



# AGRICULTURAL REFORM PROGRAMME

## REGIONALISATION OPTIONS

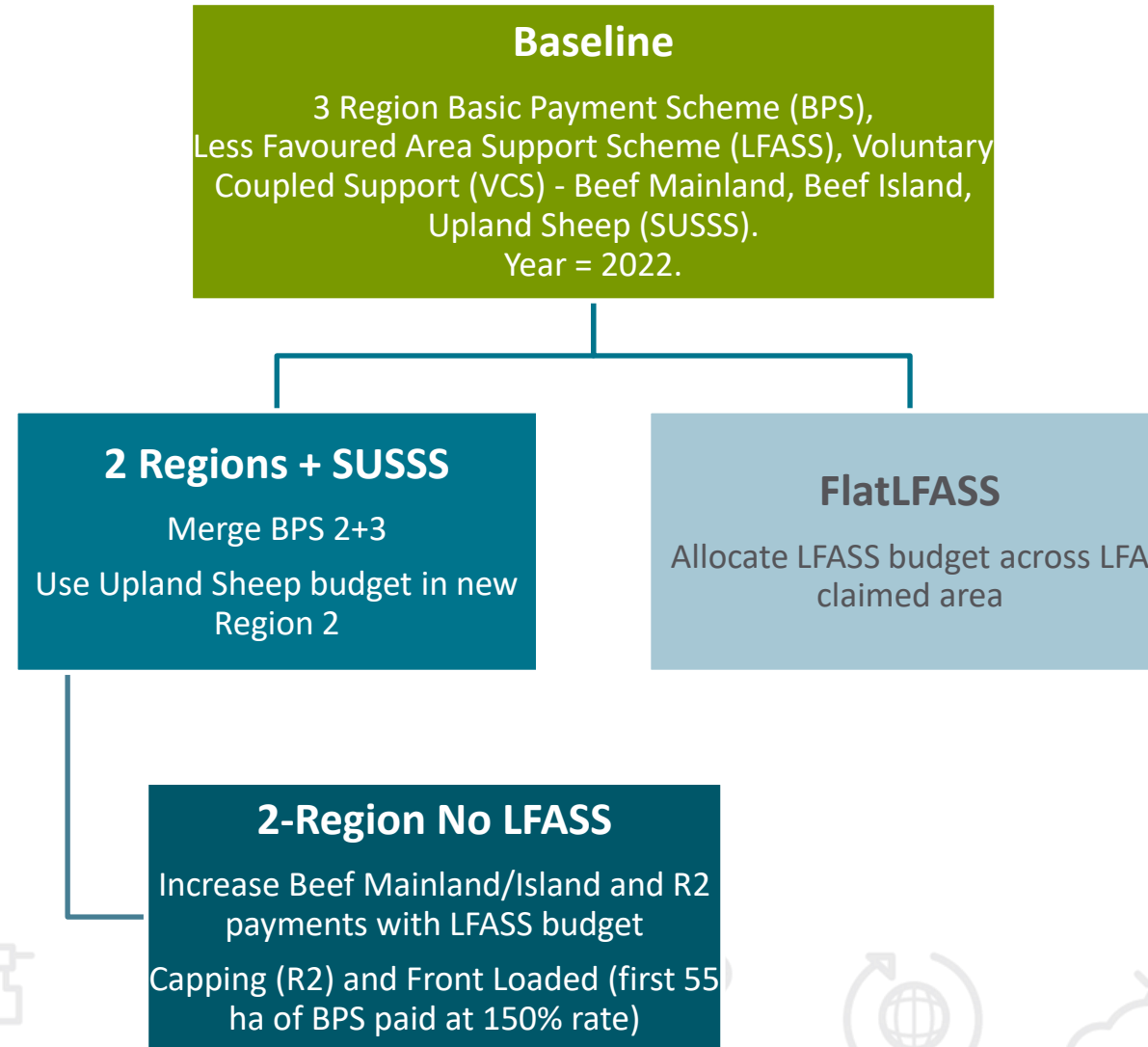
### Specific Scenarios

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Output from Phase 2 Quantitative Story Telling in the Land Use Transformations  
Project within the RESAS 2022-27 Strategic Research Programme.  
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Presented to Scottish Government, 3 July 2024, Online



