

## *Strategic Programme*



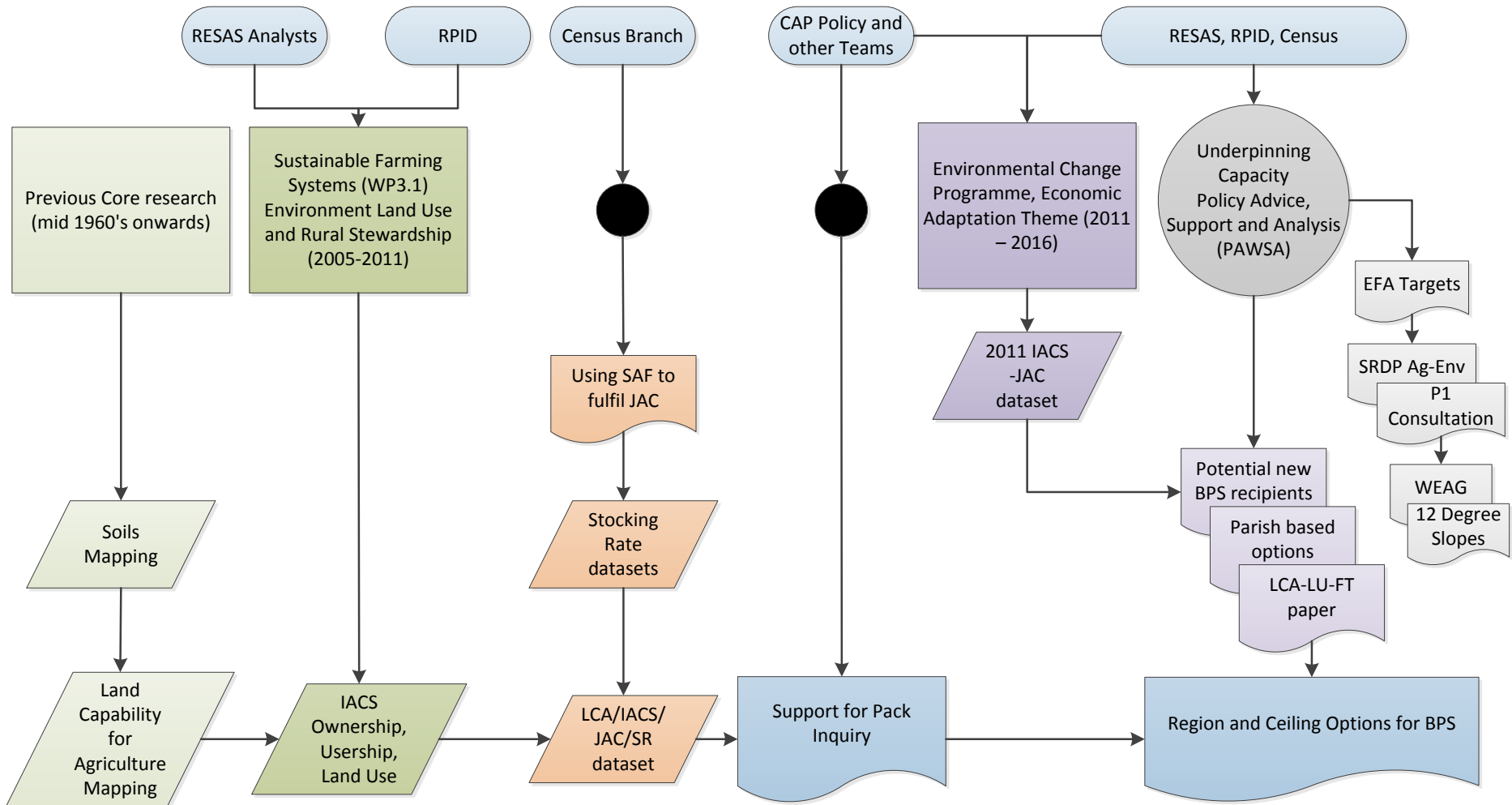
### **Future CAP: Options and Consequences**

**Keith Matthews, Dave Miller**

**James Hutton Institute**

**4 March 2013**

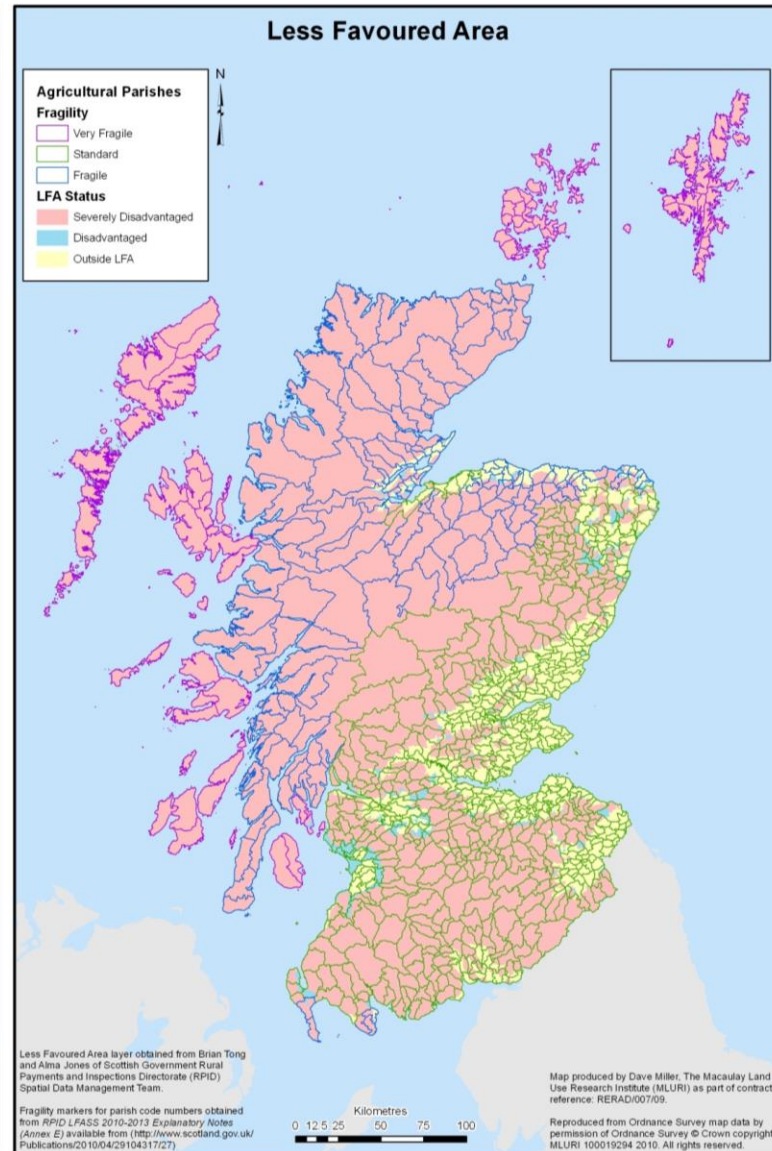
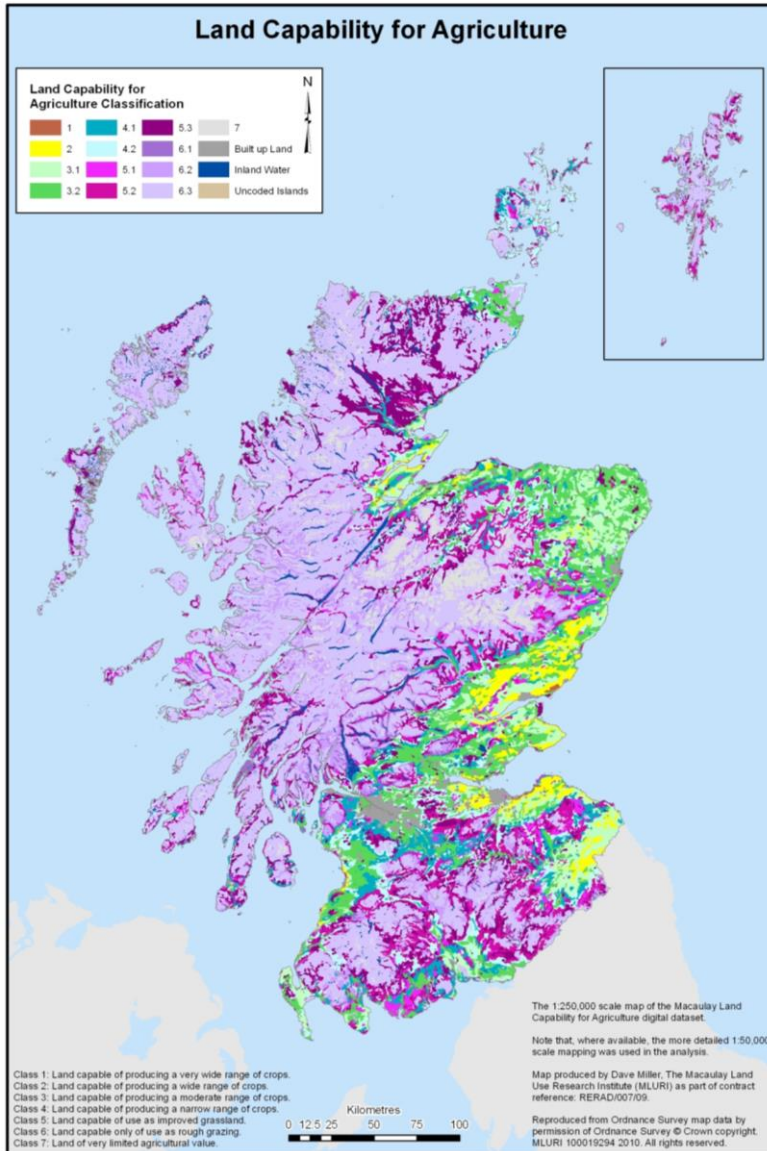
# Outline - the Scottish Model in Practice



