

Supporting common grazing through agri-environment – lessons from an *ex post* evaluation

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Executive Summary

Common grazings are a very significant element of the land use system in Scotland's more fragile rural areas and provide a wide range of public goods in association with socio-economically weak agricultural systems. However they have not been specifically considered during the drafting of the current RDP and the uptake of the various measures by common grazings committees has not been assessed by the Scottish authorities.

Uptake of both Land Managers' Options (LMO) and Rural Priorities (RP) agri-environment (AE) measures are abysmal (4.8% and 5.6% respectively), even in the context of low overall uptake (20.3% and 16.2%). In general uptake by grazings is substantially lower than overall uptake even in the same parish.

A range of factors are thought to be at play, including

- Large numbers of unregulated grazings
- Difficulty of application in general, with additional difficulties for grazings including getting agreement of large numbers of stakeholders, the need to balance needs of inactive and active graziers
- High bureaucratic threshold for application for grazings in particular, including agreement rules and requirement to provide accounts
- Weaknesses in advisory provision and lack of capacity in Crofting Commission to extend regulation and support committees
- Cost of advice/application, especially given transaction costs of grazings
- Paucity of attractive options, and especially of support for positive management
- Specific problems with the summer cattle grazing option

The specific recommendations listed below (with the relevant articles in the draft EAFRD Regulation identified) relate only to common grazings, but must be further integrated with the needs of crofters and other small units in the same regions and with those of the wider agricultural and rural community in marginal areas.

Programming

- Common grazings must feature specifically and in a quantified way in all sections of the new RDP, from *ex-ante* evaluation to measure design to monitoring plan.

Advice

- *Art.16.* 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. Outcomes should specifically relate not just to crofting but to common grazings.
- *Art. 16.* Provision of advice to common grazings on all matters where the scheme does not allow for specific support (e.g. current RP) should be free.
- *Art. 16.* Serious consideration should be given to the appointment of dedicated common grazings advisors, working in collaboration with CC staff (see below) in the overall context of capacity building and community development work on common grazings.
- *Art. 16.* 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

- *Art 29.* Replacement of the current moorland management plan with a measure such as that outlined in Annex 3.
- *Art 29.* Replacement of the current summer cattle grazing option with a measure such as that outlined in Annex 3.

- *Art. 29* (implementation). Relaxation of the shareholder consent rules for entry of AE (see 7.6 above).
- *Art. 29* (implementation). Abolition of the need to provide accounts for CG AE applicants.

Collaboration

- *Art. 36*. Provision of support workers by the CC for the extension and updating of grazings regulation to the overwhelming majority of grazings, with parallel support for the transaction costs of grazings committees, distinguishing in particular the higher costs of hitherto-unregulated grazings. Clauses 2g and 2i are relevant. Synergy with an expanded advisory service would be very desirable indeed. If this Art. is deemed inappropriate for funding additional CC staff, the use of technical assistance funding (*Art. 51*) should be considered, as in Wales in the current period.



Figure 1. Ardfenaig common grazings, Mull (Photo: Sarah Charlesworth, Creative Commons Licence)



This report is part of EFNCP's 2012 Life+ NGO Support work programme; funding for this project comes from the European Commission (DG Environment) and the Foundation for Common Land. Its content is the sole responsibility of the author and does not necessarily reflect the views of the funders. The author wishes to thank the Scottish Government and SRUC for raw data and RSPB Scotland, especially Emma Teuten, for invaluable assistance with the maps. Thanks also to Karen MacRae for proof reading, but all mistakes are the author's.

1. Why this project, and why now?

Today's common grazings are the remnants from a past in which they dominated the Scottish landscape. They still account for around a tenth of all actively-managed farmland in Scotland (a much higher proportion in the north and west, see Figure 2) and are used by around one in five of all Single Payment Scheme (SPS) claimants (Jones 2010). Almost wholly made up of semi-natural vegetation managed at low-intensity, they are thus High Nature Value (HNV) farmland, and make up a significant fraction of estimated actively-farmed HNV farmland (Table 1, and see Annex 1 for methodology used to calculate areas). Common grazings also account for a disproportionate fraction of land designated under national and EU nature conservation legislation.

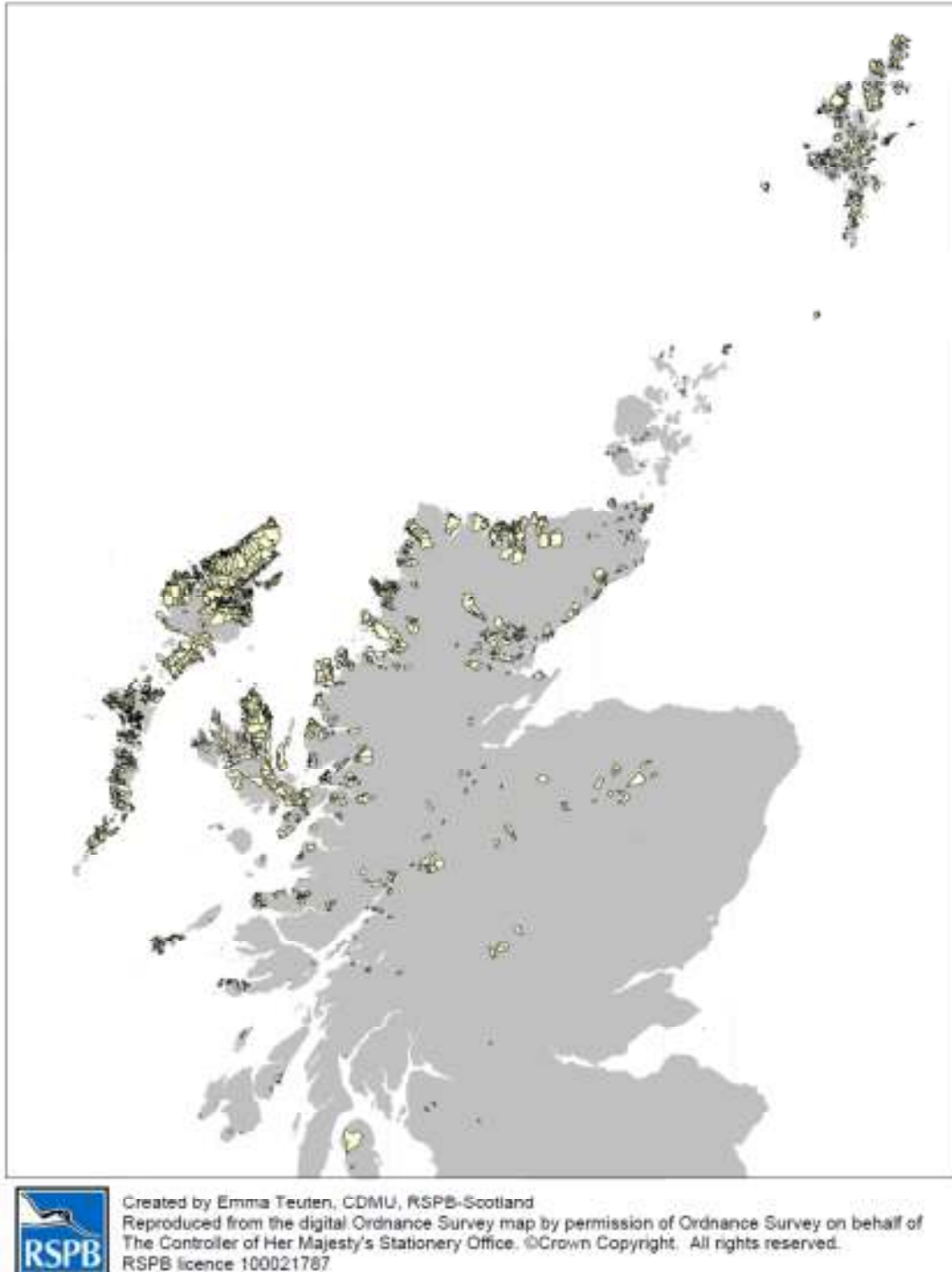


Figure 2. Parcels claimed under the common grazings question, IACS 2009

Common grazings not only deliver high levels of public goods (defined as goods and services where the market mechanism is ineffective at setting a price), but these public goods are to a large extent the by-products of agricultural management regimes which are themselves economically weak and, on common grazings specifically, particularly socially challenging. The case for public intervention to support the ongoing delivery of these services and to increase the sustainability of the systems which deliver them is therefore strong. While there are other indirect means by which support can be given to these systems and their resilience and viability increased, the main route by which financial assistance is and can be given remains the Common Agricultural Policy (CAP).

	Inbye	Sole use rough grazings	Common grazings	Total
Total managed area	1,947,438 ha	1,868,825 ha	538,000 ha	4,354,263 ha
Estimated HNV	209,915 ha	1,868,825 ha	538,000 ha	2,616,740 ha
Estimated % HNV	11	100	100	60

Table 1. Estimates of the areas of different categories of land managed as if for SPS and of the proportions which are HNV

Within the CAP there are three main types of schemes supporting HNV farming through area payments. These are direct payments (SPS), the Less Favoured Area Support Scheme (LFASS) and agri-environment (AE) measures. An analysis of SPS and of some potential problems with direct payments was published two years ago (Jones 2010); work to advance potential solutions continues in 2012. LFASS has been the subject of considerable political debate, but in summary its distribution pattern within the LFA, like that of SPS for the whole country, is that, despite some ameliorating adjustments recently, the highest levels of support are paid to the areas with the lowest natural constraints, reflecting the pre-decoupling situation; it is not considered in detail here in its present form, but clearly has an important role to play in the support framework for common grazings.

This report focuses on AE measures - the most targeted area payments within the CAP in Scotland (and ignores those particular payments for organic farming, which are unfortunately irrelevant in their current incarnation). If these AE payments miss their target, something is wrong, both in the mechanism itself (and the analysis which underlies their design) and in the monitoring and evaluation of the schemes.

While some data on LMO and RP was collected from grazings clerks in 2010 (Jones 2010), these schemes – RP in particular – were relatively new, although hints of their weaknesses were already emerging. Detailed information on the absolute and relative levels of participation by common grazings was not available at that time, while the dataset was to some extent self-selecting; this report starts to fill that gap.

2012 is a key year in planning process for implementing the CAP in Scotland in the next programming period (2014-20). Drafts of the Council Regulations were issued by the European Commission in 2011 and are still under consideration by the Council and European Parliament; agreement is still to be agreed on the budget, which may yet lead to significant amendments, while the implementing regulations and delegated acts are yet to be published. Nevertheless, the likely overall framework is becoming ever clearer – similar to the existing one in most regards, but with welcome opportunities for supporting collaboration and for the formulation of targeted sub-programmes.

In Scotland the consultation and discussion process leading up to the writing of the next Scotland Rural Development Programme (SRDP) has started, with working groups on specific topics already reporting their findings. Somewhat belatedly, work on HNV indicators has been carried out by SNH (Mackey, Blake, and McSorley 2011) and by SAC on behalf of the Scottish Government (McCracken 2011), and work is currently underway by the working group to assess the SRDP in this light; it is anticipated that the next RDP, unlike the present one, will not only mention but truly consider the

HNV issue. In addition to the official work, some stakeholder groups have undertaken detailed analysis on the uptake and distribution of SRDP funds (RSPB 2011) or given recommendations as to appropriate approaches (JHI 2012). This report aims to complement this body of work, focussing specifically on common grazings.

2. Agri-environment within the SRDP

Agri-environment payments are delivered both the non-discretionary (Land Managers' Options, LMO) and discretionary (Rural Priorities, RP) elements of the SRDP. A range of options is available in both (Annex 2), but few are relevant for rough grazings; some may be available for common grazings in limited circumstances (e.g. machair, township parks which can support 'inbye' options).

Although the LMO is sometimes described as 'broad and shallow' (i.e. consisting of simple commitments attracting low payments, with limited aspirations in terms of impact), there is little discernible qualitative difference between the actual options in the two schemes, the main difference being ease of access. This creates a lack of clarity as to why attractive or useful options could or should not be accessed through LMO or why applicants have to go through the bureaucratic challenge of an RP application. It is understood that the next AE mechanism is unlikely to follow this pattern.

From the applicant's perspective, one potential weakness of LMO is the ceiling on funding, while RP offers potentially unlimited funds, but for small units, which would never be able to access large amounts of AE funding through RP, this benefit is non-existent in practice; having to go through the RP process 'for nothing' is therefore particularly galling. Again, it is understood that mechanisms are being considered to harmonise the application process for smaller and larger schemes, while putting in assessment structures appropriate to the scale of the funding requested. This is to be welcomed.

The eligible applicant for AE measures on common grazings would normally be the grazings committee, represented by the grazings clerk. It is not clear whether the legal provisions regulating the formation and operation of crofters' common grazings committees currently apply to the few grazings other than crofters' grazings¹ or to those which lie outwith the Crofting Counties (Jones 2010), but in any case, such committees do not exist outwith the context of current or previous crofting townships and shared grazings on Lochtayside are known to have experienced difficulties when considering how to apply for RP (Alan Boulton, pers. comm.). Given that a relatively small number of potential applicants would be affected, it would seem churlish to exclude these common grazings from any future AE scheme.

In the analyses below, which are limited to the old Crofting Counties, the total number of possible common grazings applicants is estimated as total of grazings listed by the Crofting Commission (pers. comm.) plus the Glendale grazings and the Reef on Tiree². Only c. 70% of the common grazings applicants are in a position to apply for AE support (see 5.3.1 below); this is part of the overall reality of delivering public policy goals which needs to be addressed by the SRDP.

¹ Interestingly, Fasach common grazings, Glendale (not considered crofting) was in receipt of CAP payments in 2011, according to the online Defra database

² Total possible applicants was estimated as follows: (total SPS claimants + total estimated common grazings applicants – total estimated number of sheepstock clubs)

To enter LMO, the grazing committees must have the consent of the majority of the crofters resident in the township and sharing in the common grazing³. An RP proposal on behalf of a grazings committee must include⁴:

- The written consent of a majority of the crofters ordinarily resident within the township and sharing in the common grazing.
- Evidence that notice of the intention to submit a Proposal and the proposed division of the aid amongst the eligible crofters have been issued by the grazings clerk to all shareholders sharing in the common grazings.
- Confirmation from the Grazings Committee that the Crofters Commission has not called in the Proposal.
- A copy of any decision by the Crofters Commission where a proposal has been called in.

3. Findings in ‘Trends in Common Grazings’ and questions arising

During the Trends in Common Grazings work, data was collected from a sample of 213 grazings clerks – approximately half the grazings with clerks in half the parishes with grazings. Despite being a large sample, it is likely to yield results which over-estimate participation (since unregulated grazings were by definition not sampled) and engagement (since some clerks refused to take part and the sampler continued down the alphabetical list of grazings until the required number of questionnaires was completed).

While 37% of surveyed grazings were in some sort of area-based rural development scheme, many of these were in forestry schemes. Regional variation was found to be considerable, with uptake of all schemes being particularly low in mainland Argyll and Lochaber, at 16%.

The legacy schemes were still important in 2010, with Environmentally Sensitive Area schemes and SNH management agreements being the only form of scheme participation in the Argyll Islands and the most significant in the other former ESAs, namely the Uists and Barra and Shetland. CPS and its successor, RSS, were most significant in Skye and the Western Isles. Altogether 50 grazings of the 214 were participating in ESA, an SNH Management Agreement, CPS or RSS.

At the time, the uptake of Land Management Contract (LMC) or LMO was abysmal in all areas, with only 1% of all grazings participating. A similar percentage was involved in RP, but this was not only a relatively new scheme at the time, but participation in legacy schemes in itself also prevented committees from entering RP, since the options are broadly similar. By 2012, more and more legacy contracts will have expired; as the end of the current programming period approaches, it is therefore appropriate to examine again the uptake of these SRDP schemes.

The clerks/constables of grazings not in any SRDP schemes were asked for the main reason for their non-participation (Figure 4). The pattern varied considerably. Lack of information was the major reason in the Western Isles, with Lewis and Harris also noting (under ‘other reasons’) the unavailability of consultants willing to advise on and/or prepare forestry schemes. Shetland was well informed, as were the Argyll Islands, both former Environmentally Sensitive Areas with high uptake levels, but other non-ESA regions were also well-informed (the author declares an interest as regards Skye). Do current SRDP uptake rates suggest that there is still an issue with advice in certain areas?

³ <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/Land-Managers-Options/Introductionlandmanagerso/commongrazings>

⁴ <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/RuralPriorities/HowItWorks/SchemeRules/GrazingsCommittee>

The ESA areas, with their detailed but non-discretionary schemes, also threw up other limiting factors for common grazings participation which may continue to be important in the current SRDP, including the perceived need to have somewhere to put stock when the crofts themselves are shut off under various AE options. Clerks were also sceptical that the schemes give adequate reward.

In Shetland, failure to get agreement with either active or inactive shareholders was the main reason for non-participation in 45% of grazings. Overall, 66% of common grazings surveyed stated that accessing schemes was more difficult for them than for a hill farm, the largest percentage (90%) being from Shetland & Orkney. 45% stated that this was because of the way the scheme works, while 20% cited social reasons (difficulty in obtaining shareholders agreement and lack of trust). 25% of respondents stated that accessing schemes was no more difficult than on a hill farm, the largest percentage of these (67%) being from Lewis & Harris. We investigate this question further below.

