



CAP Payment Analysis for Agriculture Reform Implementation Oversight Board

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Presentation for ARIOB – Perth, 4 March 2022



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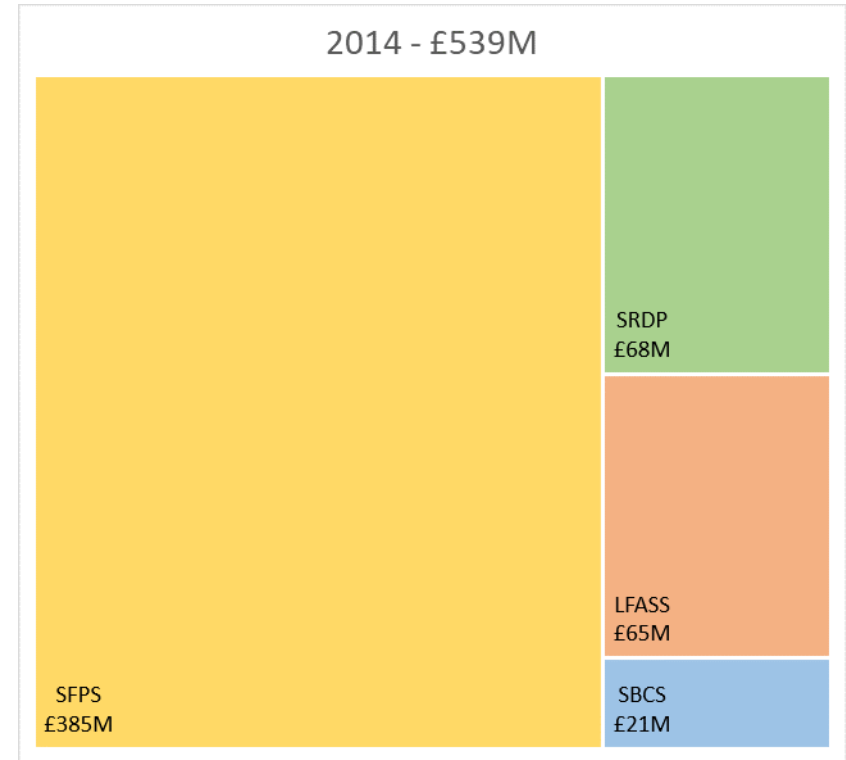
Scope

- **Background:**
 - up to 2014 overall scheme mix – basis of schemes,
 - contrast with the from 2015 schemes - regions and other mechanisms.
- **Change from the 2014 to 2019 schemes:**
 - mapping, components of change.
- **2019 Baseline** - where the money goes:
 - 2015-19 overall scheme mix;
 - maps of payment distributions;
 - breakdowns of payments – views on the system - selected examples.
- **Distributions and associations with payments** - links to outcomes
- **Policy Summary and Interpretation**



Support up to 2014

- Overall scheme mix
- Basis of schemes
 - Single Farm Payment – decoupled, area based but linked to historic production.
 - Suckler Beef Calf – coupled - headage based.
 - LFASS - disadvantage, fragility and historic headage.
 - SRDP – selective, spatial targeted



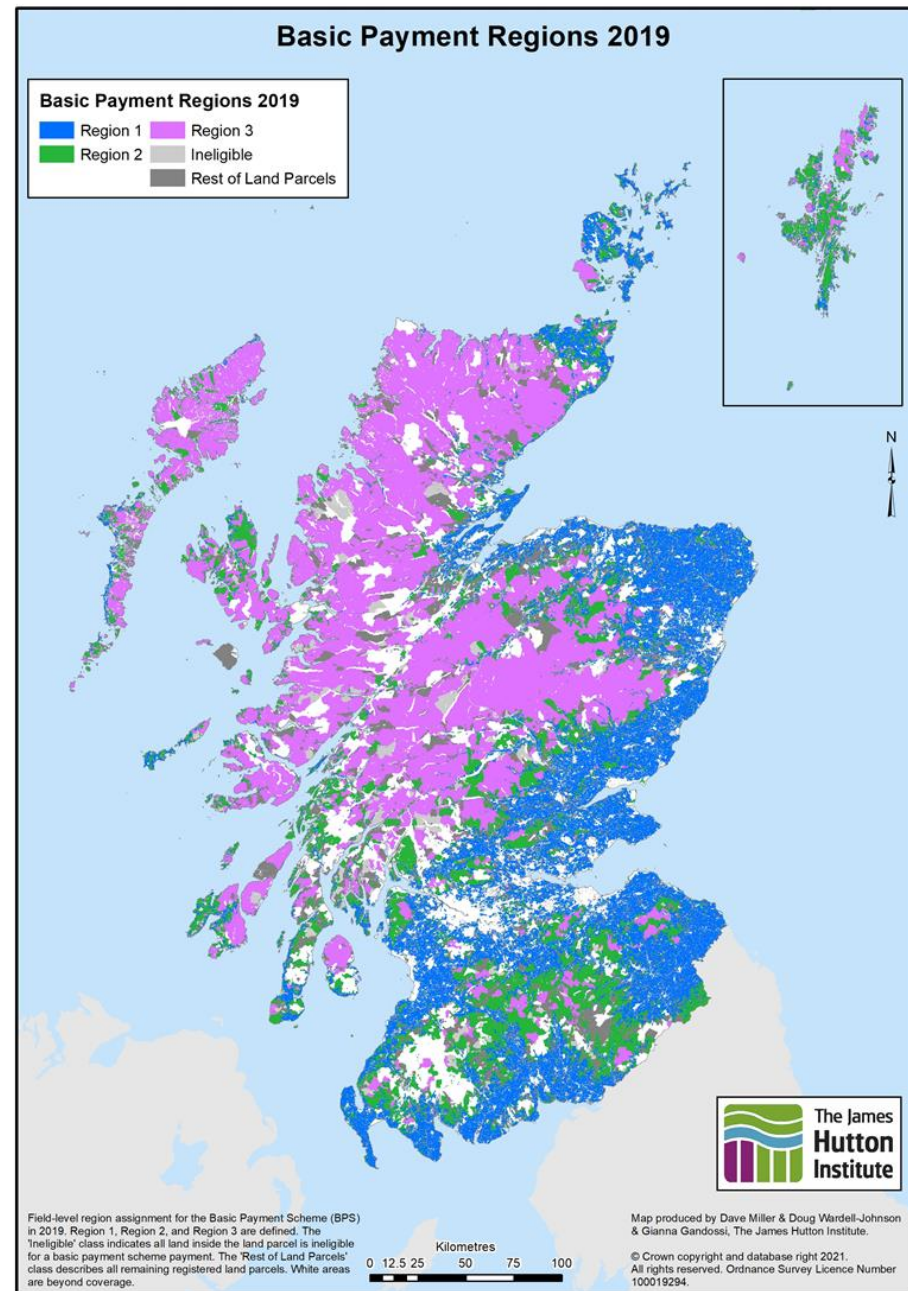
Post 2015 support

Basic Payment

- Area based
 - regionalised – flat
 - budgets and areas = rates
- Enhanced conditionality – Greening (Ecological Focus Areas)
- Convergence (internal and external)
- Eligibility & exclusions
- Capped

