Risks & opportunities from agricultural policy reforms?

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The Project

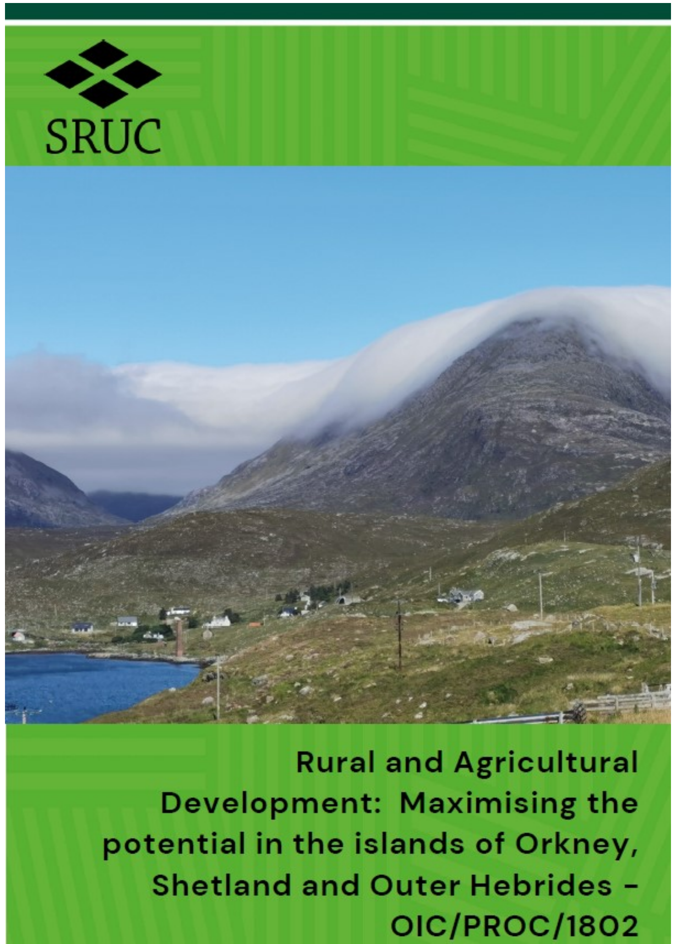
"Consultancy services for rural and agricultural development – maximising the potential in the islands of Orkney, Shetland and Outer Hebrides"

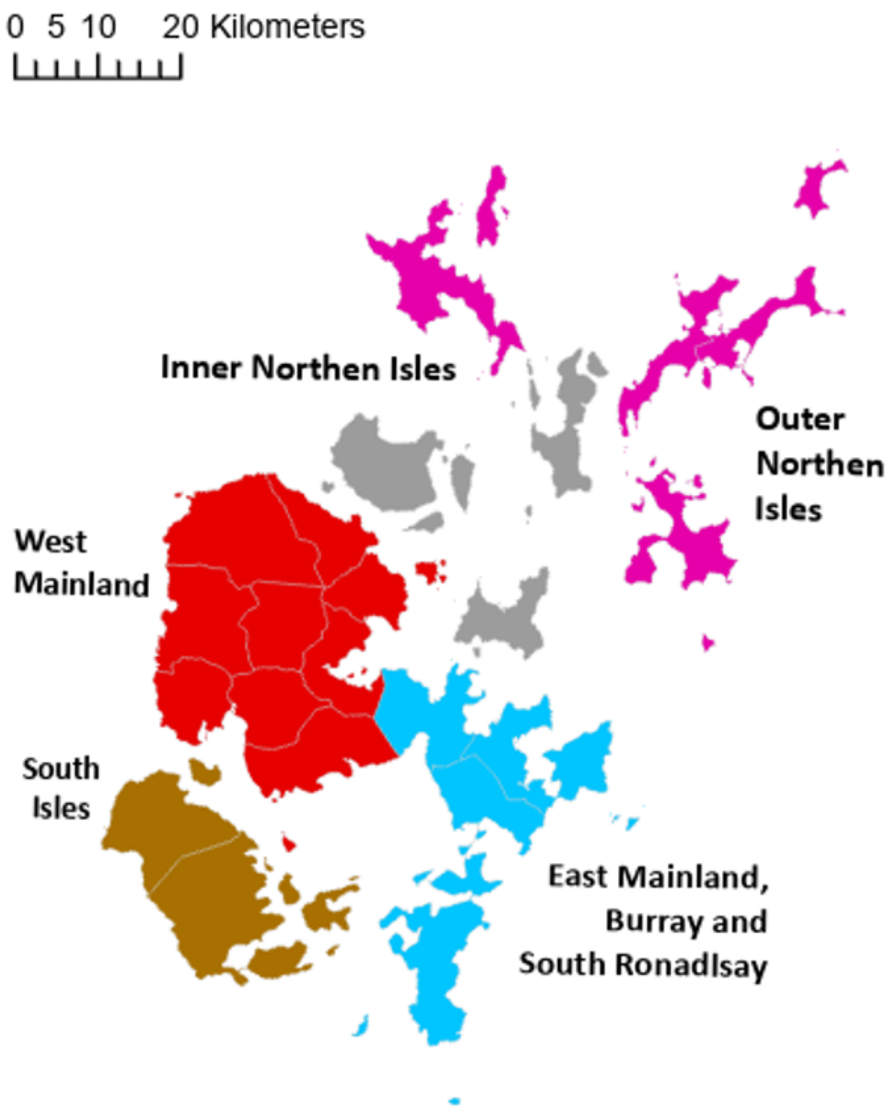
- Commissioned following public procurement – funded through CLLD collaborative funds
- 3 month project
- Identify and quantify **risks and opportunities** associated with **policy change** for farms and crofts, and associated upstream and downstream sectors, local communities, local cultural heritage and the natural environment

This project is supported by Orkney, Shetland and Outer Hebrides Local Action Groups.

Report structure

- Report is necessarily long and complex reflecting the nature of the topic
- **Report Structure**
  - ➢ Land Capability
  - ➢ Agricultural Policy
  - ➢ Support payments
  - ➢ Agricultural Trends
  - ➢ Common Grazings
  - ➢ Environment
  - ➢ Supply Chains
  - ➢ Socio-Economics
  - ➢ CLLD
  - ➢ SWOT





Changing face of Support Payments

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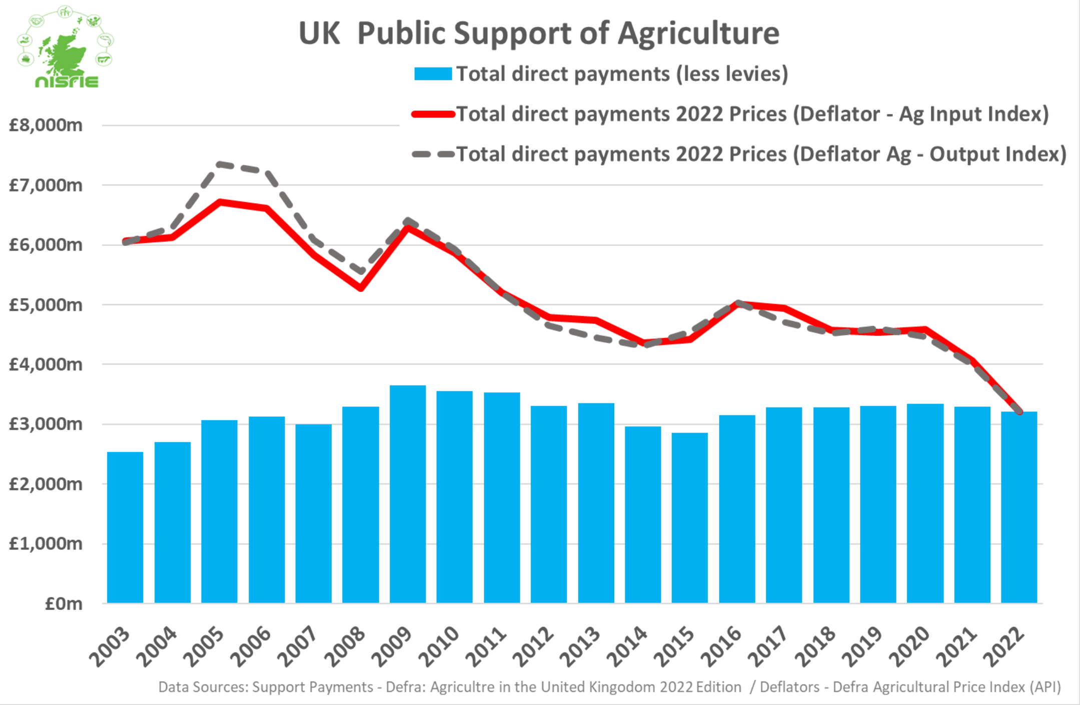
- Public monies for agriculture, "rural development" and agri-environment being eroded by inflation
- Government's programmes have "*seen high inflation erode our buying power*"
  Shona Robinson (Deputy FM and Cabinet Secretary for Finance)



Nominal and real (deflated) support payments, 2014 & 2022 by island group

Payments	2014	2022	2014-2022 (nominal)	2022 Deflated (2014 Prices)	2014-2022 (real terms)
Orkney	£20.9m	£20.9m	0%	£14.0m	-33%
Outer Hebrides	£6.8m	£8.1m	19%	£5.4m	-20%
Shetland	£7.3m	£9.7m	33%	£6.5m	-11%
Scotland	**£554.9m**	**£552.2m**	**0%**	**£369.6m**	**-33%**

Deflated using Defra Input Price Index[41]

Agricultural Policy is Changing

- Stage 2 of the Agriculture & Rural Communities Bill now complete

Base

Universal, entry-level payment for undertaking agricultural activity whilst meeting minimum production standards to protect the environment, animal health and welfare and ensure Fair Work. GAEC and SMR standards apply with new entry level conditions in the form of a Whole Farm Plan.

Complimentary

Provision of support for Continuing Professional Development (CPD), advice, knowledge exchange and linkages to wider land management support from Scottish Government officials and/or public partners. This includes things like the Monitor Farm Programme, an AKIS, CLLD support, etc.

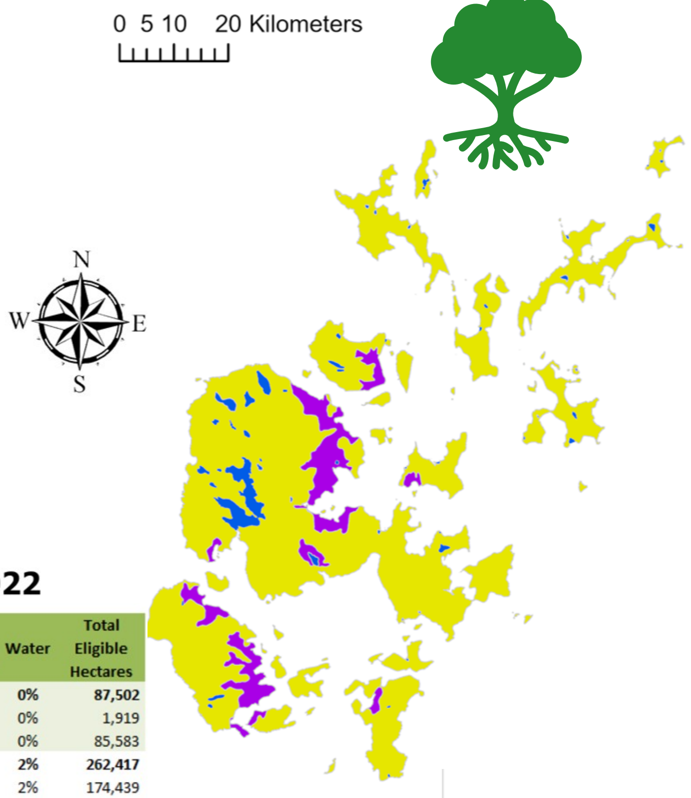
Enhanced

Universally accessible payment that supplements Base, for applicants delivering Base and undertaking further activity for nature and climate improvement practices, including recognition of wider land management. A list of illustrative conditional measures have been published

Elective

Competitive or non-universal range of payments for ‘specific nature and / or climate undertakings’ and other elements relating to the Vision for Agriculture’s policy outcomes. It is unclear if there all, or any of the measures will be dependent on undertaking Base and / or Enhanced.