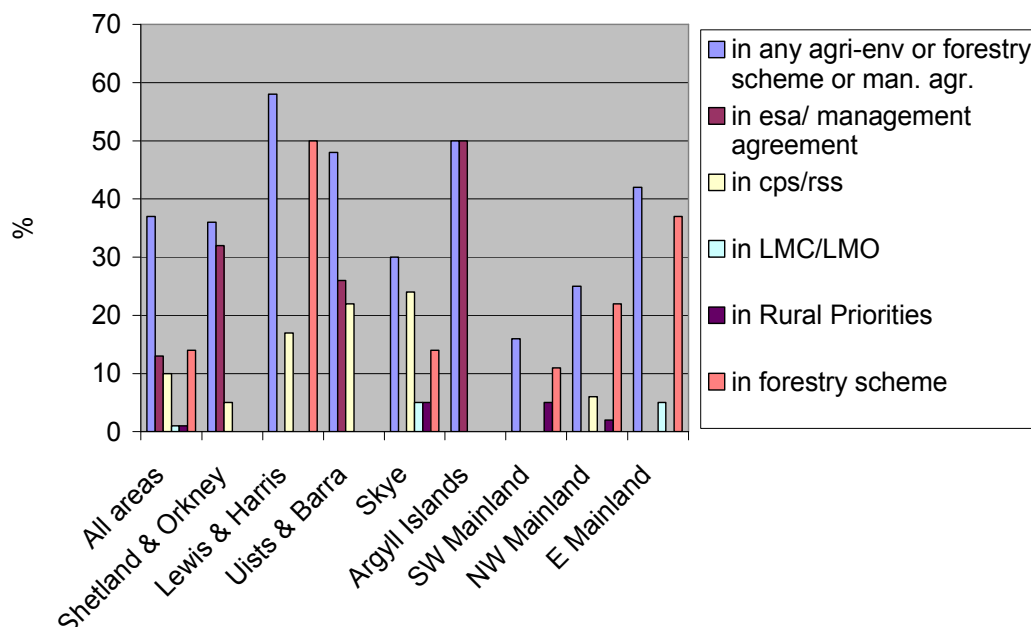


Figure 3. Agri-environment and forestry scheme participation by areas, according to sampled grazings clerks

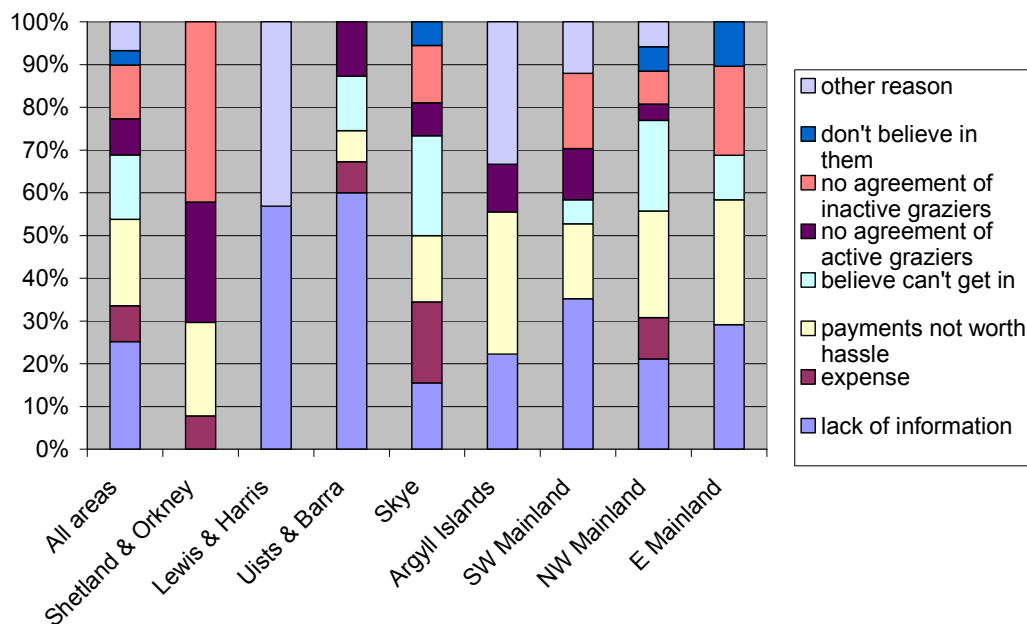


Figure 4. Reasons for non-participation in SRDP schemes, according to grazings clerk sample

4. Analysis of Scottish Government data – Land Managers’ Options

4.1 Overall uptake pattern

The SG provided details of the number of participants in LMO AE options up to March 2012 by the parish number of the Main Farm Code (MFC), making the data comparable with SPS claimant information made available for 2009. Details for approved proposals made by applicants who signed as grazings clerk or grazings constable, i.e. by common grazings, were also made available separately, making a comparison possible. Expenditure totals were also provided, as well as the area under management. This report looks solely at common grazings; it is intended that wider questions will be discussed elsewhere.

The participation rate in LMO AE options is generally low, especially for such an apparently easily-accessed scheme (compare RP data below – a scheme universally agreed to be difficult to access). This is true for both potential applicants in general (Figure 5) and for common grazings (Figure 6). The distribution is skewed in both cases, but much more so for common grazings (Table 2).

	Mean	Lower quartile	Median	Upper quartile
All potential applicants	25%	12%	23%	34%
Potential common grazings applicants	2%	0%	0%	0%

Table 2. Two measures of average uptake of LMO AE options

While it is clear that the uptake level for common grazings is particularly low, it could still be the case that it is the type of area in which they are found which is disadvantaged by various aspects of the LMO, rather than common grazings specifically. In order to test this further, we looked at uptake levels within the same 101 parishes in which crofters’ common grazings are located. Figure 7 shows that even within the same parish, common grazings uptake is usually lower than that for all potential applicants – it was lower in 76 parishes, the same in 16 (all zero values) and higher in only 9 parishes (all of which had low general levels of uptake amongst all applicants – the *highest* value of 12.4% is just at the lower quartile of the distribution for all parishes).

69% of all claimed grazings forage and of all grazings forage claimants are found in parishes designated by Highlands and Islands Enterprise as Fragile Areas, viz. the most socio-economically vulnerable rural zones (Jones 2010). We thus also compared the uptake patterns in Fragile Areas and amongst common grazings. The results for applicant numbers (Figure 8) and for area under management (Figure 9) show that even compared to these parishes, uptake of LMO AE by common grazings is clearly lower.

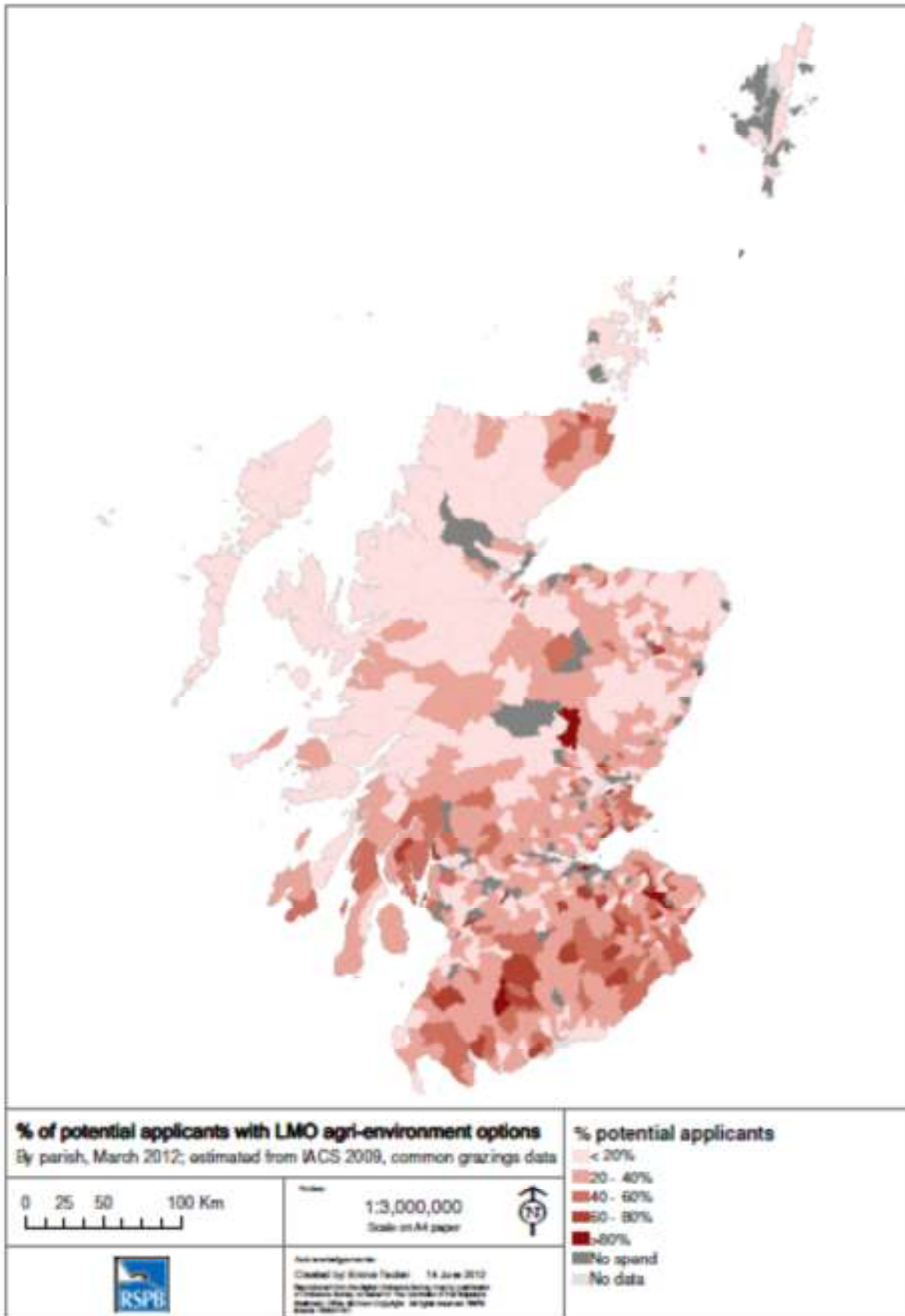


Figure 5. Uptake of LMO AE options amongst all applicants



Figure 6. Uptake of LMO AE options amongst common grazings (Crofting Counties only)

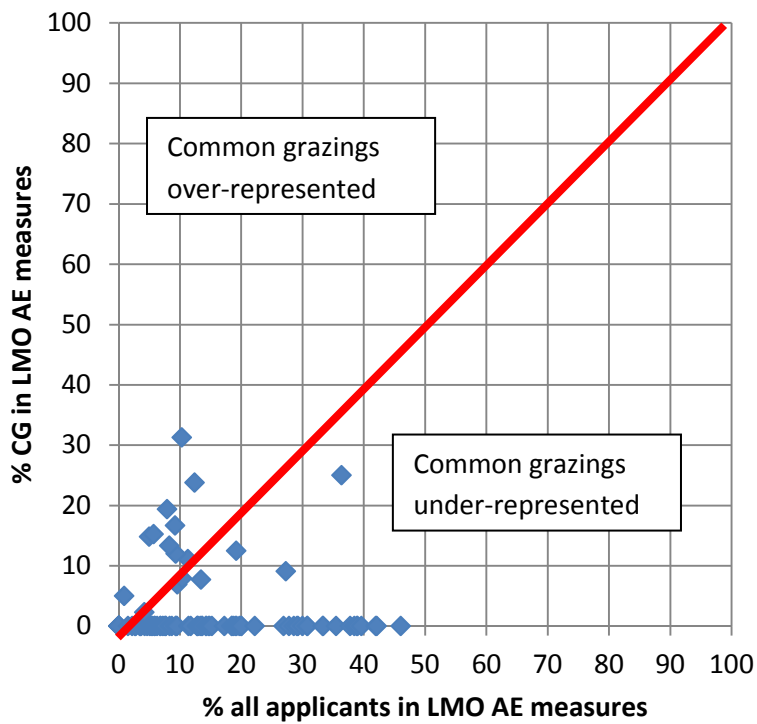


Figure 7. Comparison of uptake of LMO AE measures between common grazings and all potential applicants, by parish

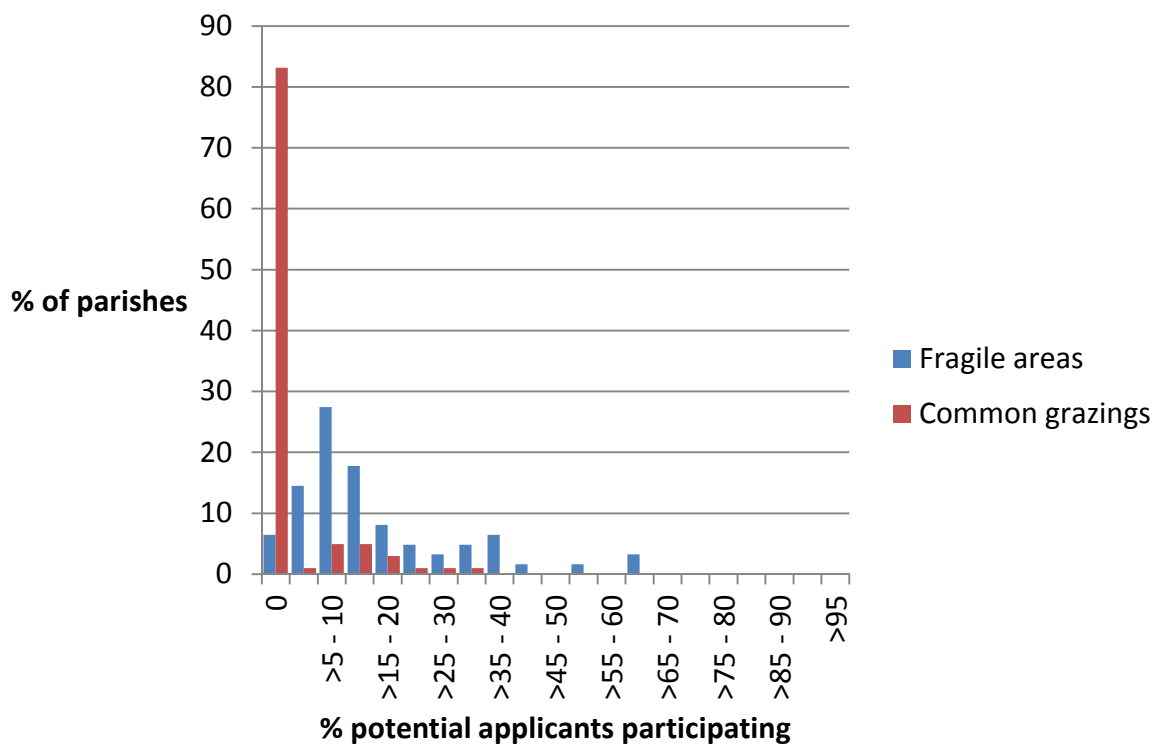


Figure 8. Distribution of LMO AE uptake rates by parish

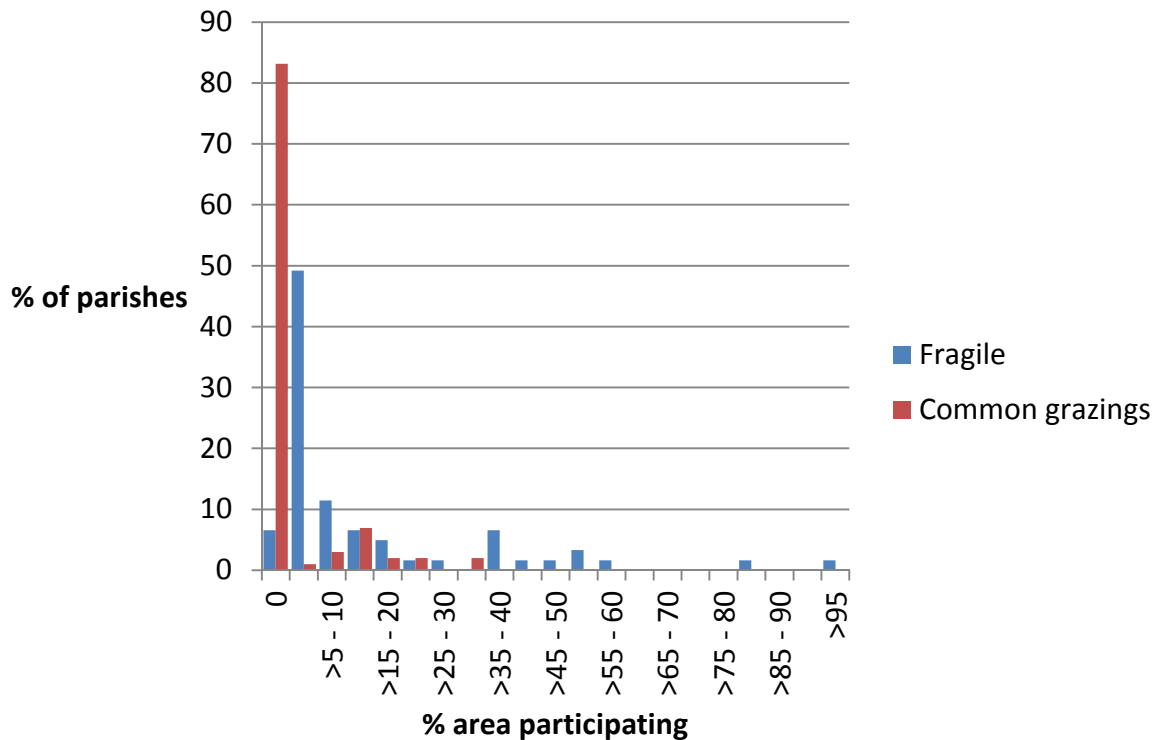


Figure 9. Distribution of % area managed in LMO AE by parish

4.2 Summer Cattle Grazing

The environmental benefits of cattle grazing are well rehearsed, not least in non-academic discussions of rural development topics, for example the Bull Hire Scheme (Allen 2009). The economics of hill cattle have recently been very poor however, with substantially negative gross margins (QMS 2010). The LMO Summer Cattle Grazing option responds to this situation and is, to give it credit, one of the few elements in the whole SRDP agri-environment suite of rough grazings options which is couched in purely positive terms, i.e. is not predicated on changing management and nor on reducing agricultural activity to remedy previous damage.

Each eligible bovine grazing during the mandated period is considered to benefit 25 ha of pasture; each hectare attracts £1.95 so that in effect each cow attracts £48.75 annually. The rule goes further than this however – there has to be a cattle beast for each and every 25 ha of the claimed parcel, which has, by the same token, to be stockproof (somewhat contradicting the description of the same pastures elsewhere in the guidance as ‘unenclosed’). The effect is to restrict the applicability of the option significantly, with the most extensively-used pastures – the ones potentially most in danger of abandonment - unable to access support. It would be interesting to know which of these two rules is the limiting factor and whether this shows any geographical pattern. Meanwhile, there is no upper limit on stocking density other than the GAEC prohibition on overgrazing.

The rationale for this rather strange formulation is difficult to discern officially, but seems to arise from a combination of two separate, but related, concerns. The first is ecological – that at least 1 cattle beast per 25 ha is necessary in order for the biodiversity benefits to be delivered. The scientific or even anecdotal evidence for this apparent belief is not certain; the author suspects that it reflects comments made in talks on farming and the environment by Roy Dennis in which he noted benefits to wildlife in Strathspey at stocking rates of only one cow per 25 ha or so. It is far from clear that there is any basis for extrapolating from this that no benefit accrues below this minimum

density; indeed, it is questionable, at very least, whether *any* stocking density restriction is ecologically justified.



Figure 10. Summer cattle grazing is one of the few LMO AE options of relevance to common grazings (Photo: Des Colhoun, Creative Commons Licence)

The second justification seems to be administrative and arises partly out of the conviction that a minimum stocking density is necessary. Without stockproof boundaries, how, goes the logic, can the minimum grazing pressure be guaranteed? How, indeed, could an auditor even be convinced that the benefit has been incurred on the parcel claimed? (We show in 7.8.2 below how such concerns are addressed to the European Commission's satisfaction by Environmental Stewardship in England.)

The result of this option design is that uptake is very poor. In the absence of a detailed option-by-option breakdown, let us assume that *all* the LMO agri-environment spend on common grazings is on this option. The £78,935 committed, according to the SG, would only pay for 324 beasts ($78,935 / (5 * 25 * 1.95)$). There are 1951 breeding cows on Skye and Raasay alone, according to (Allen 2009). Using data from the same report for those areas where cattle are likely to be predominantly found on crofts and where land under crofting is dominated by common grazings (similar rough grazings in any case dominates hill farms in the same parishes), it can be seen that uptake levels are also very variable (Figure 11), though we must make a caveat that it is possible that in Lewis, for example, grazings committees could be applying for the management of rush pasture on their communal township parks. Anyway, if all 6015 cows in these parishes were in the Summer Cattle Grazings option, the budget would need to be £1,466,156 – an increase of over 18-fold.