Voluntary coupled support

- Three schemes – Beef (Mainland and Island) and Upland Sheep

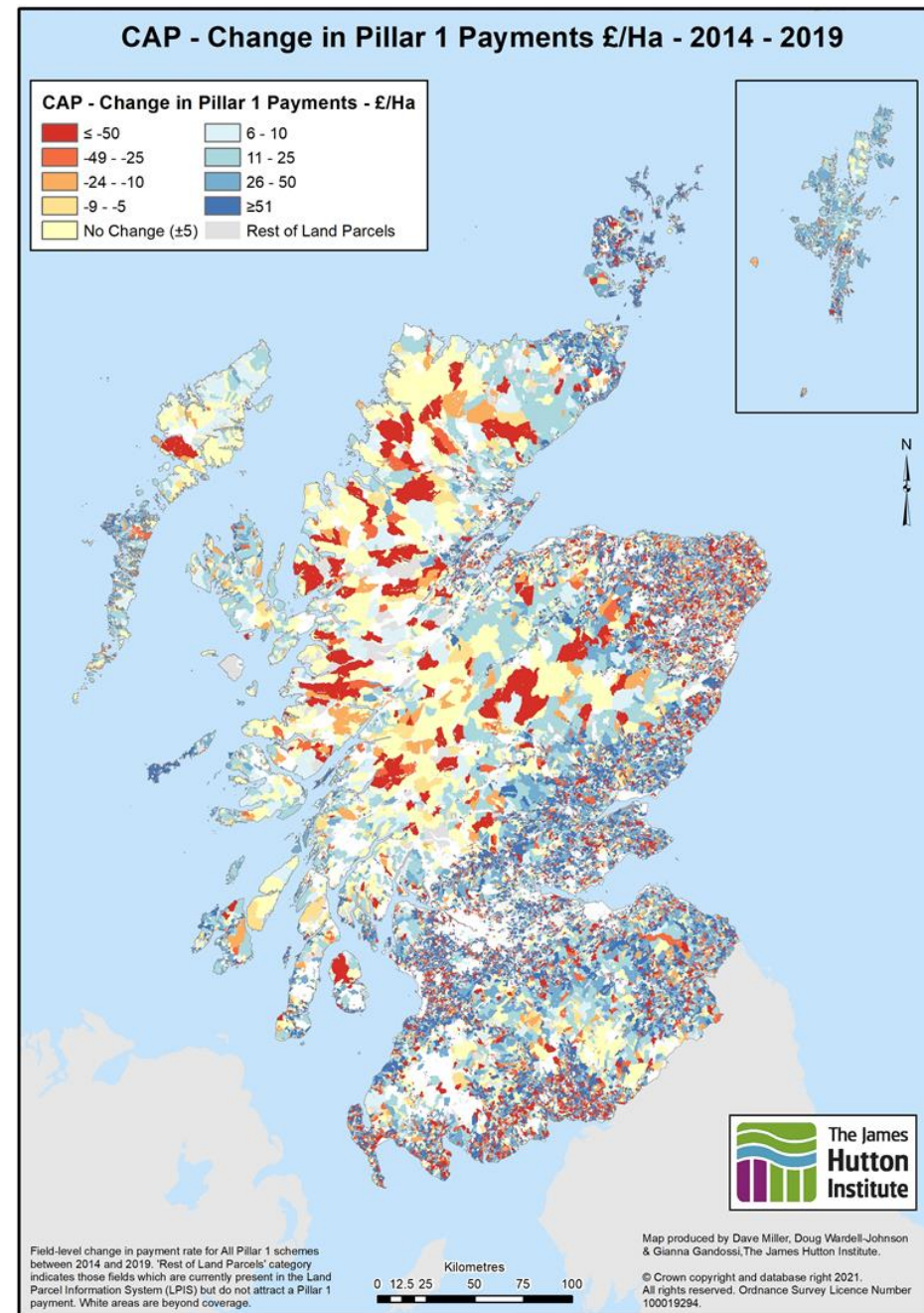


Change 2014 to 2019

Basis of comparison

- Pillar 1 payments 2014 vs 2019
- Post internal convergence
- Incl. exchange rates (+14%)
- No external convergence (£160M)

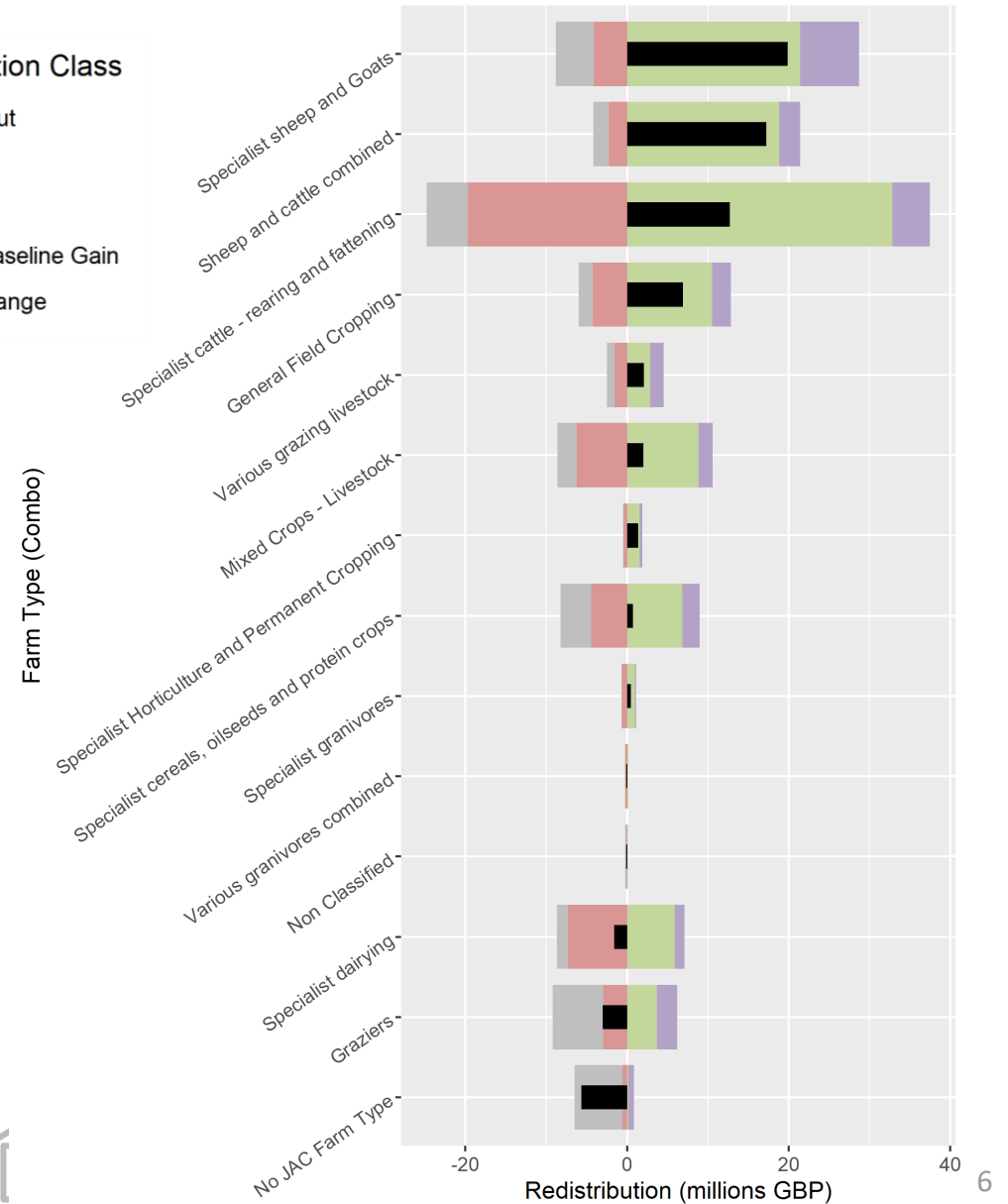
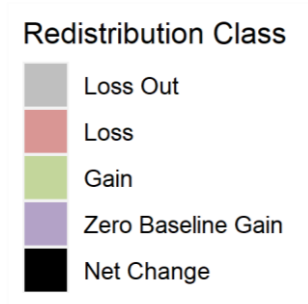
- Map(s)
- Redistribution (“flattening”)



