

Rùnaire a' Chaibineit airson Cùisean Dùthchail agus na h-Àrainneachd  
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Mr Rob Gibson MSP  
c/o Clerk to the Committee  
Room T3.40  
The Scottish Parliament  
Edinburgh  
EH99 1SP



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20 January 2016

Dear Rob

Thank you for your letter of 15<sup>th</sup> December on behalf of the Rural Affairs, Climate Change and Environment Committee (RACCE) seeking an update on the agricultural holdings remedial order mediation process and progress with the Common Agricultural Policy (CAP) payments.

## Mediation

Since I last wrote to the Committee on mediation, four landlords have served claims on the Scottish Government. We have repudiated liability in each of these cases as none of the landlords makes a sufficiently strong legal or factual case that the Government could accept liability in principle. However, we have requested further information from the landlords in order to allow us to fully consider the cases.

We have reiterated our offer to facilitate and fund mediation between the tenants and landlords in each of these cases - if there is an appetite to do so. This mediation would be on a similar basis to the approach taken for the case of Andrew Stoddart.

As you know, the mediation process was helpful in enabling Mr Stoddart and the Colstoun Trust to reach an agreement, and I would hope that similar Government-facilitated mediation could also help in those cases that are still unresolved. We are currently awaiting a response to that offer from the tenants' and landlords' representatives, including Mr Henderson, with whom my officials have been in regular contact. I understand that Mr Henderson has previously indicated the tenants may need further time in order to prepare their cases before proceeding with mediation. I will update the Committee on progress when I write again in February.

## CAP Payments

Taigh Naomh Anndrais, Rathad Regent, Dùn Èideann EH1 3DG  
St Andrew's House, Regent Road, Edinburgh EH1 3DG  
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The committee will be well aware that we are implementing the biggest CAP reform in a generation. Never before have we had to implement both reform of Pillar 1 and a new Pillar 2 programme in the same year. The changes to Pillar 1 are particularly complex, not least because of the move to area-based payments as required by the European Union – a move which some other administrations chose to make in the last reform, which significantly eases their task this year.

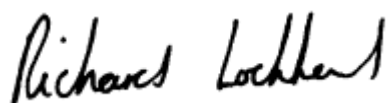
The first direct farm payments started arriving in farmers bank accounts at the end of December and around 3,500 farmers and crofters have now received the first instalment. As previously indicated, the Scottish Government's aim was to pay a first instalment of at least 70 per cent and even higher if possible, whilst trying to prevent Scottish farmers facing incorrect payments or the loss of funding through EU disallowance that their counterparts elsewhere faced in the past.

The first batch of payments includes the most straightforward claims to process, which resulted in a first instalment of 75 per cent of Basic Payments and 90 per cent of Greening. We've already made payments to 3,500 applicants and further payment runs to thousands more of our hard-working producers are starting in the next few days. The first of those payment runs will be to over 1,000 farmers and crofters tomorrow meaning that they should receive their payment in the coming days, as will more by the end of the month.

Implementing this very difficult and complex reform has been a major undertaking, involving the calculation of four million payment entitlements - covering around 400,000 fields - and processing around 21,000 Single Application Form (SAF) applications as well as inspecting 1,300 farms.

Despite the enormous administrative challenge involved in implementing very difficult and complex reform, the EU requires that claimants are provided with an illustration of the estimated number and value of entitlements by the end of 2015. Farmers and crofters have been issued with letters containing this information, and those whose entitlement values have been calculated will also be able to view the information via their Rural Payments and Services account.

I hope this update is helpful.



**RICHARD LOCHHEAD**