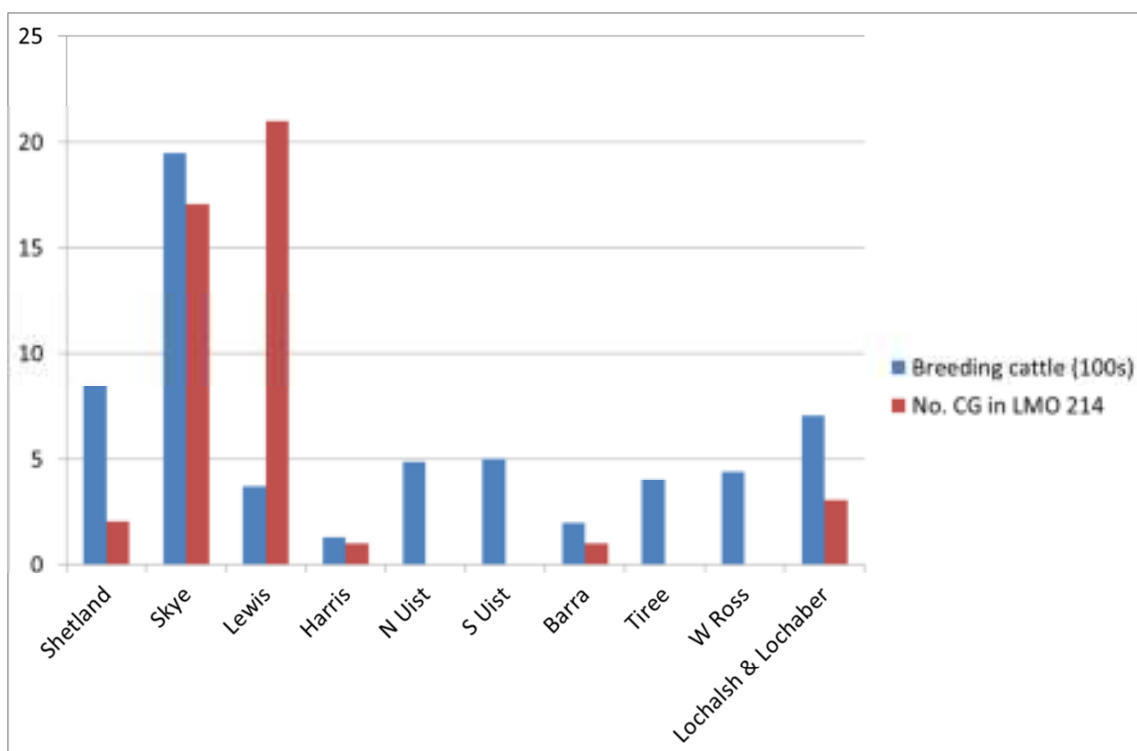


Figure 11. Breeding cows (Allen, 2009) and LMO uptake by common grazings in some crofting, hill-dominated areas

4.3 Remaining questions

One issue which remains to be investigated is the extent to which the clear disadvantage apparent in the uptake levels of LMO on common grazings relative to the average potential applicant is predominantly due to their character as *common grazings* per se, or reflects mostly the fact that they are dominated by rough grazing habitats, for which there are very few options. This requires a comparison of option uptake and spend levels for common grazings and general applicants by parish to be carried out – such detailed information has not been made available to this project as yet.

5. Analysis of Scottish Government data – Rural Priorities

5.1. Uptake of RP

As with LMO, the SG provided details of the number of participants in RP AE options up to March 2012 by the MFC parish, separating out common grazings participants. Expenditure totals were provided, but not areas under management nor, as requested, full details of the options being undertaken by common grazings (which, being legal persons, are not subject to the recently-introduced restrictions on data release). Expenditure totals were also provided, as well as the area under management. Again, this report looks solely at common grazings and at AE options.

As with LMO, the participation rate in RP AE options is generally low, both for all potential applicants (Figure 13) and for common grazings (Figure 14) and the distribution is skewed in both cases, but much more so for common grazings (Table 3).

	Mean	Lower quartile	Median	Upper quartile
All potential applicants	16%	0%	12%	23%
Potential common grazings applicants	4%	0%	0%	0%

Table 3. Two measures of average uptake of RP AE options

As with LMO, the results for applicant numbers show that even compared to the most marginal parishes, uptake of RP AE by common grazings is clearly lower (Figure 12). Again, we looked at uptake levels within the same 101 parishes in which crofters' common grazings are located. Figure 15 shows that, as with LMOs, even within the same parish, common grazings uptake is usually lower than that for all potential applicants – it was lower in 78 parishes, the same in 12 (11 zero values and one of 100%) and higher in only 11 parishes (all of which, once more, had low general levels of uptake amongst all applicants, the highest value of 13% this time being just within the second quartile of the distribution for all parishes).

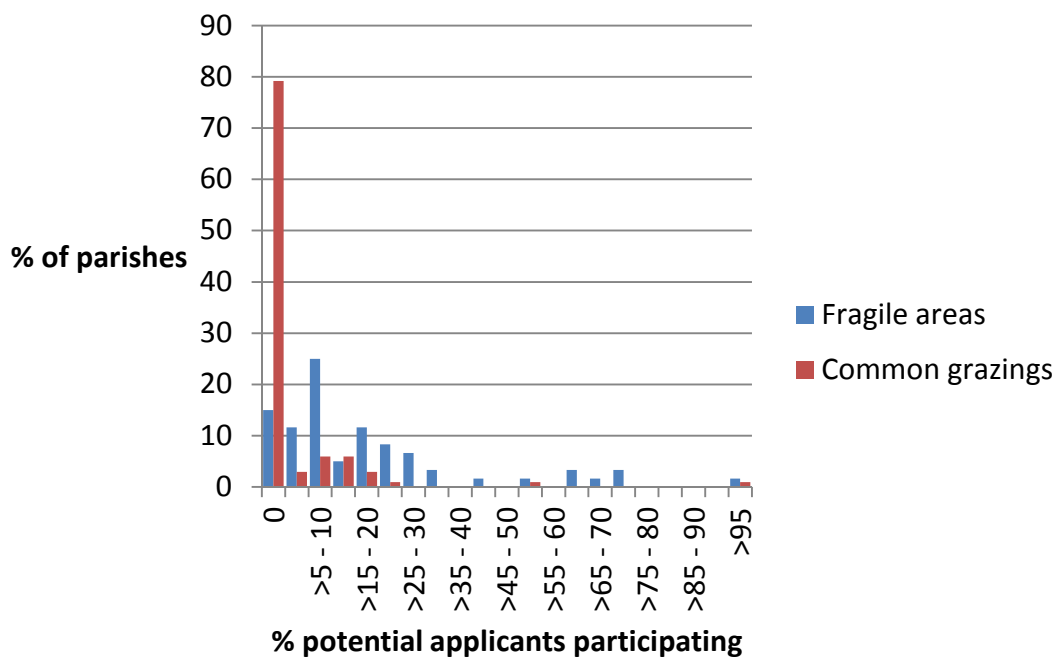


Figure 12. Distribution of RP AE uptake rates by parish

Looking at the relative uptake of LMO and RP AE measures by common grazings by parish (Figure 16), participation in LMO is higher in 9 parishes, RP in 13, while 75 out of the 79 where participation rates in both are the same have no uptake in either. In terms of actual numbers, there are 59 RP Axis 2 common grazings participants and 46 in Axis 2 LMO options. Both numbers are woefully low, compared to the number of grazings (over 1000) or of recently or currently regulated grazings (almost 900). Note that there were 50 participants in higher level AE schemes in our *sub*-sample of 214 grazings in the Trends in Common Grazings project. But since LMO are meant to be undemanding and easy to access - 'broad and shallow', as they say - the figures are a particularly poor reflection on the applicability of LMO in particular to common grazings, at least with the current options.

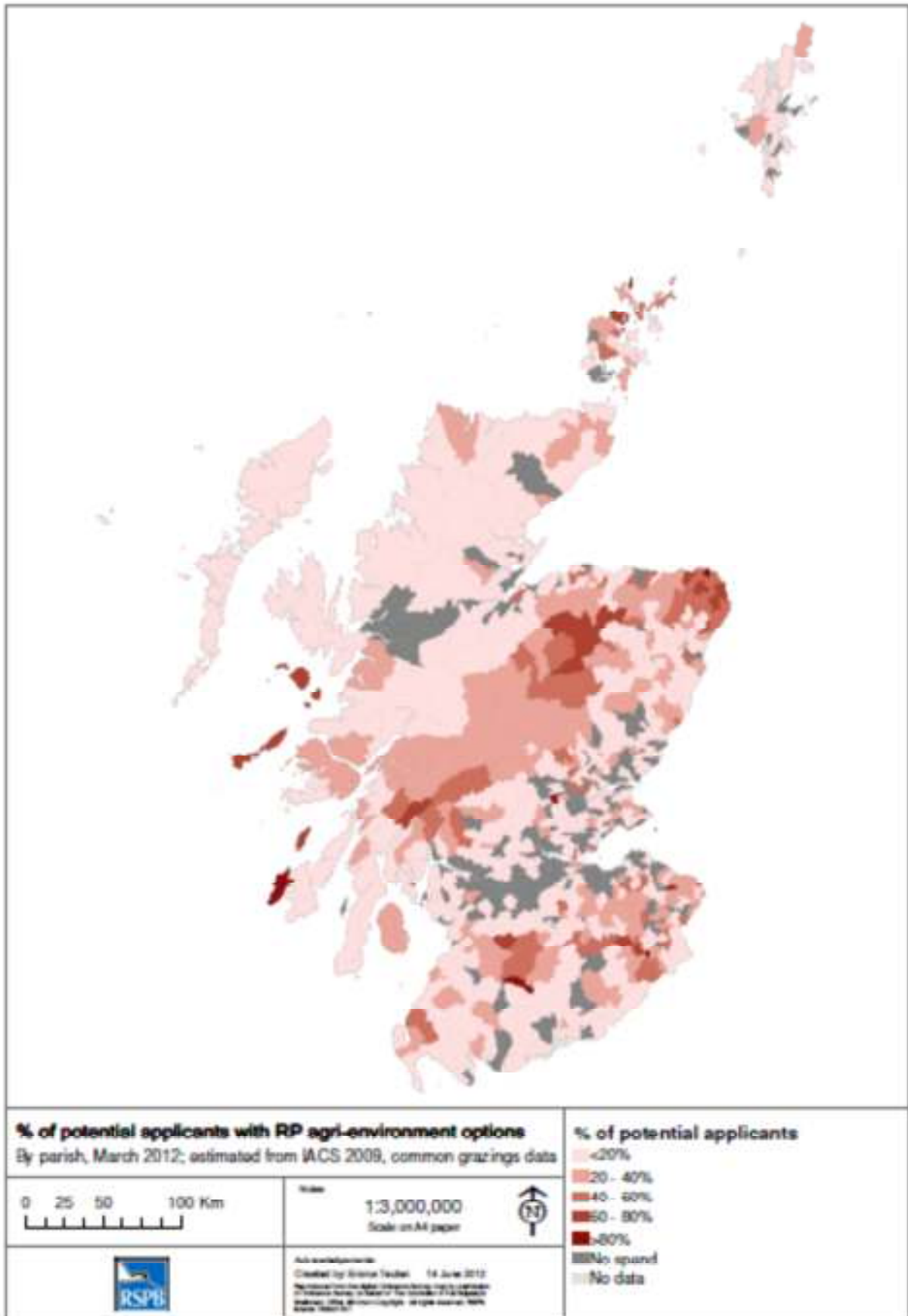


Figure 13. Uptake of RP AE options amongst all potential applicants

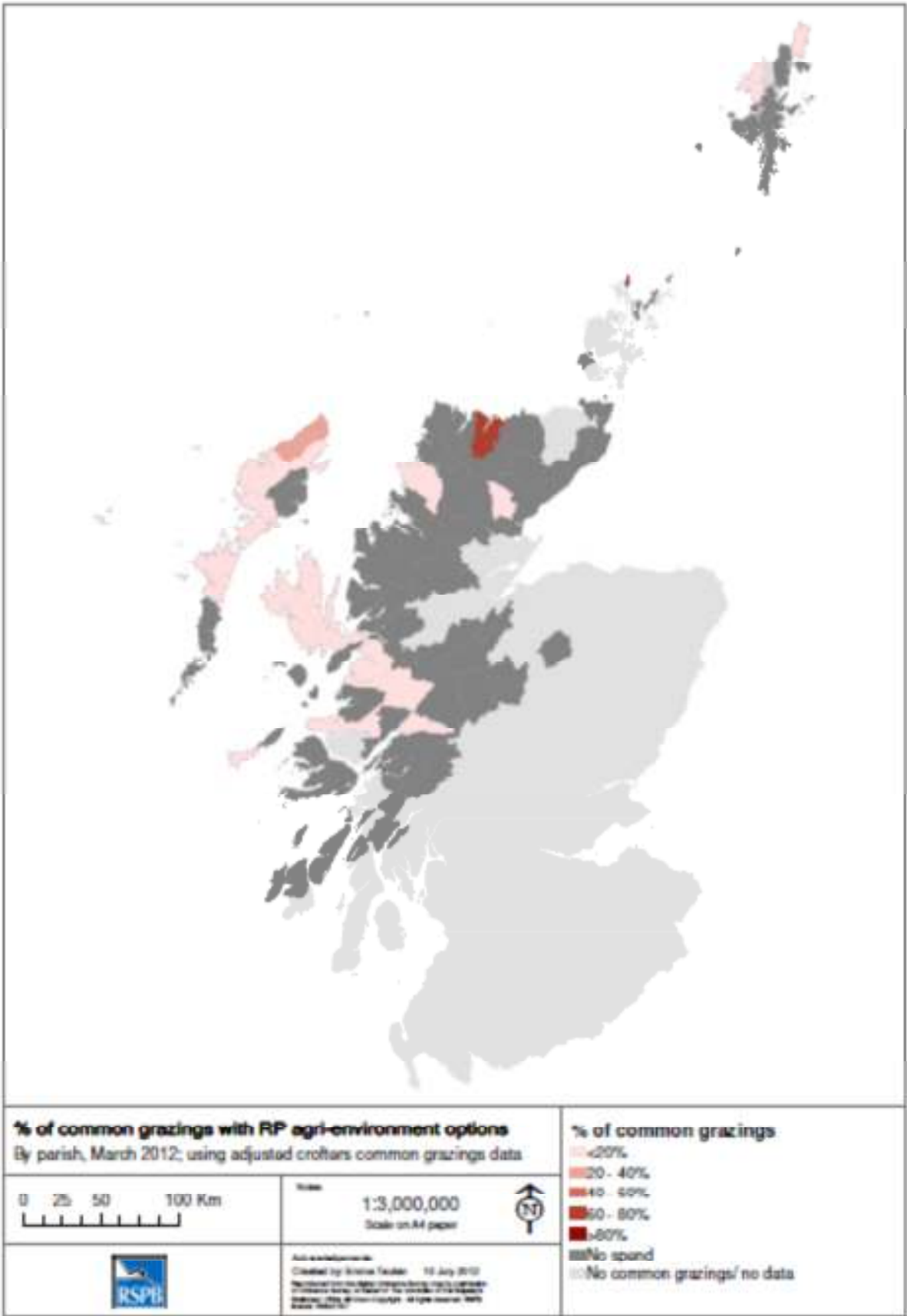


Figure 14. Uptake of RP AE options amongst common grazings

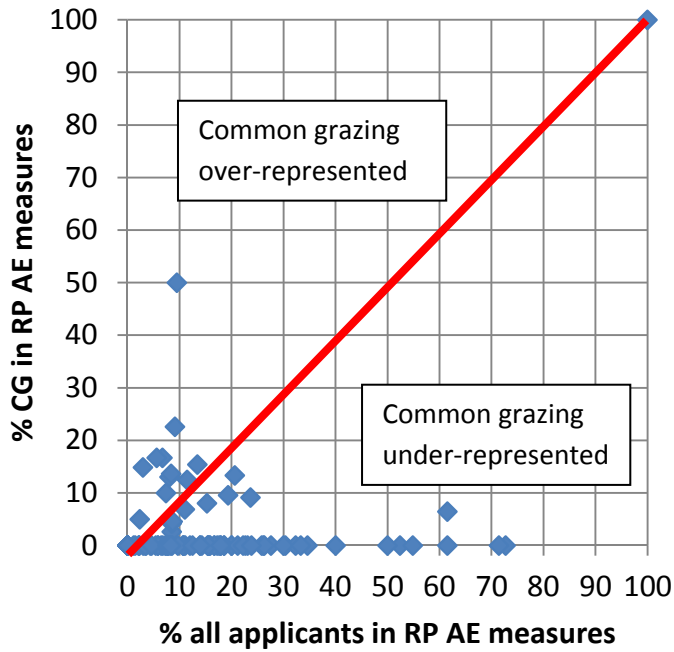


Figure 15. Comparison of uptake of RP AE measures between common grazings and all potential applicants, by parish

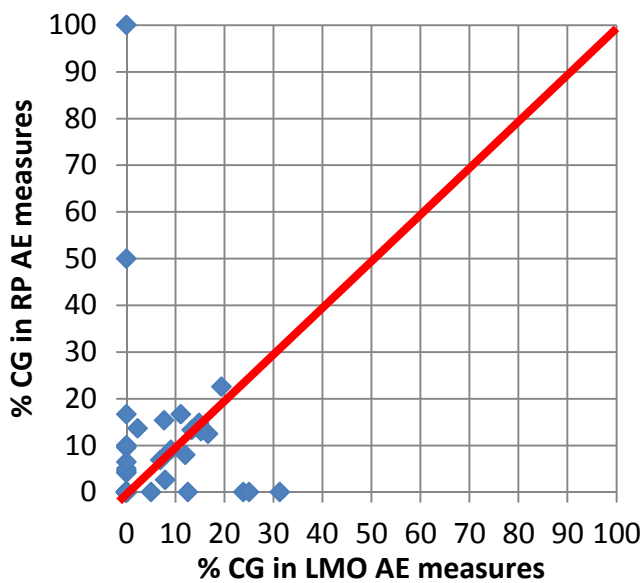


Figure 16. Relative uptake of RP AE versus LMO AE options on common grazings, by parish

5.2. A problem for all rough grazings or just common grazings?

It is clear that common grazings are participating in AE measures at a much lower rate than the general applicant. However, common grazings are also very different from the general applicant – the vast majority are overwhelmingly rough grazings. It could well be that the apparent bias we illustrate in the previous sections are in fact more against rough grazings in general than against the specific case of common grazings.

There are some uncertainties in the data, not least because we have no information on the uptake of specific options except as the national level. The data available affects our baseline values, as set

out in Table 1. The methodology used to calculate these figures is set out in the Annex to this report.

Taking these values as a fair indication of the areas which the SRDP could be aiming to manage, what are the rates of uptake? No data on individual options was made available to this project, but for RP the Programme Monitoring Committee (PMC) papers contain a list of all options and the funds committed to them by 15/4/11⁵. Using the published payment rates, it is possible to work out the areas etc. under management for most options, the exceptions being a few options with a variable payment rate (e.g. coastal heath).

Some rough grazings options overlap; the area of rough grazings managed was therefore assumed to be the sum of the area covered by 5 options: Management of Moorland Grazings; Moorland Grazings on Uplands and Peatlands; Lowland Heath; Lowland Raised Bogs; Lowland Raised Bogs – Basic plus Grazing. Whether all of the last three are on farmland is a moot point, but they make up a very small area in total. Calculated in this way, the total area of rough grazings under management is 563,328 ha. The total expenditure on all rough grazings management options is approximately £12,027,348, an average spend per ha over the 5 years of the contract of £21.16 (£4.23/ha annually) - see Figure 17.