Components of change

Redistribution views

- Gains
- Losses
- New businesses
 - zero baseline type
- No longer receiving
 - loss out type
- Net
 - Between – regions and farm types
- Gross
 - Within – regions and farm types



Components of change (2)

Funds

- +11% (exchange rates)

New area

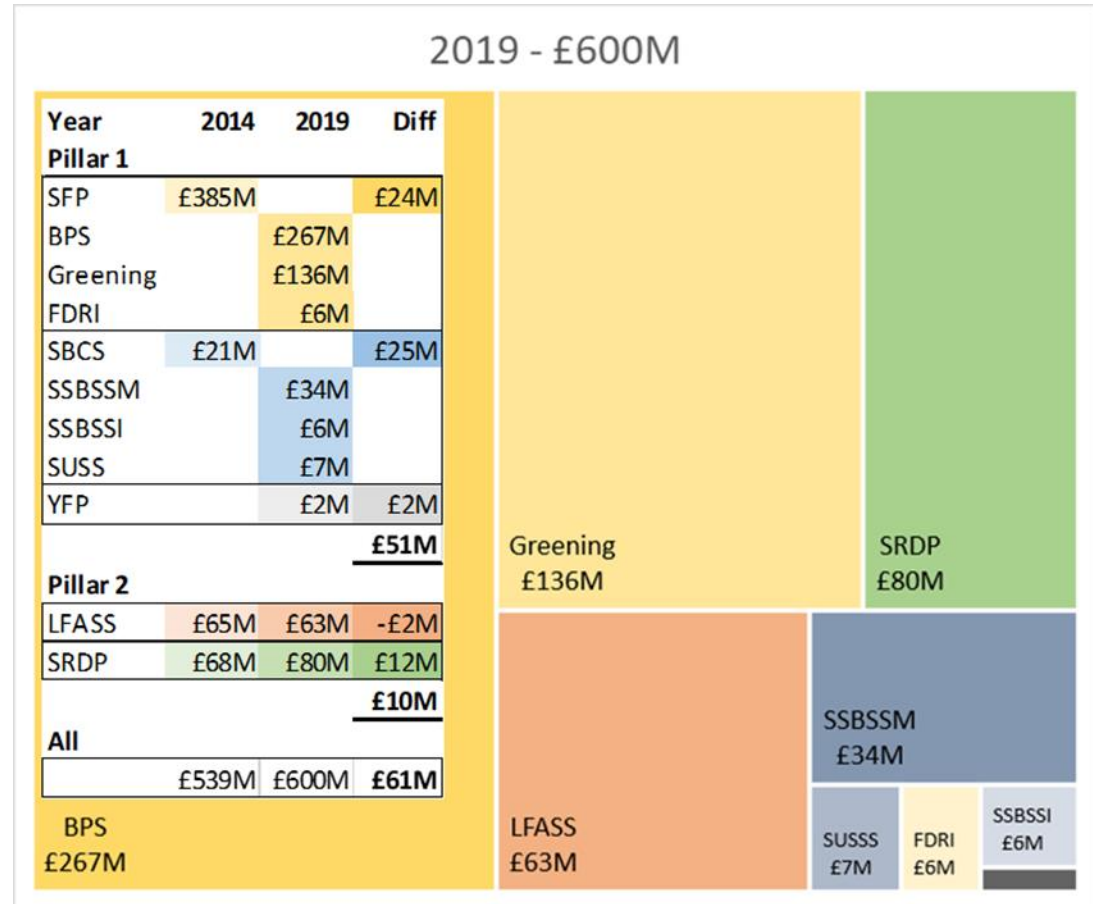
- Net +244k ha (incl. P2)

Business area change (BPS)

- Left IACS – 12%
- Decrease – 8%
- Same (+/-5 ha) – 57%
- Increase – 9%
- New IACS – 13%

Seasonal Rentals

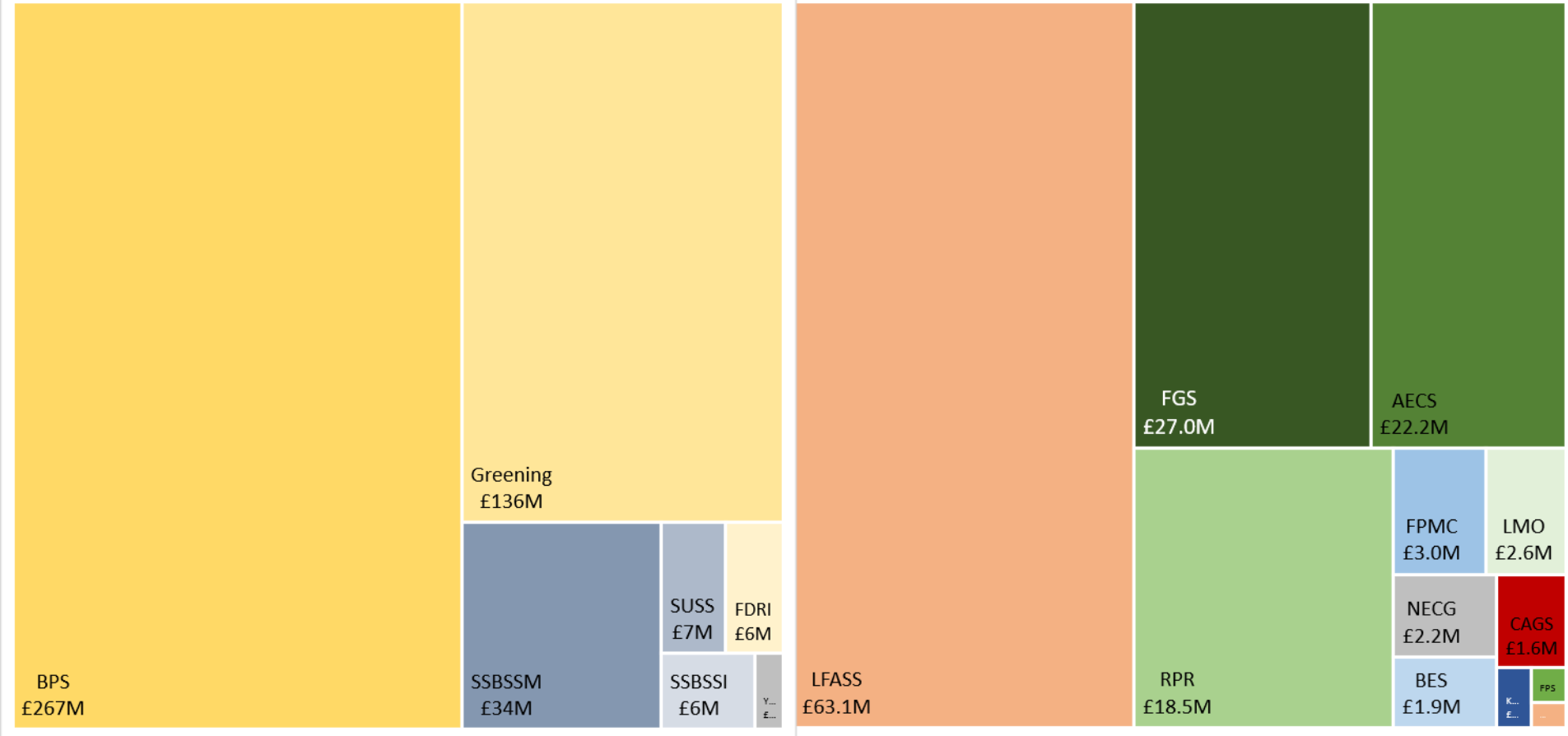
- 2014-15 saw -243k ha to ~62% of 2014 SR
- 2019 to 54% of 2014 SR



