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Finlay Carson MSP  
Convener Rural Affairs and Islands Committee  
Scottish Parliament  
By email

**7 February 2025**

Dear Convener,

Thank you for your correspondence and your invitation to speak to Committee on 19 February on the steps ahead for agriculture support reform.

To ensure our discussion is as productive as possible, I am happy to in advance provide you with answers to your specific asks.

### **Implementation of the Agriculture and Rural Communities (Scotland) Act 2024**

To ensure our agriculture sector has the most successful and sustainable future possible, the Scottish Government is committed to supporting Scottish farming and food production and has made commitments to maintaining direct payments and to providing support for agricultural activity and practices that deliver towards our shared Vision for Scottish Agriculture.

The Agricultural Reform Route Map makes clear that we are delivering a phased transition from legacy Common Agricultural Policy (CAP) support into the new four-tier framework. We have committed to keep the Route Map updated and we will continue to provide more clarity as and when it becomes available and as we co-develop the future support that will deliver on the Vision and the objectives of the Agriculture and Rural Communities (Scotland) Act 2024 (“the 2024 Act”). The current iteration of the Route Map covers the detail of changes for 2025, with the remaining part being the introduction of the Whole Farm Plan. The next iteration will provide more detail on proposed changes for 2026.

It is important to remember that while the 2024 Act will be commenced this year and will provide the legal basis for the introduction of elements, including the Code of Practice for Sustainable and Regenerative Agriculture and the Rural Support Plan, during the transition

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period changes to legacy CAP support will continue to be made using the powers of the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 (“the 2020 Act”).

Both the 2020 Act and 2024 Act will be used to introduce secondary legislation during the phased transition, with the approach generally being the 2020 Act for legacy support and the 2024 Act for new support, with the Route Map setting out the detail and anticipated timeframes and the Rural Support Plan setting out the strategic approach over the five-year period of 2026-2030.

It is important that we collectively take the time to get future support right, noting the uncertainty that remains as a result of continuing Brexit impacts and the short-term, Barnett based, budget settlement that has been imposed by the UK Government.

## **Code of practice for sustainable and regenerative agriculture**

The Code will be a best practice guide for farmers and crofters with options for all farm types and topographies. It intends to provide guidance and practical examples on the types of activities, and the way in which activities can be carried out, that will contribute to the development of sustainable and regenerative agricultural practices in Scotland to ensure a balance between producing food and doing so in a sustainable way. The Code is not law, and it is not intended to create any legal obligations however, it will be fundamental to the activity required to access support and will link to the Whole Farm Plan.

Ministers are committed to preparing and reviewing the Code with those likely to be affected by it. Co-development with a wide range of industry stakeholder groups on a first draft of the Code was undertaken in 2024. User testing on this first draft, with farmers and crofters, was also undertaken in 2024. The feedback received from consultation, user research and from scientific and academic information is being taken on board in developing the Code.

The Code will be published and laid before Parliament this year following the commencement of the ARC Act.

## **Rural Support Plan**

The Agriculture and Rural Communities (Scotland) Act 2024 requires Scottish Ministers to publish a five-year Rural Support Plan. The plan will build upon for the Vision for Scottish Agriculture and the Agricultural Reform Route Map and outline the phased transition from legacy EU CAP schemes to the new four-tier framework.

The 2024 Act sets out the requirements for the plan, including for engagement. Meeting these requirements is integral to the operation of the Agricultural Reform Programme, including through the co-development of future support with our rural partners and in the developing secondary legislation that will introduce changes.

Examples of this in relation to the Code of Practice have been outlined above and the RAI Committee will soon take evidence on the Whole Farm Plan. This was a recommendation of the Farmer Led Groups, was consulted on in the 2024 Act consultation and has seen continued development and engagement through the Whole Farm Plan Steering Group and wider stakeholder engagement including with the Food & Agriculture Stakeholders’ Taskforce (FAST).

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The Rural Support Plan will set out how support will deliver to the 2024 Act objectives and wider Scottish Government priorities, including what is set out under section 2(3). The Rural Support Plan will collate all of this information into a single strategic and coherent package, provide programme level input and ensure that the totality of measures is considered.

Once the 2024 Act is commenced, the initial plan is intended to be drafted through 2025 and laid in Winter 2025, to reflect the published Route Map. The 2024 Act requires that the plan is laid before the Scottish Parliament, and published. The development of this plan is only possible through the extensive and on-going engagement and co-development taking place through the Agriculture Reform Programme. Further detail on this is included in the Annex to this letter.

