

RED TAPE REVIEW: PACK RECOMMENDATIONS AND SCOTTISH GOVERNMENT RESPONSES

- 1. We recommend that the way to achieve steady progress in achieving greater strategic, operational and cultural alignment across Rural Affairs, Food and Environment in order to achieve the priorities and outcomes sought by Scottish Ministers is to establish an overarching Advisory Board. This should consist of executive and non-executive directors with a chief executive and independent non-executive chairman appointed to act on behalf of the Cabinet Secretary for Rural Affairs, Food and Environment. We recommend that the Advisory Board prioritise establishment of the Integrated Delivery Bodies that have strategic and operational alignment.**

A Delivery Board for Rural Affairs, Food and Environment (RAFE Delivery Board) has been set up and is chaired by the Cabinet Secretary or the Minister for Environment, Climate Change and Land Reform. The Board comprises senior Scottish Government officials, Chief Executives of public bodies (SEPA, SNH, FCS, Forest Enterprise Scotland, the National Parks and the Crofting Commission) plus some non-executives (initially Brian Pack, with two further members to be appointed).

- 2. We recommend that a Regulatory Oversight Body for land management be established as a priority to help co-ordinate and inform the regulation of all aspects of Scottish farm and land management. It will be essential that it is accountable to and can draw on guidance from independents appointed by Ministers. The establishment of an Advisory Board for Rural Affairs, Food and the Environment would provide an opportunity for a Board sub-committee to satisfy the oversight function.**

The Rural Affairs, Food and Environment Delivery Board (mentioned in R1) will be considering options on how best to co-ordinate regulation of all aspects of Scottish farm and land management..

- 3. All farmers and land managers need to appreciate that with the current regulatory structure SGRPID's role is very much ensuring compliance and identifying breaches. We recommend structural reform to enable government to engage in the wider governance of the farming sector that includes advice, guidance and inspections.**

As the Report acknowledges, developments in Common Agricultural Policy rules over many years have increased the degree of separation required between advice and enforcement. The Rural Affairs, Food and Environment Delivery Board will discuss options for structural reform in relation to how farm advice is delivered, including an analysis of any additional costs. In the meantime Scottish Government has been involving stakeholders in the design of the new outsourced Advisory Service throughout its development

process, and will continue to do so in the lead up to the introduction of the new Service into the Scottish Rural Development Programme which is planned for 2016.

- 4. We acknowledge there are issues surrounding sharing data due to the Data Protection Act 1998. We recommend SGRPID and other regulatory bodies continue reviewing data needs and minimising data duplication to further reduce the data burdens on Scotland's farmers and land managers.**

The rural delivery bodies support the wider Government Open Data Strategy which was published in February 2015. We are also reviewing data needs with a view to minimising data duplication.

In addition we are adopting a more flexible approach to data sharing, based on a clearer understanding that most of the data we collect is of relatively low risk and that there are counter-balancing risks associated with not sharing data (such as placing unnecessary burdens on our customers to supply the same information to multiple bodies).

The "Information Customer" functionality within the Futures software is designed to support secure self-service by organisations with whom we have agreed to share data will both ensure that we minimise the inefficiencies and burden associated with data handling, and ensure greater use and value extraction from the data we do handle.

- 5. We recommend that the Futures Programme be used to develop IT solutions that further reduce the form filling burden for farmers and land managers by use of interactive forms and databases online. The information must be comprehensive and accurate. Smart forms should be available to simplify the form filling tasks faced by farmers and land managers, reduce administration costs and encourage farmers to adopt a "Digital First" attitude to the regulation of farm and land management (with non-digital alternatives for those unable to access digitally). The SGRPID Futures Programme should be seen as the first step in achieving a common platform for farmers, land managers and the Integrated Delivery Bodies. We also recommend that a full review of data requests from farmers and land managers is undertaken to ensure duplication is minimised. Establishing 'what is' will be essential in ensuring the Futures Programme provides the solutions expected of it in servicing integrated delivery bodies.**

Information Technology solutions to reduce form filling are currently being taken forward with delivery expected during 2015 for initial schemes and then 2017 for remaining schemes

We are currently addressing the most problematic areas of duplicate and overlapping requests for information through our Information

Governance programme. This is part of the work required to understand the scope for data sharing among and within the rural agencies. An initial review document will be available for stakeholder comment by the end of 2015.

- 6. We recommend that every effort is made to deliver the Pillar II element of the Futures Programme well before 2017 and that budgetary constraints must not be an issue.**

Pillar II schemes are currently part of the Agricultural Food and Rural Communities programme scope with delivery planned during 2015 for some schemes online (in particular Agri-Environment Climate Schemes, Forestry Grant Scheme and Less Favoured Area Support Scheme) with the remainder planned to be delivered during 2016 and 2017. There is no scope to accelerate delivery. The limitation is about the capacity to control a larger IT development programme efficiently and effectively at a faster pace, rather than resource or budget.

- 7. We believe it is crucial that SGRPID continue to consult with agents, delivery partners and end users during the development of the Futures Programme and other IT solutions for farmers and land managers.**

Consultation with agents and delivery partners is currently being taken forward as part of the Agricultural Food and Rural Communities programme with delivery expected during 2015.

- 8. We recommend that in the short term every effort is made to share data between: (a) regulators and (b) regulators and farmers / land managers. The establishment of an over-arching Advisory Board for Rural Affairs, Food and Environment (R1) should facilitate the process making shared data a reality (almost ten years since SEARS set this as an objective). In the medium term (3-5 years) a common data base should be developed, building on the SGRPID Futures Programme. The obligation to share data should be emphasised by Ministers and if the opportunity presents itself, to provide statutory guidance to this effect, it should be taken.**

Ensuring that a common database produces the efficiencies and service improvements required will take time. Alongside the work on data sharing (recommendation 4) and reviewing data requests (recommendation 5 b), we will aim to develop a vision of how such a customer hub might be built and taken forward and expect to have a version of this ready for wider consultation by the end of 2015.