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# Specific Scenarios Analysed



# 2 Region + SUSSS

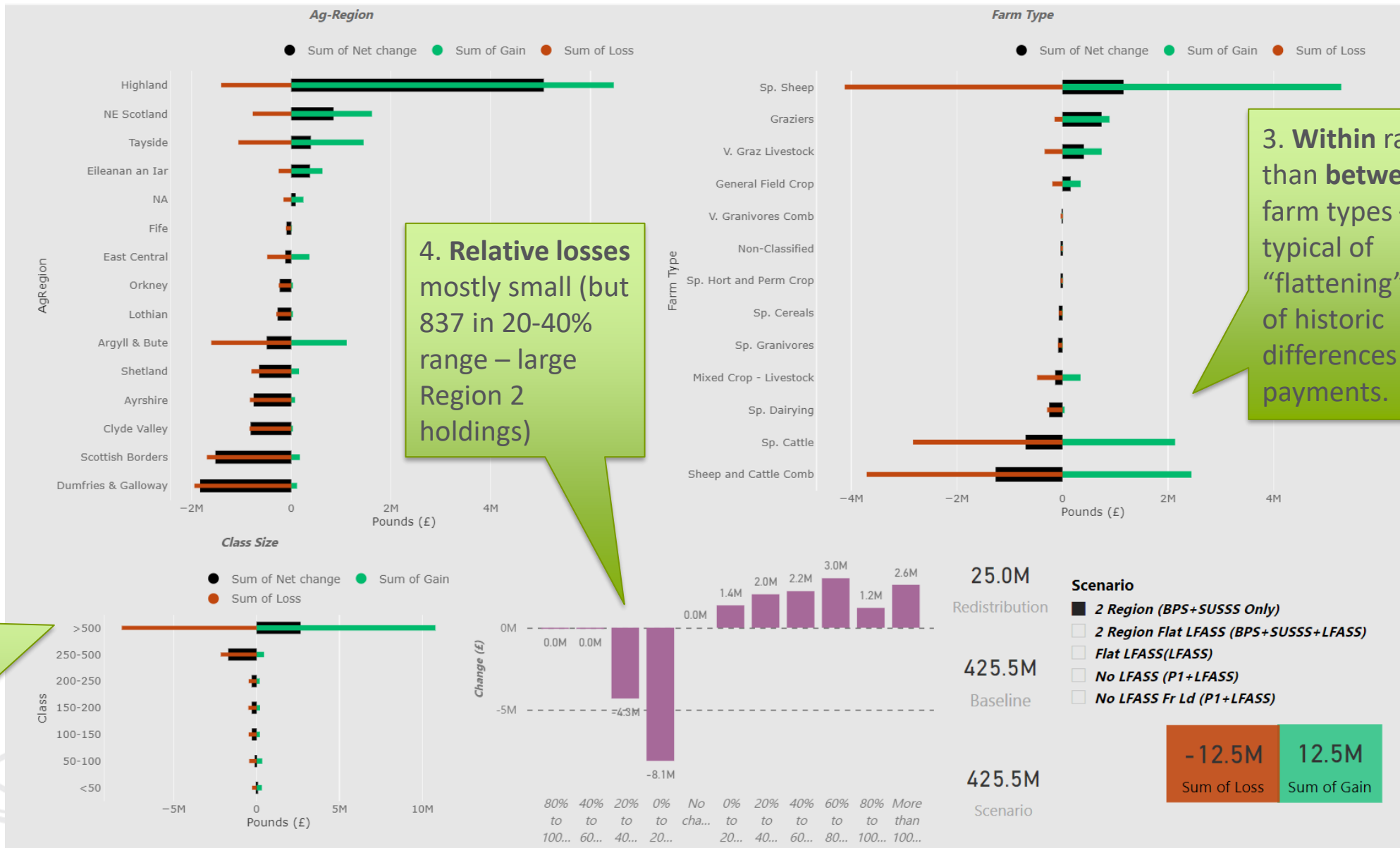
- Definition
  - Merge BPS 2+3 (mostly RGR) – combine budget
  - Add Scottish Upland Sheep Support Scheme (SUSSS) budget to new Region 2.
- Rationale
  - Simplification – eliminating links with historic stocking
  - Fairness – paying different rates for the same systems (“hill line” issues).
  - Compatibility with Enhanced Conditionality – more capacity in Region 3.



