agricultural policy should be looking to improve the current land management and encourage new ideas to be realised. Reliance on income support should be lessened by redeploying funds to support in other ways that will aid in business efficiency, support diversification, incentivise succession farming in LFA, encourage environmentally sensitive agriculture and promote high nature value farming. Fundamentally, future policy should identify and acknowledge the variations between regions within Scotland that are managed agriculturally and allow more adaptable policies to accommodate these differences.

For example, there is currently little support for agricultural diversification in the Highlands and Islands. In 2017 the Isles of Lewis & Harris saw a tourism footfall in excess of 17,000 which only appears to increase annually. The North Coast 500 increases tourism numbers in the highlands as well. Examples can be found for any of the crofting counties areas for the tourism impact and there is clear opportunity for a link between tourism and agri-produce to be developed to the benefit of both sectors. Policies to lessen the constraints against cross industry collaboration could see a marked benefit to Scottish agriculture in LFA areas. Provision of more options for marketing produce will strengthen the position of crofting and small holding creating more adaptable and robust businesses.

The small businesses model, so important for the Highland and Islands area, needs specific support.

Another example of the need to accommodate different sectors is where businesses use Common Grazings. Crofting includes specific use of common grazing land, which is unusual out with the crofting counties, and differs from the commons in the rest of the UK. The nuances of Common Grazings were not fully considered in current policy development, which has caused financial loss and additional administration burden for crofters and for paying agencies. A one-size fits all approach is too clumsy; any policy has to be thoroughly tested to prevent unintended consequences and capitalise on regional differences.

*What should be included in common frameworks between the UK and devolved administrations in relation to Scottish Agriculture? What balance should it strike between having a common UK-wide approach and providing flexibility to Scotland's needs?*
Given the regional differences it is fair to assess that as much flexibility as possible is required to allow tailored regional policy to be employed that will maximise the funding available to suit the needs of Scottish agriculture. A common approach does not seem feasible given the variation of land and agricultural productivity across the UK, not just within Scotland. Devolution of the decisions relating to funding allocations seems appropriate to allow regionally efficient use of the funding provided.

A fair funding allocation must be given in order to safeguard Scottish agriculture and assurances of the funding levels throughout the Brexit transition period must be transparent for local business to plan for the future as well as for national and indeed UK wide policy to be accurately and appropriately drafted and employed.

Opinion on the future needs of Scottish agriculture appears to be conflicting between agencies, such as conservation groups and sheep or other livestock associations, which may impact and inhibit future benefit. A uniform vision, one that encompasses all entities of Scottish agriculture and acknowledges the wide variation between regions is essential.

**What should be done to meet the long-term labour needs of Scotland's agricultural sector?**

In the Highlands and Islands labour is impacted by the reducing numbers of active crofters, population reduction and inability to retain young crofters or small holders under succession. This is in part due to the uncertainty of current Scottish LFA agriculture as well as the lack of economic incentive for a crofting or small holding enterprise. Encouragement and support to mitigate this and drive populations back to the crofting areas and LFA in the Highlands and Islands will resolve much of the labour issue currently being felt.

Encouraging better collaboration and models for joint working will help sustain demand for labour and allow full time roles to be created from several part time roles.

Improve the availability of training to up skill new entrants to bring labour back into the remote areas. This needs to cover both new skills and traditional skills.

**What role can innovation and technology have in improving productivity in Scottish agriculture?**

Currently, partly as a response to Brexit uncertainties and current conventional livestock agriculture being economically inefficient and unstable, crofters are turning to other options to generate farm income. Examples such as the use of poly produce technologies or growing of alternative crops, such as tea, are currently being attempted with successful results. Innovations such as these, and encouragement of further ideas will have an effect not only at the local level but can then be implemented nationally.

The challenge will be to drive innovation and new technology into the remote areas, where once again the small business size reduces the ability of that business to invest in modern technology or techniques. So an investment is required in research and development to identify and progress new techniques and encourage crofters and farmers to take them up.
Regards

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