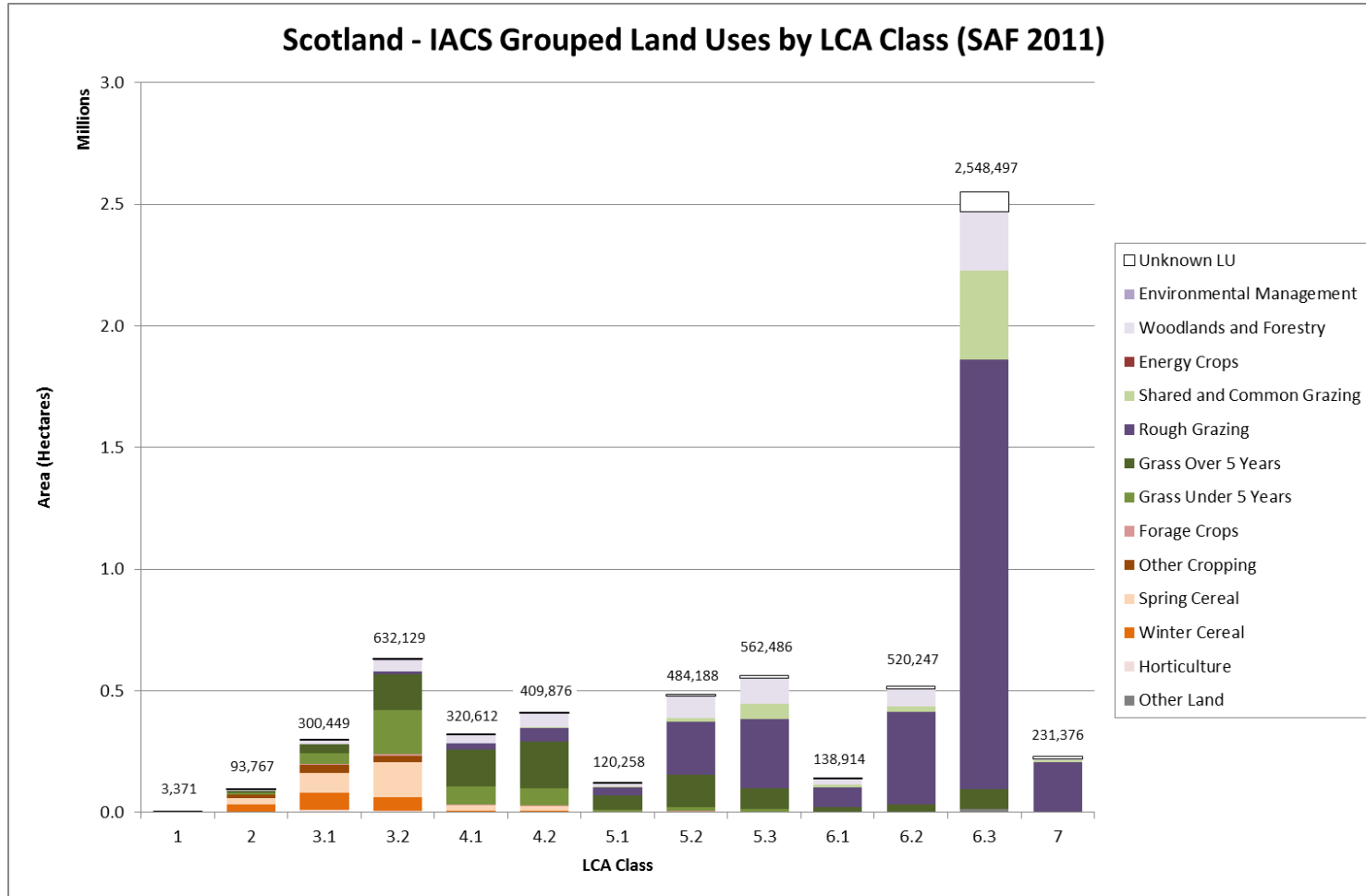
# Pack Inquiry – Research Remit

- Spatial modelling at business level of income effects from a move from historic payments to area-based SFP
- Identify included and excluded area for existing claimants
- Identify potential new entrants – dilution effects
- Test a minimum stocking rate (activity) criteria
- Test alternative bases (regions) for distribution of payments – land quality or handicap
- Test alternative scenarios for payment rates per region
- Provide evidence base to underpin the Pack Inquiry support SG negotiations and stakeholder processes