Orkney – land capability



- Excellent flexibility for trees
- Very good flexibility for trees
- Good flexibility for trees
- Moderate flexibility for trees
- Limited flexibility for trees
- Very limited flexibility for trees
- Land unsuitable for trees
- Water
- Built up area
- Other

Proportion of BPS Eligible Area 2022

	Land unsuitable for trees	Very limited flexibility for trees	Water	Total Eligible Hectares
Orkney	90%	10%	0%	87,502
Common Grazings	84%	16%	0%	1,919
Agricultural Land	90%	10%	0%	85,583
Outer Hebrides	83%	15%	2%	262,417
Common Grazings	84%	14%	2%	174,439
Agricultural Land	80%	18%	2%	87,978
Shetland	94%	5%	1%	130,468
Common Grazings	97%	2%	1%	51,443
Agricultural Land	92%	7%	1%	79,025

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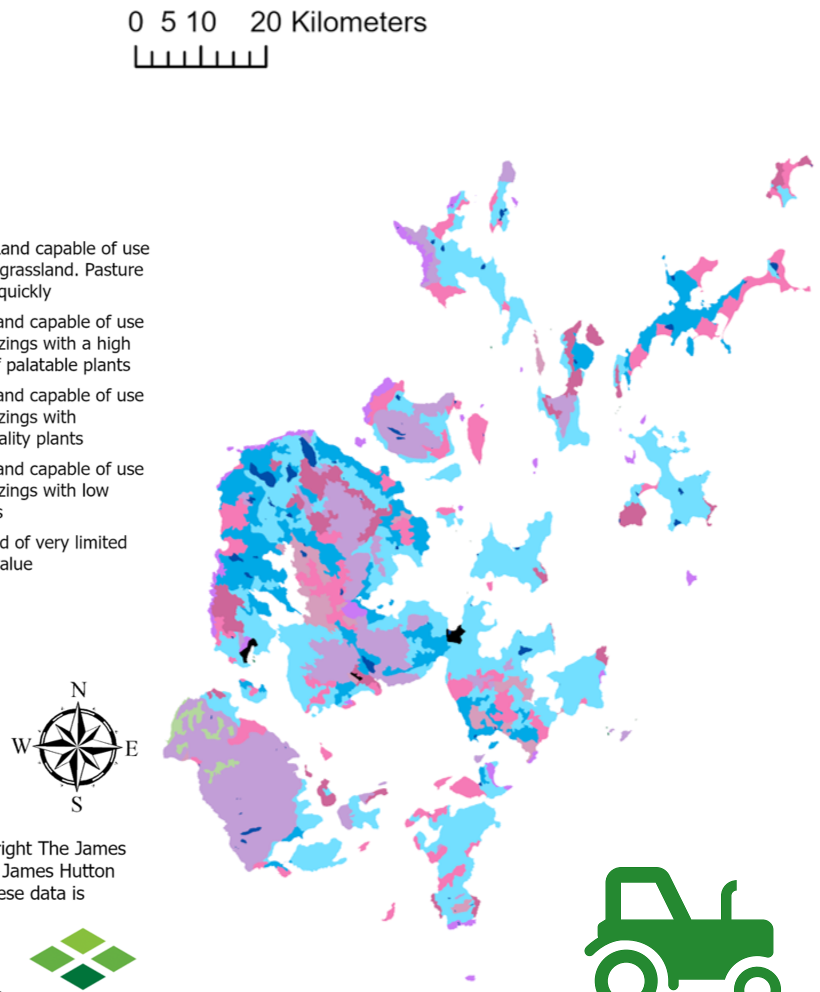
- Class 4.1 - Land capable of producing a narrow range of crops, primarily grassland with short arable breaks of forage crops and cereal
- Class 4.2 - Land capable of producing a narrow range of crops, primarily on grassland with short arable breaks of forage crops
- Class 5.1 - Land capable of use as improved grassland. Few problems with pasture establishment and maintenance and potential high yields
- Class 5.2 - Land capable of use as improved grassland. Few problems with pasture establishment but may be difficult to maintain
- Class 5.3 - Land capable of use as improved grassland. Pasture deteriorates quickly
- Class 6.1 - Land capable of use as rough grazings with a high proportion of palatable plants
- Class 6.2 - Land capable of use as rough grazings with moderate quality plants
- Class 6.3 - Land capable of use as rough grazings with low quality plants
- Class 7 - Land of very limited agricultural value
- Urban
- Water
- Other
- Unknown



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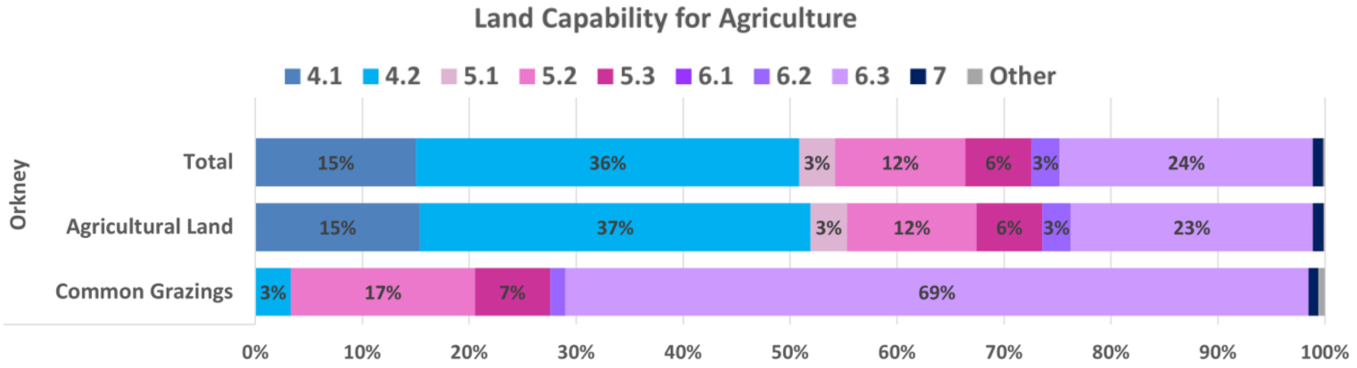
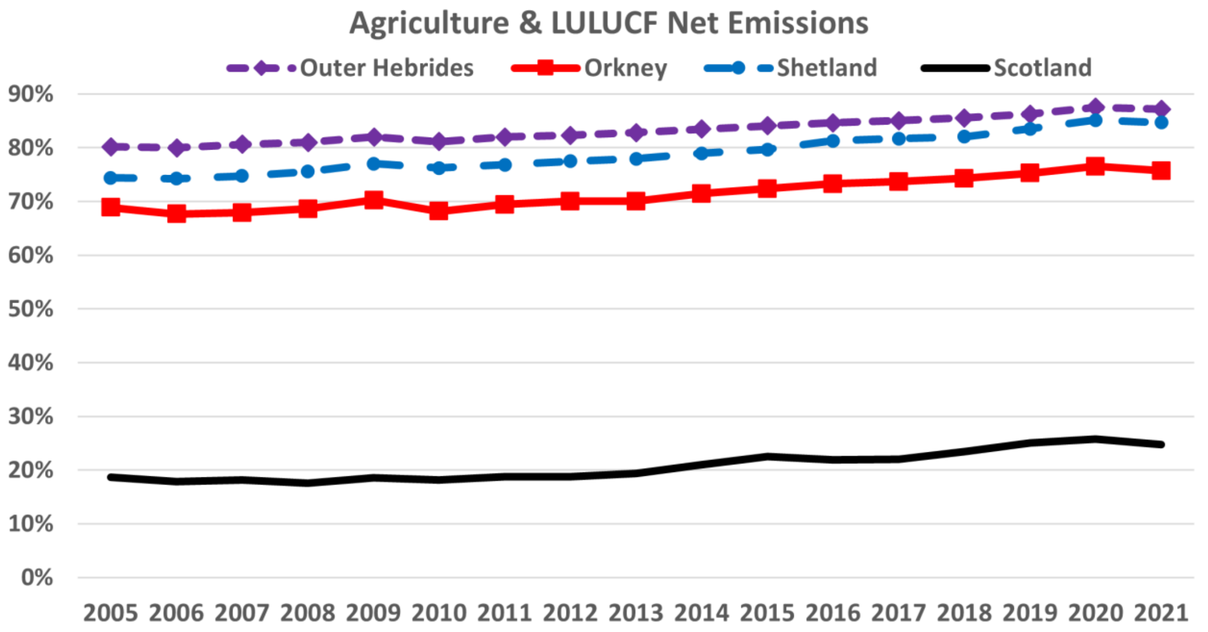
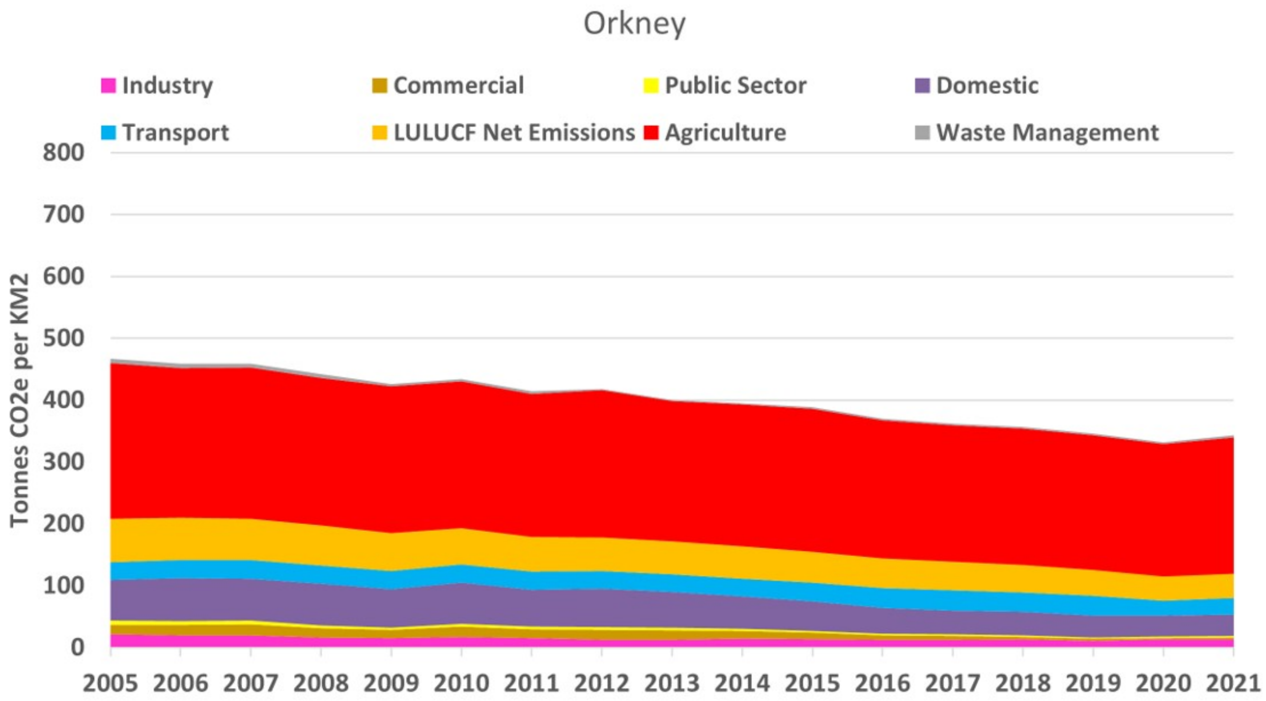


Orkney's Unique Environment

- Limited afforestation opportunities
- Peatland less of an issue in Orkney
- Ruminant livestock emissions are key contributor



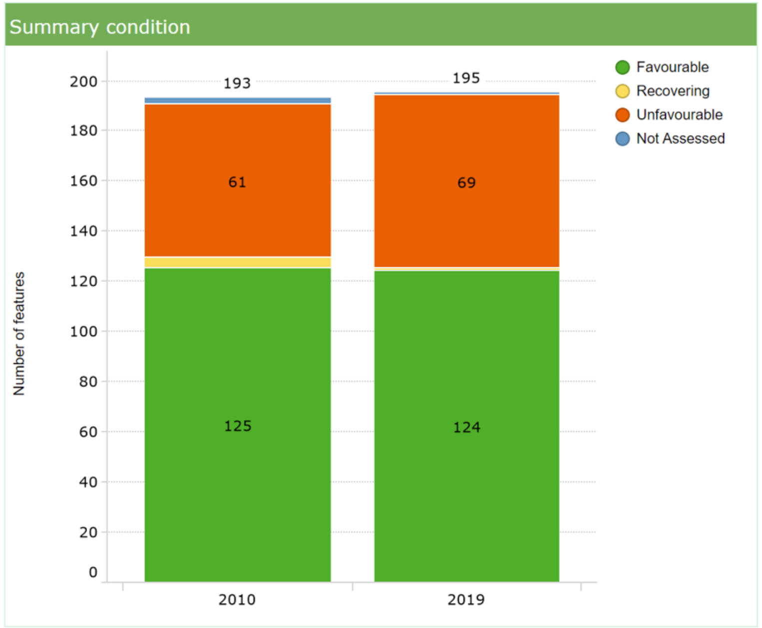
Derived from Department for Energy Security and Net Zero UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2021