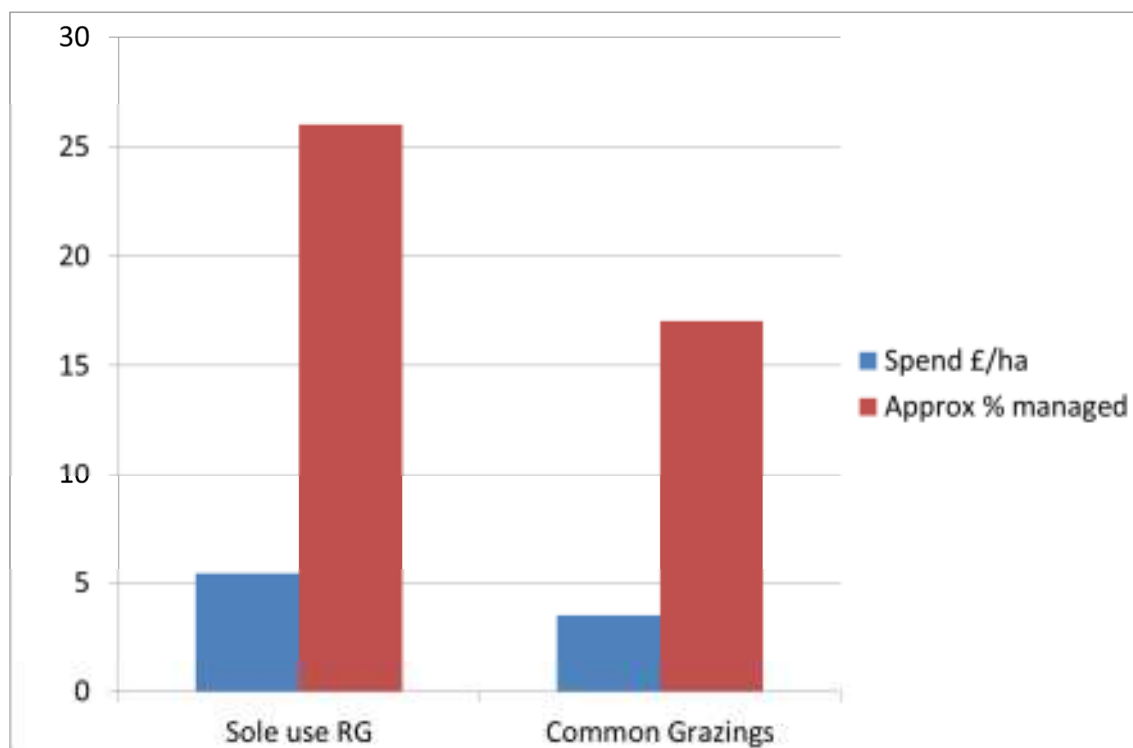


Figure 17. Estimated variation in proportion of area managed and in spend between sole use and common grazings

Given the data available, we can as an estimate split rough grazings between sole use and common grazings by assuming that all common grazings Measure 214 RP spending is on rough grazings options (an assumption which is likely to overstate the area of common grazings managed, since inbye options which may be available are paid at a higher rate). This total was £1,881,995 in early 2012 (again this overstates the common grazings figure – the PMC data is one year older). Assuming that the average spend is the same as for overall rough grazings, that would indicate that at most 88,930 ha of common grazings are under management, which is 17% of the area under GAEC for SPS claims.

⁵ <http://www.scotland.gov.uk/Topics/farmingrural/SRDP/PMC/MEETINGSHELD2011/PMC201173>

Subtracting this estimate of the common grazings under RP AE from the overall rough grazings total gives a ball park estimate for sole use rough grazings in RP AE of 479,298 or 26% of the area under GAEC for SPS. The total spend is of the order of £10,145,353. Dividing the estimated sums spent on sole use and common grazings by the respective *total* area under GAEC suggests that the average spend per ha is £5.43 and £3.50 respectively.

How does this compare to inbye land, and particularly to the management of semi-natural farmland on inbye (accepting that there are of course other targets for AE on more intensively-managed enclosed land – pollution control, for example)? Assuming that 11 options⁶ are likely to be directed as semi-natural (i.e. Type 1 HNV) habitats on inbye, the total managed area is 85,565 ha, which is about 41% of the estimated inbye HNV area as given in Table 1 (Figure 18).

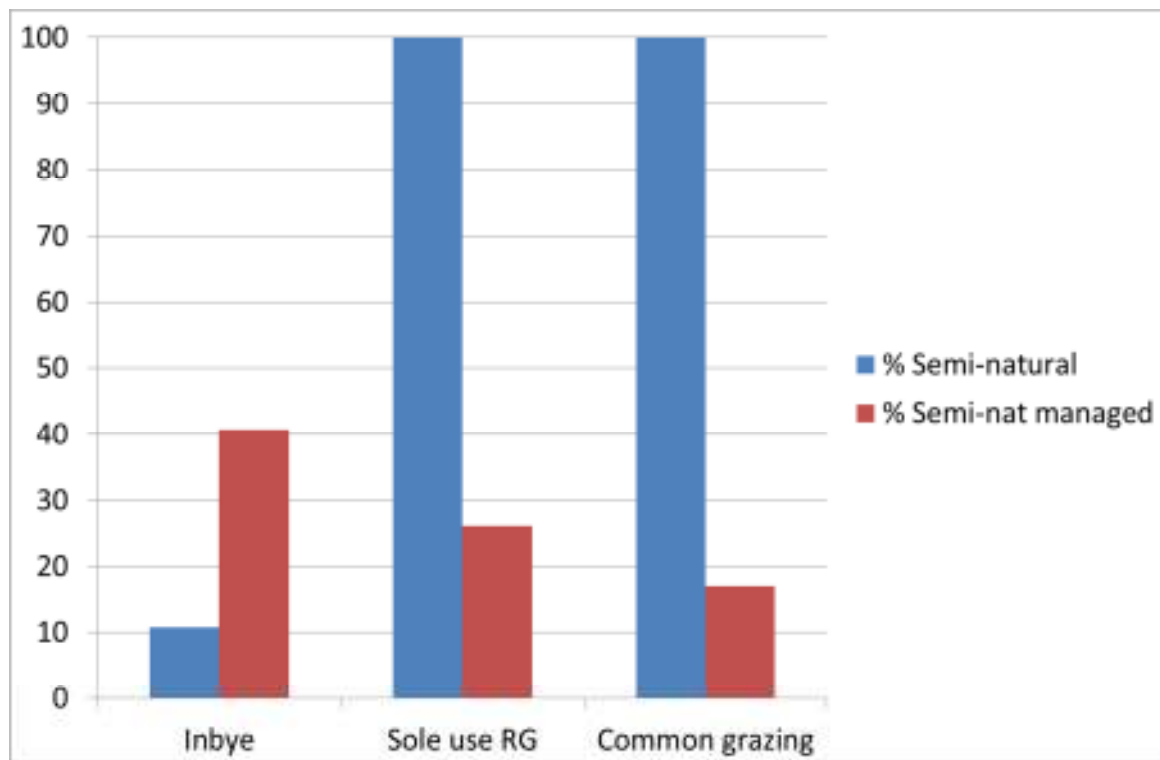


Figure 18. Estimated proportion of HNV farmland on various land types and variation in participation in RP AE options

RP AE measures are much more likely to be implemented on semi-natural inbye land than on rough grazings (and on inbye there are also many other options available, such as habitat creation, arable options, and so on). But, even with the assumptions we had to make here, which are likely to overestimate the area of common grazings managed and possibly also to overstate the overall spend per ha on common grazings, it seems clear that sole use rough grazings are half as likely again to be included in schemes than common grazings, and receive half as much again in average funding per hectare. As between inbye and rough grazings in general, there may be legitimate policy reasons for encouraging differentials in uptake, but surely there are none between sole use and common grazings?

5.3. Transaction costs, rules and options

What lies behind this discrepancy? That is far from being a simple question, and this report can only give pointers concerning some of the reasons lying behind it. It may well be that some of the most

⁶ 3 mown grassland for corncrake options; grazed grassland for corncrakes; management of cover for corncrakes; open and wet grassland for wildlife; management of species-rich grassland, wetland and habitat mosaics; ancient wood pasture on inbye; scrub and tall herbs

important factors are the most difficult to prove conclusively, but we can attempt an indicative list here:

5.3.1. Lack of active grazings committees habitually involved in CAP schemes

Around 877 grazings out of the approximately 1000 grazings are regulated⁷, meaning that at least 123 grazings are unregulated; currently, according to the Excel sheet on the Crofting Commission website⁸, a further 163 committees are 'out of office' (in other words, the Commission has not been notified of their re-election). This means that at the date of writing approximately 30% of all common grazings would not be able to apply for SRDP schemes.

Taking the Excel figures on the website to be the more up-to-date than the numbers in the Crofting Commission Plan (Crofting Commission 2012), which puts the proportion of unregulated grazings as high as 50%, it would seem that there has been an improvement on the situation in the last year.

But by the same token, any action by Government which makes self-regulation less likely or removes it from the formal legal context in which access to funding is a possibility would seem to be self-defeating. It is widely felt in the crofting community that the new duties imposed on grazings committees by Section 38 of the Crofting Reform (Scotland) Act 2010 has just this effect (see for example p.15 of *The Crofter 95*⁹). It is heartening therefore to read in the draft Crofting Commission Plan that 'The Commission recognises the disquiet among grazings committees over the 5-year reporting duty, and will seek ways of ensuring that this requirement is neither onerous nor unfair, but can be used as a tool to support common grazings and to inform policy'.

It is however a great concern to read in the same document that 'the Commission will also pursue with Scottish Government the opportunities for introducing or enhancing cross-compliance of public grants and support for crofts with the statutory duties of crofters', if this is intended to cover Section 38 responsibilities. Over and above the broader iniquity of placing higher burdens on certain categories of producer, the problems associated with such a policy if it were to be applied to common grazings committees should be obvious, not least that while most committees don't apply for CAP funding and so would not be affected, it might well be the wider aim of Government to encourage them to apply for such funds, so that public policy goals might be better delivered.

5.3.2. Direct involvement with CAP schemes on the part of grazings committees

It is interesting to look at overall levels of familiarity with CAP schemes amongst common grazings, using as an indicator whether the grazings committee (or sheepstock club) was in receipt of CAP payments in 2011, and to compare this measure of engagement with the uptake of AE schemes alone. Although individual data was not made available by the SG, even for common grazings committees (which are legal persons and therefore not covered by recent European Court privacy rulings), it is possible to interrogate a database of CAP payments maintained by Defra¹⁰ and obtain an estimate of uptake of direct payments and RDP schemes.

In a search of the database, 183 separate grazings were found to be claiming *some* CAP scheme, which is roughly 18% of all grazings, or around 25% of currently regulated grazings with committees in office.

As can be seen in Figure 19, the proportion varies considerably between the various areas. Ignoring Orkney, where there are very few grazings, the low engagement rate in Argyll & Lochaber is

⁷ Archie Macnab in

<http://www.crofting.scotland.gov.uk/userfiles/documents/Assessors%20Conference%20Report%202011.pdf>

⁸ Accessed 6/9/12

⁹ http://www.crofting.org/uploads/crofter_journal/crofter95.pdf

¹⁰ <http://cap-payments.defra.gov.uk/> Terms searched for included: sheepstock; sheep stock; club; SSC; S S C; grazings; CG; C G

particularly striking, as, given the overall impression of vibrancy on the one hand and the high proportion of designated farmland on the other, are the rather higher but nevertheless still very low levels of participation in Shetland and in the Uists and Barra. Both areas, surprisingly, were ESAs – it would be interesting to compare participation levels between ESA and RP (and LMO) in more detail (note the contrast with Figure 3).

Conversely, the higher levels of participation are also in general difficult to explain, although in Skye & Lochalsh and in Sutherland the presence of significant numbers of sheepstock clubs (c. 21 and 10 respectively out of an estimated total of 37 such clubs) means that there is a long-standing tradition of claiming CAP payments on at least some grazings.

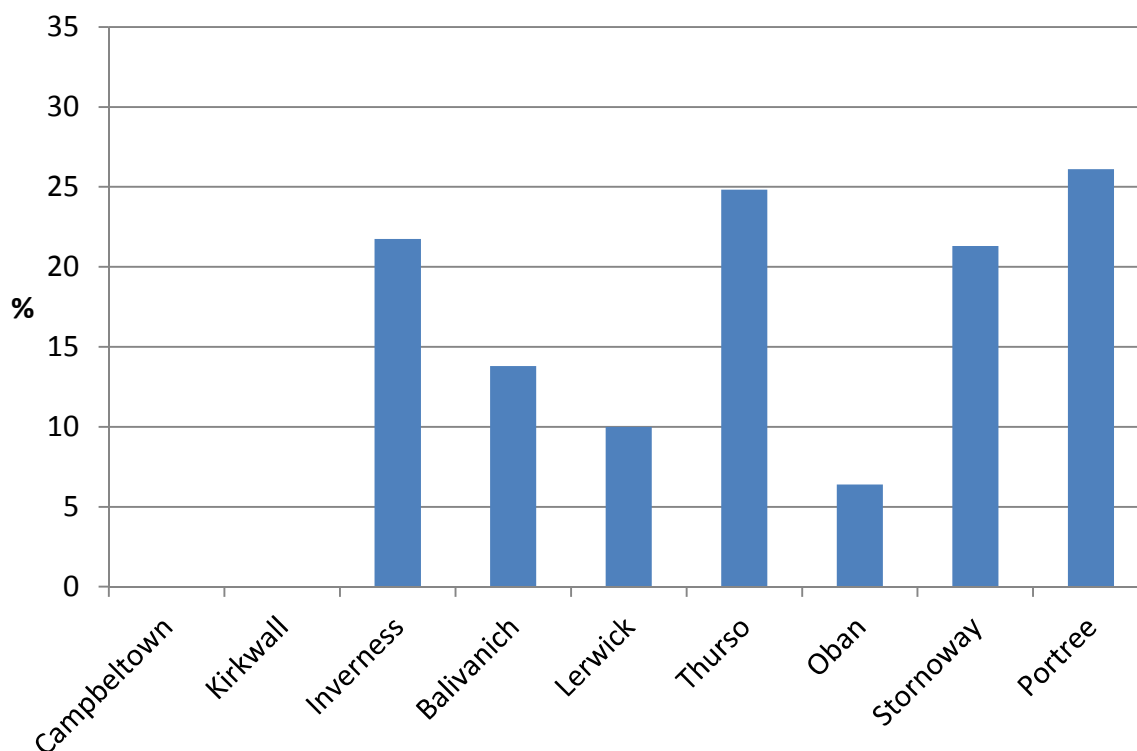


Figure 19. Common grazings claiming under CAP schemes - regional variation by SRUC office

The proportion engaged with CAP schemes as a whole is substantially higher than participation levels in AE. This is of course to be expected – AE are a subset of all CAP schemes – but the data is also much less skewed (Table 4). It is also noticeable that uptake levels are quite different in some areas – within the overall context of low participation rates, Portree and Stornoway have relatively high participation both in general and for AE, while Inverness and Thurso have particularly low uptake of AE compared to their general engagement with the CAP.

In Caithness and Sutherland, sheepstock clubs are again likely to be part of the explanation, and in both areas it might be suspected that crofter forestry has a disproportionate influence, c.f. Figure 3 (not least because Farm Woodland Premium payments for native species first afforestation last for 15 years, thereby persisting for longer in the dataset than a 5 year AE scheme). In any event, the blame for low AE uptake rates cannot only be laid at the door of lack of familiarity with participating for CAP schemes.

	Mean	Lower quartile	Median	Upper quartile
Potential CG applicants LMO AE	2%	0%	0%	0%
Potential CG applicants RP AE	4%	0%	0%	0%
Potential CG applicants, all CAP schemes	15%	0%	10%	22%

Table 4. Variation in uptake levels of CAP payments and AE measures, by parish

Today's rural policy is concerned not just with applicants, but with the area under management. For the Portree, Stornoway and Inverness SG areas, the *Trends* project was able, through the kind assistance of area staff, to access more detailed information at local level; a comparison can be made with the proportion of potential common grazings applicants and common grazings area covered by schemes. It can be seen that in Portree especially, the grazings claiming CAP payments are disproportionately the larger ones, but in all 3 areas there is a bias against smaller grazings (Figure 20). One suspects that a dynamic is at work between the scale of the payments available (the reward for bothering) and the number of shareholders to be consulted (the costs of bothering).

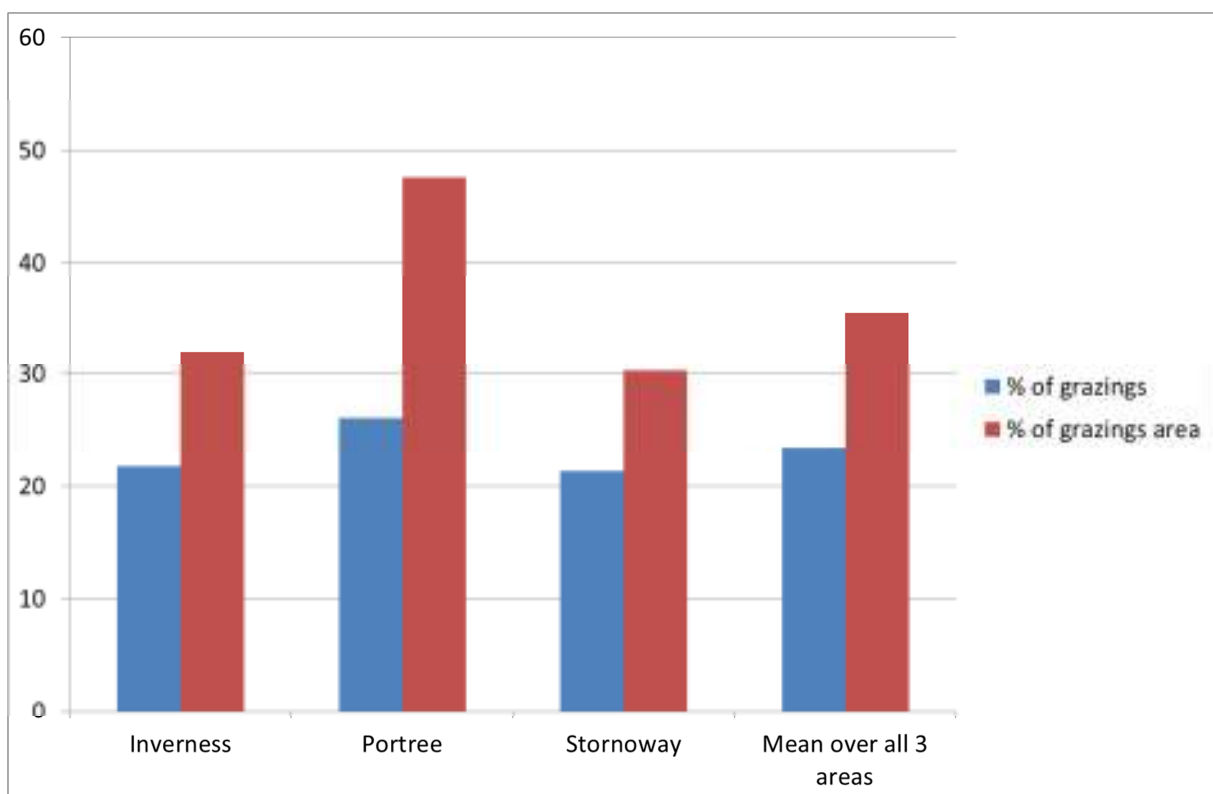


Figure 20. Difference in variation in number and area of grazings in CAP schemes by SRUC office area

5.3.3. Lack of incentive for the inactive shareholder

The strong feeling amongst active grazings clerks is that the need to negotiate between shareholders, both active and inactive, is a major transaction cost and impediment to accessing schemes which has been discussed previously (Jones 2010). This has to be weighed against the incentive to participate – applying for a good payment may be less attractive for a common grazings committee than for an individual farmer or crofter, but nevertheless be sufficiently rewarding to encourage them to make the effort. Some payments do indeed catch the eye – those for off- and away-wintering, for example. Unfortunately, these are for specific actions (usually) carried out by and at the expense of individual active shareholders; since those individuals could reasonably expect such support to be transferred to them alone, the wintering payments therefore offer no incentive for the inactive to take an interest in any application.