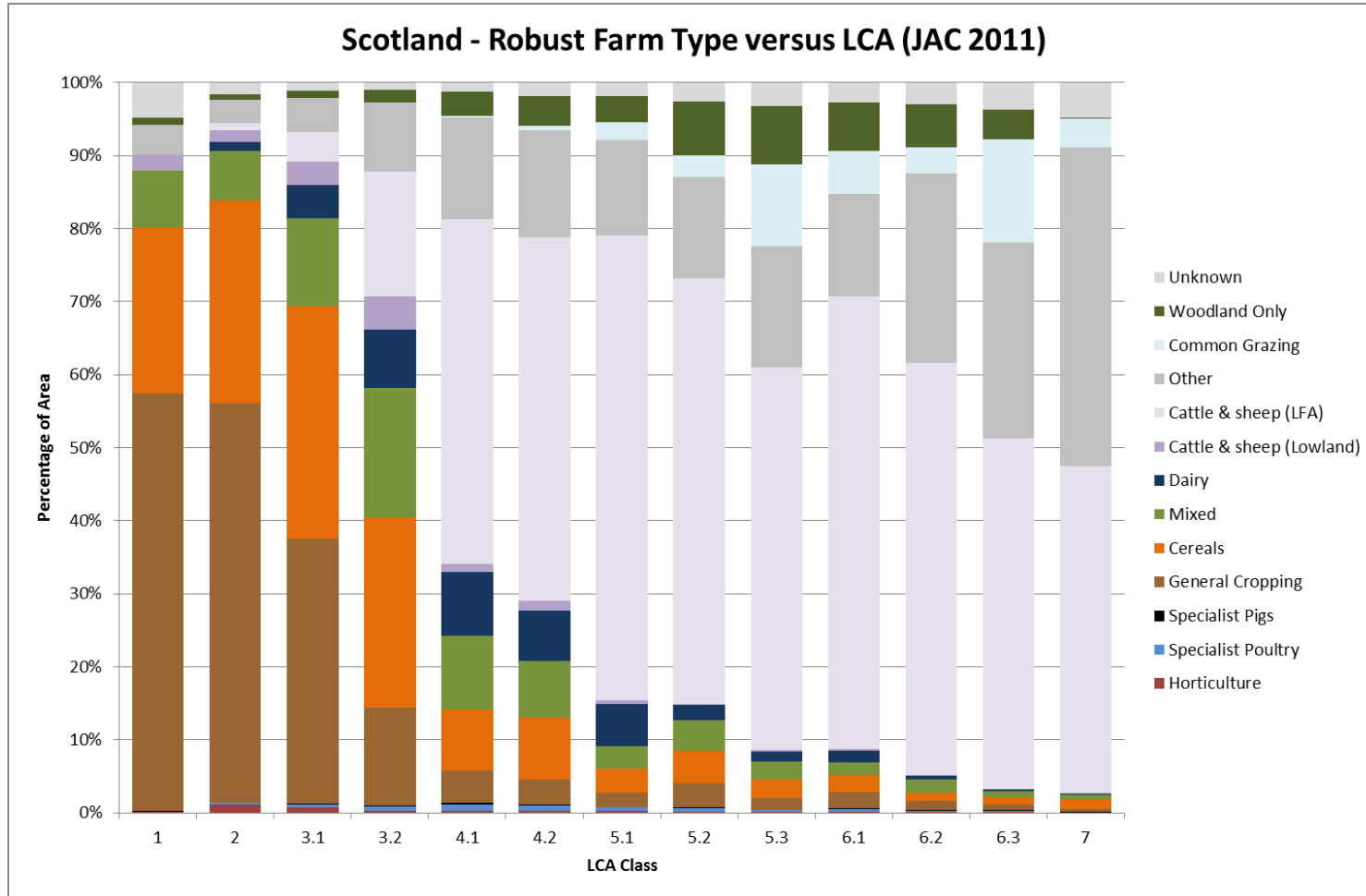
# Land Quality - Options



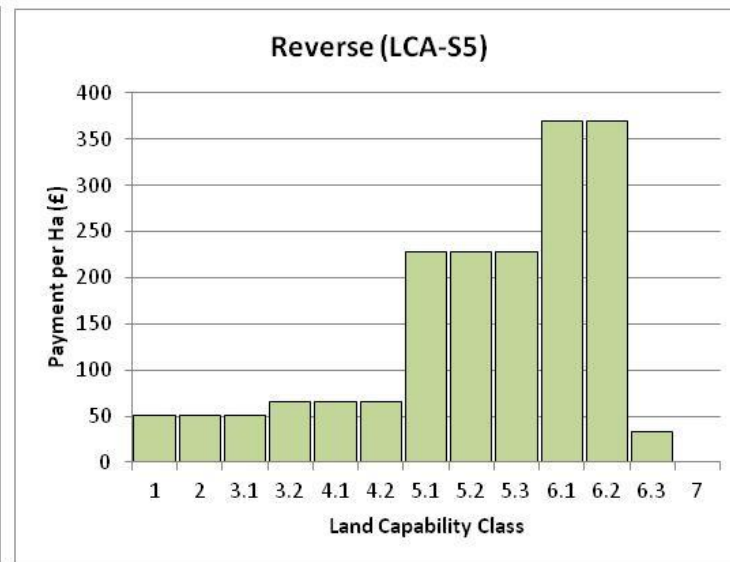
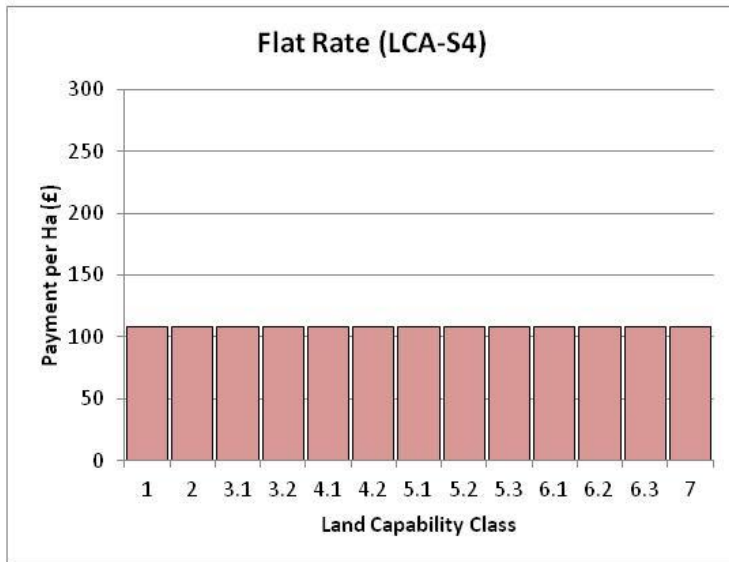
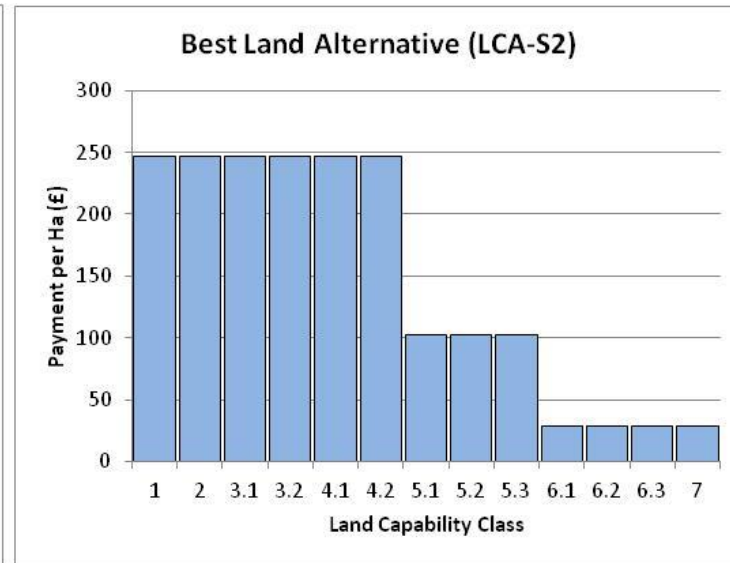
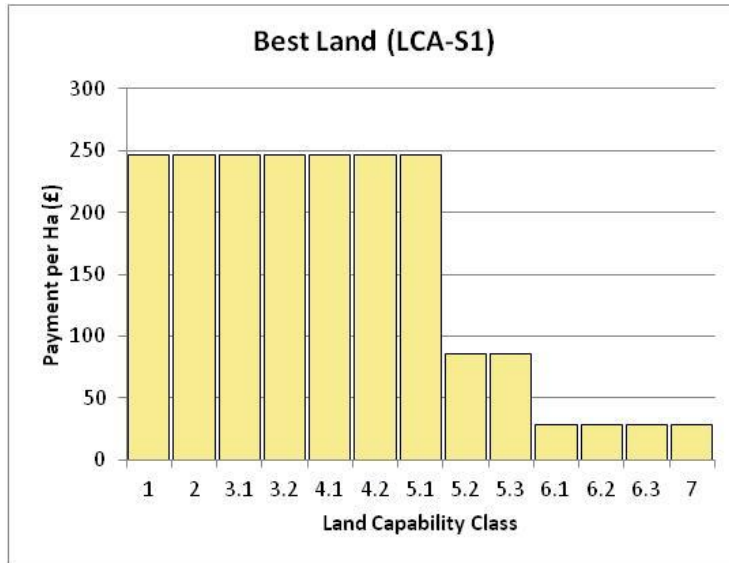
# LCA vs. Land Use