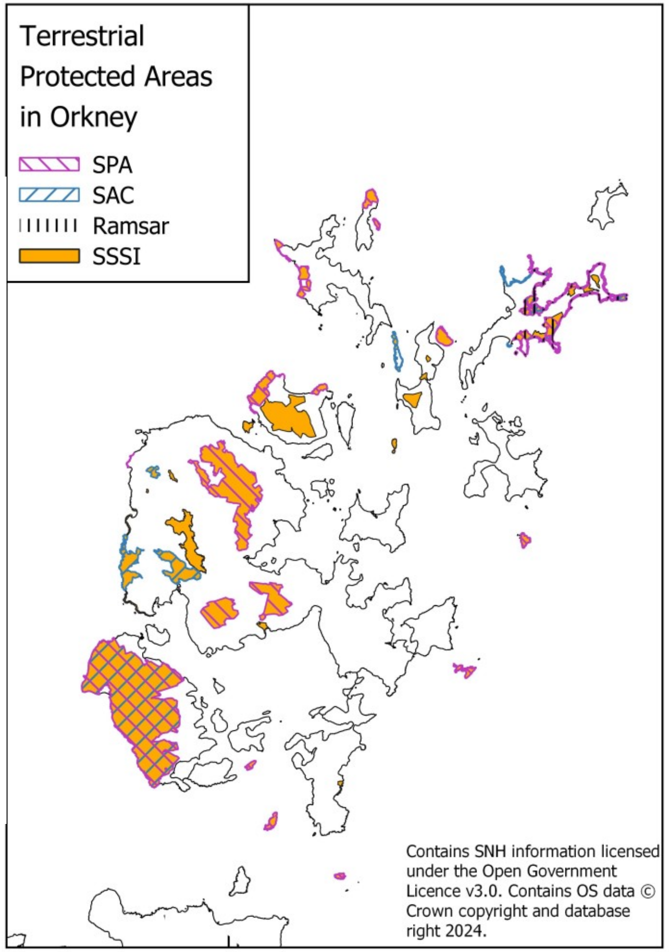


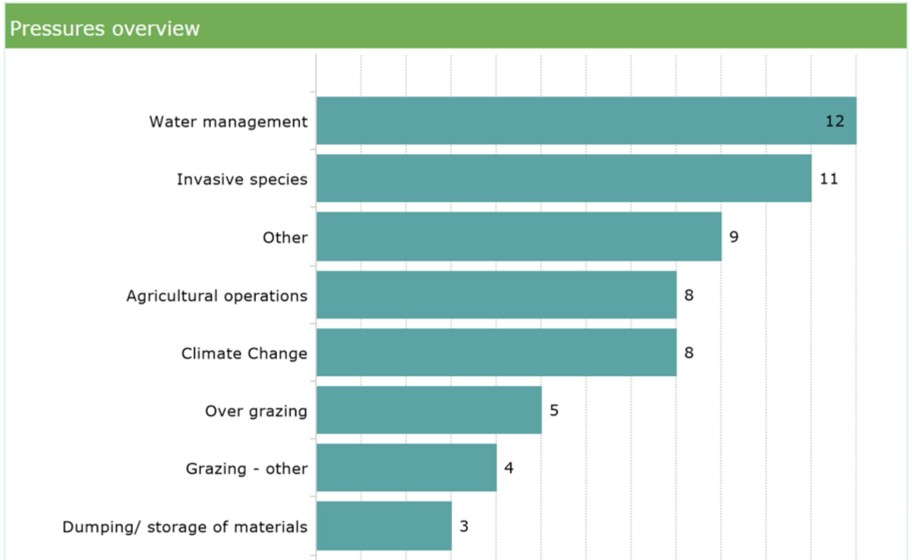
Derived from Department for Energy Security and Net Zero UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2021

Orkney's Unique Environment

- Environment fragile in parts and affected by land management choices
- Designations can act as a constraint on some land management choices

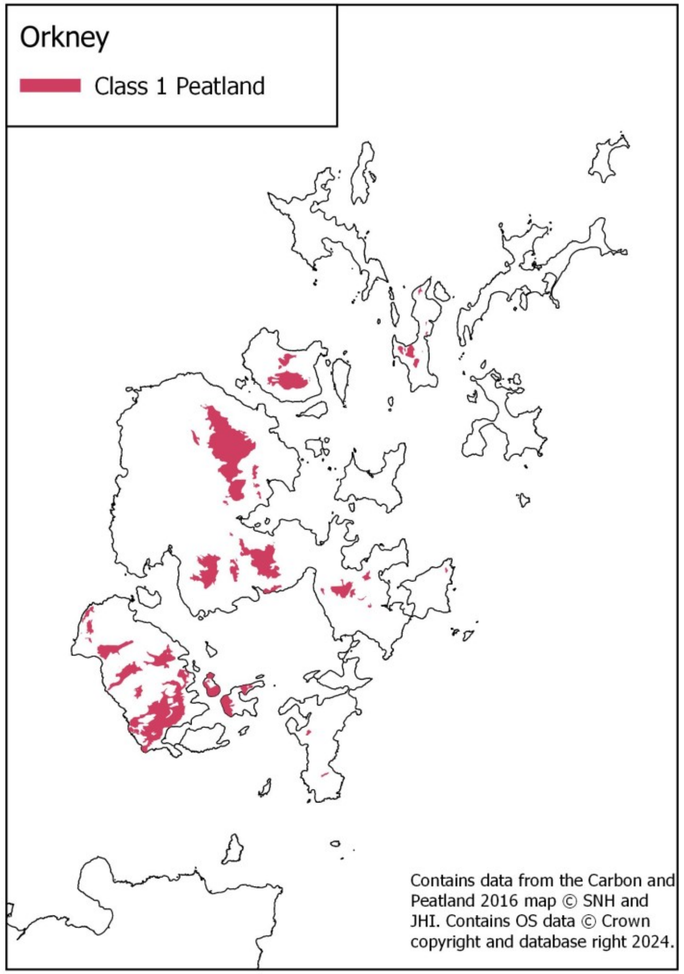




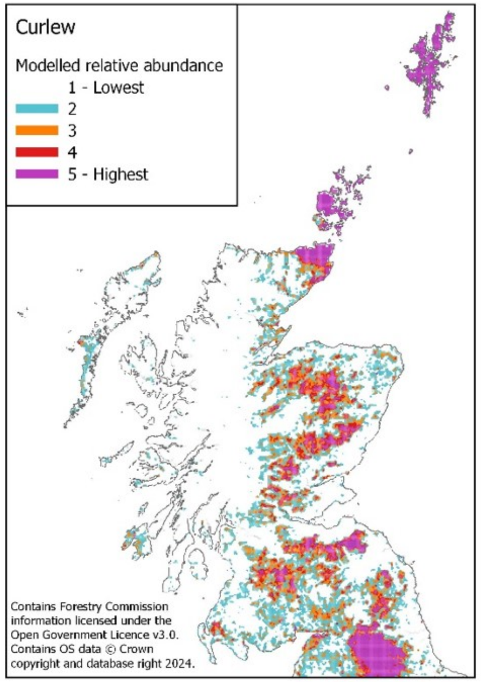


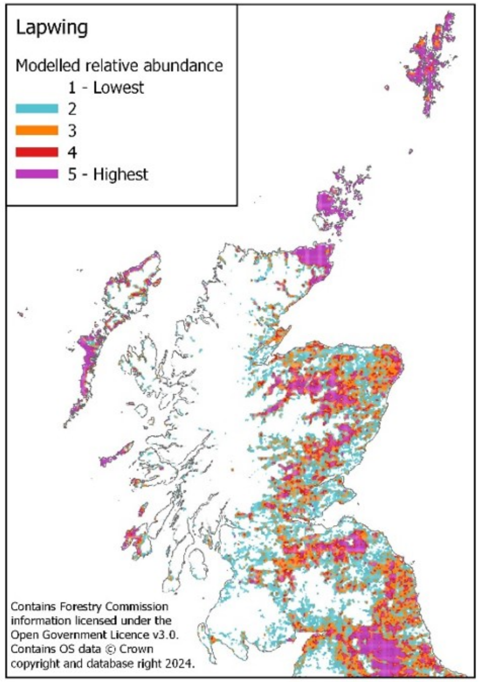
Area	Metric	SSSI	SAC (Terrestrial)	SPA (Terrestrial)	Ramsar
Orkney	Ha	24,315	12,212	18,312	1,516
	% Scotland Ha	2%	2%	1%	0%
	Sites	36	6	14	1
	% Scotland Sites	3%	3%	9%	2%

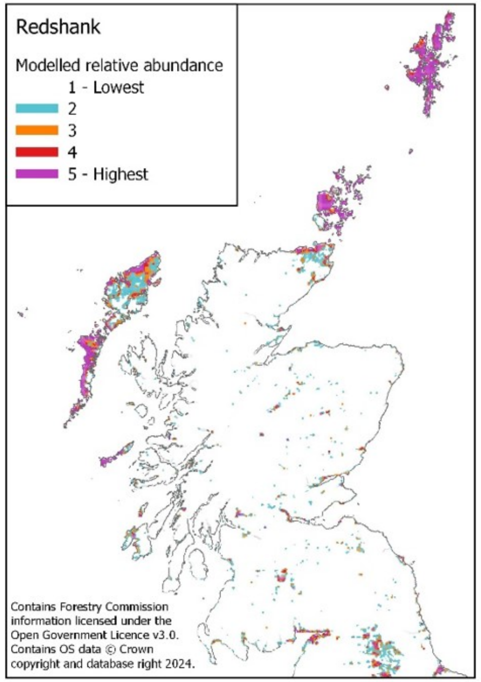
Orkney's important habitats

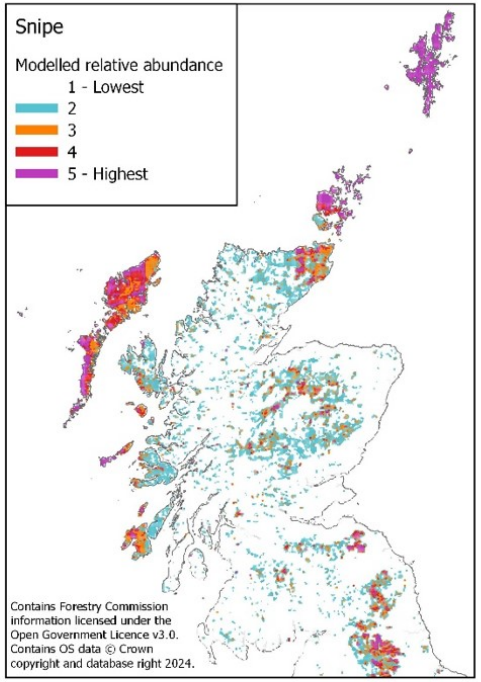


- 91km^2 of class 1 peat
- Very limited bare peat presence – limits restoration potential
- But many important habitats







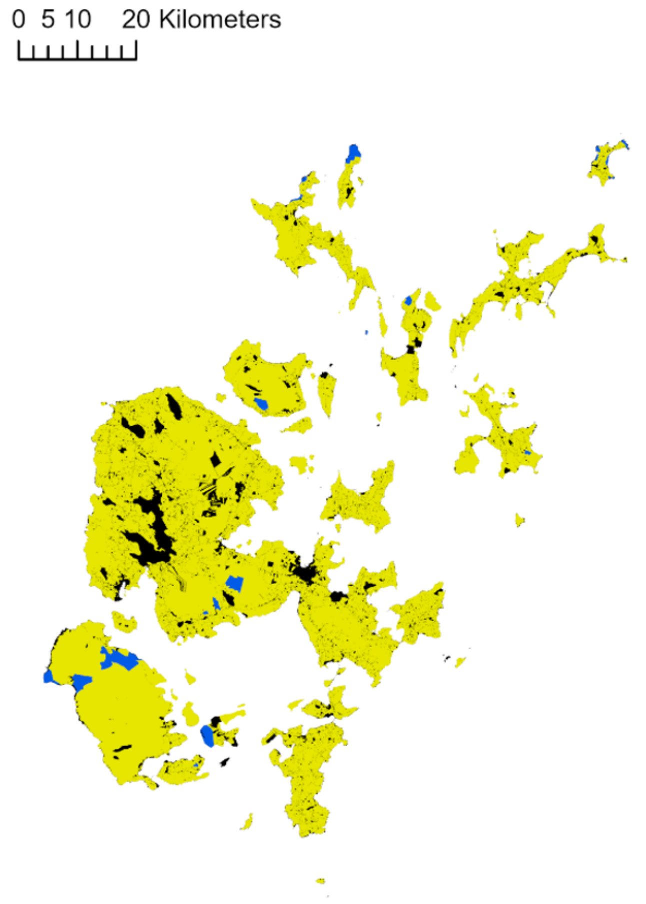


Limited Crofting Extent in Orkney

- Crofting afforded special support through Crofting Agricultural Grant Scheme
  - Higher rates of intervention
  - Housing grants
  - Etc
- Agricultural structures / land capability in Orkney means there is limited access to some ‘rural development’ / targeted support
  - Forestry / CAGS / peatland restoration, etc

Proportion of land claimed through the Single Application

Islands	Land Type	Hectares	Percent
Orkney	Common Grazings	1,947	2.2%
Orkney	Agricultural Land	87,039	97.8%
Outer Hebrides	Common Grazings	176,541	65.9%
Outer Hebrides	Agricultural Land	91,308	34.1%
Shetland	Common Grazings	52,139	38.8%
Shetland	Agricultural Land	82,373	61.2%



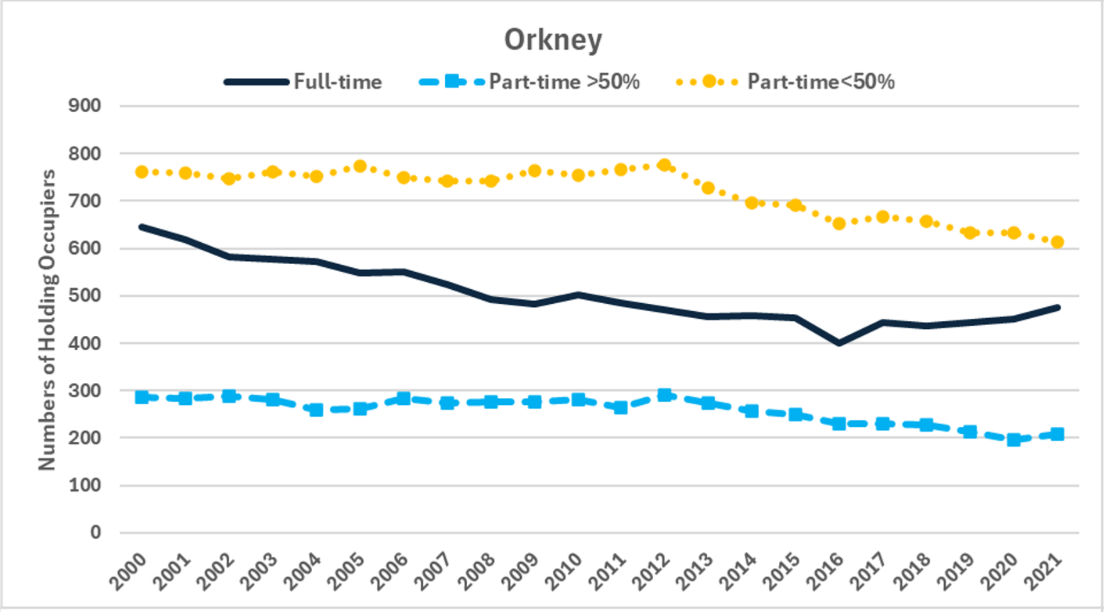
Aged & declining agricultural population