## **Subordinate legislation**

We are still finalising the changes for 2026, which will be delivered through a Scottish Statutory Instrument and laid before parliament later this year. As such, we are unable to place a figure on the number of statutory instruments, but officials are working closely with SGLD through the development of policies. The Route Map will be updated when the detail is available, and naturally we will be eager to share such detail with Committee to ensure effective scrutiny.

## **Funding allocation between the two tiers**

You will be aware that today, as set-out to Parliament in response to the question S6W-34774, and announced by the First Minister, the initial allocation between Tier One and Tier Two will be at a 7:3 ratio. This is a fair approach that ensures our industry is supported as higher expectations for support come forward in the years ahead, higher expectations we will enable the industry to realise through additional capital support of at least £14 million that the First Minister has committed.

## **An indication of what Tier 2 will look like**

An early list of measures was shared with key stakeholders, including the ARIOB, and the measures will continue to be co-developed with farmers and crofters. We will be working to improve our guidance around this, especially as we are asking the sector to undertake such measures in the future. As mentioned, the Future Operating Model will be fundamental in shaping the Programme over the next two years and beyond, to ensure we efficiently and effectively deliver changes that supports our intended climate goals, food production and communities as we transition as well as improvements in user experience.

## **Lesson learned from 2023 research on effectiveness of the CAP**

The Scottish Government reviewed over 20 evaluations and assessments to understand the strengths and weaknesses of the CAP. These include evaluations and assessments from the likes of the European Court of Auditors, from both the Scottish Government and our colleagues in the UK Government, and from various academic institutions.

The CAP helped farmers deliver economic, social and environmental benefits, however, the research shows that direct payments do not automatically benefit farmers and crofters when those direct payments are not targeted, and those payments may even have unintended negative impacts on innovation, productivity and environmental benefits. The future support

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framework must therefore have clear objectives, that are defined in a way that is based on evidence and lessons learned from the CAP.

With this in mind, Tiers 1 and 2 of the new framework will reflect the lessons learned to deliver on our commitment to a just transition for our farmers and crofters. We are using what we have learned to shape the Programme as a whole.

### **ARIOB's role**

The ARIOB was established to advise on and support implementation of policy reform within the portfolio and continues to do so. Minutes of Board meetings are regularly published to ensure transparency, and I have been pleased to regularly attend meetings since taking up post. I attach, as separate annexes, an overview of the topics discussed with the ARIOB in 2024, as well as their draft 2025 workplan which includes the Agri Code of Practice, Rural Support Plan and future framework. The ARIOB is not the only stakeholder group that the Agricultural Reform Programme (ARP) has engaged with, and details of that wider engagement are also included.

Finally, I also attach a short, strategic overview of the ARP for the committee to consider and I look forward to answering any questions on 19 February.

Yours sincerely,



**JIM FAIRLIE**  
**Minister for Agriculture and Connectivity**

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## Agricultural Reform Programme – strategic overview

We have set out an ambition of making Scotland a leader in sustainable and regenerative agriculture. To do that, we need to transform the support we give to farmers and crofters, and meet five outcomes:

- High Quality Food Production
- Thriving Agricultural Businesses
- Climate Change Mitigation and Adaptation
- Nature Restoration
- Support for a Just Transition

The systems and processes we currently use to support farmers and crofters were built to deliver CAP and they did that successfully. However, they are not capable of delivering the full ambition of the outcomes set out above. In addition, the way that Scotland delivers its public services is changing as we seek to modernise operational approaches, improve efficiency and user experience. We need to give farmers and crofters a modern, easy-to-use service, that meets their needs and supports them to farm in a way that protects our environment.

Delivering all this will require a comprehensive organisation redesign.

### Progress in the short term

We are continuing to make progress towards our Vision for Agriculture, as far as we can with the tools already at our disposal. We will make changes to policy that will help farmers and crofters reduce emissions and protect nature. These include:

From 2025:

- The beginning of the Whole Farm Plan, which helps farmers and crofters measure the impact of their businesses and find ways to become more efficient and to cut emissions.
- A new calving-interval for the Scottish Suckler Beef Support Scheme. This will help reduce emissions and encourage efficient beef production.
- New protections for peatlands and wetlands. This will help to make sure these important environmental assets are protected.

From 2026:

- An increase in the number of businesses required to manage arable EFA (Ecological Focus Areas). This will include the revision of existing and addition of new EFA options to ensure a range of suitable EFA options that are suitable for their business, that will deliver biodiversity and climate change benefits.
- These changes will be delivered through a Scottish Statutory Instrument, which will be laid before parliament later this year.
- We will also review the data received through the 2025 Single Application Forms and use that information to determine what, if any, additional requirements will be made in terms of the Whole Farm Plan.