5.3.4. Bureaucratic requirements of the scheme

The inactive are however an important element in the application process, as outlined at section 2 above. The possible impact of these rules and how they go beyond the usual approach taken in the Crofting Acts are discussed in (Jones 2010). In summary, whereas the self-regulatory framework supports the initiative of and gives momentum to those wanting to take action (all in the context of a participatory form of democratic control), the SRDP rules gives a much greater weight to the inertia of the inactive – merely failing to respond counts as taking a negative view.

Since the time of writing of the *Trends* report, a new rule has been introduced for RP applicants. Any scheme where the total spend is £30,000 or more and where the applicant is not in receipt of Single Payment Scheme funding to the same amount or more annually requires the submission of accounts, to reassure the SG that the money will be repaid in case of default. This causes a new difficulty for grazings committees, requiring the collection (and sharing) of details usually considered private and is reported to be a serious impediment by advisors.

Overall the time taken to carry out an application for a common grazings committee which decides to go ahead with a scheme is estimated by experienced advisors to be at least twice that for a comparable sole trader holding (Siobhan Macdonald, pers. comm.).

5.3.5. Stress on change of management and/or reduction of grazing pressure

As can be seen from Annex 2, the number of options available in RP for rough grazings is quite limited, and most of those are specific to certain habitats (coastal heath, machair, scrub, etc.). The reality is that for most rough grazings, applicants have a choice of just only option per area (we deal with the special case of the moorland grazing options below). This is in contrast with inbye land where, depending on the character of the vegetation, one might apply for short-turf management, tall grass management by grazing, mowing management, late mowing management, development into rank vegetation, and so forth.

It might be said that this mirrors the package of possible choices available under the moorland grazing options – one can opt for ewe disposal, off-wintering, away wintering, as well as muirburn, for example. However, the two ‘bundles’ of options are in fact quite different – the inbye options do not necessitate change of management, while the moorland options are predicated on the need for adjustments in the management of undergrazed and, especially, overgrazed areas.



Figure 21. Trotternish Ridge, Skye, viewed from Clachan. See also cover photo, Linicro common grazings. Grazings which reach up to the ridge – this image alone includes parts of Brogaig, Glasphein, Sartle & Digg General; Digg; Linicro; Kilmaluag General and Flodigarry grazings - all contain a small area of land designated as a Special Area for Conservation. While this gives them a better chance in the RP ranking process, the options available are extremely limited and few are participating in SRDP measures. (Photo: Gwyn Jones)

So while the off-wintering of sheep option, for example, does not explicitly state that the practice needs to be an innovation on the holding in question, it is difficult to see how a moorland

management plan showing areas of overgrazing on a grazings where management already involves away-wintering could then be used to justify mere continuation of this practice.

Indeed it is striking how much of the funding targeted at rough grazings goes toward overgrazing-targeted (and sheep-targeted) options. £3,186,212 has been committed to away-wintering; £823,485 to off-wintering and £3,539,753 to ewe removal from the business – this last figure corresponds to roughly 43,000 ewes.

Positive grazing introduction/management actions are of course possible, but the only payment available for them is the £1.95/ha annually for moorland grazing itself. The applicant and the advisor is therefore put in an unenviable position – the incentive in the scheme is to look for overgrazing, with the carrot of stock reduction payments having to be weighed against the ability to respond to market signals and, conceivably, to the needs of the grazings themselves. There is no reward for good management, however marginal and prone to abandonment the grazings – the payment at very most contradicts the signal from LFASS (with all its much-rehearsed failings) and it is difficult to see how the SRDP taken as a whole can respond to the challenge laid out by Retreat from the Hills (SAC 2008).

It is clearly stated by Commission officials (e.g. Martin Scheele, pers. comm.) that payments for ongoing management are quite appropriate where that management is in danger of being abandoned (which includes changing significantly in a negative direction), so the responsibility for not providing affirmative messages must be placed in Edinburgh.

It is striking that in England, where upland areas are in general arguably less economically-marginal, Environmental Stewardship contains a range of options which allow for maintenance, as well change, of management on rough grazings parcels. These include cattle grazing on upland grassland and moorland and management of enclosed rough grazings for birds (and the complementary management of upland grassland for birds below the 'Moorland Line'), all in Entry Level Stewardship (ELS) and maintenance of moorland and maintenance of rough grazings for birds in Higher Level Stewardship (HLS), with the possibility of top-up complementary payments for specific shepherding, grazing by cattle and grazing by rare breeds.



Figure 22. Tulloch Moor, Abernethy – appropriately grazed? If so, no support? (Photo: Dave Fergusson, Creative Commons Licence)

This is perhaps the point at which to raise again the question posed in *Trends* – what and where are the positive messages for common grazings management? Even if *all* rough grazings are considered overgrazed at present (hardly true!), where would the applicant or the SG evaluator looking at the application find guidance on the level at which appropriate stocking might be reached?

Designated sites are a particularly glaring case – many Scottish farmed Natura 2000 sites are not in favourable condition, according to SNH¹¹, but for how many of the sites are detailed grazing management objectives set out, even as a basis for negotiation and discussion? The onus seems to be on the applicant and advisor to put forward suggestions without any clarity on what is desired, but is such a game of Blind Man’s Buff really appropriate as a way to implement the Birds and Habitats Directives?

The weakness of the UK’s ‘political’ approach to designation is also apparent – the mismatch between the designated area boundary and management units can be seen clearly in the Trotternish Ridge on Skye (Figure 21), but was also pointed out recently by (Pakeman 2012) in the more subtle case of the machair/black-land townships management units of the Uists, where the designated area stops more or less at the upper limit of the machair (c.f. Figure 23). A holistic, systems-based, approach to agri-environment support as part of the Natura process is thus made very difficult.



Figure 23. The east side of Benbecula general grazings - part of the same system as the designated machair? (Photo: Rupert Fleetingly, Creative Commons Licence)

5.4. The RPAC factor?

While the LMO is delivered nationally, the RP application process involves an evaluation by the Regional Programme Assessment Committee (RPAC), which injects an extra variable which may be implicated in the regional differentiation in uptake.

¹¹ <http://gateway.snh.gov.uk/sitelink/>

In the current SRDP there is no regionalisation of the budget, but this is being considered for the next round. This could have a buffering aspect – ensuring that all regions ‘get something’ and protecting regions which would otherwise be disadvantaged by the scoring system, for instance. Another way of looking at the same thing of course is that regionalisation stops funding going where it is best spent, whatever that might mean. It is far from clear whether the extra bureaucracy of regionalisation is delivering many benefits as currently implemented. Such questions will be considered elsewhere.

Regionalisation can of course occur without an RPAC and establishing whether uptake is affected by the ‘personality’ of an RPAC or reflects the decisions of local assessment staff in SGRPID or SNH is impossible to prove from statistics. It is however clear that applications are much more likely to be successful in some regions than others (Figure 24). From a HNV farming perspective, the low application rate in the Western Isles stands out; this is the region where the highest proportion of applications are for Axis 2 (Figure 25) and where the highest proportion of farmland is HNV Type 1 or 3 (Figure 26), according to SNH (Mackey, Blake, and McSorley 2011). This data does not relate to common grazings only, but common grazings make up 70% of the Western Isles IACS area (SG data).

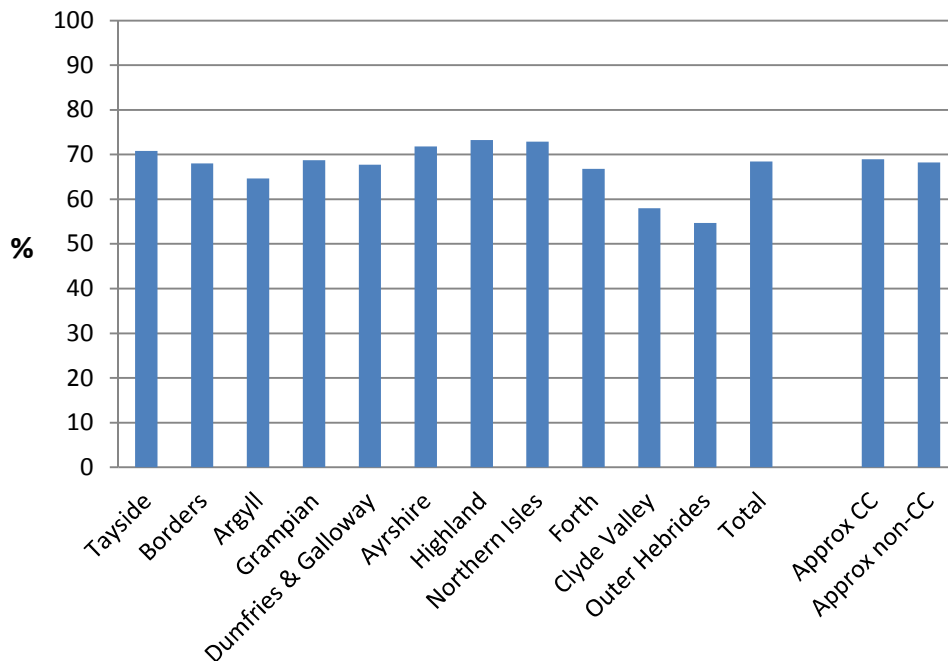


Figure 24. Regional variation in percentage of all RP applications approved

This lack of success compounds the low level of application, potentially resulting in a vicious spiral of demoralisation for potential applicants and their advisors. The Crofting Counties regions with the highest proportion of HNV farmland have some of the lowest RP AE participation rate (Figure 28). This raises some serious policy questions, not only about the whole scheme but also the local assessment process.

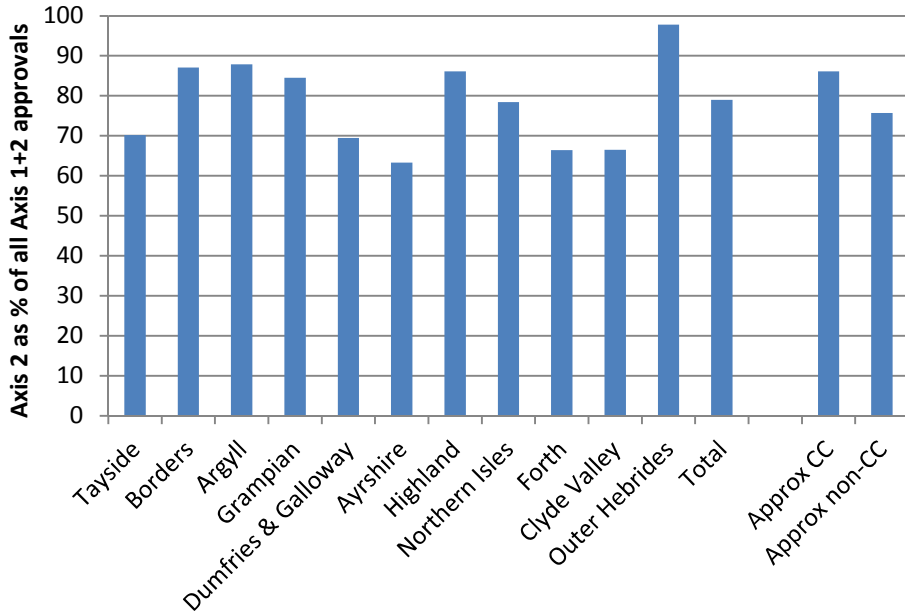


Figure 25. Regional variation in proportion of RP Axis 2 applications

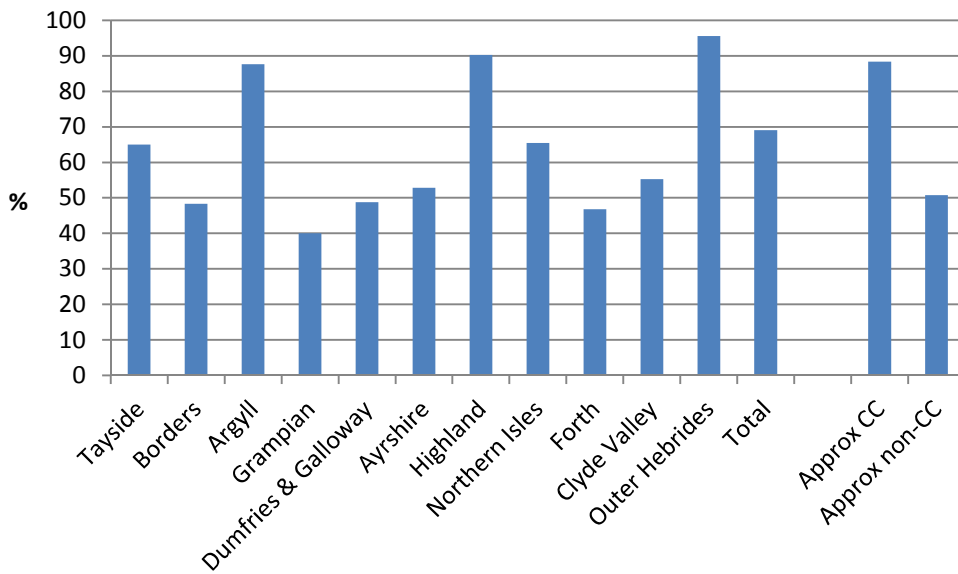


Figure 26. Regional variation in proportion of UAA estimated to be HNV (Types 1 or 3)

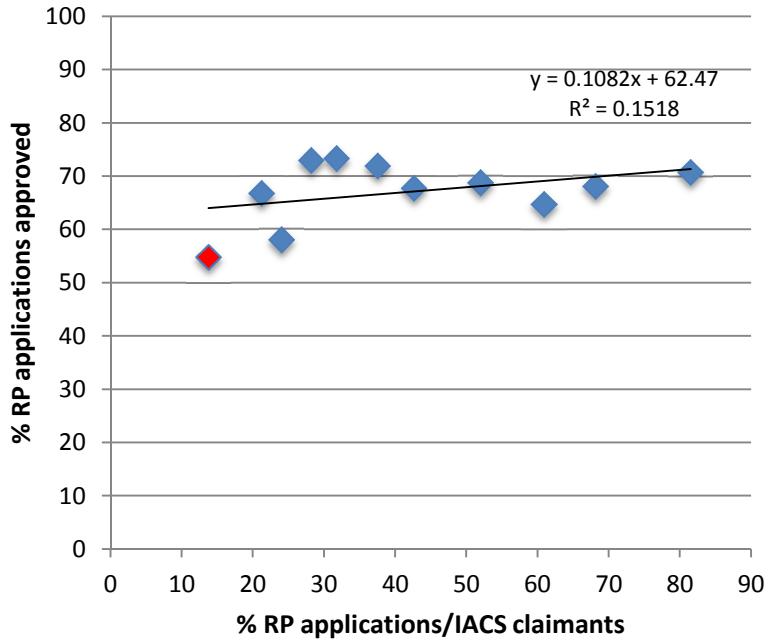


Figure 27. Regional variation of RP approvals by proportion of applications (Western Isles in red)

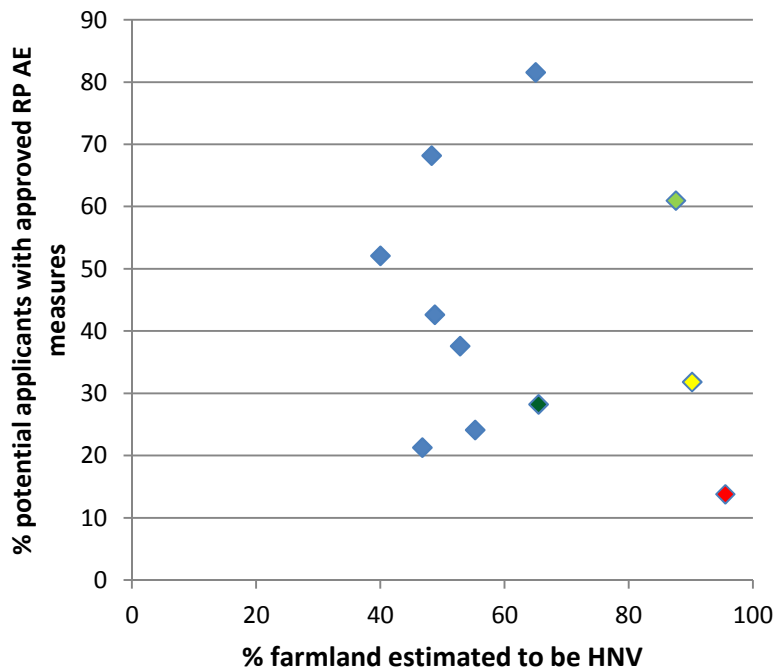


Figure 28. Variation in RP agri-environment participation rates with proportion of farmland estimated to be HNV
Western Isles: red; Highland: yellow; Northern Isles: dark green; Argyll: light green

6. The role of advisory services

The importance of good advice for applicants in ensuring the success of the 2007-13 SRPD was highlighted in the ex ante evaluation and led to financial assistance being offered to RP applicants for the preparation of outcome plans, paid at 50% up to a maximum grant of £200 or £400 for a basic and specialist plan respectively and with an overall ceiling of £1000 of grant for all types of specialist advice in RP and LMO.

It is not possible to say to what extent variation in the degree or mode of involvement of advisory offices are involved in the regional patterns of AE uptake (we note the example of the LMO summer cattle grazing compared to cattle numbers at Figure 11 above), but it is very clear that regional patterns certainly exist, as witnessed by Figure 29 to Figure 31 below.