2019 “Baseline”

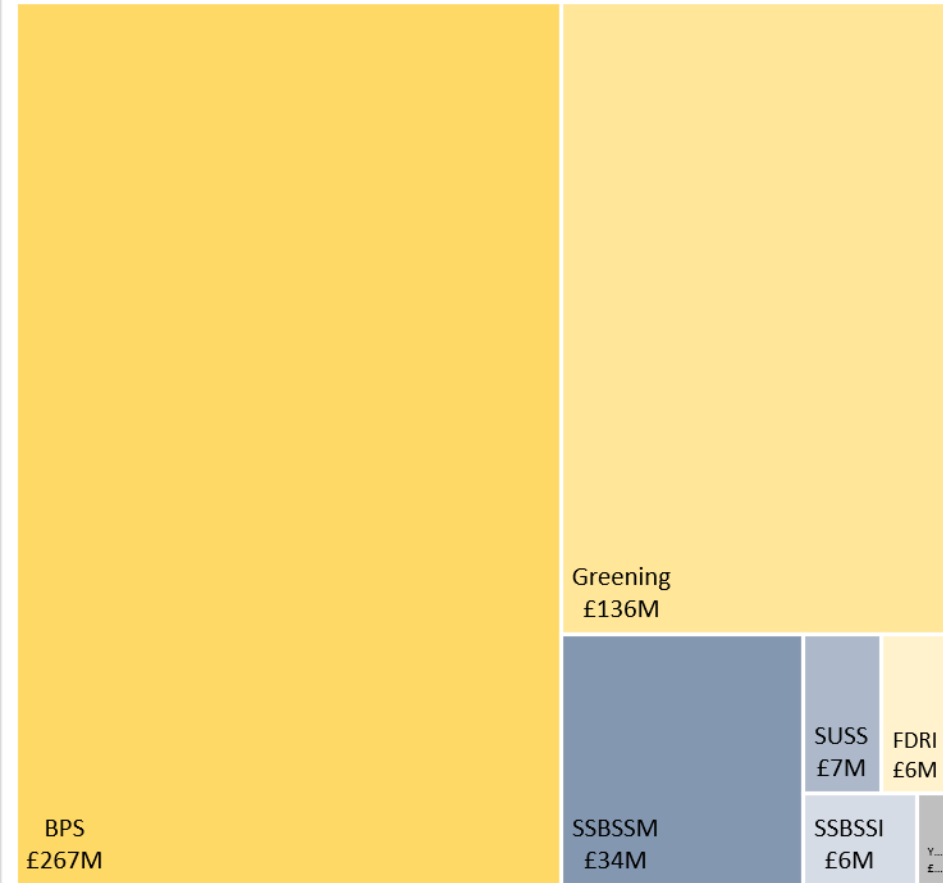
2019 Pillar 1 - £457M

2019 Pillar 2 - £143M

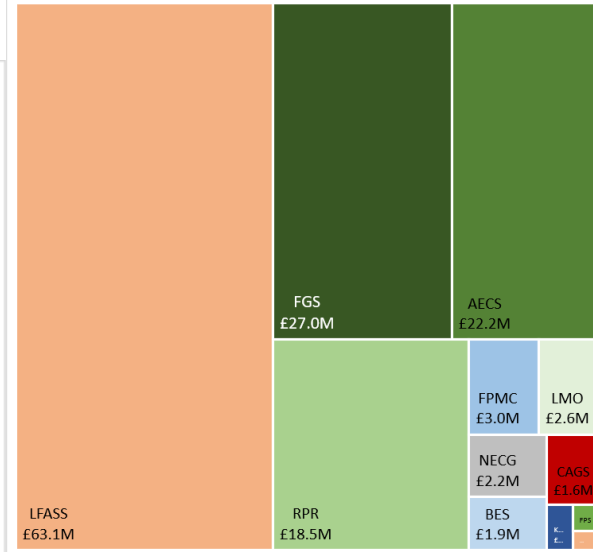


2019 "Baseline"