# 2 Region + SUSSS - change

1. Limited redistribution (£25M of £425M)

2. Gains in largest size class but +500 ha of near all Region 3 not inherently economically large.

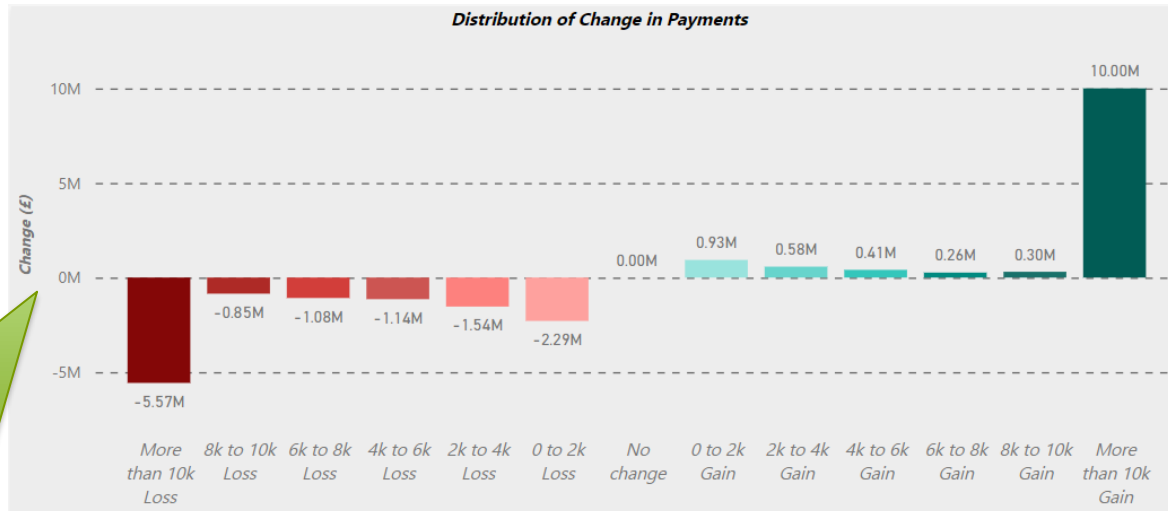


4. Relative losses mostly small (but 837 in 20-40% range – large Region 2 holdings)

3. Within rather than between farm types – typical of “flattening” out of historic differences in payments.

# 2 Region + SUSSS - distribution

1. Some concentration of losses in the >£10,000 class. Near all in the largest size classes. Regionally - Borders, Argyll & Bute, Tayside



AgRegion	Net Change
Argyll & Bute	-490.96K
Ayrshire	-752.39K
Clyde Valley	-813.72K
Dumfries & Galloway	-1,826.05K
East Central	-117.63K
Eileanan an Iar	373.34K
Fife	-94.18K
Highland	5,061.90K
Lothian	-273.26K
NA	87.44K
NE Scotland	846.95K
Orkney	-229.67K
Scottish Borders	-1,520.44K
Shetland	-642.23K
Tayside	390.90K
<b>Total</b>	<b>0.00K</b>