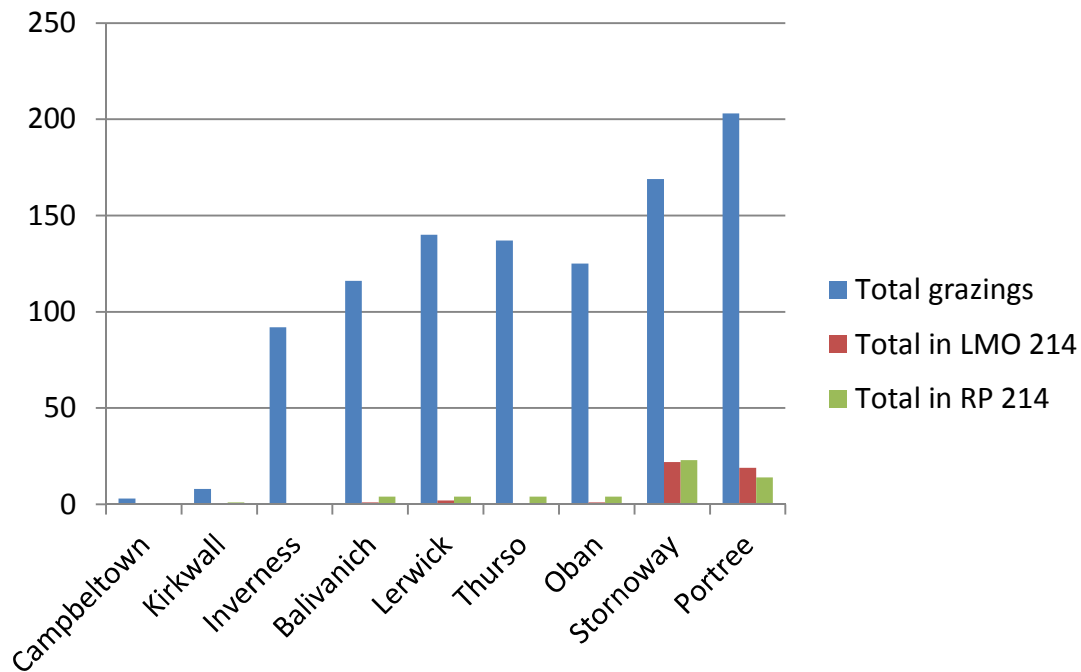


Figure 29. Uptake of SRDP AE schemes on common grazings, by SRUC advisory office area

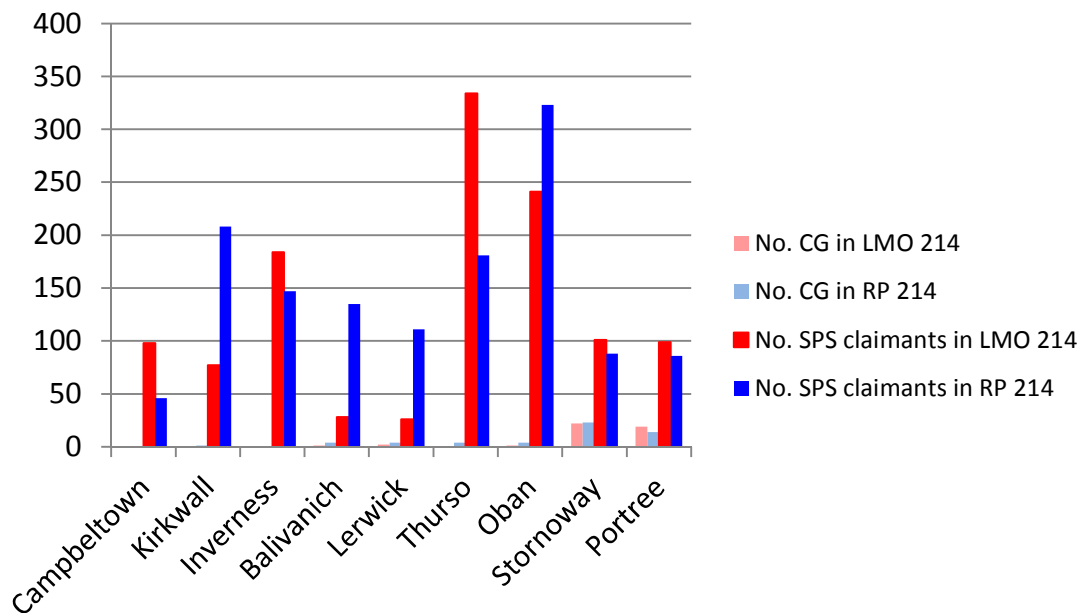


Figure 30. Absolute uptake of SRDP AE schemes by all applicants and common grazings, by SRUC advisory office area

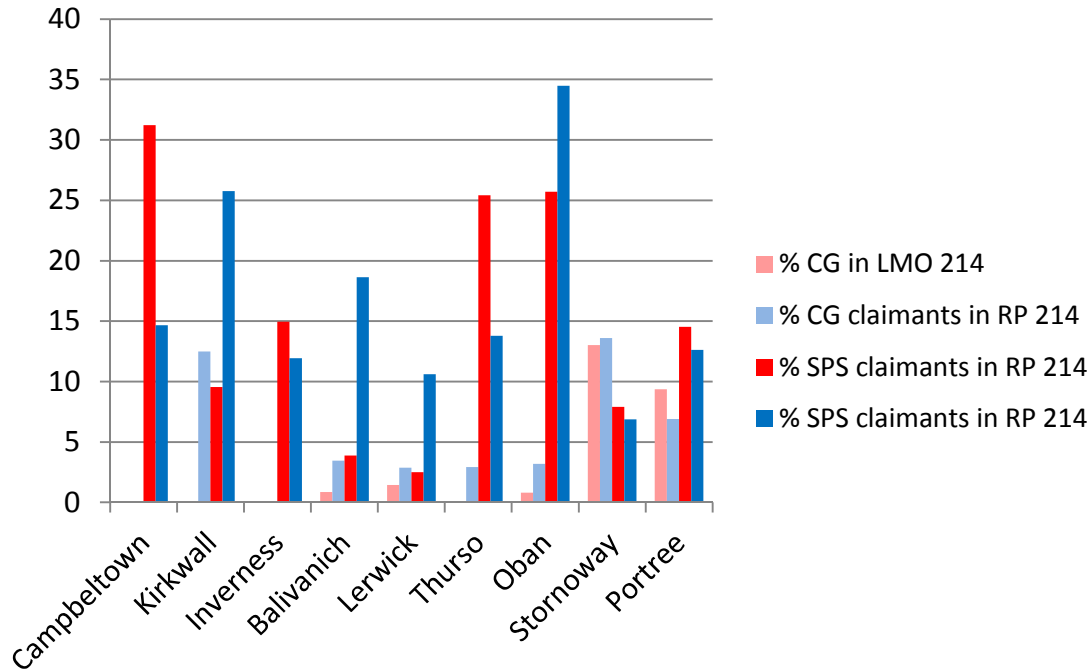


Figure 31. Percentage uptake of SRDP AE schemes by all applicants and common grazings, by SRUC advisory office area

Regions which include both better (farming) areas and poorer crofting areas (Thurso, Inverness, Oban) seem to show the biggest difference between general uptake levels and those for common grazings. In the crofting-dominated areas there seems to be a clear difference between Stornoway and Portree on the one hand and Lerwick and Balivanich on the other, steering one away from explanations which centre on differences in land quality (which would lump together Lerwick and Stornoway in opposition to Balivanich, with Portree somewhere in the middle).

Can we find reasons for this pattern in the way advice is supported and in the level of overall advisory provision? Broader support to advisory provision has been provided as a state aid by Scottish administrations since the 1990s through a programme of advisory and veterinary activities delivered through SRUC (formerly SAC), currently costing £2.06 million (SRUC, pers. Comm.). While around half of this funding (Figure 32) is now directed at specific subjects¹² and (from the memory of the author) an ever-narrowing range of actions on those topics, the other half is still directed at overall support for the advisory service in remote areas (AA411), the vast majority of which are directed at the Crofting Counties.

Details of the outputs and outcomes expected have not been published, but notably include subsidised consultancy rates (£48+VAT per hour versus £80) and subscription services for crofters (£60.25+VAT versus £177), with reporting required on numbers of clients taking out subscriptions and buying other services. Data from SRUC suggests that approximately ¼ of the Crofting Counties AA411 funding goes on discounted crofters' subscriptions, with the remainder therefore being spent on subsidising general services in the same offices, including discounted rates for crofters. Common grazings committees are not considered separately from crofters in general.

¹²

http://www.sac.ac.uk/info/20005/consulting/705/the_scottish_government_veterinary_and_advisory_programme/2

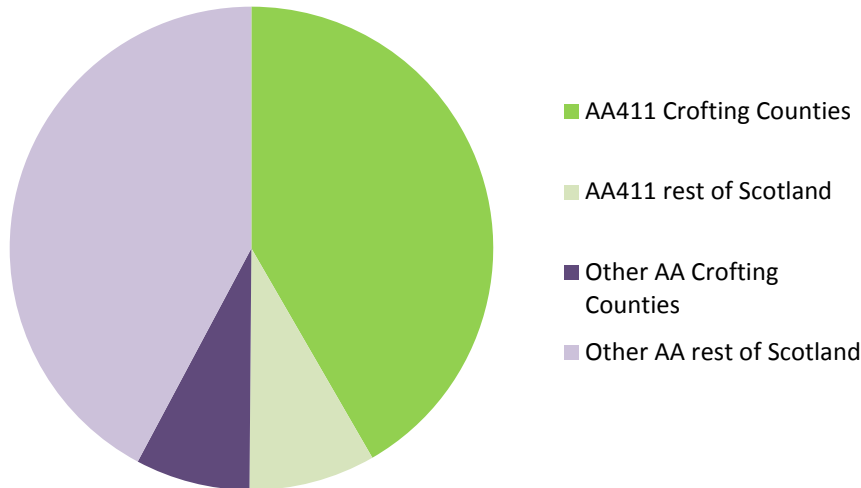


Figure 32. Breakdown of SG Advisory Activity to SRUC (see text for explanation)

Contrary to the impression given in some quarters, AA funding accounts for less than half of the income to Crofting Counties offices – they are required to raise a substantial income through consultancy (Figure 33). AA411 amounts to roughly £103 per IACS claimant in the Crofting Counties.

The logic of the advisory activity funding is that the consultancy rates being charged as part of the agreement are not high enough to pay for the costs of the service being offered (hence the subsidy). While it is not clear whether or how funding to individual offices (and their staffing levels) is related to the number of potential clients nor how it rewards good performance (for example by proactive work) by an office, it is evident that the same support system can be used to support the status quo or to encourage engagement, depending on the way it is implemented.

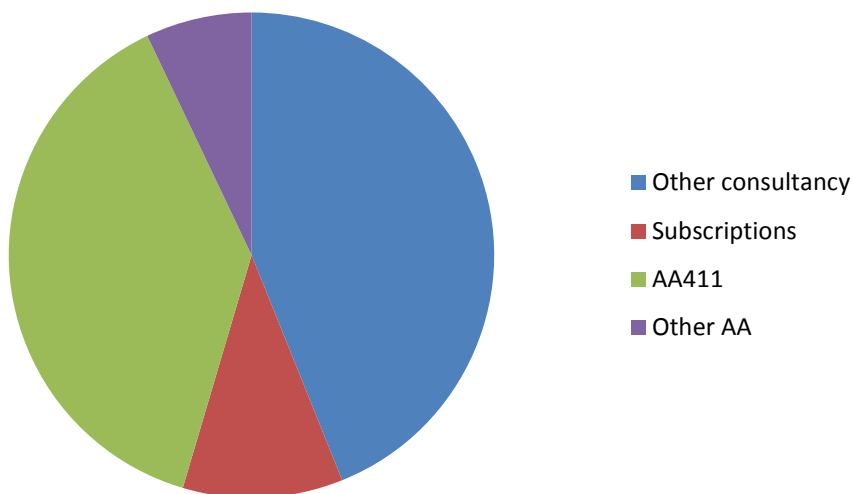


Figure 33. Sources of income, Crofting Counties SRUC offices 2012

Analysis of the overall staffing pattern provides some interesting insights. Table 5 shows that the number of potential clients per SRUC advisor is much higher in the Crofting Counties than in the rest of the country, and that the areas where crofting dominates has an even lower advisory provision, with Thurso, Stornoway and Shetland – the areas with the largest number of potential crofting clients having the lowest provision of all.

SRUC office	No. SPS claimants	Net CG	Estimated total potential clients	Advisory staff (FTE)	Pot clients/FTE
Balivanich	724	113	837	2.33	359
Campbeltown	314	3	317	1.25	254
Inverness	1231	98	1329	8.5	156
Kirkwall	807	8	815	3.5	233
Lerwick	1046	140	1186	1	1186
Oban	937	122	1059	4.75	223
Portree	681	179	860	2.33	369
Stornoway	1279	169	1448	2.33	621
Thurso	1314	126	1440	2.5	576
Average CC	8333	958	9291	28.49	326
Rest of Scot	13195	0	13195	73.32	180

Table 5. SRUC advisory provision

By some measures, the crofting penetration rate of offices is surprisingly consistent - Figure 34 shows that the proportion of crofters in the overall subscriber total is quite closely related to the proportion of SPS claimants with common grazings (taken to be a rough surrogate for crofters).

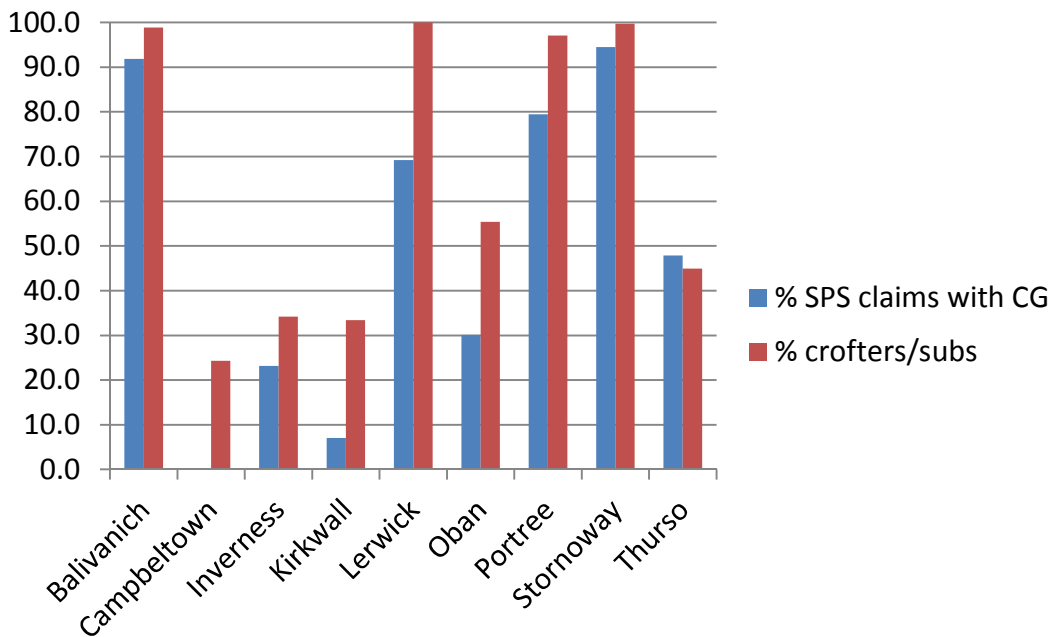


Figure 34. IACS claimants with common grazing and SRUC crofter subscribers

However in general, and this is the basic pattern to be seen in the AE uptake, the higher the number of potential clients per advisor, the lower the proportion of clients actually serviced – what might be called the ‘Advisors are Human’ rule (Figure 35). An example is shown in the pattern of the percentage of potential clients subscribing and of IACS forms completed (Figure 36).

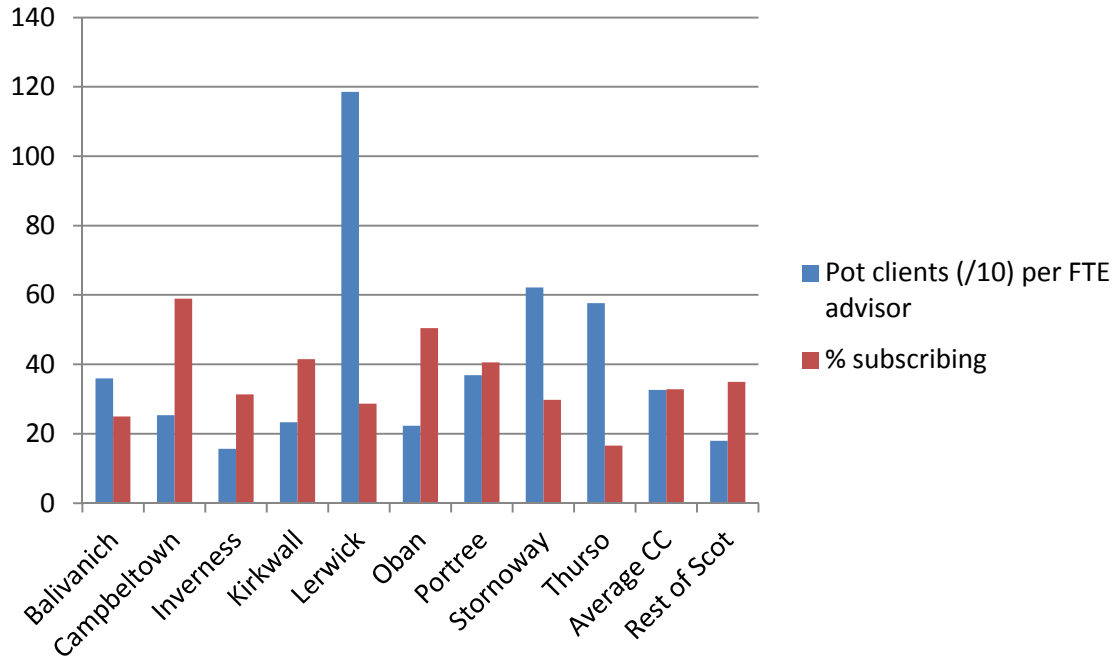


Figure 35. Relationship between client load and penetration

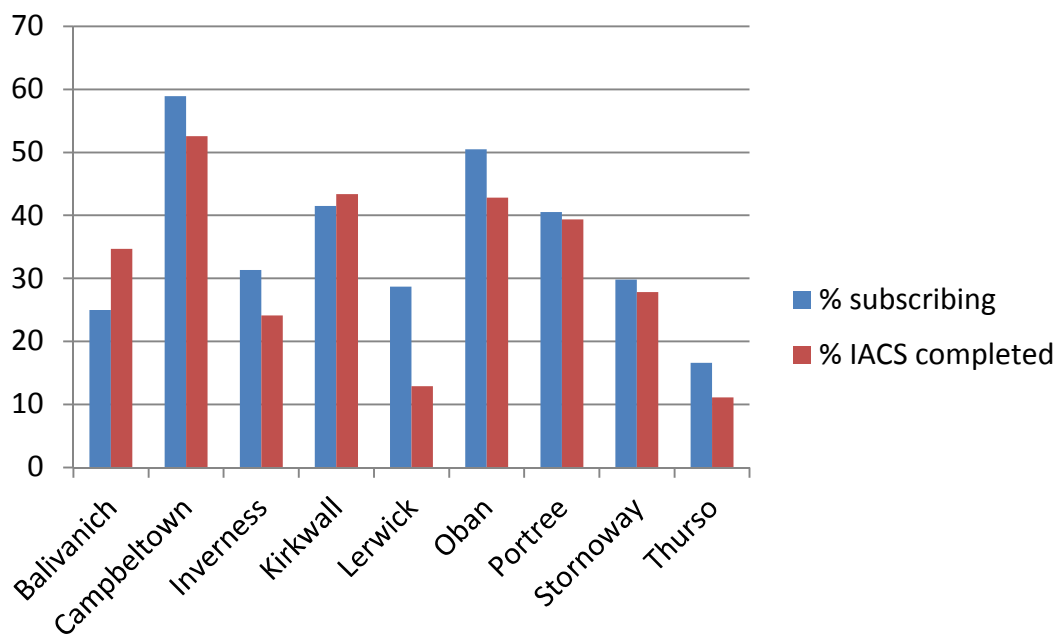


Figure 36. Some indicators of overall penetration by SRUC offices

Note that the prevalence of a large ‘commercial’ potential clientele is reflected in higher penetration rates (Campbeltown, Kirkwall, Oban, for example). Areas such as Thurso which have easy access to such clients as well as a very high number of potential clients per advisor and a large percentage of potential crofter clients have particularly poor uptake rates in AE, suggesting that the output measures for AA411 funding could be tightened up.