2019 Pillar 1 - £457M



2019 Pillar 2 - £143M



Year 2019

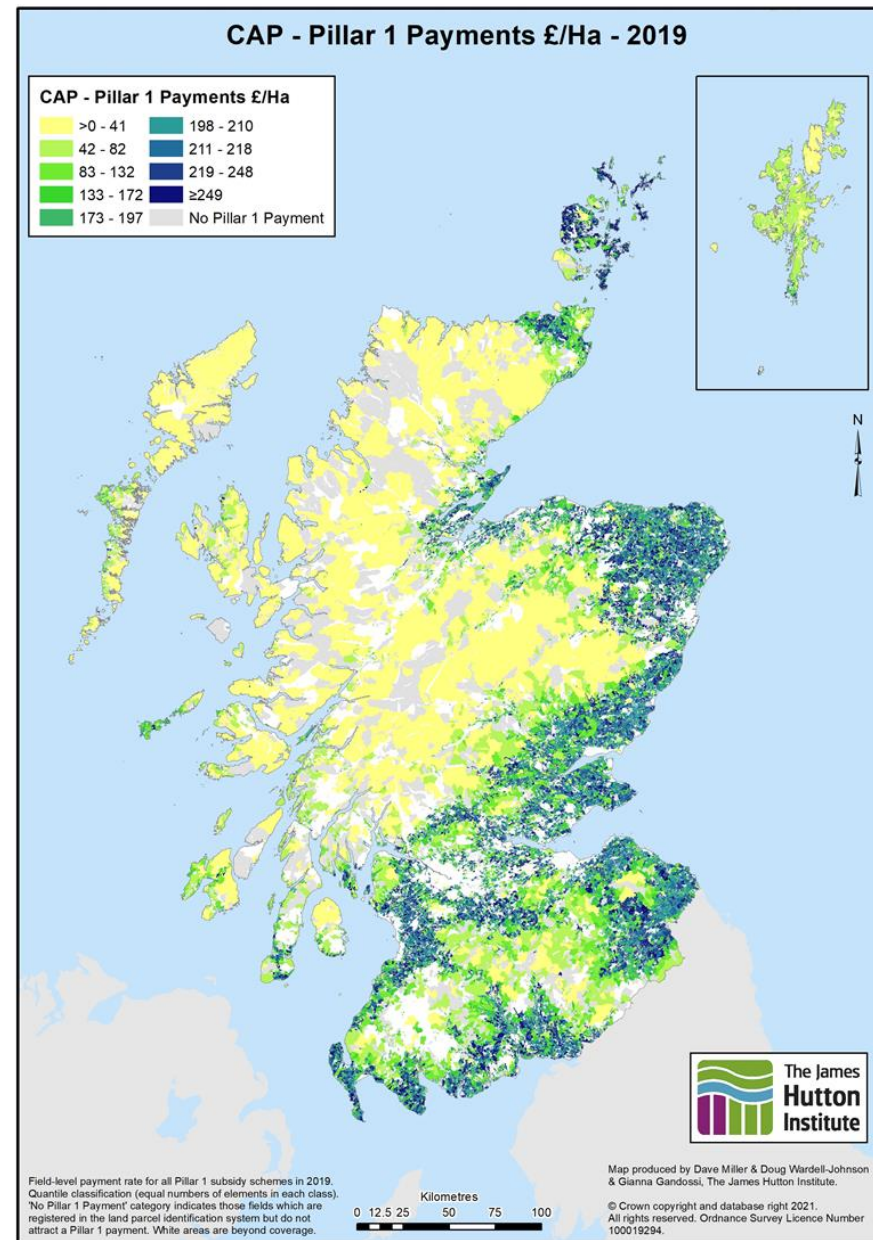
Pillar 2

LFASS	£63M
FGS	£27M
AECS	£22M
RPR	£19M
FPMC	£3.0M
LMO	£2.6M
NECG	£2.2M
BES	£1.9M
CAGS	£1.6M
KTIF	£0.5M
FPS	£0.3M
FWS	£0.1M
SFGS	£0.1M
YFSUG	£0.1M
FWPS	£0.04M
BB	£0.02M
NESUG	£0.004M



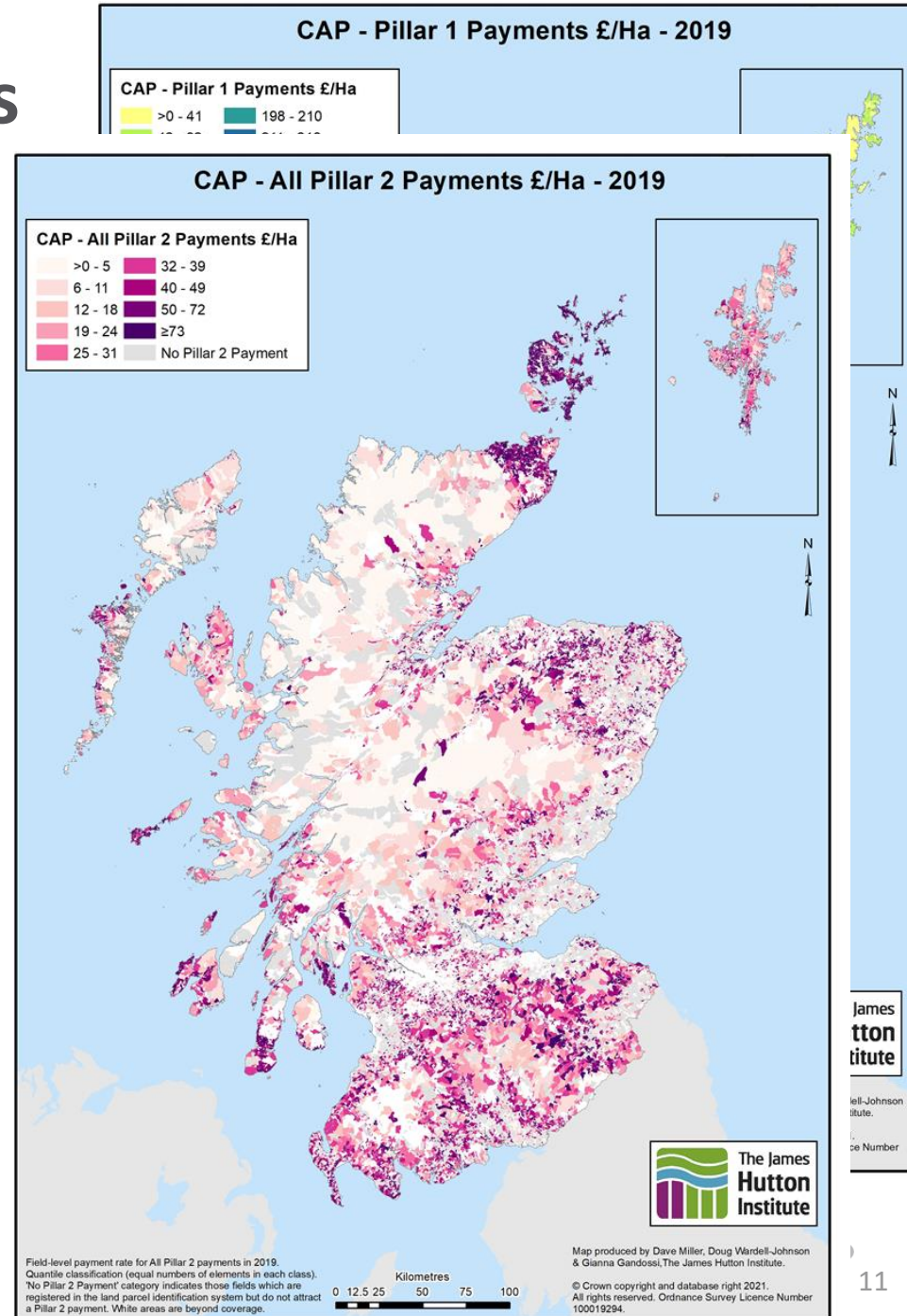