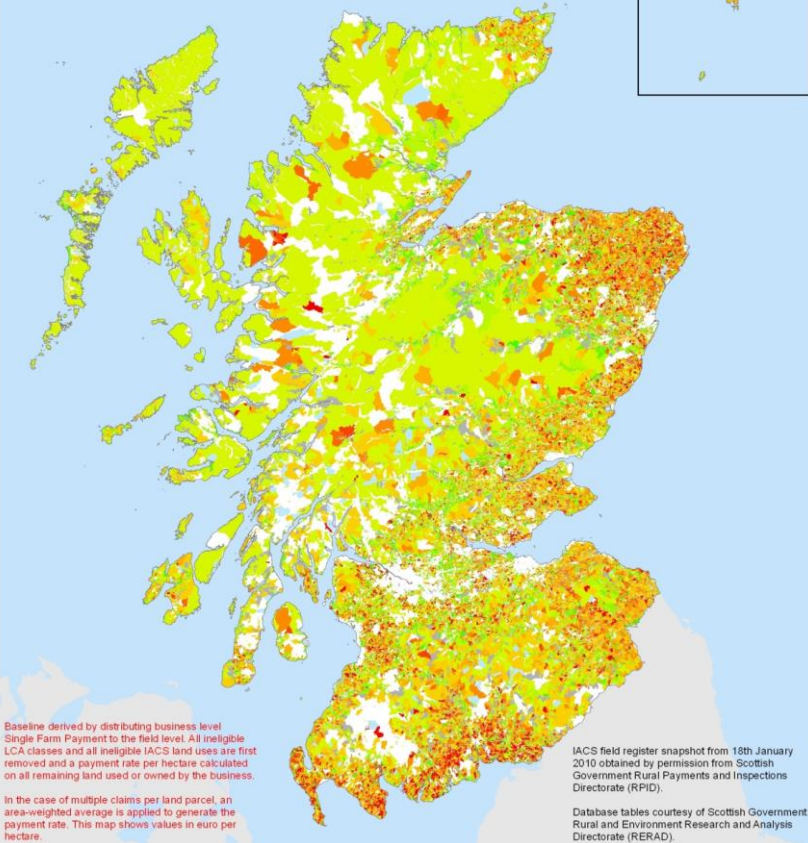
# Farm Type vs. LCA



# Payment Regimes



## LCA-S1 Change in Area Payment €/Ha (Interim Report)



Baseline derived by distributing business level Single Farm Payment to the field level. All ineligible LCA classes and all ineligible IACS land uses are first removed and a payment rate per hectare calculated on all remaining land used or owned by the business.

In the case of multiple claims per land parcel, an area-weighted average is applied to generate the payment rate. This map shows values in euro per hectare.

This map shows the change relative to the baseline area payment in euro per hectare at the field level.

The category "Excluded or unmatched" describes those land parcels which are entirely excluded on the basis of ineligible land use, ineligible LCA class, or unresolved business reference number.



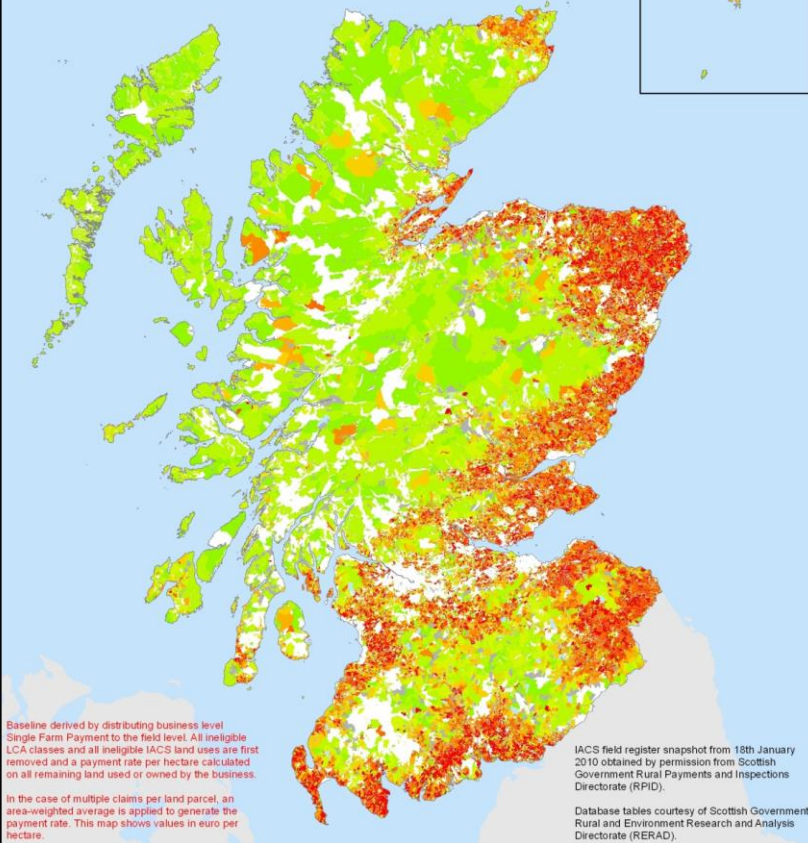
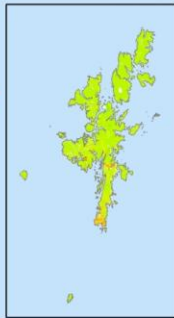
IACS field register snapshot from 18th January 2010 obtained by permission from Scottish Government Rural Payments and Inspections Directorate (RPID).

Database tables courtesy of Scottish Government Rural and Environment Research and Analysis Directorate (RERAD).

Map produced by Dave Miller, The Macaulay Land Use Research Institute (MLURI) as part of contract reference: RERAD/007/09.

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## LCA-S4 Change in Area Payment €/Ha (Flat Rate)



Baseline derived by distributing business level Single Farm Payment to the field level. All ineligible LCA classes and all ineligible IACS land uses are first removed and a payment rate per hectare calculated on all remaining land used or owned by the business.