9. **We recommend research is commissioned with the objectives of: (a) Simplifying the calculations required to complete NVZ records whilst complying with the legislation. Where simplification opportunities that lead to lower permitted Nitrogen application rates are introduced, farmers should have the option to continue using the existing complex calculations. (b) Identifying where current NVZ requirements are difficult for farmers to understand and recommend how these may be modified to ensure their relevance is understood.**

Since this recommendation was published the web based tool, PLANET, has been re-launched with improved software for data gathering and recording. In terms of wider understanding of Nitrate Vulnerable Zone requirements, a review of the Nitrate Vulnerable Zone Action Programme with representative bodies is due in 2016.

The current programme of farmer friendly guidance will be revised in 2015.

10. **We recommend that much reduced recording requirements are introduced as a matter of urgency for low intensity farms in the NVZ area. A protocol with a low or zero cost to the public purse for identifying low intensity businesses should be developed.**

Scottish Government has made a commitment to considering how best to reduce the recording requirement and still be compliant with the Nitrates Directive. Any changes would be required to be legislated under the Action Programme for Nitrate Vulnerable Zones which is due for review 2016/17.

11. **We recommend that SEPA continue their ground and surface water monitoring particularly in the NVZ area proposed for de-designation. Once the reduction in the area has been in place for two seasons with no adverse effects, there should be increased confidence to further reduce Scotland's NVZ area using a similar, but bolder, approach. We recommend that the Stranraer Lowlands (Piltanton burn area) should be the focus of a local voluntary initiative to improve water quality out with the Nitrates Directive.**

Whole territory monitoring is a key requirement to inform the reporting requirements of the Nitrates Directive. SEPA will continue with a risk based approach to groundwater monitoring across Scotland, to provide evidence of trends in both non designated and designated areas, this will include the use of available partner information. The evidence gathered from all sources will inform the methodology on which future decisions on Nitrate Vulnerable Zones designation will be made.

In the 2013 review of Nitrate Vulnerable Zone designations the revised methodology was applied across Scotland and led to a reduction of the Nitrate Vulnerable Zones area by around 25% with over 2000 holdings involved in de-designation. Two areas were identified for designation (130 holdings in total). The review and methodology was accepted by the review stakeholder group. Scottish Government

have contacted all land managers in the new designated areas to advise them of the requirements of compliance with the Nitrates Action Programme and offered the opportunity to attend workshop events in preparation.

Scottish Government considers that the methodology has fairly identified areas for designation and de-designation and that compliance with the Nitrate Vulnerable Zones Action Programme is more effective than voluntary action, and would be appropriate transposition and compliance with the Nitrates Directive.

Any voluntary action by farmers to reduce pollution is commendable and should be encouraged. With regard to NVZs, the designation methodology, for Scotland, presented to the European Commission is expected by them to be applied equally across Scotland. Compliance with the NVZ Action Programme, within designated areas, is mandatory and the Commission do not recognise voluntary initiatives as a means of achieving compliance .

Like all Member States, Scotland is required to carry out a review of nitrate levels at least every 4 years. Any further amendments to designated areas will be based on the agreed methodology.

- 12. The starting point for the next NVZ action plan should be an analysis of the costs and benefits of the NVZ scheme to date with the purpose of ensuring any future action plan will deliver identifiable benefits that are in keeping with the Scottish Government's purpose of increasing sustainable economic growth.**

Research will be commissioned to gain an understanding of the costs and benefits of the Nitrate Vulnerable Zone regulations; in particular this will be commissioned with the aim of using outputs to help communication with farmers. The research will be undertaken with stakeholders in 2016. Planning will commence in late 2015 and will be informed by European Commission feedback on their consideration of the recent designation review submission.

- 13. The Scottish Government has created a single operational database for sheep identification and movements. As the ScotEID data is under joint control of the industry and government it can be made available to all with an interest in it. We recommend that all necessary steps are taken by the Scottish Government to prevent this data being used for retrospective regulatory compliance checks. We recommend that every effort is made to replace paper movement documents with electronic systems.**

The recommendation on electronic movement documents is accepted and is currently being developed as part of the ScotEID research project. ScotEID are looking to carry out a small scale trial to look at alternative notification methods during 2015.

Data on the ScotEID database is an important source of information for the mandatory annual sheep and goat risk selection process.

EU Cross Compliance legislation places an obligation on the control authority to check farmer compliance in the calendar year of inspection. This means that a retrospective compliance check against the movement data supplied to ScotEID by the farmer is a requirement.

Non-paper reporting systems are in the process of being developed for keepers, these will be based on the systems already in place for pig movement notifications – electronic, phone and fax, paper based systems will also be maintained. Systems will be ready for testing late 2015/early 2016 and roll out in early/mid 2016.