Where the money goes

- Maps of payment distributions (options)
 - Overall rates
 - Within region variation
 - Components
 - Relative spend
- Linkage with other mapped phenomena
 - Peatlands
 - Grouse moors
 - Land capability
 - Socio-economic performance



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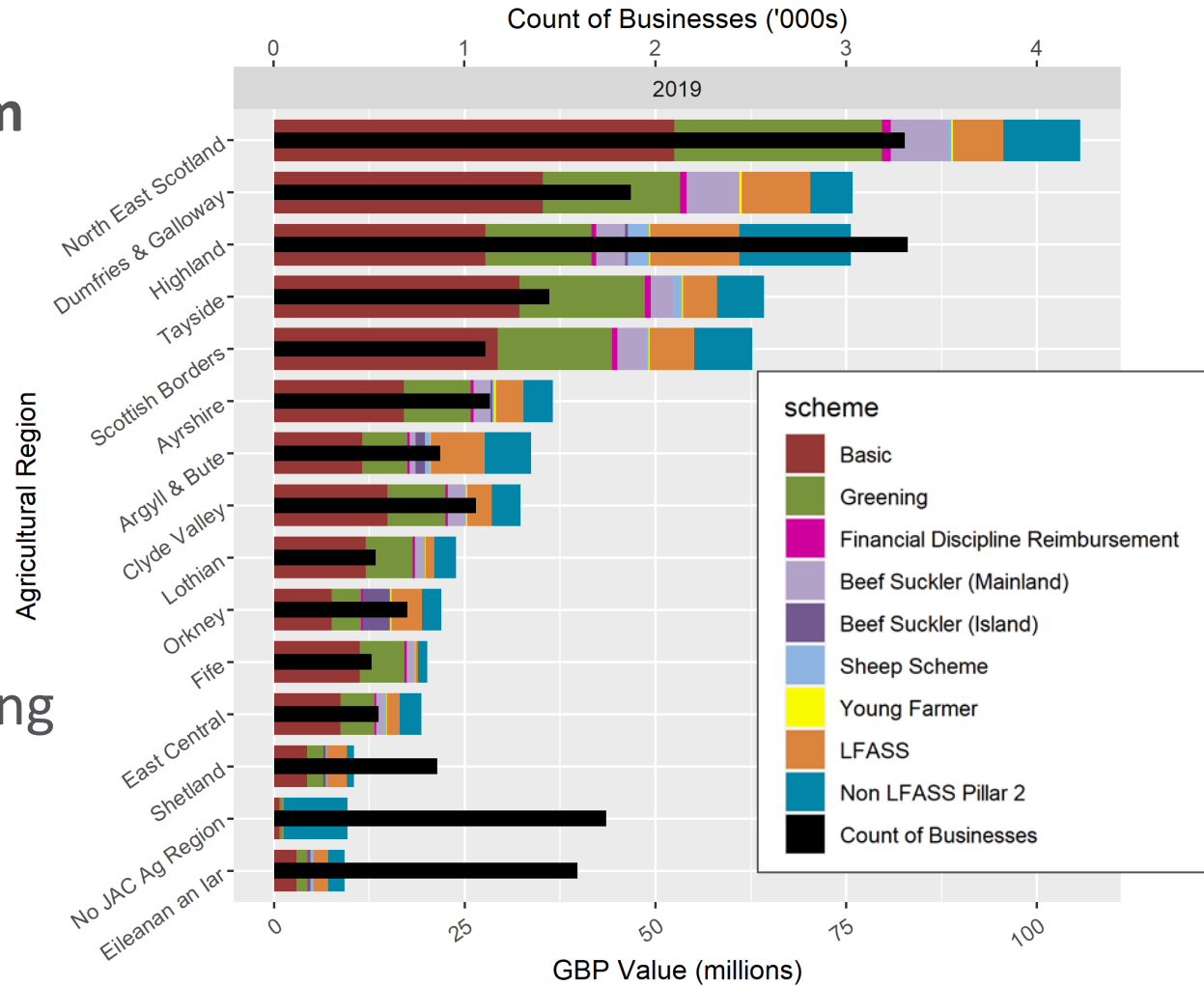


