

EXECUTIVE NOTE

THE RURAL STEWARDSHIP SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2005 SSI/2005/620

1. The above statutory Instrument is made in exercise of the powers conferred by Section 98(1) and (2) of the Environment Act 1995. The Instrument is subject to negative resolution procedure.

Policy Objectives

2. The Rural Stewardship Scheme (“the Scheme”) is an agri-environment Scheme in terms of Article 22 of the EC’s Rural Development Regulation (Council Regulation (EC) No.1257/1999). It was brought into operation on 28 September 2001 by the Rural Stewardship Scheme (Scotland) Regulations 2001 (SSI 2001/300). Amendments to the Scheme Regulations were subsequently made in 2003 (SSI 2003/177 and SSI 2003/303) and in 2004 (SSI 2004/109 and SSI 2004/381). The Scheme is designed to encourage environmentally-friendly farming practices and thus to contribute to the Executive’s objectives for agriculture and the environment. It is one of two agri-environment schemes (the other being the Organic Aid Scheme) approved by the EC as part of the Rural Development Plan for Scotland. The Scheme replaces the Environmentally Sensitive Area Schemes (ESAs) and the Countryside Premium Scheme (CPS), which are now closed to new applications.

Background

3. The Scheme is a discretionary whole farm Scheme that covers all of Scotland’s agricultural land. By supporting the adoption of environmentally-friendly farming practices the Scheme will deliver a wide range of environmental benefits, as well as contributing to the development of tourism, the wider rural economy (e.g. through demand for up-stream inputs and services) and the maintenance of farming activity through increases in household incomes.

Amendments to the Scheme Regulations

4. The Scheme Regulations are to be amended to alter the management requirements for seven existing management options, to alter the site eligibility requirements for five existing management options, to add one new management option and to amend the requirements of one capital activity. The Amendment Regulations bring in a second set of payment rates for management options. The Amendments also define five categories of Scheme participants and which payment rate each group will receive. Changes have also been made to the definitions of landlord and tenant, and to the Regulations governing payments of aid, rates of payment and the change of occupation of land. Three new definitions have also been added to Schedule 5. The changes are:

Amendment of the management requirements for the options “Bracken Eradication Programme for Species Rich Grassland, Coastal or Lowland Heath”, “Creation and Management of Species Rich Grassland”, “Creation and Management of Wetland”, “Management of Water Margin”, “Bracken Eradication Programme for Moorland”, “Management of Grass Margin or Beetlebank in Arable Fields” and “Management of Native or Semi-Natural Woodland”.

Amendment of the site eligibility requirements for the options “Creation and Management of Species-Rich Grassland”, “Creation and Management of Wetland”, “Stock Disposal” and “Spring Cropping” following the changes made to other subsidy schemes under the reform of the Common Agricultural Policy. The sites eligible for “Management of Water Margin” have also been amended slightly.

Addition of a new management activity “Creation and Management of Early and Late Cover for Corncrakes”. This management activity will allow participants to create new early and late cover for corncrakes, to provide additional areas of this important habitat for corncrakes.

Amendment of the requirements for the capital activity “Bracken eradication” to match the change in the associated management activities.

Introduction of a second set of payment rates for all management activities and changes to the Regulation governing rates of payment. These new rates will be paid to all participants in the scheme who submitted a competitive application to the scheme after 2002, or those who have made a successful challenge under Article 40(5) of the Council Regulation (EC) 1782/2003, which relates to the Single Farm Payment. All other participants in the RSS whose agreements started in 2001 or 2002, or who joined the RSS from the Environmentally Sensitive Area schemes (ESAs) or the Habitats Scheme without competing for funding, will continue to be paid at the current rates for these activities. A number of the new payment rates are lower than the original rates, but a number are also higher. Some rates are unchanged.

Changes to the definitions of landlord and tenant, and to the Regulations governing payments of aid and the change of occupation of land. These changes have been made to bring the Rural Stewardship Scheme Regulations in line with the definitions in the Land Management Contracts (Menu Scheme) (Scotland) Regulations 2005 (SSI 2005/225). These changes will mean that for the first time, tenants with less than five years’ occupancy of the land will be able to apply to the Rural Stewardship Scheme, providing their landlord agrees to jointly assume the obligations of the agreement.

Consultation

5. These changes have been introduced following discussions with stakeholder groups and agreed by the Scottish Ministers. The new prescription (Creation and Management of Early and Late Cover for Corncrakes) was considered by the EC’s STAR Committee in December 2004 and was approved by Commission Decision C(2005) 989 along with other modifications to the Scottish Rural Development Programme. The other amendments to management activities were notified to the EC in September 2004. The introduction of an additional set of payment rates for management activities was notified to the EC in September 2005.

Financial Effects

6. There are no significant economic implications for Scottish businesses resulting from the changes to the management activities.

The financial effects for individual Scheme participants will depend on the specific activities they have agreed to carry out. The changes have been introduced with the endorsement of all

the major stakeholder groups after a detailed joint review process in summer 2005. These amendments will result in a small overall reduction in the support provided from the Scottish Executive and from the EU for those participants who joined the scheme from 2003. The future financial effects of these changes in relation to the Scottish Executive will depend on the number of participants entering on an annual basis and the value of the applications. The cost will be met from within existing resources.

The amendment to the definitions of landlord and tenant and the changes in the Regulations governing payment of aid and change of occupation of land will allow tenants with less than five years' occupancy of the land to submit an application to the Scheme, if their landlord agrees to assume joint responsibility for the agreement. This change is in line with the Land Management Contracts (Menu Scheme) (Scotland) Regulations 2005. This will increase the number of tenants eligible to apply to the scheme, although funding will continue to be awarded through competition.

The Scheme is an integral part of the Rural Development Plan for Scotland and will be co-financed by the EU, utilising amounts raised from the modulation of CAP direct payments. The instrument has no effects on local government.

Scottish Executive Environment and Rural Affairs Department
December 2005