In the case of multiple claims per land parcel, an area-weighted average is applied to generate the payment rate. This map shows values in euro per hectare.

This map shows the change relative to the baseline area payment in euro per hectare at the field level.

The category "Excluded or unmatched" describes those land parcels which are entirely excluded on the basis of ineligible land use, ineligible LCA class, or unresolved business reference number.



IACS field register snapshot from 18th January 2010 obtained by permission from Scottish Government Rural Payments and Inspections Directorate (RPID).

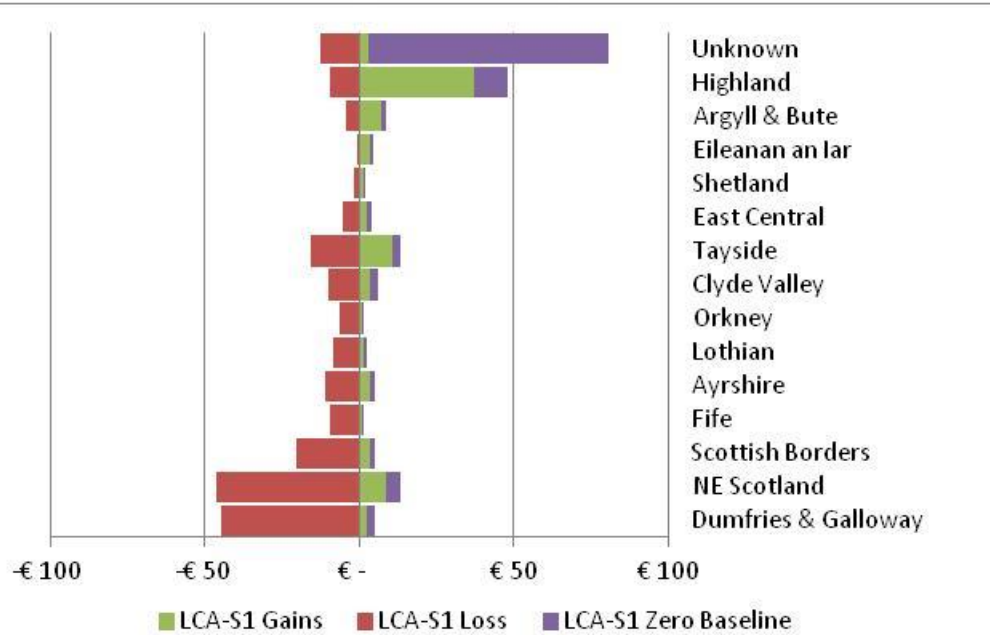
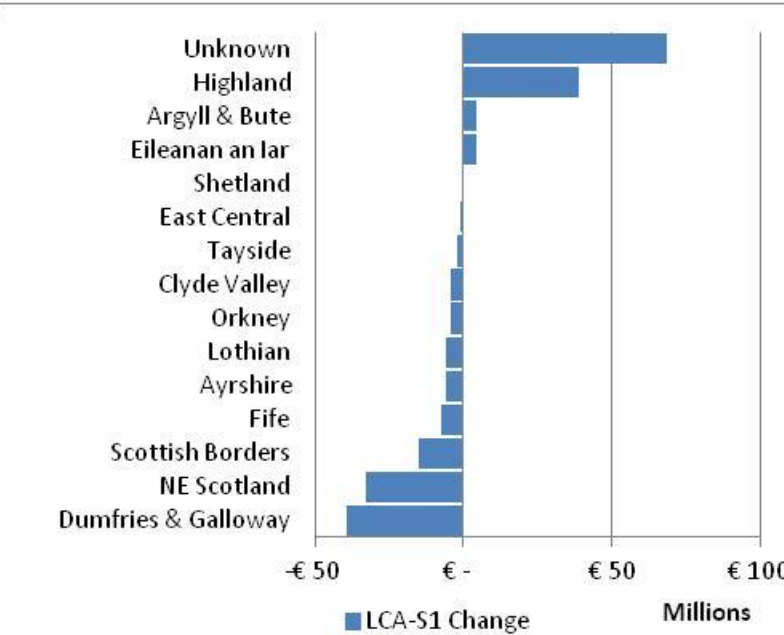
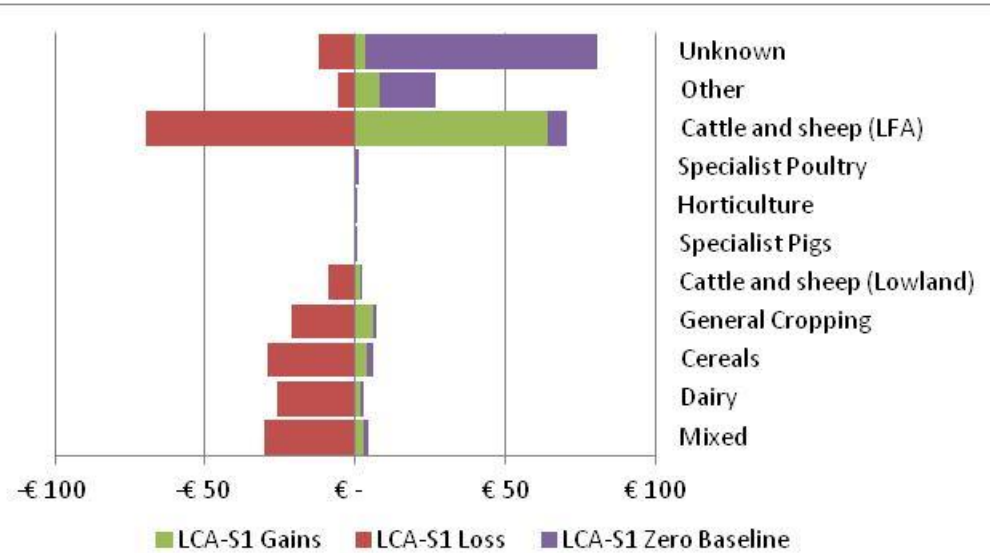
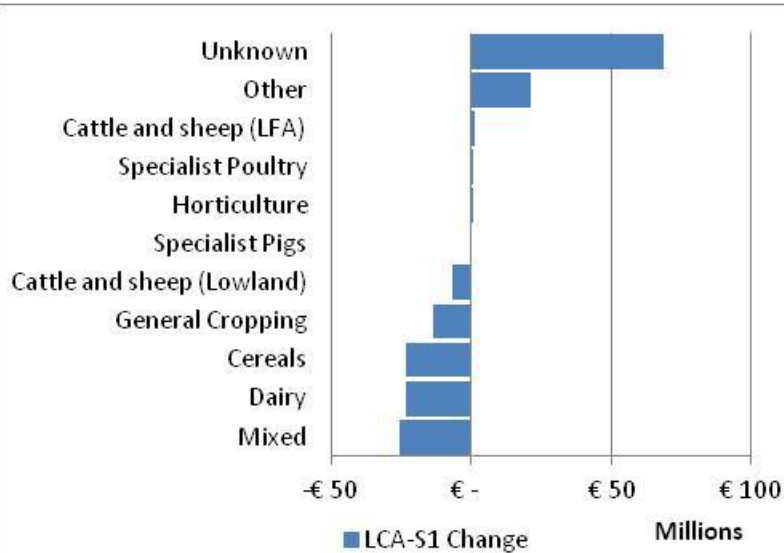
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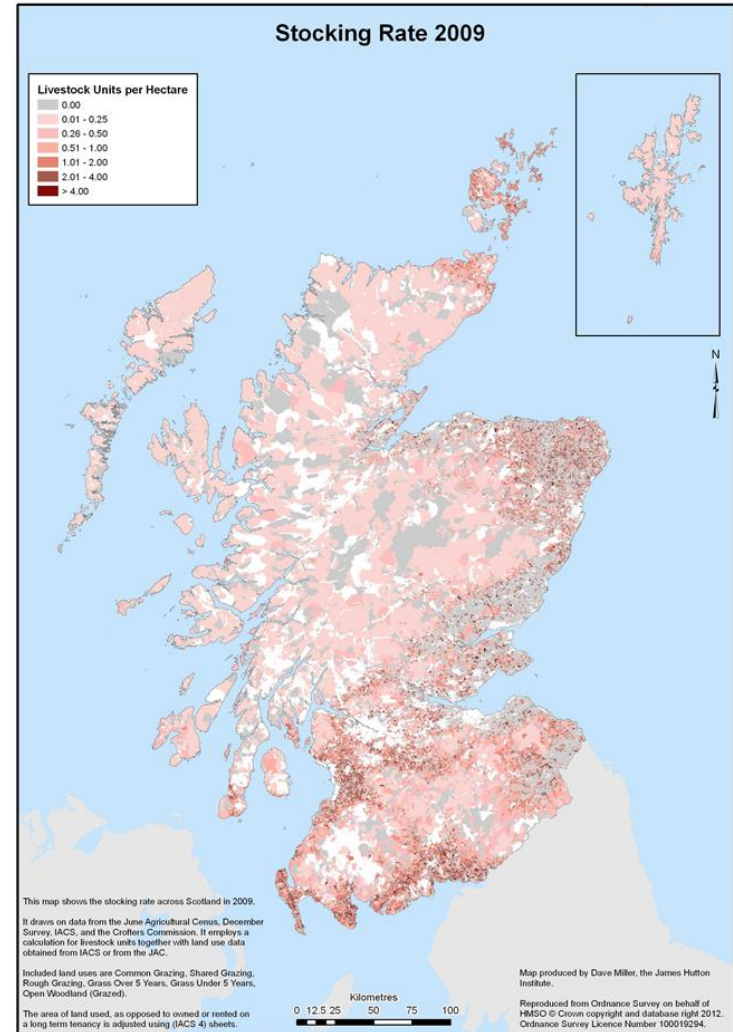