Having said that, it is difficult not to come to the conclusion that advisory provision for remote areas, and for crofting specifically, needs to be strengthened considerably. To reach a potential clientele per advisor which is of the same order as the rest of Scotland (200/advisor), the Crofting Counties

would need an extra 18 FTEs (on top of the existing 28 advisors). The total cost per advisor in the Crofting Counties is currently £81k (SRUC, pers. comm.); allowing for a per capita reduction in central overheads, the marginal cost might be reduced to £70k or so. An extra 18 FTEs would then cost £1.26 million, assuming that all their work was gratis. While an expectation of some extra charged income is not unreasonable, especially where such assistance is available as part of a scheme, the hourly rate being charged to crofters should be reduced as part of any extra funding provision and all assistance to common grazings should be at zero cost, reflecting the extreme difficulty and urgency of increasing the engagement of grazings with support instruments.

It is essential that this enhanced advisory support works closely with the CC's efforts in extending grazings regulation and bringing existing regulation up to date.

What of the financial assistance to RP applicants? In some respects, it comes too late in the process to enable grazings (and the advisory system) to overcome the initial bundle of factors leading to inertia. Support for common grazings, more so even than that for individual crofters, needs to address wider and more fundamental issues than the details of the management prescriptions (even if help may still be needed with them).

This is the context in which advisors operate – if schemes make big demands on grazings clerks and advisors (who have to persuade shareholders and complete a lot more paperwork and processes than sole traders), while offering limited opportunities and, in the case of RP, have a poor chance of success, then it is little wonder that uptake rates by common grazings are poor.

Moreover, the author's experience as a former advisor is that even where penetration levels are high (as measured by the number of IACS forms completed, for example), and even where this engagement includes proactive encouragement for crofters to consider AE, this does not lead automatically to involvement with common grazings – most crofters are thinking as sole traders during their appointment!

The advisor must also take the longer view. The client is all too human: failure to enter a scheme is not a neutral experience to which he reacts like the mythical 'economic man', but a highly negative one, which sours relationships between the advisor and the client and between graziers and affects the chances of even applying in following years. The good advisor has to consider when not to encourage the client and when to push them to make the gamble; it is easy not to bother and getting it wrong can easily lead to accusations of profiteering on the back of marginal producers. While encouragement for advisors to engage with grazings committees is desirable, a box-ticking, target-meeting approach is also doomed to fail. Funding should create and support a sustained and sustainable advisory provision, which allows a long-term trust relationship to be built up to the benefit not only of client and advisor, but also the SG offices and SG policy objectives.



Figure 37. Rackwick, Hoy: one of the few remaining common grazings areas in Orkney (Photo: Rob Burke, Creative Commons Licence)

7. Considerations for 2014-20

The next CAP offers opportunities to reflect on the current situation and options for addressing the weaknesses identified and building on the strengths. What follows are some initial thoughts to stimulate discussion.

7.1. Planning, monitoring and evaluation

One of the central principles of the programming approach which is now being extended from RD support to the direct payments is the need to monitor the impact of the measures on the real world, not just after a programme has finished, but on an ongoing basis, and to use such data to evaluate and, if necessary, to amend the measures. Programming authorities have to design a basket of indicators (Beaufoy and Cooper 2009a) which gives them baseline data and enables them to measure change and to evaluate the impact of the measures in producing (or moderating) those changes.

HNV farming was one of a very limited number of objectives set for Member States in the last programming period, but it was not addressed *ex ante* in the present SRDP. Common grazings are a key type of land use for a range of policy objectives, including HNV farming. Their socio-economic needs and characteristics make them quite different from other farmland, but again they are not considered *per se* in the current RDP.

This is reflected in the SG's rather unambitious choice of indicators – less ambitious than the Common Monitoring and Evaluation Framework demands, in the case of HNV farming. It is

attempting to address this gap in readiness for the next programming period. But if even the current simple indicators (number of applicants, area under management, and so on) had been addressed to common grazings, the worrying patterns set out in this report would have been apparent.

The poor relationship between HNV farmland and AE uptake is striking, especially for some of the most socio-economically and geographically marginal areas; is the case of the Western Isles not one which should have raised questions, if ongoing evaluation is meaningful? Some options (e.g. LMO summer cattle grazing) have attracted long-standing criticism, but have not been amended; it is not clear whether there has been any analysis of their uptake and effectiveness as part of the internal monitoring and evaluation process.

In the specific case of common grazings, neither Government nor NGO stakeholders seem to have attempted to investigate the uptake effectiveness of SRDP schemes; the current report is the first such analysis, but it is to some extent hampered by restricted access to data. It shows that uptake rates are very low in all areas, and zero over large tracts of the Highlands and Islands; uptake is markedly lower than for individual holdings even in the same parishes.

It is clear from the guidance from DG Agri (Beaufoy and Cooper 2009a) that in the case of HNV farming, the need is for a basket of indicators which relate to the objectives set by the new RDP and direct payment programming document. Given the importance and idiosyncrasies of common grazings, they should be considered separately in such a basket. Given the weaknesses of official monitoring and evaluation in the current programming period, it is essential that the findings of third party reports, such as this one, feed into the *ex ante* evaluation for 2014-20.

7.2. Common grazings as part of the wider programming approach

The elements of the RD programming approach were set out in the *Trends* report (Jones 2010). This is meant to ensure that the suite of measures and options proposed for funding form a coherent and complementary whole, which adequately, effectively and efficiently targets EAFRD and national funding to address a range of problems which in turn are preventing the delivery of specified policy objectives, learning the lessons of previous programmes.

Under the current CAP proposals¹³ the same approach will be extended to the direct payments. Since the implementation of these payments also has considerable implications for common grazings (Jones 2012), and since the integration of the intervention rationales for the various payments on offer is long overdue, this can only be a positive development.

Support for hill farming is delivered through a range of instruments in both the First Pillar (SPS, Beef Calf Scheme) and the Second (LFASS, LMO, RP, CCAGS), very few of which are explicitly or clearly designed to be mutually complementary; indeed, the degree of complementarity has to some extent reduced as the SG has, for example, found it necessary to decouple the cattle top-up in LFASS from the actual presence of cattle in the claim year. In the case of common grazings, the additional issue of who is eligible to apply makes the complementarity of measures and options question even more complex - it demands attention, but has received none.

The aim of the measures in terms of land use and geographical impact is far from clear as, therefore, is any indication of what uptake levels (and where) are necessary for the measures to be deemed a success (in itself a key question in monitoring and evaluation). The need to respond to the *Retreat from the Hills* has not, for example, changed the emphasis in rough grazing RP options from destocking and changing management practices, nor, if that is deemed inappropriate, in providing

¹³ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com625/625_en.pdf

an alternative robust support for currently positive management through, for example, LFASS. An integrated programming approach means assessing the *overall* economic signals policy gives producers – signals which have to be considered in conjunction with the explicit demands of the scheme rules.

Capacity issues have been raised previously in *Trends* – despite the apparent increase in committees in office, half the grazings are currently unable to consider accessing schemes. Isn't this a RD issue at least worthy of mention in the SRDP analysis? Decisions made by the Crofting Commission on the basis of their Plan will clearly be important in how this plays out and should also be clearly integrated into overall policy goals.

Common grazings are not usually stand-alone businesses, but neither are they places where sole traders carry out their own private business without affecting other producers or without being impacted by their decisions. They are significant enough in terms of area, of numbers of producers involved, of socio-economic importance in marginal areas and in the delivery of public goods to deserve separate consideration, albeit within the overall framework of the wider agricultural system and of the broader parish and regional land use context. The regulatory framework they offer is something which can possibly assist in delivering public policy goals: it should be clearly taken into consideration in the design of measures, while remembering the difficult social (i.e. human!) context in which it operates.

This report, as was *Trends* before it, is predicated on the need to assess common grazings separately; indeed the evidence set out in both reports, however incomplete, shows that failure to carry out this separate evaluation seems to result in their tending to be poorly served.

The difficulty of common grazings is that it would be just as meaningless *only* to consider them as separate units. The reality is that who can do what, who can deliver what, who regulates what, depends on a complex net of agricultural and regulatory rights and responsibilities, made even more complex by the CAP (and moreover this pattern is highly geographically variable). Some of the issues are specific to common grazings – regulation and collaboration – but others, the wider economic ones most especially, are those of crofting and hill farming. The separate assessment and integration exercise for common grazings *itself* needs to be integrated into a wider policy-making process.

What are these wider economic issues? What aspect of the wider system deserves and demands attention? Following the logic of the CAP, they include:

- Viability of any farming
- Viability of any farming in these remote locations
- Viability of any low-intensity farming of semi-natural vegetation (i.e. HNV farming) in these remote locations and in these difficult geographical conditions
- Viability of certain stock types or breeds (or mix of the same) (perhaps again “...in these remote locations”)
- Viability of grazing certain stock types/ breeds on certain vegetation at certain types of year and of associated practices (such as off-wintering)
- Viability of certain detailed management practices, such as grazing or cutting dates, exact stocking levels above the minimum

These must be taken both together (for example, the economics of late-cutting a silage field is perhaps only a matter of loss of dry matter and digestibility if the cattle system is inherently profitable, but if cattle are loss-making, such a calculation is nonsensical) and thought through individually (a payment for remote areas can support intensive finishing in sheds unless the connection to semi-natural pastures is somehow made explicit, for instance).

They are of course paralleled by a set of policy objectives (food security, maintenance of remote populations and their incomes, delivery of Natura and wider biodiversity commitments, and so forth), which also need to be integrated.

7.3. Delivery mechanisms – thinking through the options

It should be clear to anyone with even a passing familiarity with the CAP that the list in the previous section can be addressed through a wide variety of means. This is particularly true of the middle points: the first point is clearly a matter for the Basic Payment, while the last is clearly a description of issues to which agri-environment is the only likely response, but the rest can be approached through a whole range of means. These include not only (in the more basic cases, using the ‘active farmer’ rule, for example) the Basic Payment and (in the more complex cases) agri-environment, but also the ‘Greening’ top-up and the payments for Areas of Natural Constraints (in the First Pillar) and Second Pillar supports for Natura 2000 areas and for areas with mountain, “other” or specific constraints. The draft Regulation also allows for specifically-targeted sub-programmes.

Alongside the payments are eligibility rules and cross-compliance requirements, all of which can also be implemented in a variety of ways, each with its own implications. Integration is truly a challenge, but at least there are many many tools at the policy maker’s disposal. EFNCP itself has been thinking about the complexities of integrating incentives and rules for semi-natural pastures and meadows in general (Beaufoy 2012).

There are a number of obvious variables which will influence the choices made - what can be paid for under which measures of course, but also the ease of applying, the length of the commitment, who can apply and on what land. Once more, it is far from being a case of ‘one measure, one answer’, as the current RDP shows. AE measures are delivered through the very simple LMO instrument and the very complex RP. Support for cattle keeping is delivered through a range of instruments – an LFA scheme (at least formerly); an Article 68 (Beef Calf) scheme and agri-environment (summer cattle grazing in LMO; small units introduction and maintenance of native cattle herd options in RP). In Ireland, the well-known BurrenLife pilot programme metamorphosed not into an agri-environment scheme, as might be expected, but into an extremely targeted Art. 68 scheme¹⁴.

What considerations might be involved in the choice of measures? They surely include the following:

1. Who is legally able to deliver the commitment on the land in question?
2. Who is practically able to deliver the commitment on the land in question?
3. How complex is the measure? Put another way, how much flexibility does the applicant have and to what extent does the particular application need to be individually assessed for the measure to be effective? A tick box application might not be suitable for delivering a more flexible option.
4. What length of commitment is necessary (or desirable)? The mandatory 5 year commitment for AE has both positive and negative aspects; other measures might allow single year commitments.
5. How important is it for it to be integrated with other measures on the holding (and how unlikely is it that this will happen without extra intervention)? If integration is important and unlikely, all the more reason for a complex application procedure; cunningly-designed schemes might on the other hand make integration happen naturally through financial and other signals.

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<http://www.agriculture.gov.ie/farmerschemespayments/otherfarmersschemes/burrenfarmingforconservationprogramme/>

6. How should the need to control expenditure be incorporated into the programme and what effects could these choices have in practice? The current CAP in Scotland involves, e.g. variable payments in the Beef Calf Scheme; holding ceilings in LMO; committee assessment and a points-based evaluation procedure in RP. Each has weaknesses and strengths – LMO seems most attractive to the applicant, but if everything was delivered through that mechanism, there would be a danger of overspend on the one side or an inability to target considerable funds on priority areas on the other.
7. What are the transaction costs of applying and how do these compare to the payments which can be offered? A further side to this question is the ‘elasticity of response’ of the potential applicant – are they likely to be quick on their feet or crippled by inertia?

For most applicants, the major questions for Government are 3-6. The applicant may be concerned with question 7, but in the normal run of things there will be pros and cons from his perspective, whichever choice the Government makes.

For common grazings however, Government itself needs to consider, *a priori*, questions 1, 2 and 7. What *is* the legal situation? The shareholder is legally responsible for his animals’ health and welfare, compliance with identification and movement rules, but on the grazings his freedom is limited by the grazings regulations and the decisions made in accordance with them by the grazings committee. And the practical situation? It is also difficult to describe simply.

What of the transaction costs? The benefits of the holistic delivery mechanism which a grazings committee offers might be undone by the huge extra effort required to negotiate and persuade, and some graziers will never agree between themselves, no matter what the incentive – how can that be built into the system? What should be *available* to grazings committees; what should *only* be available to grazings committees; what should *never* be available to grazings committees?

It is very important to note that some options can in practice *only* be available through grazings committees – LFA (ANC) measures may be delivered through a variety of options, but only the committee can legally deliver land management on the grazing, since it is the only body which manages all the land in question. That is why the simple replacement of the Hill Farming Allowance in England and Tir Mynydd in Wales (LFA measures) by apparently similar entry-level AE measures has caused difficulties in both countries, the concern being that appropriate legal persons do not exist to apply for the new measures on common land used by former LFA claimants. The result is that there is in practice a trade-off between accessibility to all active claimants on the limited hectareage of the shareholding and annually-reallocated shares (LFA) and payment on all hectares on grazings which can organise themselves and are willing to make a 5 year commitment (AE).

7.4. Bringing all grazings under regulation – a rural development issue?

It is therefore clear that, whatever the benefits or practicalities of applications by individuals versus grazings committees in theory, the reality, as set out in 5.3.1, is that at best only half of grazings are currently regulated and can therefore access AE (or engage in active help to Direct Payments claimants). Given the importance of regulation (as recognised by the new Crofting Commission (Crofting Commission 2012)), this is an issue of wider rural development concern but, as in England and Wales, this concern is particularly immediate when it affects the ability to apply for SRDP schemes.

Does this mean that state intervention is required? Surely the very existence of attractive RD schemes will cause crofter shareholders to take the initiative, contact the Commission, self-regulate and approach the SG or SRUC for advice on applying? And anyway, why should the SG care if certain producers don’t apply for schemes which would benefit their businesses?

First of all, the schemes are *not* in general attractive just now. But even if they were, the time frame for acting is quite restricted, especially if grazings committees are to apply for Basic Payment National Reserve allocations under the First Pillar in 2014, for example. The sociological reality is that a good package of support needs to go hand in hand with help to access it. And this is not a private matter; uptake is central to the delivery of a range of policy objectives. It is for this reason that the Welsh Government has funded Common Land Development Officers using RDP technical assistance funds in an attempt to address this issue. Whether this is the appropriate mechanism in Scotland is another matter, but somehow this assistance needs to be delivered, and it would seem that some RD measures could be used as part of the process. The Crofting Commission should be open to innovative ways to fund tasks which are surely within its remit but which it seems not to be adequately resourced to carry out.

There is a good case for an integrated package of assistance to help in this regard – the CC should appoint a team of regulation extension officers funded from technical assistance, supported by a specific grazings advisory team paid for under the advisory service measure and a payment to grazings under collaboration to support their transaction costs.

7.5. Cross-compliance

Cross-compliance is well suited to the ‘polluter pays’ principle – deterring producers from deliberately or negligently carrying out damaging operations. Moreover, the lack of a minimum standard means that decoupled payments in particular can really be for nothing; this is also unacceptable. The difficulty is that activity has a net cost in socio-economically marginal systems and no net cost in profitable systems – minimum activity rules therefore impact disproportionately on the least able to pay and encourage abandonment. They are necessary, but are not the way, on their own, to deliver positive management – they must always go hand in hand with payments which more than cover the costs for marginal systems and preferably with ‘beyond GAEC’ payments for activity above the minimum.

In any event, it is not acceptable that common grazings shareholders are subject to cross-compliance constraints which are greater or lesser than those which apply to sole use producers. There should be no question that higher standards or extra items of cross-compliance should apply, as the Crofting Commission Plan hints (Crofting Commission 2012). Such proposals should be abandoned.

But equally it is clear that on common grazings it is possible for inactive shareholders to do *less* than would be necessary were they to have to maintain GAEC on their own private fields. This means they can apply for schemes without incurring costs and puts a further impediment in the way of their agreeing to initiatives by the grazings committee with the collaboration of the active shareholders. EFNCP has called for a tightening of the proposed regulations so that at least on common pastures any management which is necessary for the claimant to meet the new ‘active farmer’ rules must be carried out by the claimant in person or by his direct agents (Jones 2012).

7.6. Getting agreement

The burden of getting agreement should be reduced to a level more consistent with the Crofting Acts (and previous schemes), while allowing the objections to be voiced and for an appeal to be lodged with the appropriate authority. A suitable wording might be along the following lines:

“An RP proposal on behalf of a grazings committee must include:

- Evidence that notice of the intention to submit a Proposal and the proposed division of the aid and related expenditures amongst the eligible crofters has been issued by the grazings

clerk to all shareholders sharing in the common grazings, including a clearly set out reasonable deadline for responding and setting out the rights of the shareholder with regard to requesting the calling in of the Proposal by the Crofting Commission.

- Evidence of the written consent of a majority of the crofters responding within the deadline.
- Confirmation from the Grazings Committee that the Crofting Commission has not called in the Proposal.
- A copy of any decision by the Crofting Commission where a proposal has been called in.”

7.7. Recognising transaction costs

Some of the many additional transaction costs associated with common grazings are set out in *Trends*. All RD payments for common grazings committees which relate to land management, planning and other activities which similarly involve such additional transaction costs should receive the (20+10)% top-up for collaborative applications, set out in the draft Regulation.

Additional transaction costs should not be placed on low-income or collaborative applicants. While it is reasonable for the SG to limit its risks in the case of commercial ventures such as might be funded by Axis 1 diversification measures, where the activity funded is very likely to be affected by the vagaries of the market, the need to produce accounts to prove the ability to repay AE funding (for example) is not reasonable, not least when set next to the vast sums spent without such safeguards in SPS and LFASS, and should be withdrawn.

7.8. Delivering specific outcomes

A number of the prescriptions in the current RDP AE measures do not need any significant amendment. However, in the case of common grazings (and rough grazings in general), the two basic prescriptions are deficient and need re-evaluation.

7.8.1. Management of moorland grazings

The weakness of this basic payment was set out in previous sections; in summary, it fails to pay for positive management. This approach is not mandatory – England takes a more neutral approach, which sets a more level playing field on which other more specific prescriptions can be built for overgrazed, undergrazed and adequately grazed hills alike. A suggested prescription of this type is set out in Annex 3. Note that the payment rate given assumes that there is a minimum stocking rate of 0.06 LU/ha and that there are no coupled payments above this minimum activity level. It would need to be adjusted in the event of some other (or no) minimum stocking rate or the availability of coupled payments for sheep.