Breakdowns of payments

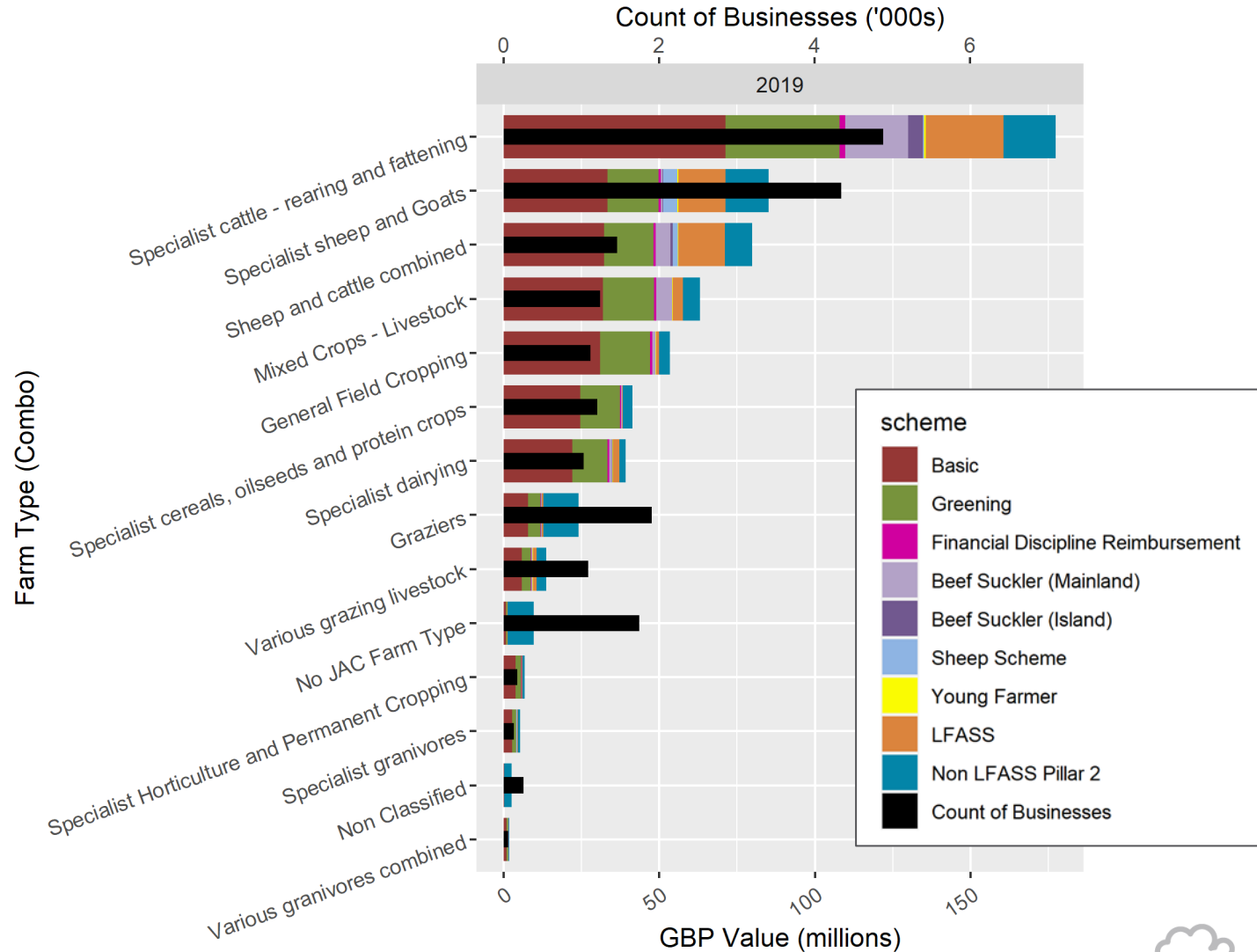
Views on the system

- Regional
- Sectoral
- Size classes

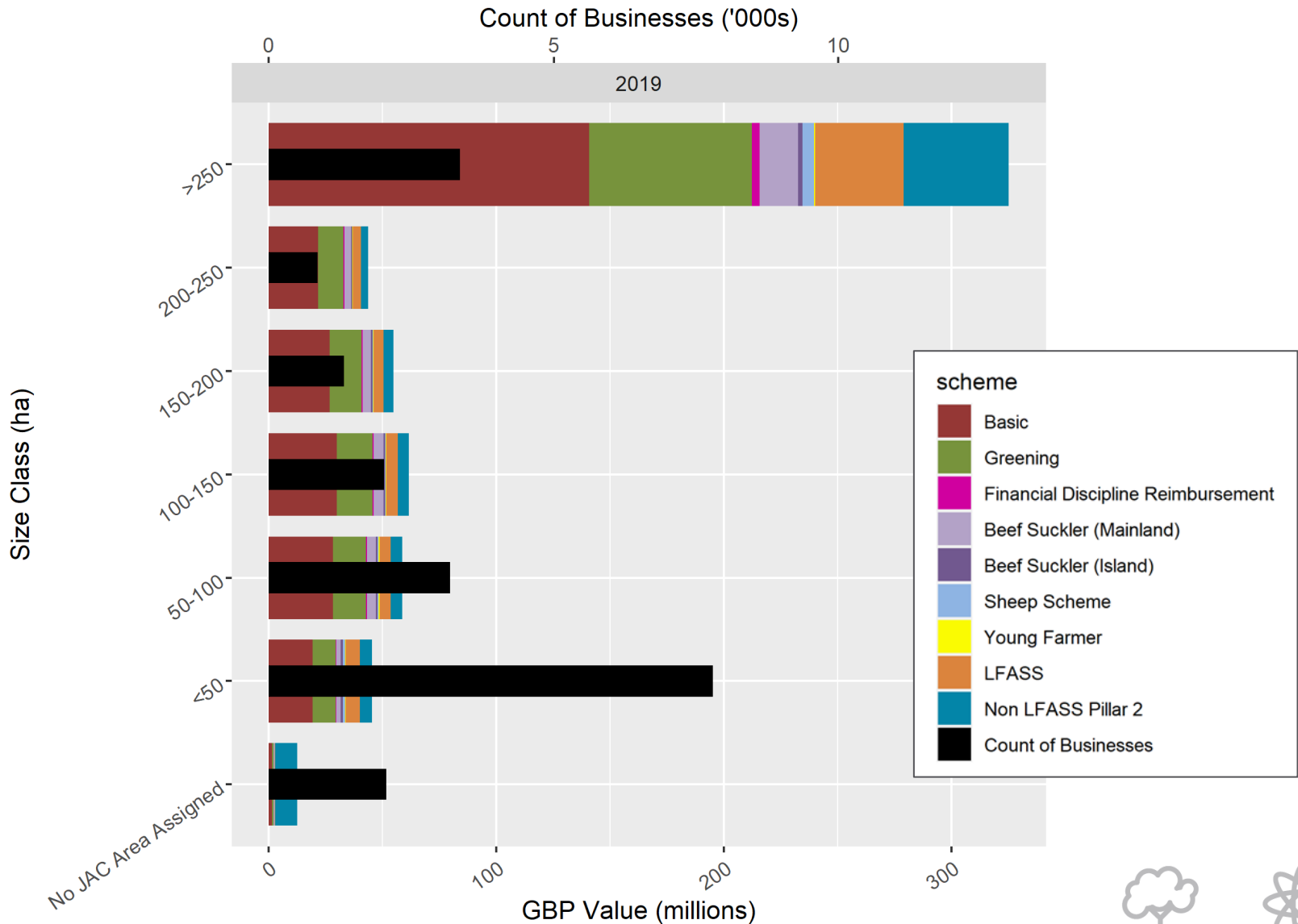
More specific options also possible, e.g., Crofting



Breakdowns of payments



Breakdowns of payments



Distributions

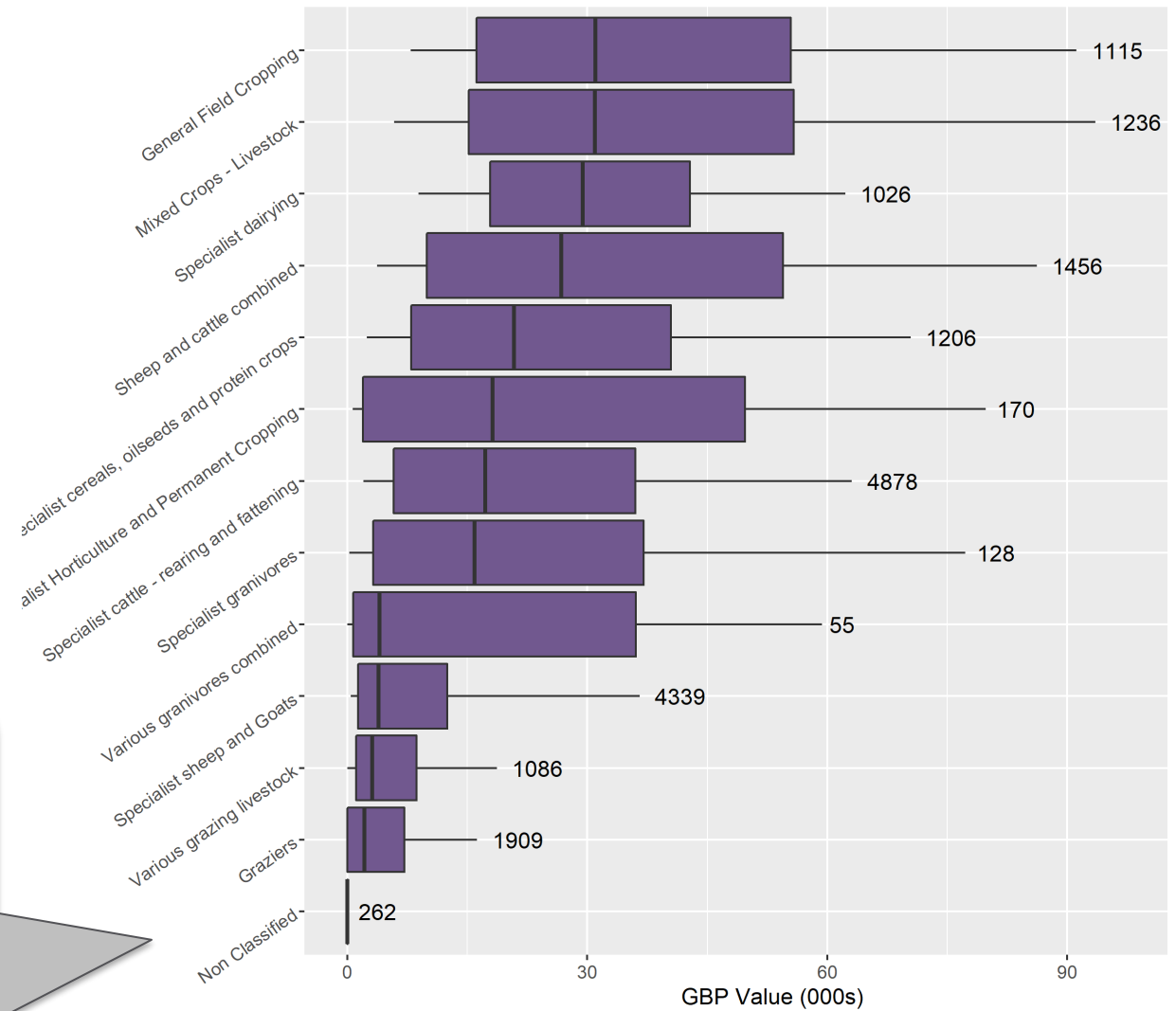
2019 Pillar 1, Farm Type

Limitations of:

- Averages
- Types

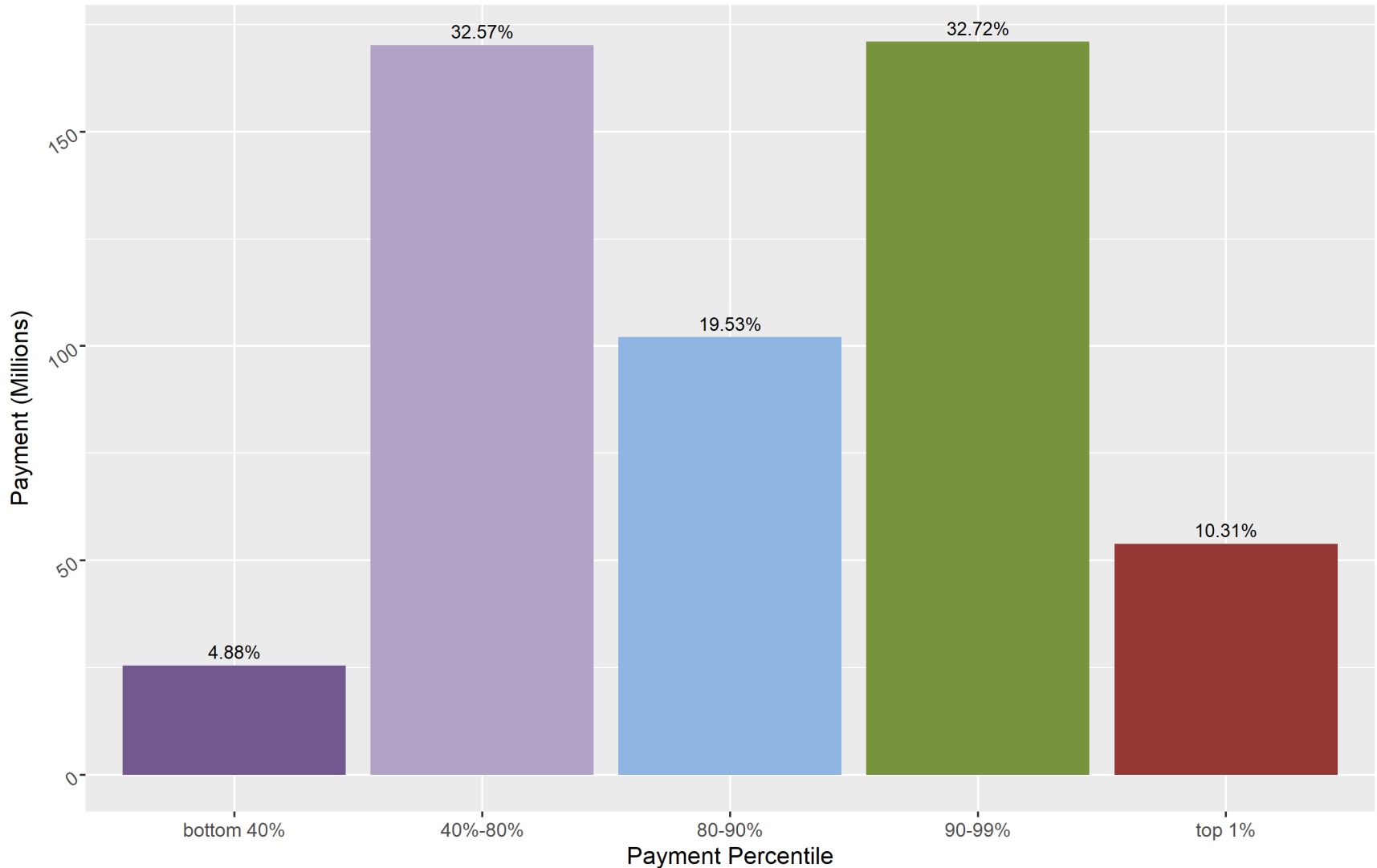
Challenge of simplification

Chart ordered by median payment per business.
Numbers are counts of businesses.
Thick bars are between 25th and 75th percentiles so 50% of the population.
Thin bars are at 10th and 90th percentiles – 80% of population.
 Payments can be larger or smaller than this.



Linking to outcomes

- Associations with payments



Linking to outcomes (2)

■ Associations with payments



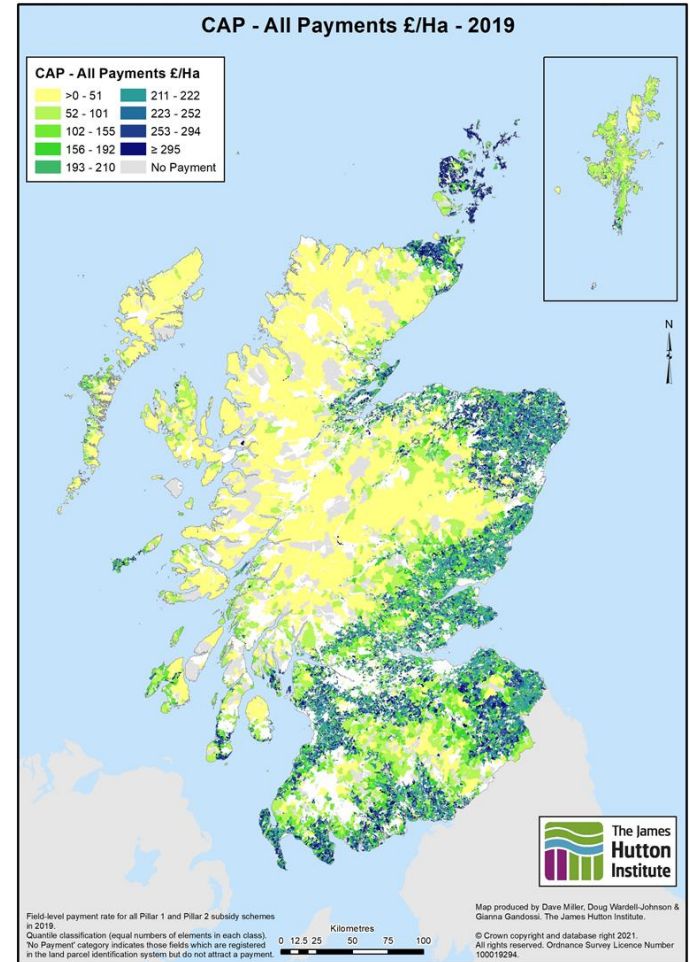
Other options

- Soil C – potential, actual, vs. reference
- Measured or modelled environmental indicators

Other metrics in hand – Land Capability, Tenure, Socio-economic performance (regional)

Policy Summary & Interpretation

- There is significant underlying complexity.
- A relatively small number of businesses receive most of the support.
- Danger of thinking in terms of winners and losers.
- What we have seen is some limited change but not necessarily targeting society's wishes.
- Real scope to deliver greater change but this requires more progressive policy.



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The full set of slides and map books generated by this analysis available from -
<https://ics.hutton.ac.uk/research/land-systems-research-team/cap-analysis/>

Previous related analyses are also available from the Hutton Land Systems Research Team website - <https://ics.hutton.ac.uk/research/land-systems-research-team/>

For woodland expansion analysis see - [online mapping](#) and [paper](#).

Further research in the RESAS Strategic Research Programme 2022-27, in the Land Use (C3) and Land Reform (E3) Topics and others across the SRP Themes.

The James Hutton Institute is supported by the Scottish Government's Rural and Environment Science and Analytical Services Division (RESAS)



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Glossary

Acronym	Full Text	Acronym	Full Text
AECS	Agri-Environment Climate Scheme	NECG	New Entrant Capital Grants
BB	Broadband	NESUG	New Entrant Start Up Grant
BES	Beef Efficiency Scheme	P1	Pillar 1
BPS	Basic Payment Scheme	P2	Pillar 2
BRN	Business Reference Number	PGRS	Permanent Grassland
CAGS	Crofting Agricultural Grant Scheme	RPS	Rural Priorities Scheme
FGS	Forestry Grant Scheme	SAF	Single Application Form
FPMC	Food Processing, Marketing and Co-operation	SBCS	Scottish Beef Calf Scheme
FPS	Farmland Premium Scheme	SFGS	Small Farms Grant Scheme
FWPS	Farm Woodland Premium Scheme	SFPS	Single Farm Payment Scheme
FWS	Farm Woodland Scheme	SSBSS	Scottish Suckler Beef Support Scheme
JAC	June Agricultural Census	SUSSS	Scottish Upland Sheep Support Scheme
KTIF	Knowledge Transfer and Innovation Fund	VCS	Voluntary Coupled Support
LFASS	Less Favoured Areas Support Scheme	YFSUG	Young Farmers Start Up Grant
LMO	Land Managers Options		