- 14. A system that provides information on tag replacement rates and enables this to be linked with tag type and production system is necessary if we are going to improve our sheep tagging performance. We recommend a voluntary initiative between the industry and the Scottish Government with the aim of reducing on-farm costs, freeing up farmer's time, improving traceability of sheep through the supply chain and reducing the risk of regulatory noncompliance (and therefore on-farm penalties and the risk of national disallowance).**

The Ear Tag Allocation System (ETAS) operated by the British Cattle Movement Service (BCMS) on a GB wide basis includes a system which monitors tag retention and welfare problems. Keeper feedback forms to report this information are available on the BCMS website as well as being sent out with tag orders. Following the introduction of sheep EID anecdotal evidence from industry indicated that keepers were having issues with tag retention rates and welfare problems. ETAS carried out an awareness exercise in 2011 to improve the return of feedback forms. However, despite the awareness campaign the system is not widely used with only 13 forms being submitted to BCMS across GB in 2014. We are proposing a further awareness campaign during 2015 to raise the profile of the keeper feedback forms, and encourage keepers to submit the forms to BCMS. This will provide BCMS with evidence to take up tag performance problems with manufacturers; it is important that this is done GB wide so that issues can be tackled at source with manufacturers. Poor tagging practice and using the wrong type of tag or applicator can impact on tag retention and ear infection leading to tag loss. The awareness campaign will also focus on best practice for tagging animals.

Environmental factors such as fencing, conditions where animals graze or feed can also impact on tag retention. Therefore, we will seek funding to carry out research into tag loss and environmental factors.

- 15. We recommend that it should be made clear that it is the sheep keeper's option whether or not to re-tag with identical IDs or to replace with a new set of double tags when one tag is lost. Sheep under a year old are entitled to the slaughter derogation and the requirement for its electronic tag to only display the flock mark externally should be changed to enable the full ID**

contained within the EID component of the tag to be displayed. We recommend that every effort is made to achieve the situation where the recording requirement for sheep under a year old is on a flock number basis only, even if it is carrying two tags.

The options for replacement tagging and the addition of the individual animal number to the single slaughter tag (prefixed by a letter), will be made clear in the next publication of the sheep and goat identification and traceability guidance for keepers. The new guidance will be developed in mid-2016 and will reflect these changes and the changes at recommendations 13, 16 and 17.

The recommendation to batch record the identity of sheep under a year old with double tags is not compliant with EU Regulations. National rules do however allow double identified sheep of all ages to be moved on a batch basis where there is no change of ownership – within business moves. The new EU Animal Health Regulation (AHR) will be completed at EU level by late summer 2015. Our understanding is that animal identification and traceability will form part of the 1st phase of tertiary legislation under the AHR. There may be an opportunity then to revisit the EID legislation at that point.

- 16. We recommend that Scottish Government should review the sheep record keeping requirement for the holding register and that the objective of using the single online central database to replace the holding register should be pursued as a priority. We ask the Scottish Government to aim to achieve the position where as long as all reasonable (practical) steps are taken to maintain the database an annual sheep inventory that corrects any errors should be sufficient. The possibility of using the National Fallen Stock Company to notify deaths should be investigated.**

An online holding register that can be used by keepers is available on ScotEID. Systems which will allow organisations such as NFSC to report are currently being developed. An online annual inventory is also being developed which will remove the need for sheep and goats to be covered in the December agricultural census. These will become operational during 2016.

- 17. We recommend removing the need for paper recording of movements by providing greater flexibility for farmers to report movements directly to the database or by telephone or fax. A practical solution that uses the available derogation must be used to avoid sheep movement documents coming within the scope of cross-compliance.**

Non-paper reporting systems are being developed for keepers, these will be based on the systems already in place for pig movement notifications – electronic, phone and fax, paper based systems will also be maintained. Systems will be ready for testing late 2015 and roll out in 2016. This will allow keepers to notify movements to the ScotEID database system without having to complete a movement document. This will allow Scotland to implement the movement document derogation under article 6(4) of Regulation 21/2004. This will remove the threat of cross compliance for those keepers who notify movements directly to the database.

- 18. We applaud the Scottish Government's efforts to put a stop to the use of '7000' holdings – landless keepers – for recording movements and recommend that the Scottish Government continues to pursue an end to the practice.**

The Cattle Tracing System (CTS) cannot deal with more than one keeper per holding unlike the ScotEID database system which records sheep, goat and pig movements in Scotland. As we move forward with the implementation of bovine EID and the development of cattle tracing systems on ScotEID this will dispense with the need for keepers to notify movements against 7000 County Parish Holding numbers.

- 19. We recommend that a consultation is launched to investigate changing the maximum number of days for farmers' (not Critical Control Points) notifying movements to BCMS from 3 to 7 days – 7 being the maximum permitted in the EU Directive. Consideration should be given to the ability to revert to 3 days in the case of disease outbreak. We believe that the representative trade bodies and the Scottish Government should work to ensure there is voluntary compliance by marts and abattoirs for recording movements within 3 days. If this approach fails methods for enforcing compliance should be investigated.**

Scottish Government recognises the significant improvements made within the industry in reporting the movement of animals and would not wish to undermine traceability or make changes which could compromise disease control or public health. This is compounded by the frequency of cattle moves in GB, which is not mirrored in other European countries, and which the Commission are very much aware of.

A GB wide policy decision was taken with industry agreement to set the period at 3 days following the 2001 Foot and Mouth Disease (FMD) outbreak. A number of enquiries into the handling of the outbreak (such as Anderson and the Royal Society of Edinburgh) stressed the importance of having up to date information on animal movement histories, locations and contacts (i.e. markets).

Keepers can report moves by a number of various methods. Electronic and telephone reporting methods are used to report 95% of cattle moves to CTS, a 3% increase from last year. Following the 2001 FMD outbreak Scotland has operated the '4 way reporting system' with the market or abattoir facilitating the reporting of the 'off' and 'on' moves electronically on behalf of the keeper – accounting for over 70% of cattle movements across Scotland.

New EU Regulations on the electronic identification (EID) of bovines came into force in 2014. Member States have until 2019 to bring systems into place to support bovine EID, the Scottish Government will be consulting on the bovine EID package in due course. However the Scottish industry supports the early introduction of bovine EID across Scotland. The introduction of bovine EID will make it

easier for keepers to report and record movements electronically in real-time.