# LCA-S1 Outcomes



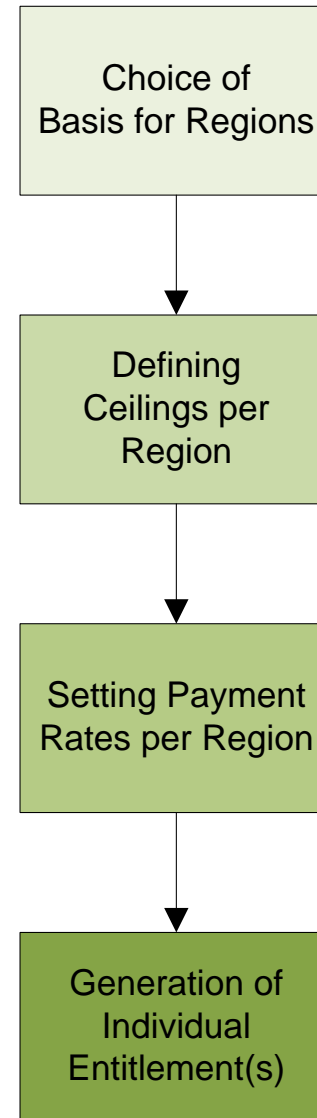
# Potential New BPS Recipients

#	Eligible Area Scenario	Area (ha)
-	2009 entitlements	4,354,660
<b>A</b>	No stocking rate threshold applied	5,777,399
<b>B</b>	Minimum stocking rate of 0.01 LSU/ha	4,217,057
<b>C</b>	Minimum stocking rate of 0.06 LSU/ha	3,735,601
<b>D</b>	Minimum stocking rate of 0.12 LSU/ha	3,368,566
-	“Zero” SR Temporary Grassland	49,834
-	“Zero” SR Permanent Grassland	93,013



# On-going Regionalisation

- Support for negotiations and horizon scanning implementation issues
- Two stages where decisions matter
- Regions – the spatial structure for the organisation of payments (e.g. LCA < LFA, Land Type or classified Parishes)
- Ceilings – the amount of money available in each region (e.g. historic, economic or land based).
- Payment rates – Ceiling/Region
- Entitlements



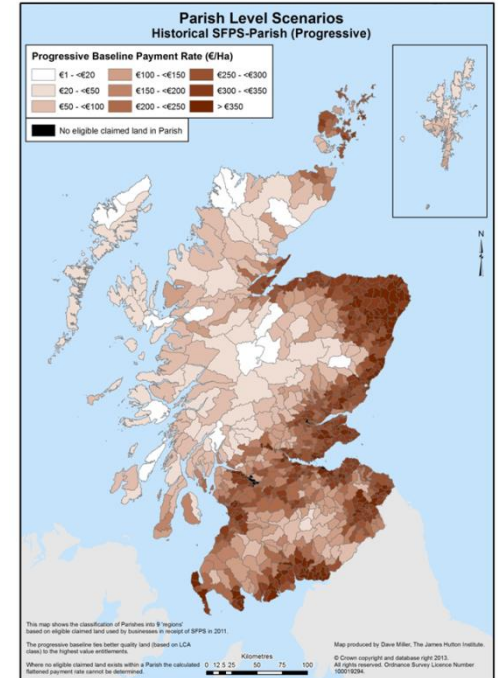
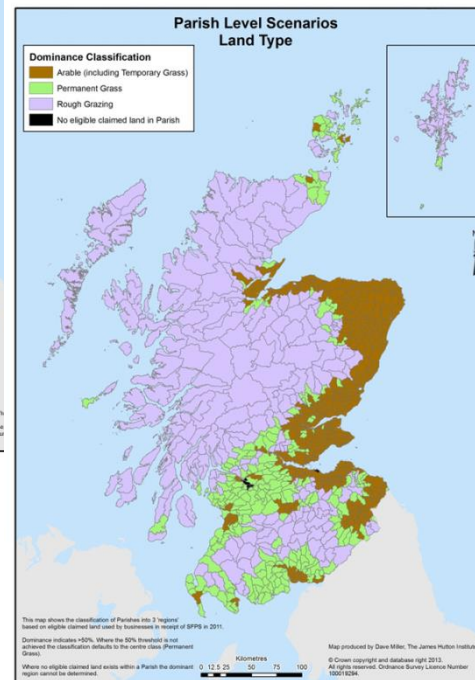
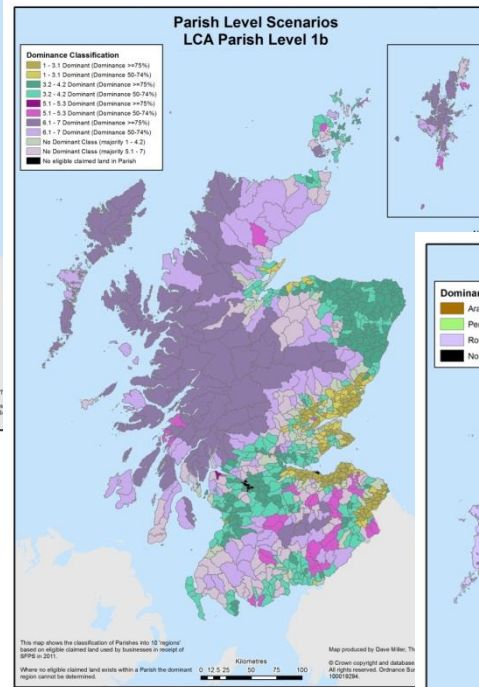
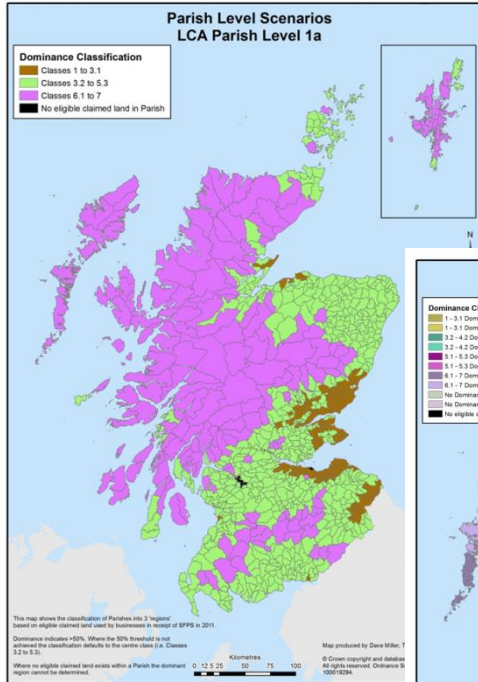
# Options Space\*