7.8.2. Lessons from England for cattle-related Scottish AE options

An interesting parallel to the LMO Summer Cattle Grazing option is provided by the parallel option (UL18) in England’s Upland Entry Level Stewardship, UELS (Defra 2010). The UELS cattle grazing option is available for *any* parcel(s) of land in the SDA LFA (moorland or non-moorland) and is based on a proportion of cattle in the overall livestock charge. There is no requirement for the parcel to be enclosed. Any moorland parcels must observe a wider scheme rules on minimum stocking.

While the ELS pays a fixed payment per hectare to participants who meet the points threshold, the ERDP itself also included income foregone estimates. The income foregone for the cattle grazing option is that for the option only – additional conditions, including, for example, the wider minimum stocking rule, are the subject of other income foregone calculations. The stated income foregone is £30/ha.

Expressing the cost in this manner, when combined with the measure rules, produces some quite elegant results. The ELS mechanism in practice recognises the extra income foregone of lower capacity grazings.

Sheep/ha	0.156	0.5	1	2	3	4
Sheep LU/ha	0.023	0.075	0.15	0.3	0.45	0.6
Min. Av. cattle LU/ha to achieve 30% cattle LU	0.01	0.03	0.06	0.13	0.19	0.26
ha per cattle LU grazing for 12 months	100*	31.1	15.6	7.8	5.2	3.9
Apparent income foregone per cattle LU (£, option costs only)	3000	933.33	466.67	233.33	155.56	116.67

Table 6. Calculations based on the UELS cattle grazing option.

* Equivalent to LMO bovine stocking rate, but applying English minimum cattle ratio: 1 bovine grazing 25 ha for 3 months is equivalent of grazing 100 ha for 12 month

The strong points of the English measure compared to the LMO option include:

- No requirement for hill to be enclosed (beyond what is necessary to satisfy the minimum stocking requirements for moorland; on grazings surrounded by hefted flocks, no fence is required).
- Minimum stocking is a logical control over overall grazing pressures, within which cattle stocking fits very logically. (In practice, the level chosen in England is probably too low; the extremely low minimum grazing pressure of about 0.1 ewes per ha leads, in turn, to a very high payment per cattle beast grazed.)
- No thresholds, as long as stocking levels indicate claimant is 'active' on the parcel. Payments are made per hectare; the equivalent per cattle beast decreases as overall stocking increases, creating an ever-reducing disincentive to claim (or to adjust practice) on high productivity rough grazings parcels. Conversely, the incentive is greater, the more difficult the conditions and the lower the stocking rate.
- Payments take into consideration all classes of older cattle beasts.

Payments are available for any parcel within the SDA. This would seem to reward the better land, but the mechanism is such as to, in effect, pay more per cattle beast on the poorer land. Within a farm, it could act as an incentive to 'push cattle up the hill'. This is a positive message consistent with wider objectives. Contrast this with the RP retention of cattle option for small units – the prescription not only rewards the larger small unit, rather contrary to its own logic (and the undoubtedly higher additional costs for the very smallest holdings), but encourages the claimant to reduce his activity to the minimum necessary, at which point the return per beast is considerable (Figure 39).

A prescription of this type, intended to replace the SCG, is to be found in Annex 3. One point to consider before such a payment could be introduced in Scotland is the avoidance of double funding from other schemes. England has now abolished its LFA scheme, so that Environmental Stewardship stands alone in paying for any management over and above GAEC.

In Scotland, support for cattle is also in part delivered through LFASS and the Beef Calf Scheme. At present, there is no link between the current presence or absence of breeding cattle and LFASS payments. Beef Calf Scheme payments are available everywhere and linked only to breed; there is no commitment to graze any type of land. Scotland does not therefore at present pay for any of the commitments entered into by English claimants in either LFASS or the Beef Calf Scheme, but any changes which made LFASS linked to actual stocking levels or mixes would require careful wording to avoid double funding. The wording proposed avoids attempts to avoid any such double funding.



Figure 38. Cow grazing hard ground, Uig, Lewis (Photo: Anne Burgess, Creative Commons Licence)

7.9. Advisory service

Addressing weaknesses in the current advisory provision is a complex question, not least because trust and familiarity take a long time to establish. Establishing some of the facts is difficult, but it *appears* that some SRUC offices have a significantly higher penetration rate amongst crofting and specifically common grazings clients than others. In particular, there is a suggestion that offices which have a mix of larger farming clients and crofters/common grazings tend to concentrate their efforts on the former. Remoter offices 'make do' with the clients they have, though even amongst these, some of the patterns in the data are difficult to explain. This means not just reacting to requests for help (surely all offices do this), but being proactive – analysing the scheme rules to spot the potential winners; approaching grazings clerks; holding meetings in townships.

None of this is necessarily to be laid at SRUC's door – it has to make the advisory offices work in as commercial a way as possible within the constraints of the funding it receives from the SG for its advisory activities. Just like the farmer and crofter, it tries to fulfil the funding requirements while minimising its costs. Crofters and common grazings imply higher costs and lower income and probably, for many schemes, a lower chance of success.

The issue is one of funding levels and the outputs required of the provider (SRUC) for this support. While it appears that the outcomes requested by SG do not include dealing with a certain % of IACS claimants in remote parishes or a certain % of common grazings, it is also clear that there is no consideration of the number of potential clients per advisory staff member and that funding to address this means an increased budget and some better targeting of the monies available. At present it appears that the provision of crofting advice is undervalued by both SG and SRUC - it is noticeable that the outcomes chosen to illustrate the delivery of AA411 (remote areas) in the glossy promotional brochure produced to accompany the programme are to say the least rather incidental to the overall purpose of this Activity.

Over-prescription is a danger – there are, as we pointed out, lags at play, and it is hardly SRUC’s fault if schemes are not attractive and accessible – but unless these things are at least discussed, the temptation and default mode is to use the Advisory Activity money as a form of budgetary gap filler, to the detriment of remote area clients and the advisory offices which try hard to serve them. There should be greater transparency, for example on the SG website, regarding the outcomes agreed for each advisory activity.

There are also opportunities to make better use of the Advisory and Veterinary Activity programme to deliver outcomes for the wider SG ‘family’ – possible synergies with the Crofting Commission in their work to enhance, update and extend common grazing regulation seem obvious, for example.

8. Summary of recommendations

The appropriate Articles of the draft Regulation are given where appropriate. The items given below relate only to common grazings, but must be further integrated with the needs of crofters and other small units in the same regions and with those of the wider agricultural and rural community in marginal areas.

Programming

1. Common grazings to feature specifically and in a quantified way in all sections of the new RDP, from *ex-ante* evaluation to measure design to monitoring plan.

Advice

2. *Art. 16.* 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. Outcomes should specifically relate not just to crofting but to common grazings.
3. *Art. 16.* Provision of advice to common grazings on all matters where the scheme does not allow for specific support (e.g. current RP) should be free.
4. *Art. 16.* Serious consideration should be given to the appointment of dedicated common grazings advisors, working in collaboration with CC staff (see below) in the overall context of capacity building and community development work on common grazings.
5. *Art. 16.* 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

6. *Art 29.* Replacement of the current moorland management plan with a measure such as that outlined in Annex 3.
7. *Art 29.* Replacement of the current summer cattle grazing option with a measure such as that outlined in Annex 3.
8. *Art. 29* (implementation). Relaxation of the shareholder consent rules for entry of AE (see 7.6 above).
9. *Art. 29* (implementation). Abolition of the need to provide accounts for CG AE applicants.

Collaboration

10. *Art. 36.* Provision of support workers by the CC for the extension and updating of grazings regulation to the overwhelming majority of grazings, with parallel support for the transaction costs of grazings committees, distinguishing in particular the higher costs of hitherto-unregulated grazings. Clauses 2g and 2i are relevant. Synergy with an expanded advisory service would be very desirable indeed. If this Art. Is deemed inappropriate for funding additional CC staff, the use of technical assistance funding (*Art. 51*) should be considered, as in Wales in the current period.

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Annex 1: Calculation of land type and farmed HNV areas

One first data source is the data supplied by the Scottish Government in 2010. If the total area used to claim SPS in IACS (2009 data) is 4,176,623 ha and the total area of inbye used to claim SPS is taken to approximate to the total area of crops, fallow and grassland, roughly 1,947,438 ha (Scottish Government 2010), then the estimated total area of rough grazings claimed in IACS is around 2,229,185 ha of which 360,360 ha are common grazings and, by subtraction, sole use rough grazings is 1,868,825 ha. This claimed common grazings forage is however found on parcels which in fact extend to around 538,000 ha, so that the total area and rough grazings area maintained in GAEC as if for claiming SPS is 4,354,263 ha and 2,406,825 ha respectively.

Unfortunately, in their estimates of HNV farmland (Mackey, Blake, and McSorley 2011), SNH use a very different total Utilised Agricultural Area (UAA) figure of 5,610,302 ha. What the rather substantial additional area (1,256,039 ha) consists of is not clear – the UAA, though originating in IACS, is not as narrowly-defined as our figures, which relates to direct payments only; IACS is also used to claim first afforestation supports, AE on land ineligible for direct payments and some crops

remain ineligible for use to support SPS claims. However, according to recent data (Forestry Commission 2011), the total area of new woodland planted since 1998 is only c. 192,500 ha.

We exclude SNH 'Type 2' from consideration, as their mapping exercise ignores the crucial phrase in its definition, 'managed at low intensity'. We use the SNH mapping exercise rather than SRUC's, because we know the latter effectively confines itself to rough grazings-dominated holdings and we see no reason to limit the present discussions to such areas.

We can assume that the area SNH identifies as UAA but not HNV or as Type 2 HNV ('only', as they would say, i.e. not identified as semi-natural vegetation nor covered by a nature conservation designation) is all on the inbye ground. This amounts to 1,737,523 ha, implying that around 209,915 ha of the UAA inbye is HNV. We assume that 100% of both sole use rough grazings and common grazings are HNV. We also assume that the 'surplus' is hidden in what appears to be farmed rough grazing in our calculations and subtract accordingly. The resulting estimates for actively-farmed UAA are given in Table 1.

Annex 2: AE options in the SRDP schemes

Land Managers' Options	Rural Priorities
<ul style="list-style-type: none"> - Wild Bird Seed Mix/Unharvested Crop - Improvement of Rush Pasture for Wildlife - <i>Summer Cattle Grazing</i> - <i>Management of Moorland Grazing</i> - Management of Linear Features - Management of Grass Margins and Beetlebanks in Arable Fields - Biodiversity Cropping on In-Bye - Management of Conservation Headlands - Retention of Winter Stubbles - Natural regeneration after cereals - 	<ul style="list-style-type: none"> - Wild Bird Seed Mix/Unharvested Crop - Mown Grassland For Wildlife - Mown Grassland For Corn Buntings - Mown Grassland For Corncrake or Choughs - Grazed Grassland For Corncrakes - Creation And Management of Cover For Corncrakes - Management Of Cover For Corncrakes - Open Grazed Or Wet Grassland For Wildlife - Control of Invasive Non-Native Species - Management of Species Rich Grassland - Bracken Management Programme for Habitat Enhancement - Creation and Management of Species Rich Grassland - Management of Habitat Mosaics - Management of Wetland - Create, Restore and Manage Wetland - <i>Management/Restoration of Lowland Raised Bogs</i> - Water Margins and Enhanced Riparian Buffer Areas - <i>Management of Flood Plains</i> - Buffer Areas for Fens and Lowland Raised Bogs - <i>Coastal, Serpentine and Special Interest Heath</i> - <i>Lowland Heath</i> - <i>Management of Moorland Grazing</i> - <i>Moorland Grazings on Uplands and Peatlands</i> - <i>Moorland - Stock Disposal</i> - <i>Away-Wintering of Sheep</i> - <i>Off-Wintering of Sheep</i> - <i>Muirburn and Heather Swiping</i> - Management of Hedgerows (option temporarily suspended) - Extended Hedges - Grass Margins and Beetlebanks - Biodiversity Cropping on In-Bye - Cropped Machair - <i>Management of Ancient Wood Pasture</i> - <i>Scrub and Tall Herb Communities</i> - Arable Reversion to Grassland - Conservation Management for Small Units - Creation and Management of Grassland for Hen Harriers - Grazed Grassland for Chough - Grazing Management of Cattle

Annex 3 – possible RDP AE options for rough grazings

1) Maintenance and restoration of moorland option

Purpose: These options are used to maintain or restore moorland habitats to benefit upland wildlife, retain historic features and strengthen the landscape character. In addition, in the right situation they may provide an area of flood containment and some benefits to flood risk management. The measure is available everywhere on eligible parcels. In order to avoid supporting overgrazing, the rough grazings parcels entered for this option will be subject to a stocking density maximum. Management will include grazing the moorland following an agreed stocking calendar. This calendar will reflect the different habitats within the moorland unit and their present condition. It will indicate how many and what type of livestock will be allowed to graze the moorland in each month of the year. This option can therefore be combined with the Summer Grazing of Cattle on Hills option. Restoration may also include grip blocking or temporary fencing, in order to reduce or exclude grazing; these attract separate capital payments.

You must:

- **Either** meet the ‘active farmer’ test for BP/ANC (though not necessarily claiming either)
- **Or** be a common grazings clerk applying on behalf of a grazings committee or be a grazings constable appointed by the Crofting Commission, in which case the agricultural activity on the grazings must meet the ‘active farmer’ test.
- Specify what parcels you wish to enter into the measure. Eligible parcels must contain >10 ha of rough grazings or similar unimproved pasture, which must account for >75% of the parcel’s agricultural land.
- Produce for each parcel a stocking calendar which addresses maintenance of rough grazings habitats, overgrazing and undergrazing including, where appropriate, seasonal over- and under-grazing. Where this includes bovine animals claimed under the Summer Grazing of Cattle on Hills option, a single calendar can be written for both options.
- Off/away-wintering options and capital works may be combined with this option.
- Maintain for each parcel entered a separate log of grazings animals using that parcel, by species and age class for the whole of the year. Again a single log can be kept for both this and the Summer Grazing of Cattle on Hills option.
- Ensure that the average stocking rate over the same period is <0.5 LU/ha.
- Supplementary feeding is allowed, but feeders must be moved as often as required to avoid poaching. There must be no feeding on or next to archaeological features, steep slopes, footpaths or watercourses.

Payment rate (dependent on minimum activity rule and on any coupled payment which may be available):

Basic payment: £15/ha; Common grazings rate £19.50/ha

Payment rationale:

- Claimant/grazings must meet ‘active farmer’ test (assumed to be 0.06 LU/ha in calculations – payment rates would need to be changed according to any decisions made in this regard)
- Payment calculated on difference between figures for lowest third of hill sheep flocks sampled at 0.12 LU/ha and 0.06 LU/ha. Justification is that lowest third of sheep flocks are largely from marginal areas, with e.g. lambing % which is typical of NW Scotland. 0.12 LU/ha is taken to be a representative sustainable stocking level.
- Maximum transaction costs for collaboration applied to common grazings payment rate.

	Hill sheep (lowest third)		Per ha at min activity	Per ha assuming target level less min. stock.
Output before subsidies per LU	107.82			
Variable costs per LU	112.26			
Gross margin per LU	-4.44			
Fixed costs per LU	187.86			
Net margin per LU	-192.3			
Family labour at Min Wage per LU	41.46	QMS figure		
Net margin per LU incl. family labour	-233.76		-14.03	-14.03
5% return	24.44			
Cost of activity incl labour and return	-258.20		-15.49	-15.49

2) Summer grazing of cattle on hills option

Purpose: The summer pasturing of cattle of rough grazings is of great biodiversity value but is in steep decline. The economics of extensive cattle keeping are significantly worse than those of extensive sheep. This measure supports the summer grazing of a minimum proportion of hill cattle in the overall stocking of the rough grazings parcel. The measure is available everywhere on eligible parcels. In order to avoid supporting overgrazing, the rough grazings parcels entered for this option will be subject to a stocking density maximum.

You must:

- **Either** meet the 'active farmer' test for BP/ANC (though not necessarily claiming either)
- **Or** be a common grazings clerk applying on behalf of a grazings committee or be a grazings constable appointed by the Crofting Commission, in which case the agricultural activity on the grazings must meet the 'active farmer' test.
- Specify what parcels you wish to enter into the measure. Eligible parcels must contain >10 ha of rough grazings or similar unimproved pasture, which must account for >75% of the parcel's agricultural land.
- Maintain for each parcel entered a separate log of grazings animals using that parcel, by species and age class for the whole of the grazing period specified below.
- Ensure that on average >20% of all grazing livestock units consists of bovines on each of the parcels entered over the period 15th May to 15th November.
- Ensure that the average stocking rate over the same period is <0.5 LU/ha.
- Supplementary feeding is allowed, but feeders must be moved as often as required to avoid poaching. There must be no feeding on or next to archaeological features, steep slopes, footpaths or watercourses.

Payment rate:

Basic payment: £12/ha; Common grazings rate £15.60/ha

Payment rationale:

- Claimant must meet 'active farmer' test (assumed to be 0.06 LU/ha in calculations – payment rates would need to be changed according to any decisions made in this regard)
- Costs are calculated using QMS figures, with the exception of labour requirements for hill cows. The justification for this is that the sampled herds are very large (average 182 heads) whereas there is a strong 'fixed' element to labour costs in the management of small herds,

where no mechanisation is usually present. Family labour is calculated as 10 min per cow per day, paid at the minimum wage.

- The payment allows for a 5% return on livestock and running costs, but not land and buildings, as per the QMS costings.
- Payment calculated on difference between average hill cow costings and those for lowest third of hill sheep flocks sampled. Justification is that lowest third hill cow figures relate to poor management (lower calving %, shorter productive life....) which is not related to quality of land, whereas the lowest third of sheep flocks is largely from marginal areas, with e.g. lambing % which is typical of NW Scotland.
- Assumed that average stocking rate is 0.2 LU/ha. Option only requires 20% of livestock to be cattle, so difference is multiplied by 0.2.
- Maximum transaction costs for collaboration applied to common grazings payment rate.

	Hill cows (average)		Per ha at min of 0.06 LU/ha	Per ha assuming 0.2 LU/ha less min. stock.
Output before subsidies per LU	395.48			
Variable costs per LU	249.94			
Gross margin per LU	145.54			
Fixed costs per LU	365.41			
Net margin per LU	-219.87			
Family labour at Min Wage per LU	420.36	Based on 1/6 hr/day/LU		
Net margin per LU incl. family labour	-640.23		-38.41	-89.63
5% return	75.00			
Cost of activity incl labour and return	-715.23		-42.91	-100.13
	Hill sheep (lowest third)			
Output before subsidies per LU	107.82			
Variable costs per LU	112.26			
Gross margin per LU	-4.44			
Fixed costs per LU	187.86			
Net margin per LU	-192.3			
Family labour at Min Wage per LU	41.46	QMS figure		
Net margin per LU incl. family labour	-233.76		-14.03	-32.73
5% return	24.44			
Cost of activity incl labour and return	-258.20		-15.49	-36.15
Based on NM, cattle LU vs sheep LU	-27.57		-1.65	-3.86
Based on NM plus labour est.	-406.47		-24.39	-56.91
Based on NM, labour, return	-457.02		-27.42	-63.98
Only 20% of potential sheep flock replaced by cattle, therefore per ha:				-12.80