Given the increase in electronic reporting in comparison to paper reporting and with the bovine EID on the horizon we believe the best way forward is to work with industry to improve compliance with the reporting requirements. To this end we have been working with the market and abattoir sectors to improve their compliance, this has resulted in compliance with the 3 day reporting requirement increasing substantially over the past year. We will be working with industry organisations to raise the profile of the 3 day reporting requirement and to highlight the current electronic and telephone reporting options that are available to keepers.

Following the introduction of bovine EID and the completion of the ScotEID database system we will be well placed to examine options for reducing the current 13 day standstill period. Greater transparency of data will be achieved when keepers are using real-time electronic reporting methods and the central database as their holding register. This will provide Scottish Government with real-time data which can be used to inform policy decisions in the event of a disease outbreak.

- 20. We recommend that the deadline for up-dating the on-farm-register for movements of cattle on or off the business is extended to be in line with that afforded to notifying movements to BCMS – currently 3 days with a recommendation to hold a consultation to move to 7 days - with the proviso that an up-dated register can be provided on demand in an infectious disease situation.**

The importance of having up to date information has been highlighted (Anderson and the Royal Society of Edinburgh) in the response to recommendation number 19.

The new bovine EID Regulation came into force in 2014. Member States have until 2019 to bring systems into place to support it, the Scottish Government will be consulting on the bovine EID package in due course. The introduction of bovine EID will make it easier for keepers to report and record movements electronically in real-time and gives keepers the option to use the central database as their holding register. The Scottish Government will consider the timescale for updating the holding register when it consults on the bovine EID package.

Following the introduction of bovine EID and the completion of the ScotEID database system we will be well placed to examine options for reducing the current 13 day standstill period. Greater transparency of data will be achieved when keepers are using real-time electronic reporting methods and the central database as their holding register. This will provide Scottish Government with real-time data which can be used to inform policy decisions in the event of a disease outbreak.

- 21. If we are going to improve our cattle tagging performance we recommend that a system that provides information on tag replacement rates and enables this to be linked with tag type and production system is made available. This is a clear case for joint action between the Scottish Government and industry.**

The Ear Tag Allocation System (ETAS) operated by the British Cattle Movement Service (BCMS) on a GB wide basis includes a system which monitors tag retention and welfare problems. Keeper feedback forms to report this information are available on the BCMS website as well as being sent out with tag orders. Following the introduction of sheep EID anecdotal evidence from industry indicated that keepers were having issues with tag retention rates and welfare problems. ETAS carried out an awareness exercise in 2011 to improve the return of feedback forms. However, despite the awareness campaign the system is not widely used with only 13 forms being submitted to BCMS across GB in 2014. We are proposing a further awareness campaign during 2015 to raise the profile of the keeper feedback forms, and encourage keepers to submit the forms to BCMS. This will provide BCMS with evidence to take up tag performance problems with manufacturers; it is important that this is done GB wide so that issues can be tackled at source with manufacturers. Poor tagging practice and using the wrong type of tag or applicator can impact on tag retention and ear infection leading to tag loss. The awareness campaign will also focus on best practice for tagging animals.

Environmental factors such as fencing, conditions where animals graze or feed can also impact on tag retention. Therefore, we will seek funding to carry out research into tag loss and environmental factors.

- 22. We recommend that the BCMS system is developed to track the return of dead animal passports and ensure they are returned by issuing automated reminders to farmers until such time that the passport is returned.**

The Cattle Tracing System (CTS) online has a facility that reminds keepers to return passports within 7 days when they notify the death. A change to the CTS system for this proposal would be time and cost prohibitive. The concern for keepers appears to be the fear of a cross compliance penalty if unreturned passports are found at inspection. The non-return of cattle passports is an offence but it is not a cross compliance breach. However, we are proposing to organise an awareness campaign during 2015 to encourage keepers to return cattle passports.

In addition the new bovine EID Regulations allow Member States not to issue cattle passports for movements within its territory and Intra-Community movements. The removal of cattle passports will form part of the bovine EID package that we will consult industry on.

- 23. We recommend that the current appeals process is reviewed with the intent of ensuring there is a stage in the process before appealing to the Land Court that involves independents (from SGRPID). The time scales for responses from the parties should**

be equalised, ideally at 30 days but if not possible then at 60 days. The new procedure should be established in time for appeals arising from the implementation of the new CAP 2015-2020.

We will undertake a review in the summer months, to examine the prospect of introducing independence into the pre-Land Court stage prior to the main influx of appeals under the new CAP which are expected in early 2016.

We have already equalised the timescales for appeals in the revised Scottish Statutory Instrument (SSI) which comes into effect in mid-June.

- 24. We recommend that in normal circumstances 24 hours notice of an inspection is given. Where there is a strong belief that notice would invalidate the inspection no notice should be given. Where a scheme allows for longer notification periods then this should apply.**

Scottish Government recognises that inspections can be stressful and difficult to accommodate for busy farmers with a business to run. Scottish Government will seek to influence the EU regulations to permit a more flexible approach in line with this recommendation, while recognising the responsibilities RPID must comply with as a paying agency in administering CAP funding. In the meantime we will review our guidance for inspectors and revise it to more clearly instruct them to give notice wherever this is practical and permitted by the current regulations. We aim to minimise the number of inspection visits to farms by, where possible, covering more than one type of inspection (Eg Basic Payment, Greening, Agr-environment, Less Favoured Area Support Scheme and Cross Compliance) on a single visit; this practice could be reviewed, which in some cases would allow more notice to be given but would also increase the total number of inspection visits to which Scottish farms were subject.