REGIONS	No. of Regions	Regional Boundaries
LCA Farm Level 1a	2	• 1 – 5.3, 6.1 – 7
LCA Farm Level 1b	3	• 1 – 3.1, 3.2 – 5.3, 6.1 – 7
LCA Farm Level 1c	4	• 1 – 3.2, 4.1 – 4.2, 5.1 – 5.3, 6.1 – 7
LFA	3	• Non-LFA, LFA, LFA-HIE
Land Type Farm Level	3	• Arable (incl. Temporary Grass), Permanent Grass, Rough Grazing
LCA Parish Level 1a	3	• 1 – 3.1, 3.2 – 5.3, 6.1 – 7
LCA Parish Level 1b	10	• 1 – 3.1, 3.2 – 4.2, 5.1 – 5.3, 6.1 – 7, dominant >75%, >50% and no dominant variations <4.2 and > 5.1
Historical SFPS-Parish	9	• €1-<20; €20-49; €50-99; €100-149; €150-199; €200-249; €250-299; €300-349; €350+
Land Type Parish	3	• Arable (incl. Temporary Grass), Permanent Grass, Rough Grazing

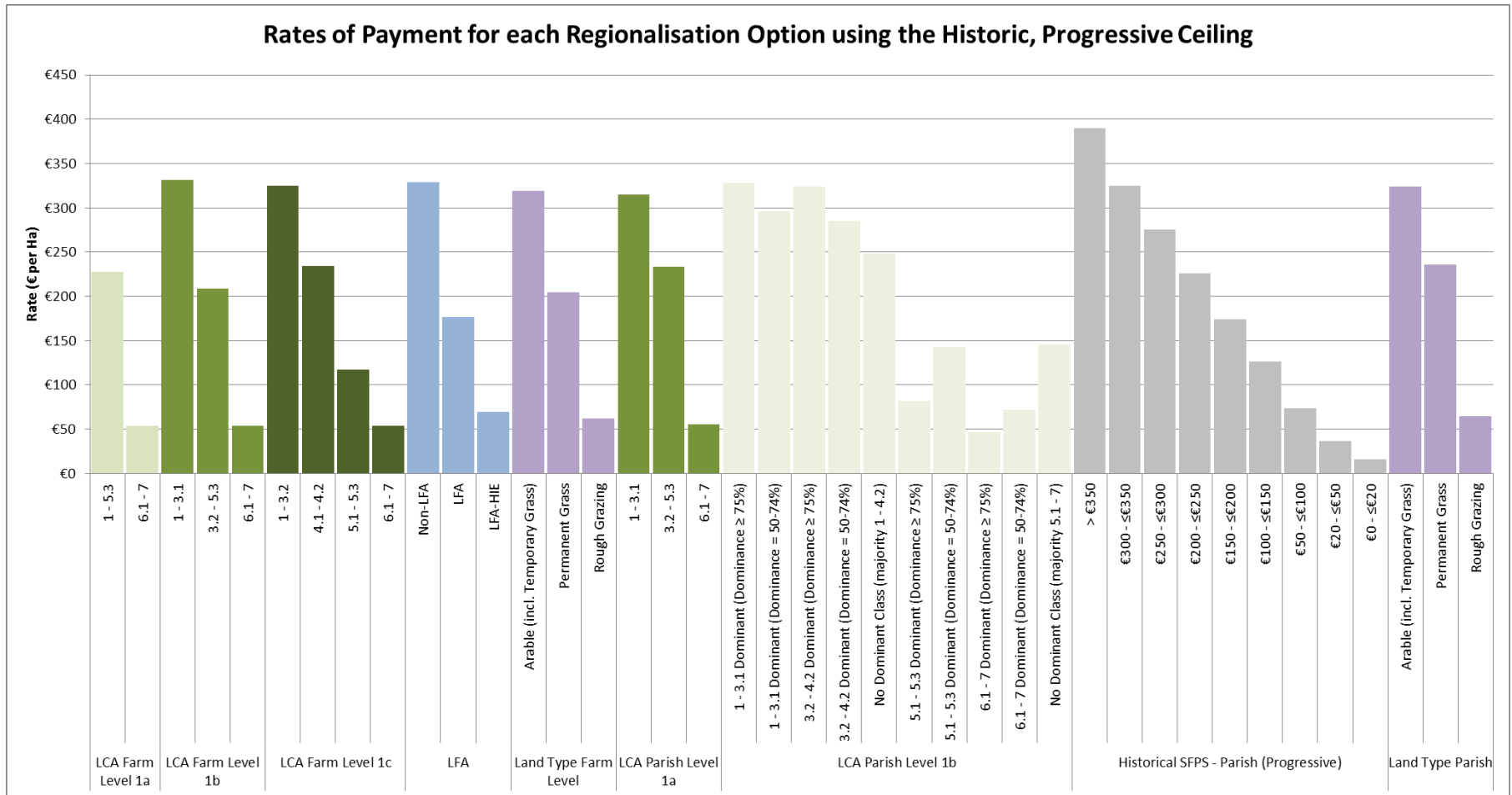
CEILINGS
Historic
Economic (share of standard output)
Land bases (share of agricultural area)

\*A scenario – combines a region and a ceiling to set the rates.