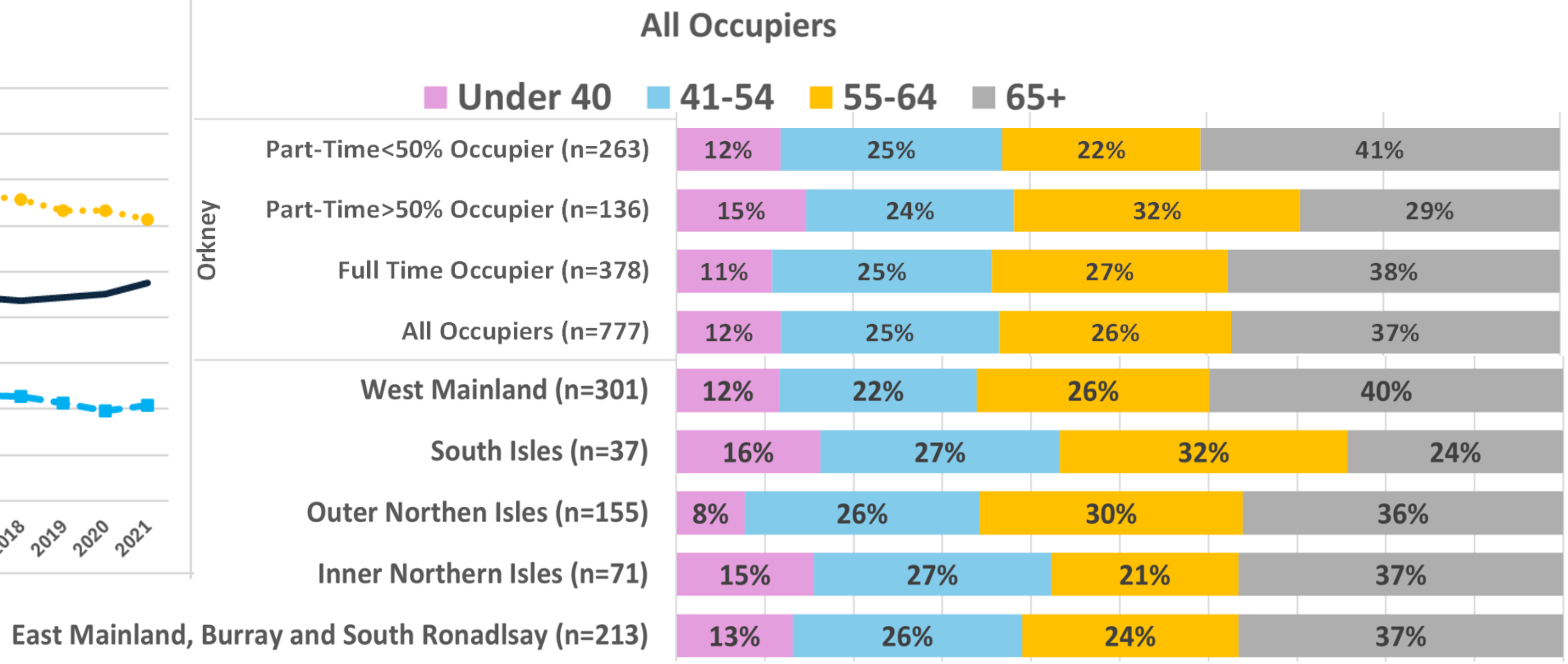
- Risks of further decline if support if too complex
- More under 40s than RoS

Table·23·Number·of·full-time·and·part·time·occupiers·and·spouses·on·agricultural·holdings,·selected·years¶

Region¤	Metric¤	2000¤	2010¤	2021¤	2000-2021¤
Orkney¤	Full-time¤	645¤	501¤	474¤	-27%¤
	Part-time·>50%¤	287¤	280¤	209¤	-27%¤
	Part-time<50%¤	761¤	754¤	614¤	-19%¤

Figure·8·Trends·in·occupiers·and·spouses·on·agricultural·holdings·2000-2021¶





Barley – relatively stable

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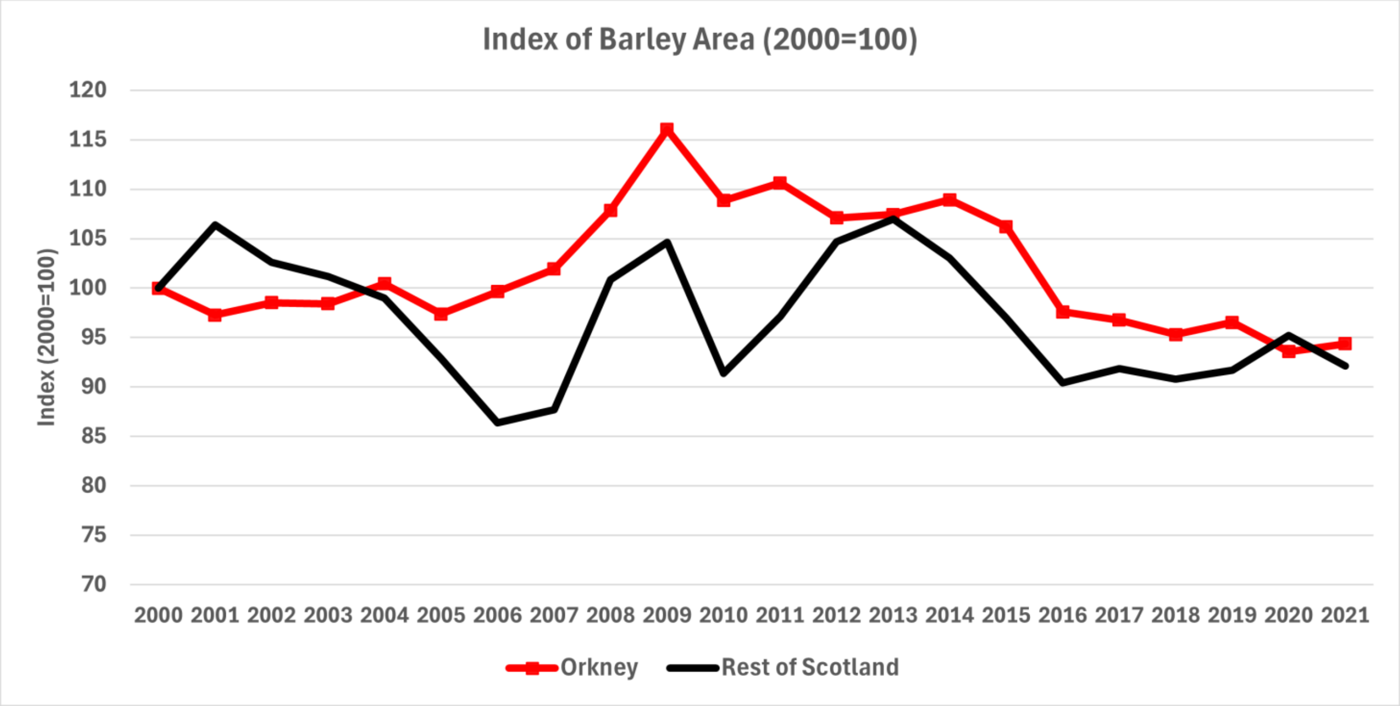
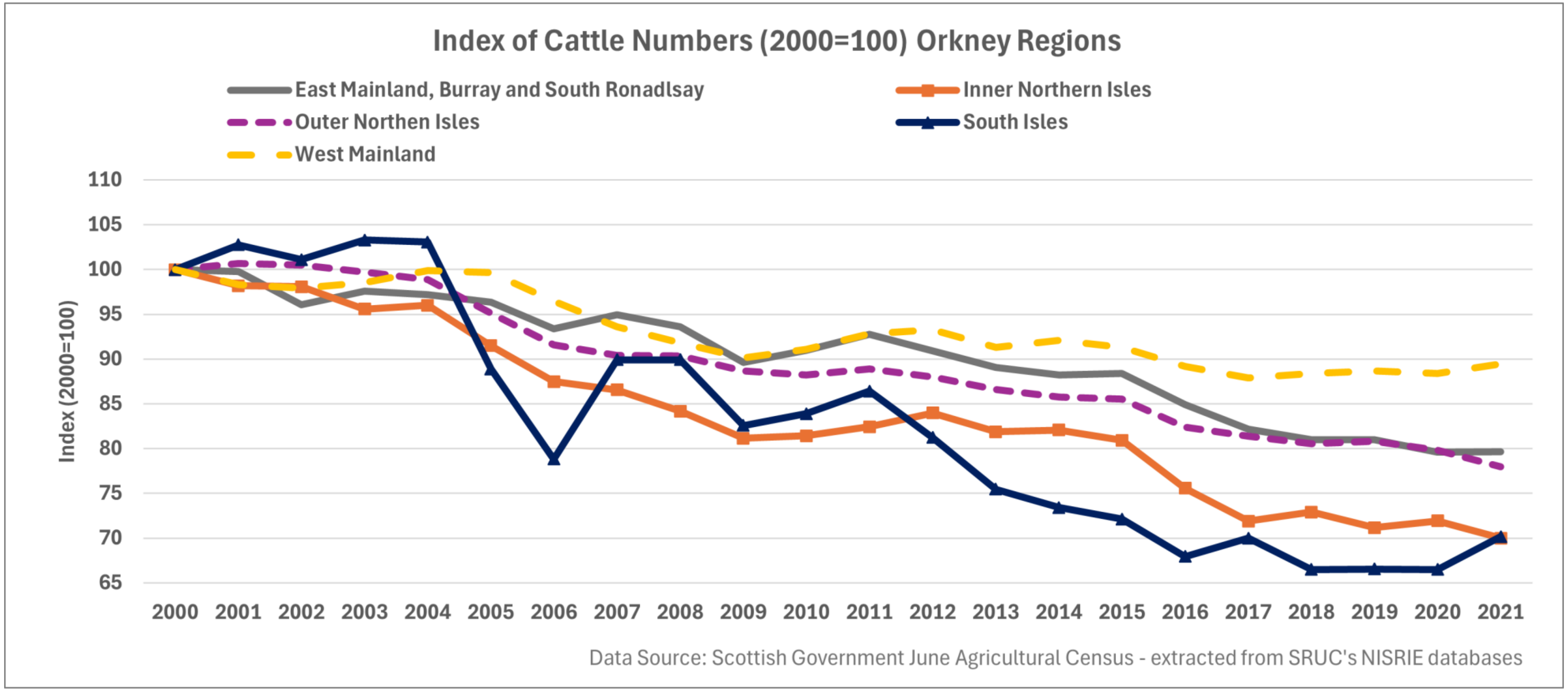
- Table 25 Hectares of barley and oats grown in Selected years, 2000–21

	Crop	2000	2008	2016	2021	2000-2021
Orkney	Barley	4,002	4,316	3,906	3,777	**-6%**



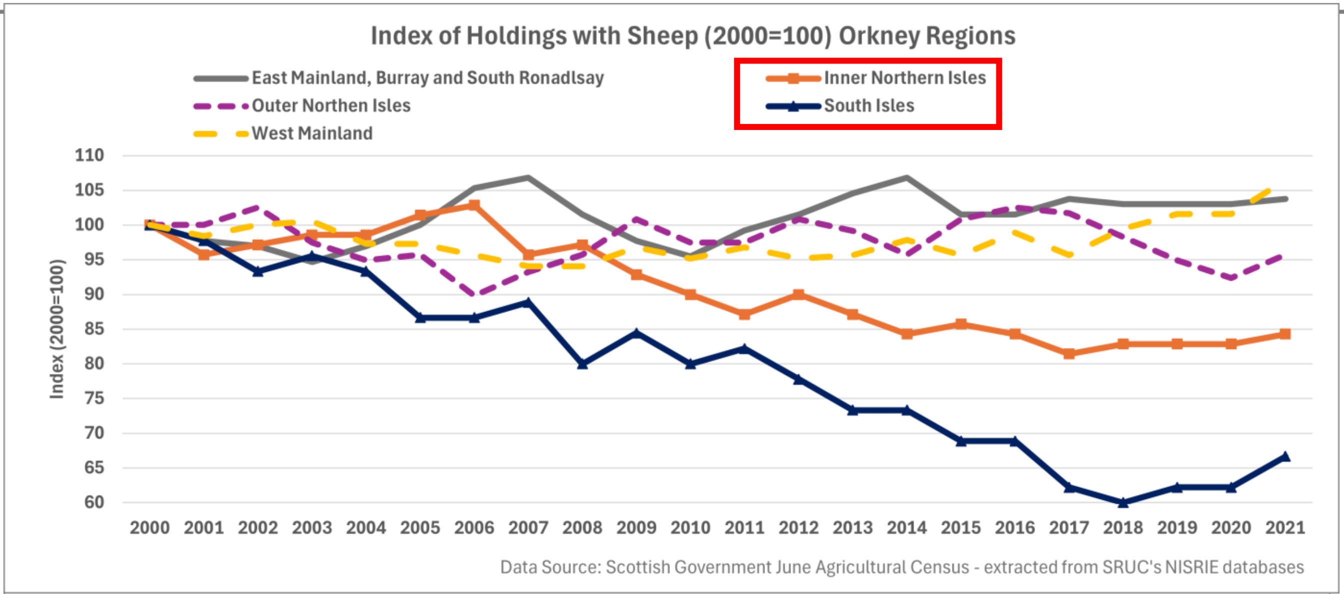
Orkney Cattle (c.5% Scotland)