- 25. We recommend that every effort is made to ensure that the Sheep and Goat Identification Inspection burden is the minimum necessary, fully transparent and takes account of the EU requirement to inspect 3% of holdings, rather than businesses, and 5% of sheep.**

We continuously review our inspection selection processes to minimise the burden on customers and ourselves. We select on a holding basis, but inspect on a business basis, but inspect the minimum number to achieve 3% of holdings and 5% of sheep.

- 26. We recommend that every effort is made to ensure that the Cattle Identification Inspection (CII) burden is the minimum necessary, fully transparent and takes account of the EU requirement to inspect 3% of holdings rather than businesses. In particular there needs to be a clear demarcation in the reporting of holdings inspected for Cattle Identification Inspections and businesses inspected for Scottish Beef Scheme (5% of businesses and 5% of claimed cattle).**

We continuously review our inspection selection processes to minimise the burden on customers and ourselves. We select on a holding basis for Cattle Identification Inspection (CII) purposes, but inspect on a business basis, aiming to inspect the minimum number to achieve 3% of holdings. Regarding the Voluntary Coupled Support (VCS) beef schemes, we aim to minimise the number of businesses inspected to meet the minimum 5% claimant and 5% claimed animals requirement.

- 27. We recommend that SGRPID initiate discussions with the beef and dairy sectors to develop consensus about the most appropriate methods for meeting the minimum inspection requirements for both Scottish Beef Scheme and Cattle Identification Inspections, taking into account any implications for linked holdings. The choice appears to be to undertake fewer more exhaustive inspections, or to spread the inspection burden over more farms.**

RPID will continue to meet with livestock industry stakeholders on an annual basis to review inspection results and discuss any planned changes to inspection requirements.

- 28. We believe that the introduction of Article 9 of the new CAP Horizontal Regulation has the potential to increase the annual inspection burden on farmers and land managers by forcing Audit Scotland to undertake annual conformity audits. We recommend that every effort is made to integrate these Audit Scotland inspections with on-going work to minimise disruption to farmers and land managers.**

We have worked with Audit Scotland to develop a process that is as efficient as possible for all parties and have agreed a protocol to that end on land based schemes. We will implement the recommendation as far as is permissible under the prevailing EU Regulations and supporting audit guidelines. Implemented autumn 2014 for area based schemes. Roll out for livestock measures was from Quarter 1 2015 with capital inspections in quarter 2. In principle the audit work is being undertaken concurrently with the normal RPID supervisory checks and there will therefore be no additional burden on the farmer.

- 29. In future enactments of EU Directives the objective should be to simply mirror the EU's requirements. Any desire to add to these in the Scottish Legislation must fully appreciate the nature of the EU audit culture and the inevitable difficulties this can cause. Such additions must be clearly identified at the scrutiny stage and a clear audit trail of the decision process maintained**

for the regulation's lifetime to provide an evidence base for any future review of red tape and bureaucracy. Any additional requirement added into Scottish implementing legislation should have a sunset clause to enable review out with the EU timetable. Ultimately we may need to look at voluntary industry initiatives or stand-alone Scottish instruments if we want to deliver our ambitions. This point is particularly relevant as we look to implement the reformed CAP.

This recommendation covers both the transposition of EU Directives into Scottish legislation and the discretion afforded to member states through EU Regulations. The spirit of the recommendation is accepted and we will work the RAFF sub group and the RAFF Delivery Board to explore how best to implement."

- 30. An application checking system, such as the 'S' check programme used by SGRPID for Single Application Forms, should be built into all new online application systems for farmers and land managers as standard to minimise errors and therefore reduce administration costs.**

The Futures Programme set out through the Target Operating Model the ambition to maximise the number of validations available to customers at application submission online where possible and legal.

The design work has taken this on board and the new online application programmes will support this ambition. In some schemes this may be staged for 2015 with enhancements in future years.

- 31. Inspector Check Lists: - Both the NVZ Inspector Checklist and NVZ Inspector Guidance Brief are considered very useful tools and therefore should be made available (in paper / electronic format) to farmers and land managers. These should be updated whenever the regulatory requirements change.**

Nitrate Vulnerable Zone (NVZ) Inspector Checklist and NVZ Inspector Guidance Brief will be made available (in paper / electronic format) to farmers and land managers through the future work programmes with provision to ensure that they are kept current.

- 32. All regulators responsible for checking compliance should review their internal checklists to identify those that would be useful to their clients. All new checklists should be made available as standard to improve transparency and mutual understanding.**

A list of all compliance checks is being prepared and will be made available as part of future work programmes.

- 33. Scottish Beef Scheme - the checks on animal eligibility run by BCMS for SGRPID should also be made available to cattle keepers to enable them to ensure eligibility of animals pre-claiming. We feel that this would reduce the high number of erroneous claims that occur annually.**

In 2012 only 0.4% of all Scottish Beef Scheme (SBS) claims were erroneous, suggesting low error rates and minimal problems of understanding or compliance. Scheme eligibility and inspection checks are already clearly defined. British Cattle Movement Service (BCMS) checks are done after the SBS claim has been submitted, when regulatory restrictions prevent a farmer from withdrawing any element of a claim after we have alerted him to the error. It would be difficult to implement this recommendation without interfering with this principle or creating an additional administrative process. However to improve understanding and compliance we will seek opportunities to publicise the most frequent types of errors.” The farmer can always go onto the BCMS database to check the accuracy of their own data before submitting a claim (avoiding the difficulties identified above). Automatic cross referencing validation against BCMS data as the Voluntary Coupled Support beef claim is submitted is not possible at present, but is an aspiration to consider for the future.