# Parish Classification Systems

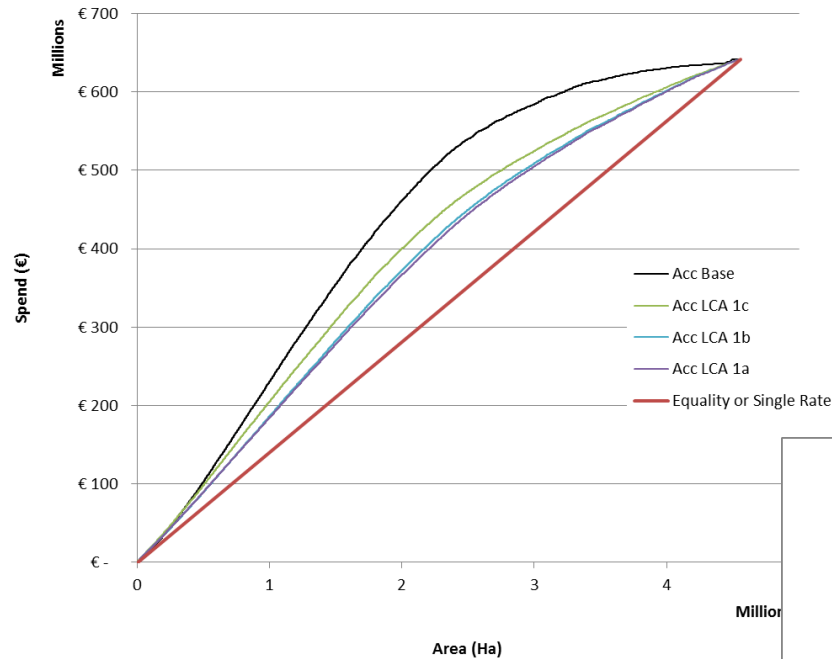


# Historic, Progressive Regions & Rates

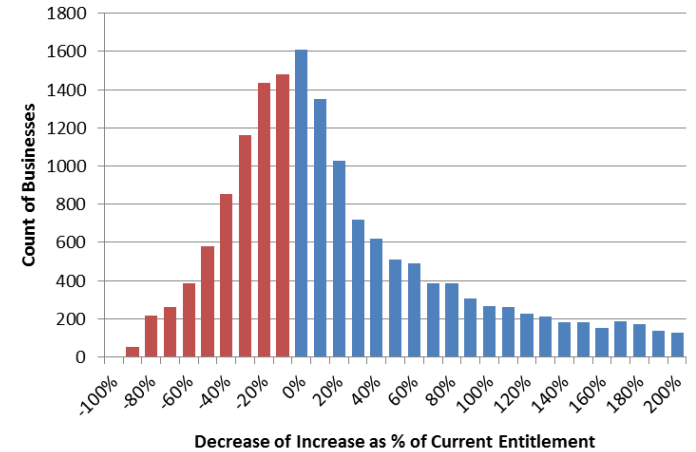


# Preliminary Results

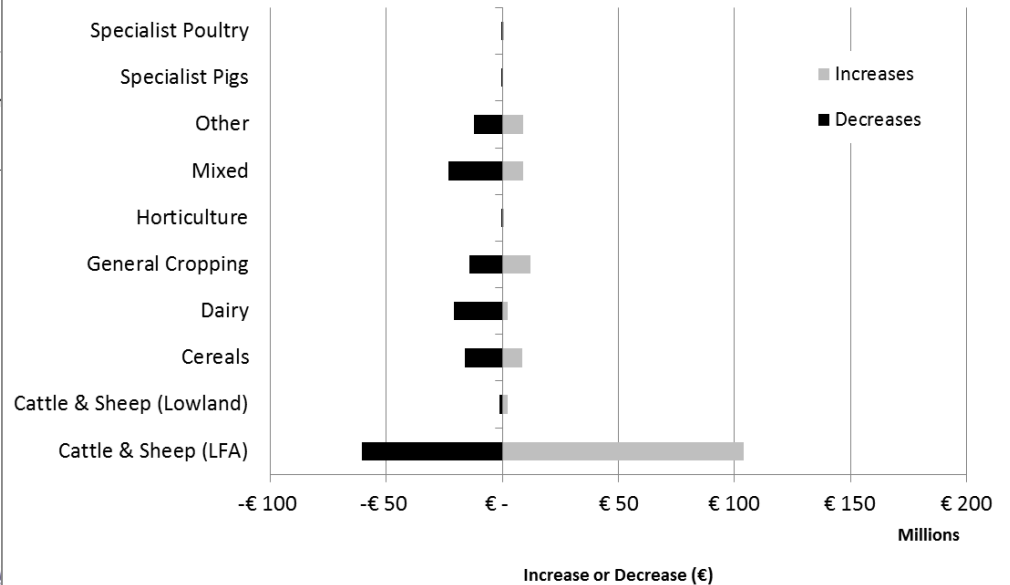
Pareto distribution of SFP spend



Distribution of Change LCA 1c H,P



LCA 1c - Historic Progressive



# Area-based Principles and Challenges

- New recipients likely to mean reductions in payment
- Area-based approaches “flatten”
- Flattening means redistribution – generally more intensive to less
- Within Farm Types and within Regions important – beware net effects
- Basis of payments matters – land quality, land type, LFA status
- Limits on the acceptable bases for payments, some flexibility for regions and ceilings but strongly redistributive
- Geography of regions matters – need to avoid extremes in a single region
- Trade-off consistency vs. complexity
- Defining success



# Feedback into the SRP

- Key question of adaptation to changes in payment distribution
- Survey of Intentions – past change and its drivers, current plans, possible responses to increase or decrease in payment (or new recipients) – with SRUC & Exeter Uni
- Analysis within three Themes within the Programme – Economic Adaptation, Land Use and Food, Health and Welfare
- Feed into detailed considerations of business and regulatory (BRIA), equality (EQIA) and strategic environmental assessment (SEIA)

# Reports & Contacts

## Future CAP Payments

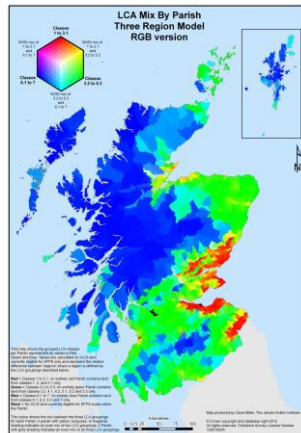
*LCA Mix per Parish - An analysis of Land Capability for Agriculture (LCA areas) for each Agricultural Parish*

Dave Miller, Keith Matthews

Working Draft v1.2



7 November 2012



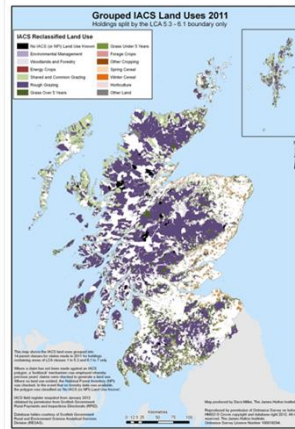
## Future CAP Payments

*Determining the land use and farm-type mixes of land capability for agriculture class groupings in the regions of Scotland and the characteristics of holdings containing both land capability for agriculture classes 1 to 5.3 and 6.1 to 7 land.*

Dave Miller, Keith Matthews, Kevin Buchan



7 November 2012



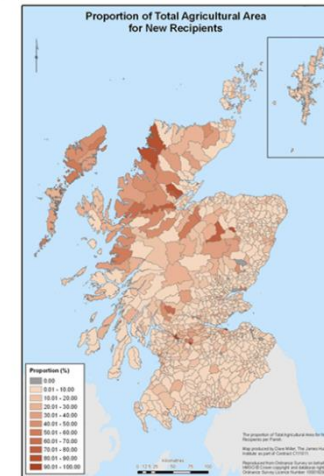
## Future CAP Payments

*Estimating the Area Potentially Eligible for Single Farm Payment*

Kevin Buchan, Keith Matthews, Dave Miller



Final Report - 7 August 2012



## Contacts

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Web: [http://www.macaulay.ac.uk/LADSS/research\\_policy.html](http://www.macaulay.ac.uk/LADSS/research_policy.html)



Funded by Scottish Government Strategic Research Programmes Environment: Land Use and Rural Stewardship (2005-11) and Environmental Change - Economic Adaptation (2011-16)