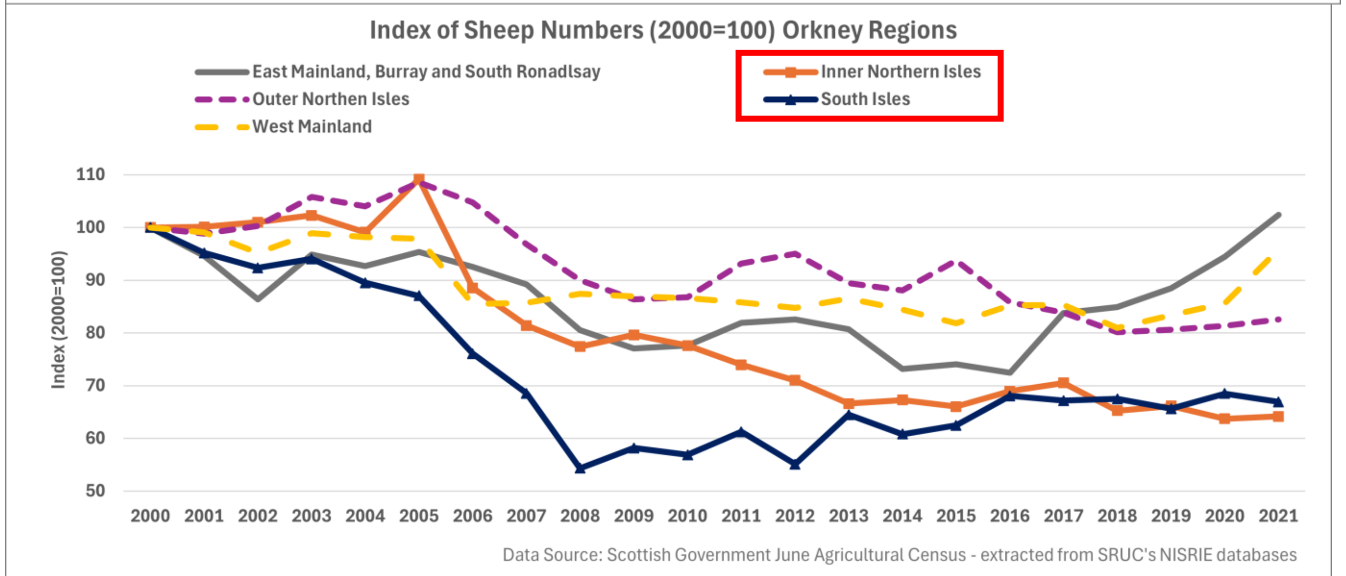
- Long term downward trend
  - Some stability in West Mainland in last decade



YEAR	Head of Cattle	Holdings with Cattle
2000	93.6k	733
2001	93.0k	697
2002	91.8k	671
2003	92.1k	666
2004	92.4k	650
2005	90.7k	631
2006	87.4k	616
2007	86.6k	620
2008	85.4k	603
2009	83.1k	592
2010	83.7k	578
2011	85.1k	578
2012	84.6k	563
2013	82.9k	557
2014	82.7k	549
2015	82.3k	541
2016	79.5k	528
2017	77.9k	514
2018	77.6k	502
2019	77.7k	499
2020	77.1k	483
2021	77.1k	483
2000-21	**-18%**	**-34%**

Maintained sheep numbers – but internal variation





Year	Head of Sheep	Holdings with Sheep
2000	149.7k	551
2001	146.5k	541
2002	141.9k	545
2003	148.4k	539
2004	145.5k	532
2005	148.8k	536
2006	133.6k	534
2007	128.0k	533
2008	121.4k	526
2009	120.4k	531
2010	119.8k	517
2011	122.2k	524
2012	120.4k	528
2013	120.4k	527
2014	116.1k	528
2015	116.3k	522
2016	117.5k	529
2017	120.5k	520
2018	116.3k	522
2019	118.8k	523
2020	121.9k	520
2021	130.1k	537
2000-21	**-13%**	**-3%**

Activity stacking on fewer businesses

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Table 28 Number of animals declared in SAF submissions by BRNs

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2015-2022
Orkney										
Dairy Cows	2,176	2,095	2,152	2,239	2,053	1,933	1,935	2,039	1,791	**-18%**
Suckler Cows	25,696	25,392	25,067	24,760	24,596	24,795	24,650	24,655	23,867	**-7%**
Other Dairy & Beef <6 months	5,537	4,990	5,303	5,045	4,914	5,596	5,221	5,297	5,182	**-6%**
Other Dairy & Beef 6-24 months	32,192	31,205	29,607	29,503	30,204	29,465	29,551	28,764	29,153	**-9%**
Other Dairy & Beef >24 months	3,841	3,819	3,738	3,781	3,762	3,687	3,323	3,322	3,129	**-19%**
Ewes & Gimmers	47,519	44,903	45,372	45,768	45,617	57,179	48,632	49,962	53,257	**12%**
Ewe Hoggs	11,400	11,745	11,045	11,429	9,932	10,934	13,048	12,839	14,148	**24%**
Other Sheep	9,755	6,803	8,657	6,057	7,434	6,474	6,607	8,213	11,444	**17%**
Horses & Ponies	351	340	317	307	350	284	256	259	279	**-21%**
Poultry	5,314	5,571	5,470	4,891	5,463	5,401	5,555	5,479	2,848	**-46%**

Table 29 Number of BRNs declaring specific types of animals in SAF submissions, 2022

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2015-2022
Orkney										
Dairy Cows	20	18	19	16	15	15	15	18	16	**-20%**
Suckler Cows	473	460	439	432	439	433	430	427	408	**-14%**
Other Dairy & Beef <6 months	332	280	297	272	275	292	267	270	258	**-22%**
Other Dairy & Beef 6-24 months	488	469	464	455	454	442	444	440	429	**-12%**
Other Dairy & Beef >24 months	435	429	416	405	405	410	407	404	387	**-11%**
Ewes & Gimmers	388	382	392	394	387	390	396	401	409	**5%**
Ewe Hoggs	295	293	284	291	286	273	305	301	307	**4%**
Other Sheep	359	348	363	358	365	356	369	377	379	**6%**
Horses & Ponies	91	90	94	91	106	83	76	75	80	**-12%**
Poultry	156	176	171	166	179	167	172	148	140	**-10%**

Narrowing economic base

Regional support model – affects ££s

		£223/Ha	£45/Ha	£14/Ha		
	BPS Eligible Ha	**BPS Region 1 Eligible**	**BPS Region 2 Eligible**	**BPS Region 3 Eligible**	**Total BPS Claimed**	**BPS Claimed Area on Common Grazings**
Orkney	**78,609**	**67%**	**24%**	**9%**	**92%**	**1%**
East Mainland, Burray & South Ronaldsay	16,871	82%	14%	3%	91%	0%
Inner Northern Isles	8,695	57%	41%	1%	95%	1%
Outer Northen Isles	13,042	80%	20%	0%	90%	1%
South Isles	9,256	20%	23%	57%	92%	4%
West Mainland	30,743	69%	27%	4%	92%	1%

- Potential for change (R3 normalisation with R2?)

Table 17 Change in the number of BRNs in receipt of agricultural support by sub island region (2014 and 2022)

Region	2014	2022	2014-2022
Orkney			
East Mainland, Burray and South Ronaldsay	220	189	-14.1%
Inner Northern Isles	72	61	-15.3%
Outer Northern Isles	140	121	-13.6%
South Isles	39	33	-15.4%
West Mainland	309	261	-15.5%

Table 18 Changes in total support at sub-island regions 2014-2022

Region	2014	2022	2014-2022
Orkney			
East Mainland, Burray and South Ronaldsay	£4.9m	£5.1m	3.1%
Outer Northern Isles	£4.0m	£4.2m	5.3%
Inner Northern Isles	£1.9m	£2.1m	12.6%
South Isles	£0.7m	£1.0m	53.5%
West Mainland	£9.4m	£8.5m	-9.4%

Wide variety of Orkney support levels

Region	BRN Recipients	Percentile								Mean
		5th	10th	25th	50th	75th	90th	95th	99th	
AECS	195	£1,035	£1,576	£2,933	£5,453	£8,800	£13,836	£18,231	£46,082	£7,061
BPS	660	£724	£1,171	£3,010	£7,861	£16,190	£27,763	£39,949	£61,974	£11,864
Greening	660	£370	£603	£1,543	£3,981	£8,322	£13,971	£20,010	£29,454	£6,025
LFASS	508	£385	£549	£1,884	£5,365	£10,216	£18,181	£26,738	£43,333	£7,863
SSBSS	393	£867	£1,300	£3,034	£7,080	£12,859	£19,360	£25,429	£35,542	£9,045
SUSSS	6	–	–	–	–	–	–	–	–	£10,157
YFP	30	£194	£244	£620	£1,340	£2,277	£3,138	£3,281	£3,311	£1,496

- Declining population of claimants
- Higher relative additional compliance costs for small recipients (WFP / Tier 2)
- Opportunity for redistributive support &/or small recipient scheme
- Concerns voiced over future LFASS & lack of detail
- **Greening will likely have more conditions (Tier 2) in the future**

We must remember the original rationale for coupled support

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Table 11 Number of BRNs claiming SSBSS by sub-island regions (2014-2022)

	2015	2016	2017	2018	2019	2020	2021	2022	2014-22
Orkney	**501**	**451**	**475**	**485**	**470**	**445**	**439**	**428**	**-14.6%**
East Mainland, Burray and South Ronaldsay	139	128	135	127	125	121	113	111	**-20.1%**
Inner Northern Isles	41	32	36	37	37	33	36	31	**-24.4%**
Outer Northen Isles	95	85	87	89	91	79	79	79	**-16.8%**
South Isles	22	16	26	21	19	19	21	21	**-4.5%**
West Mainland	204	190	191	211	198	193	190	186	**-8.8%**

Table 12 Number of calves claimed through SSBSS by sub-island regions (2014-2022)

SSBSS	2015	2016	2017	2018	2019	2020	2021	2022	2014-22
Orkney	**24,885**	**23,614**	**24,986**	**24,675**	**24,160**	**24,802**	**24,707**	**24,629**	**-1.0%**
East Mainland, Burray and South Ronaldsay	5,841	5,626	6,003	5,850	5,514	5,892	5,678	5,857	**0.3%**
Inner Northern Isles	1,905	1,593	1,926	1,740	1,743	1,744	1,705	1,666	**-12.5%**
Outer Northen Isles	5,735	5,391	5,751	5,649	5,472	5,486	5,331	5,169	**-9.9%**
South Isles	571	430	548	444	470	643	600	596	**4.4%**
West Mainland	10,833	10,574	10,758	10,992	10,961	11,037	11,393	11,341	**4.7%**

- Art 69 (EC) No. 1782/2003 support specific types of farming which were important for the **protection or enhancement of the environment** or for improving the **quality and marketing of agricultural products**
- Article 68 of EC 73/2009 help in disadvantaged regions or to **support economically vulnerable types of farming**

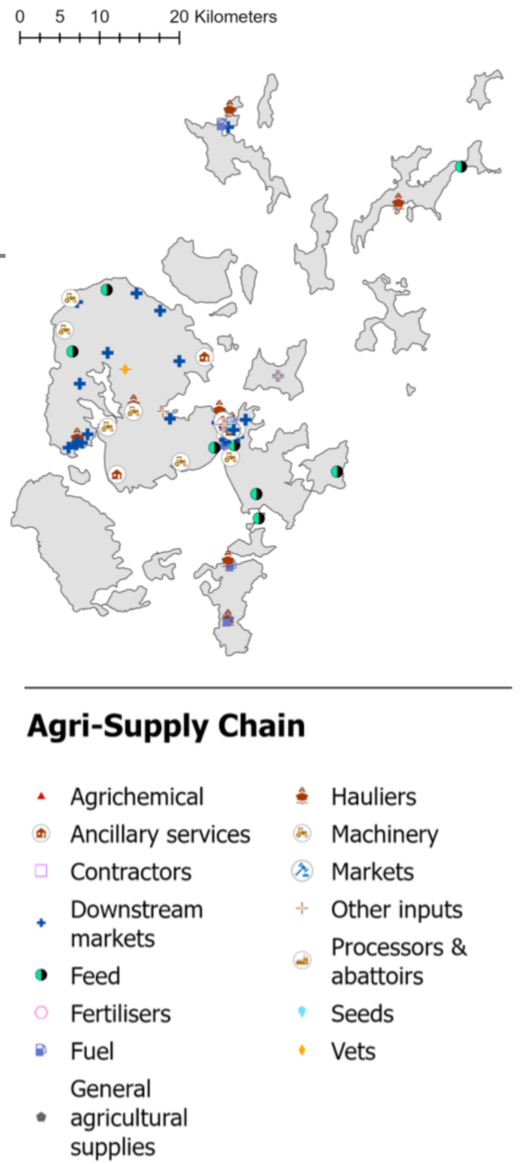
Agricultural activity costs more in the islands – the rationale for LFASS?