- 34. Changed maps should not be issued between the production of the Single Application Forms (SAF) in February and the IACS submission deadline in May. The IACS form should also have a reference for the maps used, to ensure farmers and agents are aware that they may be working to an outdated version.**

We understand the desire to avoid customers feeling confused when receiving new maps during the Single Application Form (SAF) window, and we have demonstrated our willingness to embrace the spirit of the recommendation by temporarily halting the issue of paper maps during this year's SAF window. However we are obliged by EU regulations to do everything possible to keep the LPIS up to date. Moreover issuing paper maps to customers ensures they have the most up to date map to assist them complete their SAF accurately. That reduces the risk of errors, that might lead to penalties having to be imposed at a later date. The online mapping facility on the Rural Payments and Services website now makes it easier for customers to access up to date mapping information. In due course we intend to provide an inter-active on-line mapping facility, which will allow customers to quickly and easily propose changes to their own maps. Encouraging customers to take more responsibility for keeping their maps up to date will reduce the need for updates to have to be provided centrally.

- 35. The SRDP 2015-2020: (a) It is important that different agents that work for a farmer or land manager can access / apply for schemes. This was highlighted as a problem in the SRDP 2007-2013 Rural Priorities where, for example a consultant submitting an agri-environmental application may have been precluded from doing so by the fact that another consultant had submitted an application through restructuring agricultural business. (b) Pre-inspections should be used where there is a high chance of error and/or where it is difficult for the farmer, land manager to understand the requirements of the scheme. We feel**

that this would improve overall compliance levels and gain a level of trust from the industry that currently does not exist. (c) SGRPID should aim to avoid the (current) situation where there are long delays in payment when an adjustment to the amount due is identified on inspection. (d) Letters detailing how a subsidy payment is made up should be issued at least two weeks before the bank transfer takes place and should use the scheme description (not the short code) and show clearly how the amount due has been calculated.

The ability of Agents to apply for schemes has been taken forward as part of the RPID Futures programme. Pre-inspections are being taken into account in the new Agri-Environment Climate Schemes application assessment procedure and a new IT system has been put in place to improve processing efficiency. For new schemes we will move to a situation where letters detailing how subsidy payments are made up are issued two weeks before bank transfers take place. However there is limited scope for change for legacy schemes.

- 36. The current situation as regards funding disallowances should continue, namely that: the Scottish Government should pay for disallowance out of its general budget when the errors stem from how it interpreted the rules, but monies should be recovered from the beneficiary to the extent it was their error.**

The recommendation mirrors our established method of dealing with any disallowance incurred from EC audit findings. However, where disallowance arises from individual cases audited where beneficiaries have overclaimed/not complied, then where appropriate recovery of grant - including penalties - will be applied.

- 37. We recommend that Food Standards Scotland should assume a co-ordination role for all aspects of animal feed (relying either on its legal competence or on its working relationship with UK bodies for reserved matters such as veterinary medicines). As the coordination body, it should then delegate operational aspects of its control functions to the new Integrated Delivery Bodies for Rural Affairs, Food and Environment and encourage relevant UK bodies to consider doing the same. These arrangements should be set out in memoranda of understanding. In the absence of the new Integrated Delivery Bodies the delivery authority should be a reformed SGRPID.**

The Scottish Government recognises and is considering the intent of this recommendation – coordinating the inspection activity of a number of agencies. However, the responsibility for the majority of the activity described here lies with independent bodies such as Food Standards Scotland (FSS) and not Scottish Government. We will be discussing this recommendation with those bodies. Indeed, I understand from FSS that they are currently working with the Society of Chief Officers of Trading Standards in Scotland to develop options for the future delivery of feed official controls in Scotland, for which FSS has policy lead.

- 38. We recommend that there should be “reverse earned recognition” for those in Farm Assurance Schemes whereby if a farmer has passed an official livestock / land-based / cross-compliance inspection and been found to be fully compliant then the letter informing the farmer of the result of the inspection should count as evidence towards a reduced / minimal Farm Assurance inspection. We believe that this would win goodwill from the farming sector and reduce the overall inspection burden on farmers.**

We will help support farm assurance Schemes that take this recommendation on board.

- 39. Defra’s work on earned recognition should be monitored to identify opportunities that might be relevant for Scotland.**

We will monitor carefully and provide an update for stakeholders by February 2016

- 40. We recommend that a full cost benefit analysis of the current role of Local Authorities in the safety of farm produce and farm animal health and welfare should be carried out and compared with other models to identify best value to the public purse.**

Over the last few years, there have been a number of developments made to animal health and welfare enforcement at a local authority level. These developments will be discussed by the Rural Affairs Food and Environment (RAFE) Delivery Board subgroup and the AHW/COSLA animal health and welfare strategy group over the summer with a view to clarifying where any further action is required.

- 41. We recommend that SGRPID work with the EU Commission to enable greater transparency in audit reports and cases of disallowance, therefore providing greater awareness of many of the drivers of regulatory change. We encourage SGRPID to use all available avenues to ensure that any EU Commission disallowance is proportionate to the scale of error.**

On transparency, we will raise this with Commissioner Hogan in 2015 as part of the Commission's new simplification review of legislation. We shall also try to ensure they are clear on the benefit to all of the more timely general release of their audit conformity clearance reports. On proportionality, Scottish Government already endeavours to avoid flat-rate disallowance by ring-fencing the issues the EC are unhappy with and by the use of extrapolation. This approach has in recent years already achieved a significantly reduced level of final disallowance financial cost to Scottish Government.

- 42. We would like to urge the EU Commission and European Court of Auditors to adapt their thinking to becoming a more supportive regime that encourages achievement, and even surpassing, of the objectives of regulation. It is accepted that this is an enormous challenge for the EU but it is considered essential if the CAP itself does not become an even greater barrier to the development of a more competitive, sustainable agriculture across Europe.**

As with R41, we will take this up with Commissioner Hogan during 2015.