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## Future Operating Model and Transition Plan

Officials are currently preparing a range of options for a Future Operating Model. The four-tier framework means that any model must have the capability to:

- Provide an entry-level payment for agricultural activity, meeting minimum standards;
- Allow recipients of the entry level funding to be supplemented for delivering for nature and climate – ideally in a way that considers food production and fairness;
- Provide targeted elective support;
- Improve skills, support professional development and provide advice.

A list of options for the Future Operating Model will be presented to Ministers, the ARIOB and key stakeholders in the first half of 2025 for immediate feedback. We are committed to iterative co-development with industry to ensure the success of the project. This will then be used to inform a final version of the Future Operating Model, which will include projected annual operating costs.

Once we have an agreed on the Model, we will prepare a Transition Plan, which will set out how we can make the move from the current system to the future operating model. This will include the costs associated with the transition, including the set-up costs for any required IT.

It is our goal to have the Future Operating Model and accompanying Transition Plan completed during this parliamentary term. We do not expect the transition itself to commence until the next parliamentary term.

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## ARP proposed external stakeholder engagement: January to May 2025

Date	Engagement	Notes
13/01/2025	High Nature Value (HNV) Working Group	First meeting of the HNV working group as an agreed action from the last meeting of the ARIOB on 15 November 2024
28/01/2025	ARP Monitoring & Evaluation workshop 1	SG officials are meeting with volunteer stakeholders in Perth Area Office to gather expertise, insights and opinions from across the agricultural sector in Scotland in the context of the ARP's Monitoring & Evaluation (M&E) framework
30/01/2025	ARP Monitoring & Evaluation workshop 2	SG officials are meeting with volunteer stakeholders on Microsoft Teams to gather expertise, insights and opinions from across the agricultural sector in Scotland in the context of the ARP's Monitoring & Evaluation (M&E) framework
04/02/2025	Agriculture Policy Development Group (APDG)	SG officials are meeting the <a href="#">ADPG</a> to provide an update on the Elective 2027 Discovery.
04/02/2025	HNV Working Group	Second meeting of the HNV working group
06/02/2025	ARP Monitoring & Evaluation workshop 3	SG officials are meeting with volunteer stakeholders in Inverurie Area Office to gather expertise, insights and opinions from across the agricultural sector in Scotland in the context of the ARP's Monitoring & Evaluation (M&E) framework.
11/02/2025	Food and Agriculture Stakeholder Taskforce (FAST) and ARP monthly meeting	SG officials and the Chair of FAST attend an informal, monthly meeting on topics arising from the ARP. This meeting will focus on the ARP comms approach and future, in-person meeting with the ARP senior reporting officer
19/02/2025	FAST meeting (in-person)	As above, SRO to attend but may need to be rescheduled due to RAI committee session with the Minister for Agriculture and Connectivity

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20/02/2025	ARIOB pre-meet with co-chairs	This meeting is typically held a week prior to <a href="#">ARIOB</a> meetings in order for co-chairs (Cabinet Secretary RALRI and Martin Kennedy, NFU Scotland) to discuss the proposed agenda and papers ahead of circulation amongst Board members
28/02/2025	ARIOB: Q1 2025	Substantive agenda items include: the Future Operating Model, ARP Monitoring and Evaluation and an update from the <a href="#">Academic Advisory Panel</a>
Spring 2025	Scottish Crofting Federation and NFU Scotland	Action from the last meeting of the ARIOB on 15 November 2025 to seek feedback on the Future Operating Model: longlist of options
Spring 2025	ADPG	Future Operating Model: longlist of options
Spring 2025	FAST	Future Operating Model: longlist of options
Spring 2025	Scottish Environment Link	Future Operating Model: longlist of options
Spring 2025	<a href="#">ARD Stakeholder Group</a>	Future Operating Model: longlist of options
Spring 2025	Academic Advisory Panel	Future Operating Model: longlist of options
Spring 2025	ARIOB: Q2	

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## ARP external stakeholder engagement: 2024