Area	Fertiliser (AN, £/t)	Red diesel (ppl)	Feed (beef stock nuts, £/t)	Cow haulage to mart (£/hd)
Orkney (Kirkwall)	+9%	+9%	+12%	+53%
Orkney (inner isles)	+16%	+9%	+18%	+67%
Orkney (outer isles)	+20%	+9%	+23%	+67%
Shetland (Lerwick)	+19%	+9%	+26%	+50%
Shetland (outer islands)	+28%	+16%	+35%	+400%
Lewis & Harris	+22%	+19%	+29%	+200%
Uist & Benbecula	+13%	+14%	+35%	+167%

- Within-island cost differentials often not considered
- Child of LFASS needs to account for peripherality

Table 50 Cost of inputs and haulage to island groupings

	Fertiliser (AN, £/t)	Red diesel (ppl)	Feed (beef stock nuts, £/t)	Cow haulage to mart (£/hd)	Average distance to mart (miles)	Notes
Orkney (Kirkwall)	£380	£84.3	£369	£23	120	(To Aberdeen) - though most sell through Kirkwall mart. Up to 20 miles on land then 120 miles on sea
Orkney (inner isles)	£402	£84.3	£391	£25	20	12 miles on land, 1 mile on sea
Orkney (outer isles)	£417	£84.3	£406	£25	20	20 miles on sea
Mainland Highlands	£378	£78.3	£400	£15	35	
Rest of Scotland	£348	£77.3	£330	£15	30	



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Policy changes announced for 2025

- New cross compliance condition introduced from 2025 to protect peatland and wetland.
- Foundations of a Whole Farm Plan as new entry level standards that "which will include soil testing, animal health and welfare declaration, carbon audits, biodiversity audits"
- Calving Interval condition for the SSBSS "to help cut emissions intensity and make beef production more efficient".

- New laws on slurry and silage effluent storage and application through the evolving General Binding Rules introduced by the Water Environment (Controlled Activities) (Scotland) Amendment Regulations 2021 New General Binding Rules on Silage & Slurry – FAQs – Farming and Water Scotland
- Wildlife Management and Muirburn (Scotland) Bill requires those intending to burn heather/other plants to have a "muirburn licence".

https://www.nature.scot/doc/guidance-muirburn-code

SSBSS Calving Interval Condition

- New ,calving interval condition (410 days) on SSBSS being introduced in 2025
- Estimate the islands rate will increase from £145 to £166 per eligible calf if 2022 performance replicated
- Possibility of further longer term conditions / changes

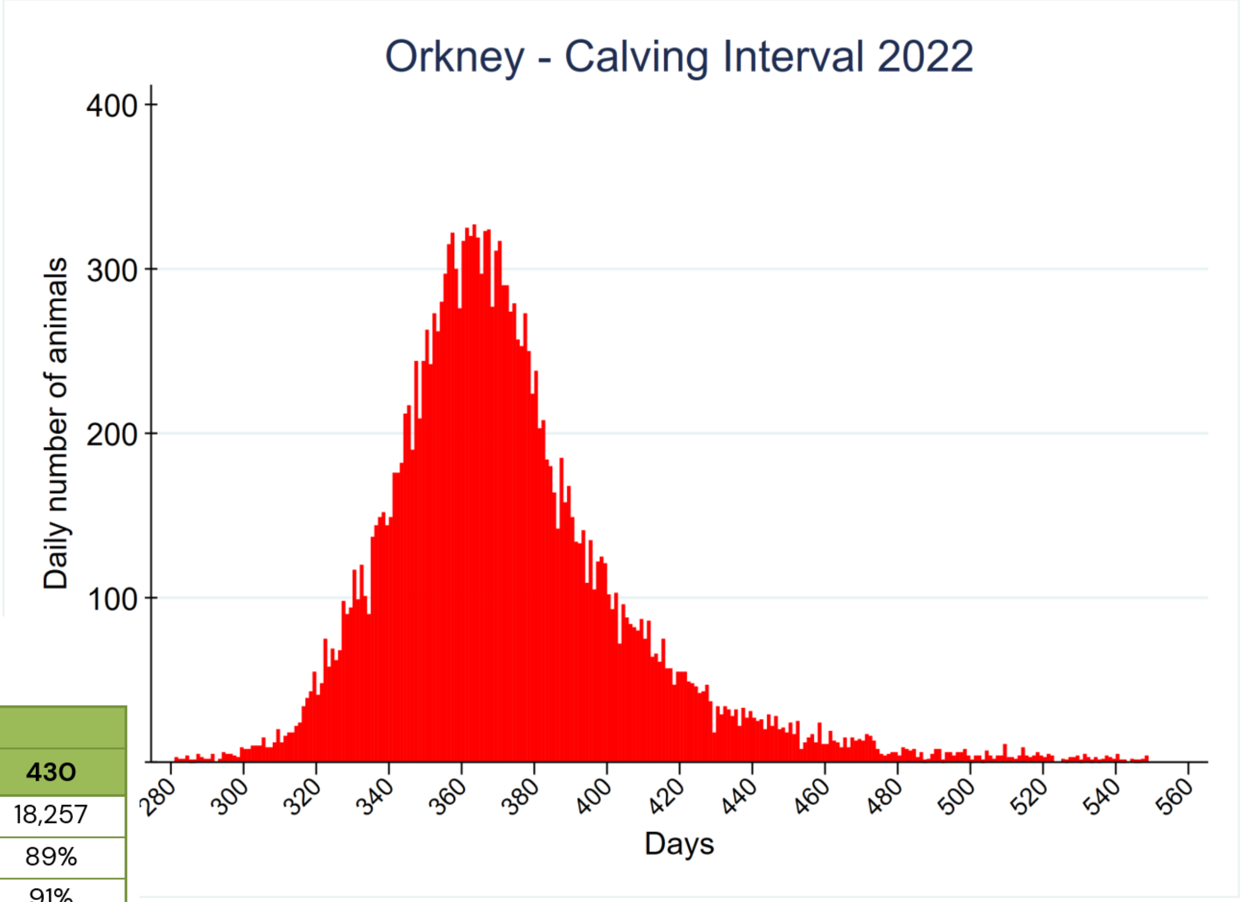


Table 32 Calving interval thresholds and number of cows previously calved that meet thresholds 2022.

Region	Metric	Calving Interval Threshold (Days)						
		370	380	390	400	410	420	430
Orkney	Cows	10,759	13,387	15,128	16,355	**17,215**	17,838	18,257
	% of cows	53%	66%	74%	80%	**87%**	87%	89%
	% of dams	61%	72%	79%	84%	**87%**	90%	91%

Compliance costs

- Tier 1 (base)
  - Soil Testing: £57 to £77 per 4 ha sample (Region 1 land every 5 years)
  - Animal health and Welfare Plan: £158 to £658 (per year)
  - Carbon Audit: £473 to £2,268 (every 5 years)
  - Habitat Assessment: £270 to £2,156 (every 5 years)
  - Integrated Pest Management Plan £135 to £1,358 (every year)

- Tier 2 (enhanced)
  - Actual additional costs (management or expenditure) or income foregone (from e.g. reduced stock)
  - Measures still not well defined for uplands

Small holders
Higher costs per hectare or per £1 of support received, putting them at greater risk of withdrawing from the support structure if perceived compliance costs start to outweigh receipts.

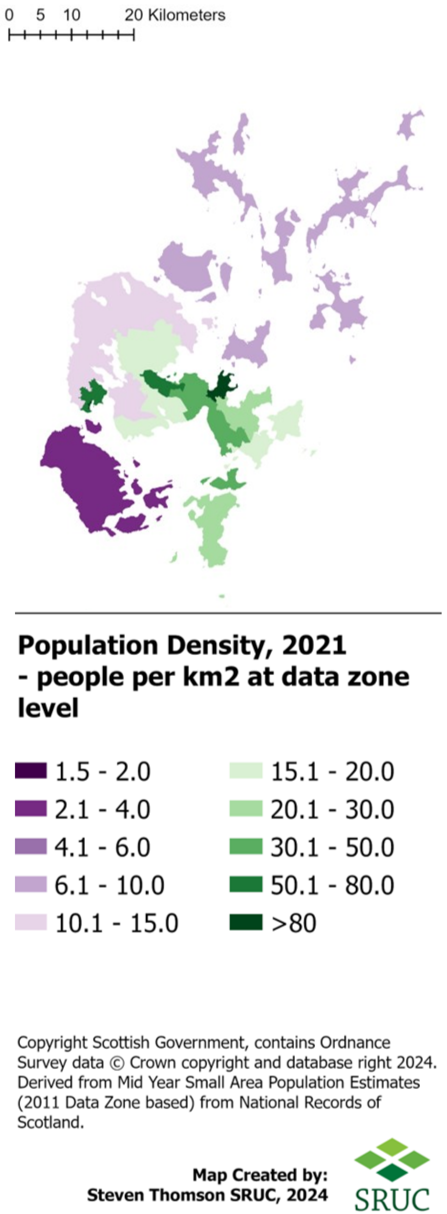
Small Recipient / Redistribution Opportunities

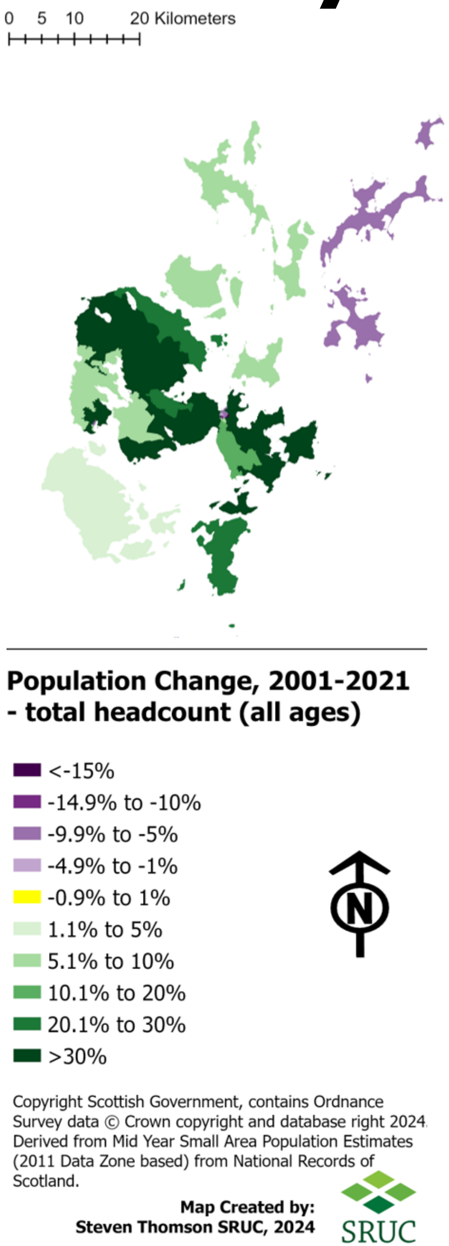
- Small recipient derogation?
  - What threshold?
- Redistributive, 'Front Loading'?
  - E.g. 10% BPS, Greening and Young Farmer Payment

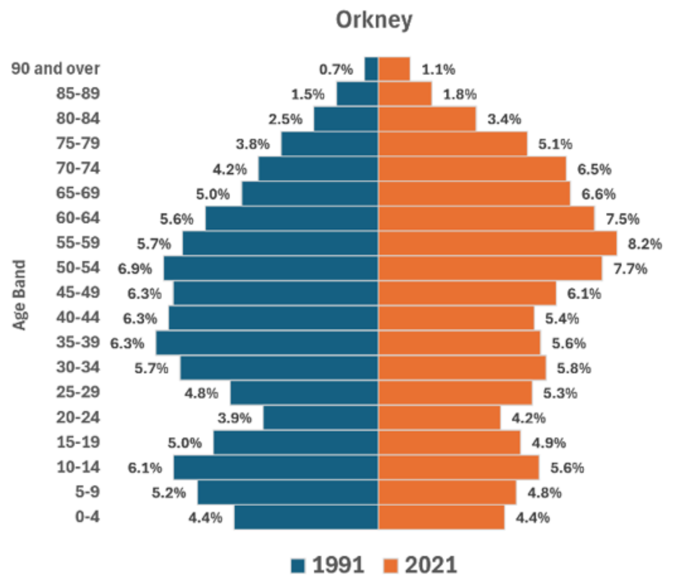
Small recipient option	Metric	Orkney
2022 Baseline	BRNs	661
	T1 & T2 Support	£19.6m
	BPS Eligible Ha	77,770
	BPS Claimed Area	72,142
	Livestock Units	62,299
<=30 Ha	BRNs	27.2%
	T1 & T2 Support	3.6%
	BPS Eligible Ha	3.7%
	BPS Claimed Area	3.6%
	Livestock Units	3.3%
<=£1,500 T1+T2	BRNs	6.4%
	T1 & T2 Support	0.2%
	BPS Eligible Ha	0.8%
	BPS Claimed Area	0.3%
	Livestock Units	0.4%
<=£3,000 T1+T2	BRNs	14.1%
	T1 & T2 Support	0.8%
	BPS Eligible Ha	1.6%
	BPS Claimed Area	1.0%
	Livestock Units	0.9%
<=£5,000 T1+T2	BRNs	21.8%
	T1 & T2 Support	1.8%
	BPS Eligible Ha	4.0%
	BPS Claimed Area	2.3%
	Livestock Units	1.7%