- 43. With no regulatory requirement for lifetime ID of sheep, there is no requirement for double tagging and we recommend that the Scottish Government continue to lobby the EU Commission for single tagging.**

The new EU Animal Health Regulation (AHR) is due to be completed at EU level by late summer 2015 coming into force in 2016. Our understanding is that animal identification and traceability will form part of the 1st phase of tertiary legislation under the AHR. This will provide an opportunity for Scottish Government to lobby that there is no requirement to double tag sheep.

- 44. We recommend that the Scottish Government pursue a change in the rules to allow a business that updates and fully maintains its cattle records online with BCMS, and reflects all cattle moves (including moves between linked holdings) to dispense with the need for a separate on-farm-register. We further recommend that the Industry reviews the current practice with linked holdings and satisfies itself as to its appropriateness. We further recommend that the Industry reviews the current practice with linked holdings and satisfies itself as to its appropriateness.**

This will be taken forward as part of bovine EID Regulation package which allows keepers to use a central database as their online herd register. Where keepers are using an online herd register then all moves are recorded on the central database. The Regulation came into force in 2014 and has a transition period of 5 years (2019). The Scottish Government will be consulting on the bovine EID package in due course.

- 45. We recommend that Scottish Government adopt the coefficient principle for Land Parcel Identification System mapping of rough grazing (Regions 2 and 3 under the new CAP) providing a 10% cushion for ineligible land before penalties apply in these Regions. We further recommend that SGRPID pursue with the EU Commission a tolerance level for measuring ineligible features where accurate mapping is difficult due to terrain and nature of vegetation e.g. trees, rough grazing.**

As recommended above, we have notified EC of Scottish Government's adoption of the reduction co-efficient. We will also be encouraging the EC to show greater flexibility in the way the regulations can be interpreted where land is difficult to measure.

- 46. If R24 is rejected then we recommend that research is commissioned to examine the risks of 48 hours prior notification compromising the effectiveness of inspections, including a robust investigation of the consequences of ‘temporary non-compliance’ (i.e. rectifiable minor breaches).**

In line with this recommendation we will work to provide the best evidence we can to support efforts to encourage the development of a more flexible approach in the EC regulations to the use of unannounced inspections.

- 47. We recommend that Scottish Government seek to influence the EU to have much more transparency in audit activity. In particular, DG Agri should publish their audit findings at an early stage in the process with the results of conciliation and appeals being made public as they are completed.**

As with R41 & R42, we will raise this with Commissioner Hogan.

- 48. We recommend that the Directorate for Agriculture, Food and Rural Communities have a senior employee versed in, and comfortable with the workings of the EU institutions, in particular DG Agri.**

We have several staff who are well versed in the workings of EU institutions and will be preparing a lobbying strategy to influence at an EU level, especially for those recommendations where we accept the spirit of the recommendation and find ourselves restricted by current EU regulations.

- 49. We believe that a major shift in the mind-set of our administrators should be encouraged, as we require legislation which simply enacts EU Directives providing flexibility in its application. This is a movement from the incumbent process in Scotland where the normal aims of our legislation is to nail the issue down tightly in a prescriptive nature. We believe that lawyers must be seen as advisors with administrators taking the lead on a reasonable risk profile.**

This is agreed and we are working to do better in this respect. The improved detailed rules for agri-environment under the new SRDP demonstrate that we are removing elements that are over-prescriptive and hard to verify/enforce.

- 50. We fully support the objectives of the Better Environmental Regulation Programme and congratulate Scottish Government and SEPA in having the ambition to achieve this. We recommend that SEPA's new approach should act as a best practice model for all land management regulators to follow in the future.**

The potential to use SEPA's new approach to regulation and its applicability to other rural delivery bodies will be discussed with the RAFF Delivery Board.

- 51. We recommend that farmers and land managers, Scottish Government and agencies work together to further develop a fully integrated strategy for land management that will address diffuse pollution with the aim of greatly improving water quality and in turn rendering the Nitrates Directive redundant.**

Through the Diffuse Pollution Management Advisory Group, land managers, Scottish Government and agencies have been working closely on a strategy to mitigate diffuse pollution, and the current Scottish Nitrate Vulnerable Zones methodology uses the Water Framework Directive groundwater risk assessment process to support the review. The European Commission considers that the Nitrates Directive is a key measure to underpin the Water Framework Directive objectives. The Scottish approach has been identified as an exemplar of good practice of working with stakeholders on water management and Scottish government is keen to continue this relationship.

- 52. We recommend that the whole inspection process is made transparent through: (a) publishing the risk factors, (b) an explanation of how the business was selected for inspection, and (c) an explanation of the risk factors and risk score if requested by the inspected business. We also recommend that all farmers and land managers who might be subject to inspection endeavour to understand the selection process including the risk matrices used.**

Work on explaining how business are selected for inspection is on-going with additional guidance due to be available later in the year.

- 53. We ask all farmers and land managers to take the time to understand the EU audit process. This will provide an insight into the EU thought process, and therefore SGRPID's thinking, which will be a huge step towards transparency and the development of a mutual understanding which should help improve compliance rates.**

We will develop a short informative and user friendly guide on the EU audit process and its consequences and will encourage beneficiaries to read these guides. A draft version has been prepared.

- 54. We recommend that fresh initiatives are launched to encourage a much wider industry use of nutrient budgeting recognising that the fertiliser plan for permanent grass that is likely to be required under Scotland's "Greening" should be seen as an**

opportunity to promote the benefits of full Nutrient Management Planning (NMP). The release of the revised, more user friendly version of PLANET should provide an opportunity for promotion and training. The ability for producers to lodge a declaration that a NMP has been produced ahead of the growing season should be encouraged on the basis that it will greatly reduce their risk of an NVZ inspection.