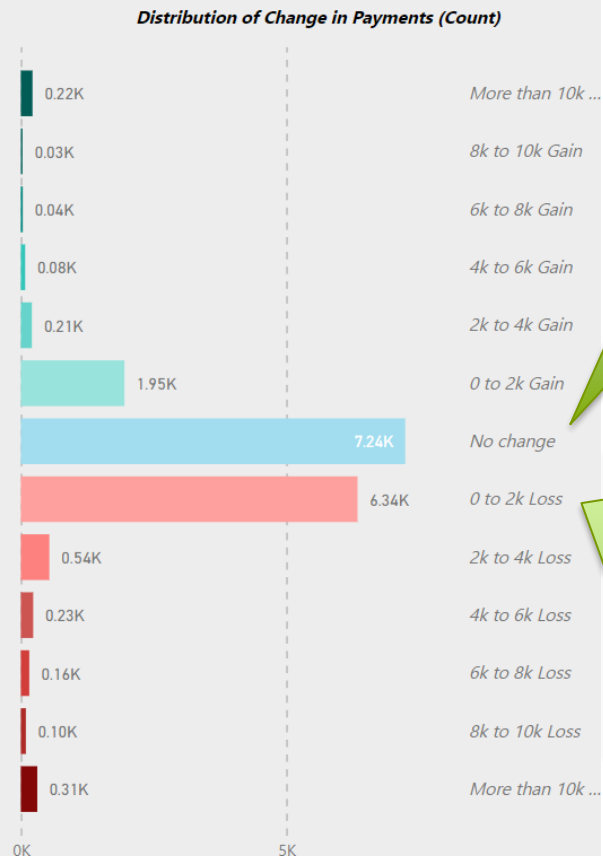
Class	Net Change
0	-13.78K
<50	41.84K
50-100	-107.42K
100-150	-283.97K
150-200	-290.30K
200-250	-292.31K
250-500	-1,707.31K
>500	2,653.25K
<b>Total</b>	<b>0.00K</b>

Farm Type	Sum of change
General Field Crop	153.10K
Graziers	740.37K
Mixed Crop - Livestock	-137.11K
Non-Classified	-15.49K
Sheep and Cattle Comb	-1,266.19K
Sp. Cattle	-697.88K
Sp. Cereals	-66.39K
Sp. Dairying	-250.41K
Sp. Granivores	-79.26K
Sp. Hort and Perm Crop	-17.05K
Sp. Sheep	1,156.80K
V. Granivores Comb	-12.63K
V. Graz Livestock	404.70K
<b>Total</b>	<b>0.00K</b>

Percentage of Changes

Value of Changes

- Scenario
- 2 Region (BPS+SUSSS Only)
  - 2 Region Flat LFASS (BPS+SUSSS+LFASS)
  - Flat LFASS(LFASS)
  - No LFASS (P1+LFASS)
  - No LFASS Fr Ld (P1+LFASS)



2. 7,241 No Change – Region 1 only.

3. 6,826 losses <£2,000. No concentration across population.



## 2 Region + SUSSS (2)

### ■ Mitigation

- **Perhaps not needed** but capping of windfalls or adjustment of EC requirements for “economies of scale” (do more per £ of support).
- Loss of SUSSS – replace with a new sheep VCS linked to economy or ecosystem grazing.
- Disadvantaged small businesses (esp. crofts) – consider opt-in small holder scheme. 90% of funds to 50% of businesses as an opportunity for radical simplification, for all scenarios.
- Split Region 1 – arable and grasslands for EC measure requirements.



# FlatLFASS

Caveat – FlatLFASS could be anticipated as not viable due to degree and pattern of undesirable redistribution but tested as another counterfactual.