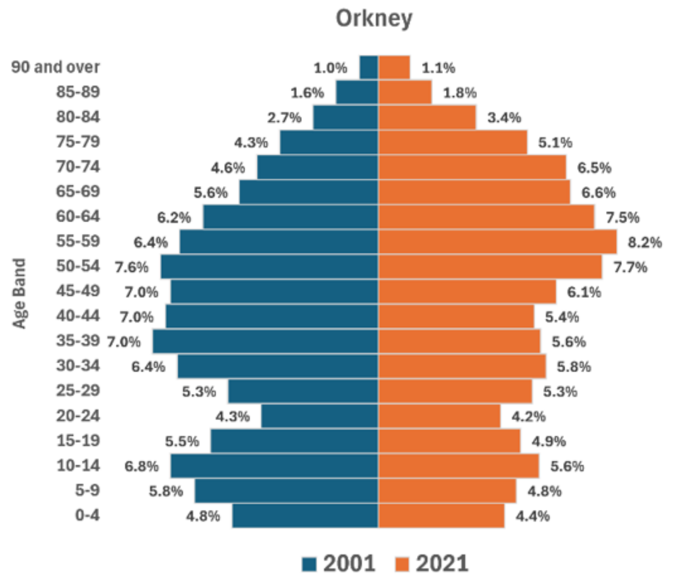
Claim Size	Redistributive scenario	Orkney
<10 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£88.3k
	First 10.6 Ha uplift	£180.5k
	First 22.3 Ha uplift	£130.5k
	First 37.3 Ha uplift	£112.2k
10-20 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£230.3k
	First 10.6 Ha uplift	£392.2k
	First 22.3 Ha uplift	£338.3k
	First 37.3 Ha uplift	£291.3k
20-30 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£325.6k
	First 10.6 Ha uplift	£448.4k
	First 22.3 Ha uplift	£456.9k
	First 37.3 Ha uplift	£414.5k
30-50 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£674.4k
	First 10.6 Ha uplift	£827.5k
	First 22.3 Ha uplift	£842.2k
	First 37.3 Ha uplift	£847.3k
50-100 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£2.1m
	First 10.6 Ha uplift	£2.3m
	First 22.3 Ha uplift	£2.3m
	First 37.3 Ha uplift	£2.3m
>100 Ha BPS Claim	Tier 1 & 2 Less LFASS & VCS	£8.7m
	First 10.6 Ha uplift	£8.4m
	First 22.3 Ha uplift	£8.4m
	First 37.3 Ha uplift	£8.4m
Total	**Tier 1 & 2 Less LFASS & VCS**	**£12.1m**
	First 10.6 Ha uplift	**£12.5m**
	First 22.3 Ha uplift	**£12.5m**
	First 37.3 Ha uplift	**£12.4m**

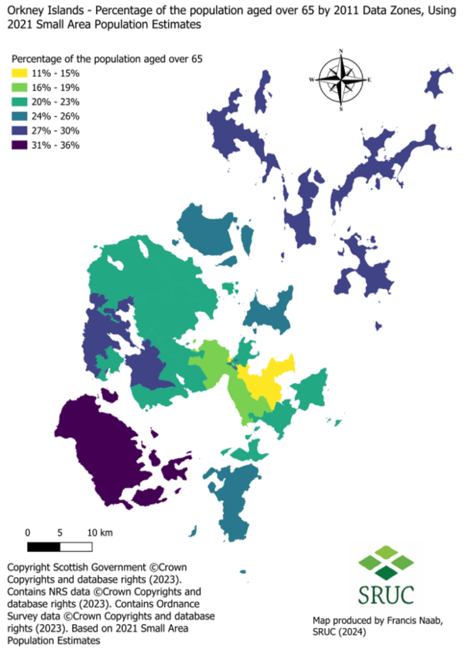
Demographically fragile areas

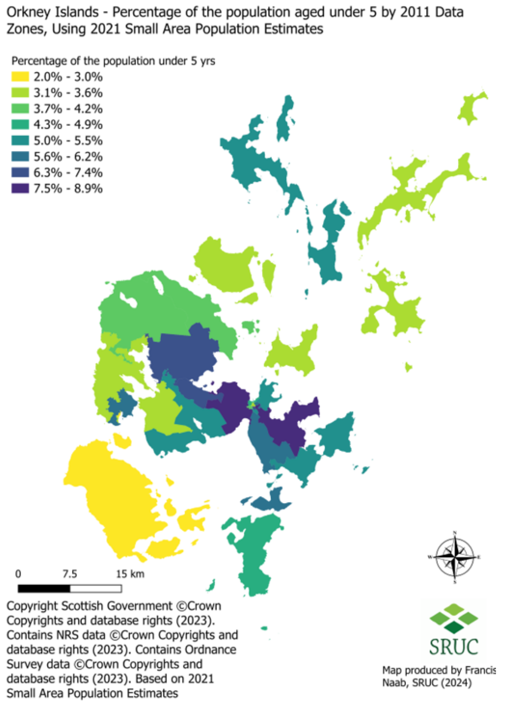












Embedded in agriculture

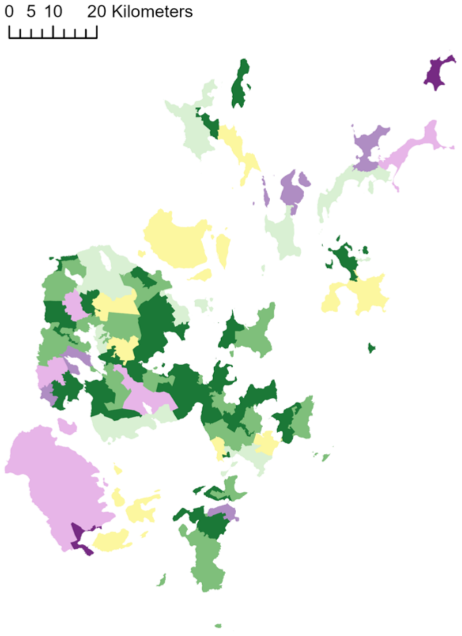
- VAT & PAYE registered businesses underplays smallholding agriculture
- Agriculture estimated to account for 6.9% of employees (including 4.6% of full time and 7.4% of part time employees) and 16.3% of total 'employment'.
- c.10% of 16-75 year olds in Orkney directly work on farms or crofts for at least part of their time
    - 20% in the South Isles
    - 29% in the Northern Isles

Sector (% are proportion of total)	Number of Businesses	Total Employment	Total Turnover (£m)
Total Local Authority	**1,545**	**8,300**	**£869m**
A, B, D, E Primary Industries	43.4%	22.9%	35.9%
C Manufacturing	4.5%	6.3%	6.4%
F Construction	9.4%	10.1%	8.5%
G Wholesale, retail and repairs	10.7%	16.6%	23.5%
H Transport and storage	3.6%	8.8%	6.2%
I Accommodation and food service activities	4.9%	9.6%	2.6%
J Information and communication	1.6%	2.3%	1.8%
K Financial and insurance activities	0.6%	0.0%	0.0%
L Real estate activities	1.3%	1.1%	0.9%
M Professional, scientific and technical activities	6.8%	6.7%	4.9%
N Administrative and support service activities	4.9%	4.0%	4.7%
P, Q Education, human health and social work activities	3.2%	5.4%	2.3%
R Arts, entertainment and recreation	2.3%	3.3%	1.2%
S Other service activities	2.6%	0.0%	0.9%

Data Source: (Businesses in Scotland: 2023 - gov.scot (www.gov.scot))

Connectivity

- Often ferries and broadband are referred to
- Grid connectivity important – for renewable energy installations
- Reliability remains an issue for islanders (transport, digital, etc)



Percentage of premises that do not have access to universal service obligation - download speeds at or above 10Mbit/s and upload speeds at or above 1Mbit/s from fixed broadband or a Wireless Internet Service Provider (WISP) or Mobile FWA

- **0%**
- **1% - 5%**
- **6% - 9%**
- **10% - 25%**
- **26% - 32%**
- **33% - 63%**
- **64% - 100%**

Ofcom Connected Nations Definitions
Ultrafast broadband: A data service that can deliver download speeds of at least 300 Mbit/s.
Superfast broadband: A data service that can deliver download speeds of at least 30 Mbit/s
Decent Broadband: A data service that provides fixed download speeds of at least 10 Mbit/s and upload speeds of at least 1 Mbit/s

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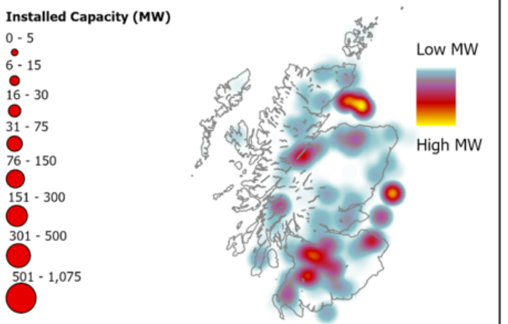
Renewable Energy Installations - Operational or under Construction (Jan 2024)



Details from Local Authority planning departments

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Derived from Department for Energy Security and Net Zero's Renewable Energy Planning Database (REPD) January 2024.

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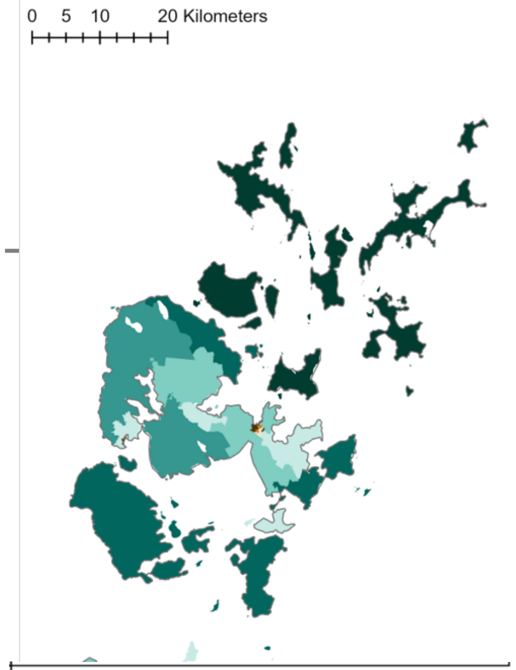

FITS Installations per 100 people

Number per 100 people

- 0.04 - 0.50
- 0.51 - 0.75
- 0.76 - 1.00
- 1.01 - 1.50
- 1.51 - 2.50
- 2.51 - 3.50
- 3.51 - 5.00
- 5.01 - 7.50
- 7.51 - 10.00
- 10.01 - 20.52