Scotland's Rural College (SRUC) hold workshops on benefit of better nutrient management which promote and train on PLANET. An update of PLANET was launched in November 2013 and has been promoted actively by SRUC advisors and highlighted on farming press. The cost benefit analysis referred to in Recommendation 12 may also identify the benefits of better nutrient management. There may be opportunities for Environmental Cooperation Action Fund to encourage farmers to work together to deliver wider benefits. For those farming in an Nitrate Vulnerable Zone Nitrogen Management Plans are only part of the compliance requirement; therefore declaring that an Nitrate Management Plan has been produced will not influence whether they are chosen for inspection.

- 55. Until such time as the Nitrates Directive is replaced with something more appropriate we recommend a high profile initiative to engage farmers and land managers in the need to comply with Nitrate Vulnerable Zones and the progress being made in reducing nitrate levels and the contributors to this, including non-agricultural sources. We ask farmers and land managers to approach such an initiative with an open mind.**

River basin management plans have identified catchments where water quality is at risk and the Priority Catchment work and Diffuse Pollution Plan for Scotland engages farmers on compliance with Nitrates Directive and Water Framework Directive. As we move into the 2nd cycle River Basin Management Plan it is intended that a higher profile be given to engagement with the farming sector. This will be supported by Scottish Rural College work on diffuse pollution through AA315. We are looking at opportunities to disseminate the message, need and benefits more widely. This could be supported by linkages with agriculture, climate change work, eg nutrient management. Success will be achieved if stakeholder groups also take some ownership in disseminating this message.

- 56. We recommend that a new initiative, with support from across the industry, is launched to identify best practice in complying with cattle identification regulations. The role of BCMS in cattle inspections needs to be understood by farmers, in particular, the need for farm records to agree with the BCMS database. There may be a role for Farm Assurance staff in developing this understanding.**

We will liaise with the industry at our next annual meeting of stakeholders on options to take this forward. Representatives from Farm Assurance Schemes will be invited to take part in the next stakeholder meeting.

- 57. We recommend that support must be given to help farmers and land managers improve their understanding of the background to regulations and compliance requirements.**

This is currently being taken forward as part of the AFRC programme with delivery expected during 2015.

- 58. The simplification of Environmental Regulation will demand exhaustive overhaul of Guidance and we recommend that the production of easy to follow basic guidance is treated as a priority and is properly resourced to ensure that the change from the old to the new is seamless.**

Scottish Government/SEPA has committed to managing change that will be delivered through the Better Environment Programme and to ensuring that it is supported by clear supporting guidance.

- 59. We recommend that succinct, more user-friendly, complementary guidance is issued alongside the exhaustive notes that regulators require for legal purposes (i.e. a basic and comprehensive set of guidance notes). (a) The “Basic” guidance would be a “what you need to know” document. It should be produced in an easy to understand form and would cover the majority of situations and be accepted by the Industry as a guide thereby escaping the rigour required in producing a document that sets out the full statutory situation. Wherever possible this guidance should be pictorial and be standalone with no links or references to other documents. (b) The “Comprehensive” guidance would satisfy the regulatory need for every aspect of the scheme / regulation to be fully explained. It is believed that the majority of existing Guidance would fall into this category.**

This is currently being taken forward as part of the AFRC programme with delivery expected during 2015.

- 60. We recommend that a dedicated farmer and land manager guidance website should be developed based on the regulation of farm and land management functions with guidance tailored to each business according to the activities identified in their returns, e.g. Single Application Form. Updating of guidance would be automated so the user would not have to select the newer version in his/her favourites, although they would be notified electronically of the changes made. This could be adopted as part of the SGRPID Futures Programme.**

This is currently being taken forward as part of the AFRC programme with delivery expected during 2015.

61. **We recommend that the Farm Advisory Service (FAS) as part of the SRDP 2015-2020 is operational by January 2016. The model proposed covers all aspects of land management including CAP, SRDP, cross compliance, climate change, diffuse pollution and nutrient management. Whilst the integrated nature of the model is essential it will provide a delivery challenge given the diverse range of bodies responsible for the different aspects. a) Progress on establishing an Advisory Board for Rural Affairs, Food and the Environment would greatly ease this process. The establishment of the FAS must recognise the current variety of consultants/advisers that serve the advisory needs of CAP beneficiaries. b) We recommend that the advisory programme (Veterinary and Advisory Services) budget has flexibility to increase to cover any increased service demands during the period of change between CAP regimes. c) Clear easily understood guidance is a pre-requisite to having an efficient FAS and we recommend that this should be produced by those responsible for checking compliance, in a common format, available on a common web platform – SGRPID Futures Programme. This will enable FAS to concentrate on the provision of compliance and business advice.**

The recommendation (a), to bring the new service provision into operation is accepted. It is now expected that the new service will be up and running by April 2016. It is also accepted that the establishment of RAFF will assist in overcoming the challenges presented by the integrated delivery model, particularly given the number of different organisations involved (b) The recommendation for budget flexibility during the transitional period between the CAP regimes is accepted. An additional £50k has been allocated to provision of advice and information on cross compliance and greening under the 2015-16 Veterinary and Advisory Services Programme delivered by SRUC on behalf of Scottish Government. Delivery of advice will be undertaken through a range of approaches including events/workshops, publications and web-based information. This will supplement the guidance on cross compliance and greening provided on the Scottish Government web site. (c) Delivery of guidance produced by those responsible for checking compliance, in a common format, via the SGRPID Futures Programme, is accepted. Significant efforts have been made by SGRPID, working in partnership with communications and policy colleagues, to produce clear, concise and easily understood guidance and make this available through the futures programme portal.