- Definition
  - LFASS budget allocated pro rata over LFASS claimed area
- Rationale
  - Simplification – LFASS as a top-up to other area-based payments.
  - Fairness – eliminating historic stocking rate elements that don't reflect current practice
  - Transparency – better linking measures to outcomes
  - Utility – make the funds work harder, e.g. new LFA regions



# FlatLFASS (2)

## ■ Outcomes

- Strongly redistributive (£41M of £61M), ~£10M net transfer Sp. Cattle to Sp. Sheep, net gains only for +500 ha size and seven region net loss.

## ■ Mitigation

- Simple, one region, area-based payments cannot deliver the income support or other objectives like offsetting physical disadvantages or environmental outcomes
- FlatLFASS could be improved by capping windfalls to limit losses (but note caveats to capping under 2 Region + SUSSS)
- Frontloading would be effective in delivering “safety net” income support smaller businesses
- Better to deliver specific outcomes (income support, enterprise viability or habitat management) with specific measures - see 2 Region

– No LFASS scenario





# 2 Region – No LFASS

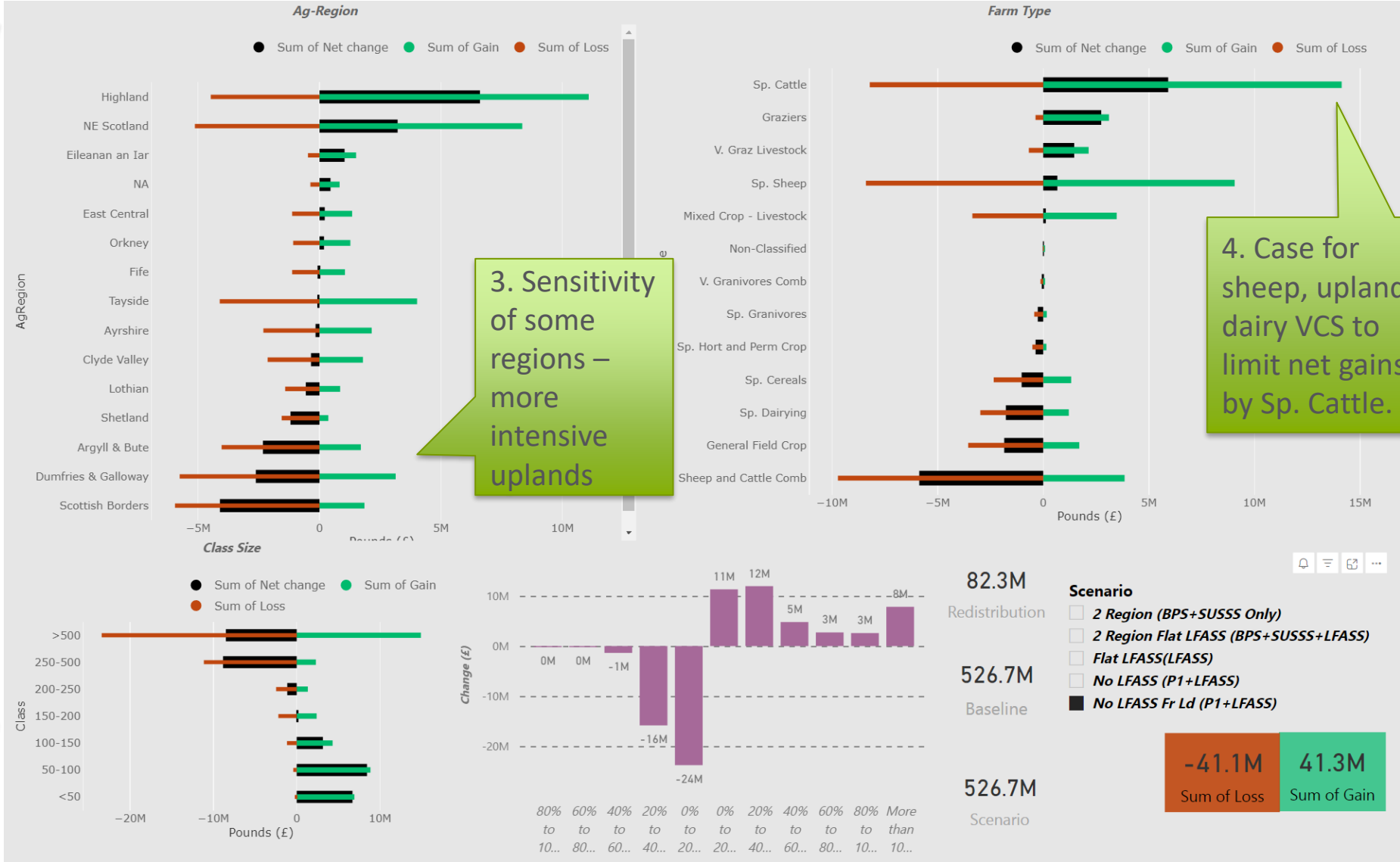
- Rationale
  - **Demonstrate** the options for analysis
  - Replicate the **functions** expected of **LFASS**
    - **Eliminate historic** elements and LFA region
    - **Target funds** better for stated objectives
  - **Complexity of scenario** set against that of LFASS
    - Noting that LFASS exists as an IT system
    - But scenario uses existing mechanisms (except front-loading)
- Definition
  - Based on **2 Region + SUSSS** – new Regions 2 @ ~£30/ha
  - LFASS budget to **increase Beef Mainland/Island by 100%**
    - Mainland @£204 per animal, Island @£294 per animal
  - **Rest of LFASS budget to new Region 2 @ £40/ha** – disadvantage
  - **Capping new Region 2 to £60,000** – to avoid windfalls
  - **Frontload** - all BPS, **first 55 ha at 150%** - income-support for engagement and offset compliance costs (e.g. for whole farm plans etc).