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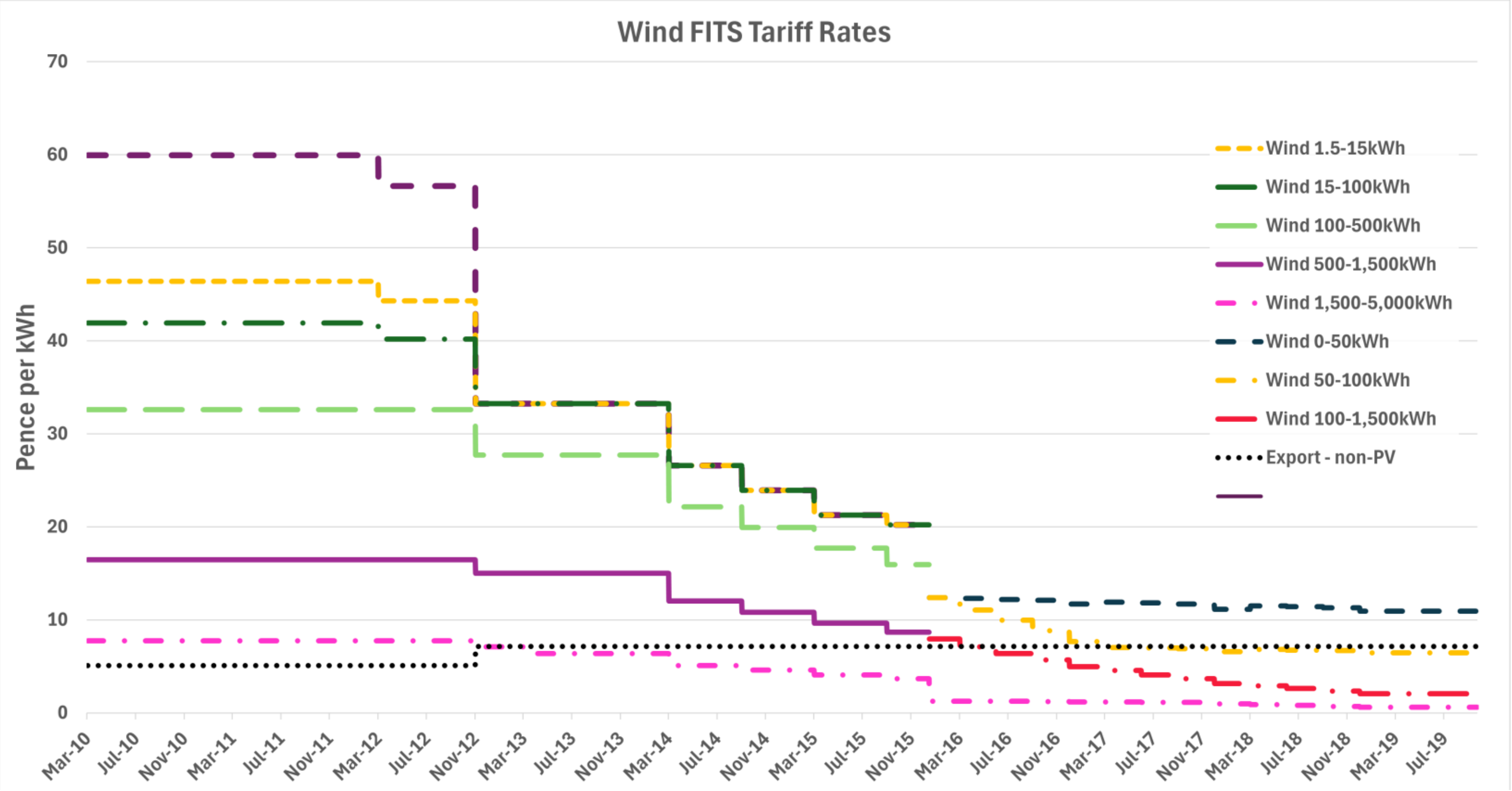
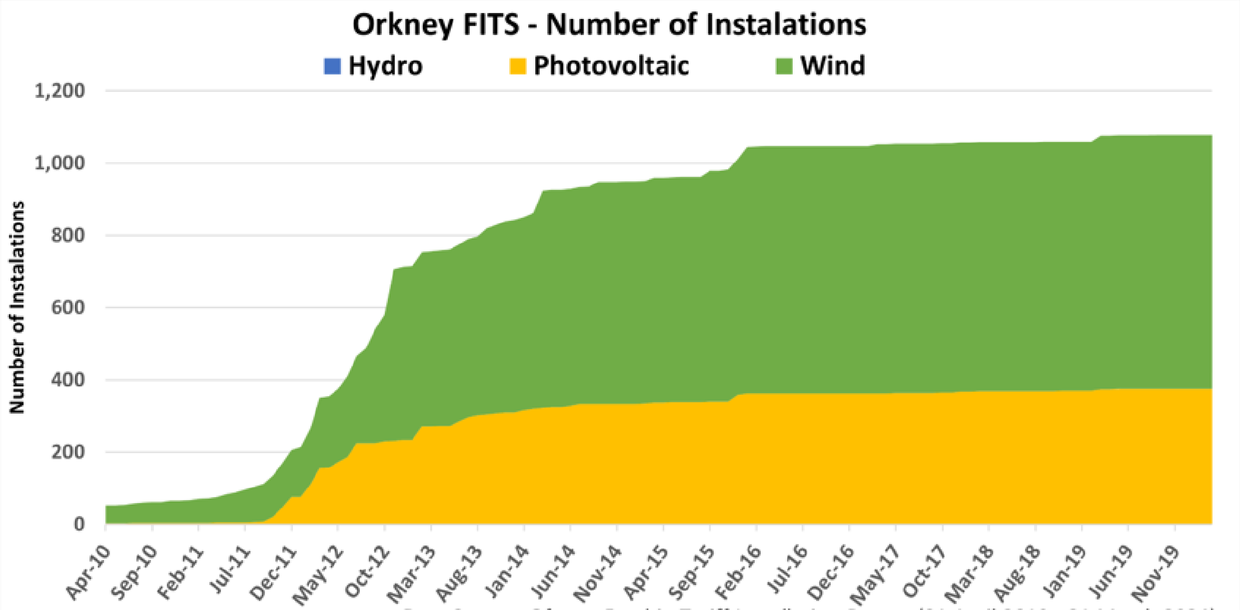
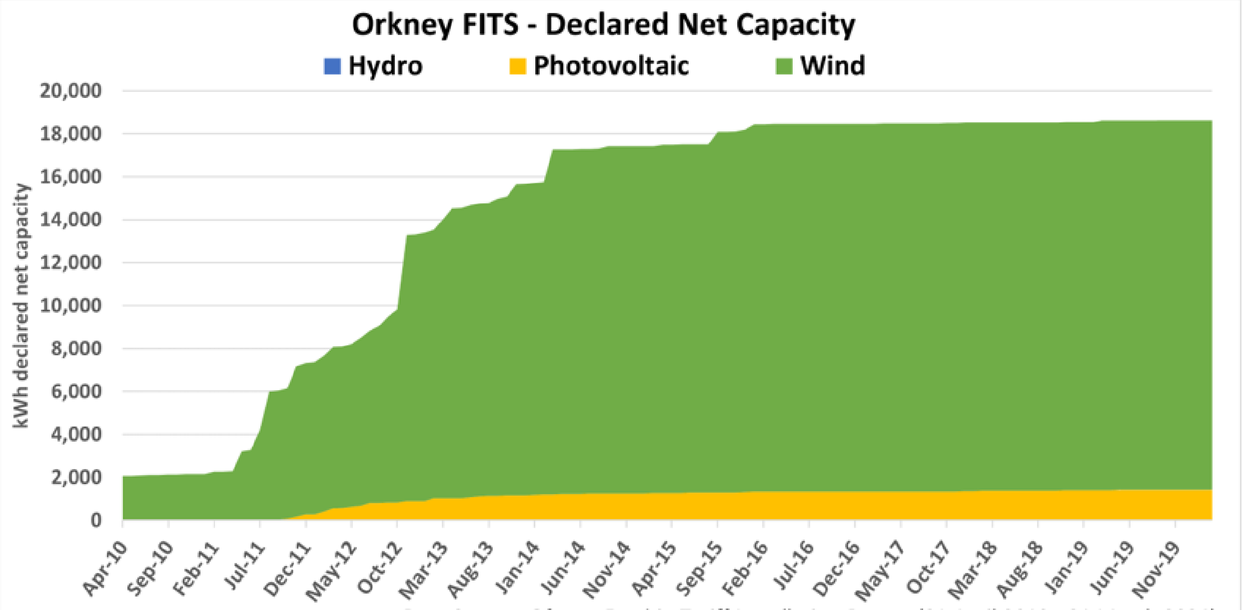
FITs like?

- Rapid uptake in Orkney –long term benefits





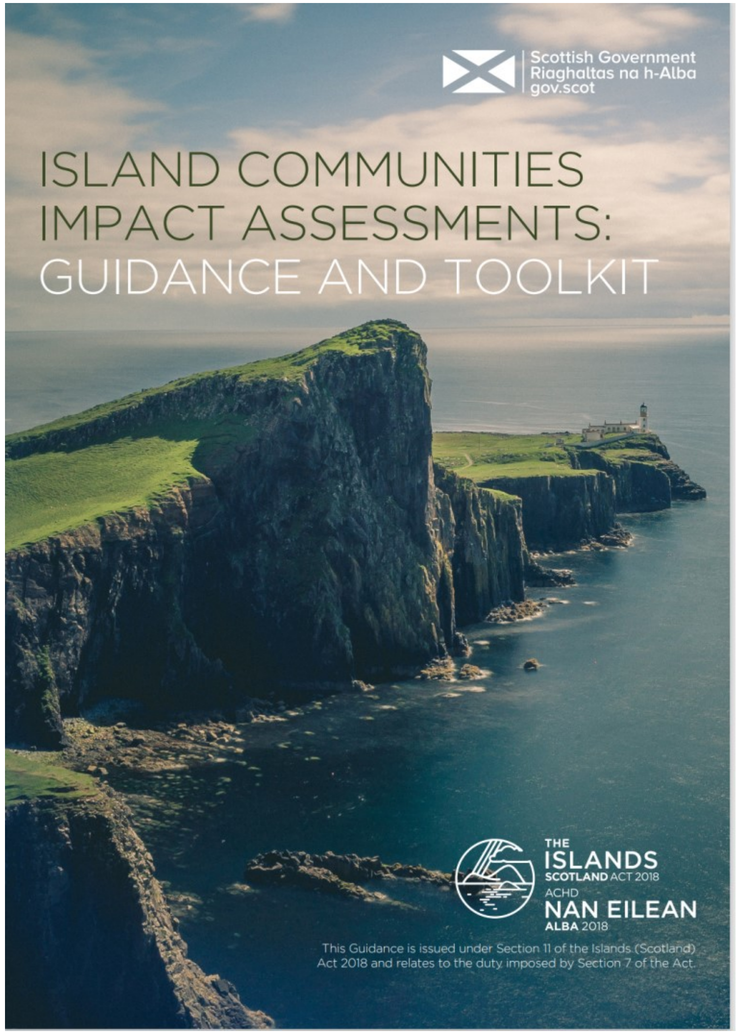


CLLD – an important cog

- CLLD funding is welcomed - annual funding places limits on animation and capacity-building and strategic planning
- Need for more autonomy and longer term funding committments
- CLLD (+ e.g. Coastal Communities Fund) remains critical to maintaining sustainable communities across the islands
- LAGS can play a pivotal coordination role over multiple funding streams
- Whilst ICIAs take place at the level of island groups, there is a need for meaningful engagement within-island groups
- Important and mutually beneficial links between farming and crofting and communities with CLLD need to be improved

ICIAs

- Improved understanding needed regarding decisions on full ICIA
- Individual policy measures viewed in isolation may not merit a full ICIA, measures viewed collectively in-the-round may do – this remains a risk
- Given the framework nature of the Ag Bill, the decision not to need a full ICIA may be unsurprising - impacts will depend on the more specific policy measures subsequently introduced (report focus)
- Whilst a full ICIA may not yet be appropriate, it is likely to become so once more policy details are available through (e.g.) the Rural Support Plan
- May be opportunity to link with Regional Just Transition Plans?



SWOT for 3 Island Groups

SRUC

Orkney Strengths

- Orkney the "brand" is a good marketing tool.
- The product (beef in particular) has a good reputation within Scotland and further afield.
- Skilled workforce, good stockmanship.
- Many businesses have invested in technology to make them more efficient e.g. weigh cells, calving cameras etc.
- Climatic conditions and soil make Orkney an excellent area for growing grass leading to obvious benefits for ruminant livestock production.
- Farmers have a good work ethic.
- Families with ties to the land for generations, want it to stay in "good heart".
- Proud to farm in Orkney.
- No foxes, badgers, moles, low crime rates.
- The livestock systems are sustainable environmentally, Orkney is already renowned for its wildlife, lack of pollution and the carbon levels in the soil are high.

Orkney Weaknesses

- High costs (freight) associated with island locations.
- Uncertainty of future ferry service to north isles (Westray, Sanday, Stronsay, etc.)
- Lack of labour (even unskilled)
- Lack of new, young people coming into the industry.
- Average age of farmers in increasing
- Price of produce influenced too much by supermarkets.
- On farm infrastructure is deteriorating due to lack of grant assistance e.g. buildings and fencing. Additionally, effect of salt air corrodes infrastructure quicker than elsewhere in the country.
- Very restricted to what we can produce, business have to concentrate on cattle and/or sheep.
- Expensive winter, can't out-winter
- Lack of local abattoir.

Orkney Opportunities

- Promote share farming/contract farming arrangements to bring in new (young) entrants into the industry.
- Change the grading system for beef to have a strong emphasis on eating quality.
- Highlight the negative impact of ultra processed food on health. Promote the health benefit of buying and eating locally produced food which is note ultra processed.
- Educate children on the above.
- Restructure farming subsidy to encourage beef production e.g. increase calf scheme payment.
- Bring capital grants which are an effective way of supporting farmers who have the desire and determination to farm rather than dishing out money to landowners through BPS R1 who may be undertaking no activity e.g. funding for livestock sheds, slatted courts, grain stores, fencing etc.
- Rebase LFASS to ensure farmers with breeding cattle actually get the payment uplift and those that don't have cattle anymore don't.
- Need to encourage young folk into the industry, could there be a "Developer" fund (not just a new entrant/young farmer option).
- Need an Orkney Land Management Plan, not a Scotland Land Management Plan.
- Ensure government protects farmers from cheap imports entering the country which tend to be of lower quality.
- Need to be allowed to capture and use our own to our own advantage.
- Need accurate carbon and biodiversity audits so we can tell our own story.
- Encourage more into producing milk for Orkney Cheese.
- Build a local abattoir.

Orkney Threats

- Depopulation, particularly in the North Isles. Many farms are operated by individuals where there is no obvious succession.
- Slipper farmers taking money out of the system which would be better directed to active farmers.
- Less cows, knock-on effect to other businesses i.e. machinery dealers, mart etc.
- Limited margin for fat cattle, how far can price of beef increase before sales drop in supermarkets?
- Small farms where farmer works part-time or in some cases full-time are too small to access extra funding i.e. through AECS, difficult to increase stock, business stagnates.
- Increasing transport costs, diesel and fertiliser costs.
- Public perception that farmers are to blame for global warming. Farmers feel the blame is not proportionate compared to other sectors e.g. shipping & tourism.
- Extra bureaucracy consuming more of a farmer's time and money and delivering little benefit e.g. what are the benefits of undertaking a biodiversity audit to highlight a habitat which has been there for decades?
- Government allowing cheap inferior food imports to flood the country replacing home produce.
- Supermarkets lack of loyalty to stock locally produced goods.
- New disease impacting on productivity.
- One or two of the current dairy farms leaving dairying and starting to farm for beef, could leave the Orkney Cheese factory completely unsustainable, with resulting job losses at the Creamery, on farm labour lost etc.