# 2 Region – No LFASS - change

1. Headline redistribution **£82M** out of **£526**. Note that: **£24M** is front loading (a feature) **£25M** from move to 2 – Region. So, redistribution from LFASS and Capping **~£33M**

2. Size Class – positive to 150 ha – neutral to 250 ha. Frontload and Capping



3. Sensitivity of some regions – more intensive uplands

4. Case for sheep, upland dairy VCS to limit net gains by Sp. Cattle.

# 2 Region – No LFASS

1. Fewer high percentage losses despite substantial changes.

£16M of 20-40% losses may be an issue but checking against current management is needed to see if payments now reflect activity.

Desirable redistribution?



2. Counts of Gain & Loss

Headline 11,664 of 17,812 gain (65%) -higher acceptability?



## 2 Region – No LFASS - mitigation

- Identifying undesirable outcomes – below headlines
  - Revise thresholds or multipliers
- Sheep or LFA dairy may benefit from a conditional VCS scheme - viability or ecosystem service delivery
- Use of peripherality metrics to shape payment rates – is very remote rural comparable to islands?
- Metrics for EC expectations (e.g. progressive for larger recipients) would aid interpretation.



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Further research in the RESAS Strategic Research Programme 2022-27, in the [Land Use Transformations](#) (C3-JHI-1) and [Land Reform](#) (E3-JHI-1) projects.

Land Use Transformations - [Storymaps Collection](#), with [Land Use Change Scenarios](#), [Adding Farm Structure to Land Use Change](#), [Peatlands and Payments](#), [Updating Peatland Condition Mapping](#), [Updating Land Capability for Agriculture](#) and [Climatic Water Balance in Scotland](#).

Website for [Agrometeorological Indicators](#) across the UK under current and future conditions.

The [Review of Land Ownership Data in Scotland](#).

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

The sets of slides and maps generated in Agriculture Policy analysis from 2010 onwards are available from - <https://ics.hutton.ac.uk/research/land-systems-research-team/cap-analysis/>

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

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