Date	Engagement	Notes
22/02/2024	ARIQB: interim meeting	To provide an overview of the development of NatureScot's biodiversity app
23/02/2024	ADPG	Meeting with SG officials to discuss the Group's future role
08/03/2024	ARIQB: Q1 2024	Meeting of the Board in Dundee
26/03/2024	ADPG	Meeting with SG officials on Tier 2 (Enhanced) Discovery phase
03/04/2024	FAST intro meeting	First in a monthly series of meetings between ARP official(s) and the Chair of FAST
09/04/2024	Disadvantaged Areas working group meeting	Meeting to discuss LFASS next steps
15/04/2024	Whole Farm Plan steering group	Meeting of the steering group to discuss WFP development
22/04/2024	Meeting with FAST	SG officials meeting with FAST to discuss Tier 2 (Enhanced) Discovery Phase
26/04/2024	Livestock Chain Advisory Group (LCAG)	Meeting with SG officials to discuss the Rural Support Plan
29/04/2024	Meeting with Scottish Environment Link	SG officials meeting with SE Link to discuss Tier 2 (Enhanced) Discovery phase
03/05/2024	Meeting with FAST	Monthly meeting between ARP official(s) and FAST chair
06/05/2024	Agriculture and Rural Development Stakeholder Group	SG officials meeting with ARD to discuss Tier 2 (Enhanced) Discovery phase
08/05/24	Meeting with NFUS	SG officials meeting with NFUS to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
15/05/2024	ARIQB: interim meeting	Interim meeting of the Board to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture

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31/05/2024	ARIQB: Q2 2024	Meeting of the Board in Dundee
04/06/2024	Meeting with FAST	Monthly meeting between ARP official(s) and FAST chair
12/06/24	Meeting with FAST	SG officials meeting with FAST to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
12/06/24	Meeting with SE Link	SG officials meeting with SE Link to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
27/06/2024	Meeting with SE Link	SG officials meeting with ARD to discuss Tier 2 (Enhanced) Alpha phase
19/07/2024	ARIQB: interim meeting	Interim meeting of the Board to discuss the ARP Monitoring and Evaluation framework
05/08/2024	Meeting with the Academic Advisory Panel	SG officials meeting with AAP to discuss Tier 2 (Enhanced) Alpha phase
14/08/24	Meeting with SCF	SG officials meeting with SCF to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
19/08/24	Social Research Commenced with Farmers and Crofters	SG officials led social research - written feedback and interviews with farmers and crofters to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
22/08/2024	Elcho Farm visit / Kings Seeds demo	SG officials meeting stakeholder on farm to discuss Tier 2 (Enhanced)
27/08/2024	Meeting with APDG	SG officials meeting with APDG to discuss Tier 2 (Enhanced) Alpha phase
29/08/2024	Meeting with Scottish Crofting Federation	SG officials meeting with SCF to discuss Tier 2 (Enhanced) Alpha phase
03/09/2024	SE Link, ARD and FAST joint workshop	Workshop with SG officials on Tier 2 (Enhanced)
03/09/2024	Meeting with FAST	Monthly meeting between ARP official(s), including Programme Director, and FAST chair

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12/09/24	Meeting with NFUS	Ministerial meeting with NFUS to discuss the draft Code of Practice on Sustainable and Regenerative Agriculture
27/09/2024	ARIQB: Q3 2024	Meeting of the Board in Dundee
21/10/2024	Meeting with FAST	Stirling Bull Sales with Programme Director
15/11/2024	ARIQB: Q4 2024	Meeting of the Board in Dundee

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## ARIOB Workplan 2025

This is not an exhaustive list, allowing for flexibility to include topical issues, as well as accommodating direct Board member requests throughout the year.

Subject to scheduling, topics may be moved to online meetings or workshops.

Date (TBC)	Substantive agenda items	Written updates
Q1, 2025: 28 February	<ul style="list-style-type: none"> <li>• Future Operating Model: longlist of options;</li> <li>• Monitoring and Evaluation: indicator framework;</li> <li>• AAP response to ARIOB on impact of pesticides on environment and biodiversity, Integrated Pest Management and WFP</li> </ul>	<ul style="list-style-type: none"> <li>• WFP project</li> </ul>
Q2, 2025: May/June	<ul style="list-style-type: none"> <li>• Code of Practice v2.0</li> <li>• Enhanced Guidance;</li> <li>• 2027 changes – Elective, Complementary and changes to existing support;</li> <li>• Target Operating Model and Service Model Update;</li> <li>• Small Producers Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• AAP update on ARIOB actions</li> <li>• Elective</li> </ul>
Q3, 2025: September/October	<ul style="list-style-type: none"> <li>• 2025 Implementation update;</li> <li>• Gender Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• AAP update on ARIOB actions</li> <li>• Rural Support Plan</li> </ul>
Q4, 2025: November/December	<ul style="list-style-type: none"> <li>• 2026 Budget;</li> <li>• 2027 changes – Elective, Complementary and changes to existing support (follow-up)</li> </ul>	<ul style="list-style-type: none"> <li>• AAP update on ARIOB actions</li> </ul>

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## Substantive ARIOB agenda items: 2024

- Agricultural Code of Practice
- ARP monitoring and evaluation
- ARP Route Map: 2025 scheme updates
- ARP Route Map: 2026 update
- Biodiversity targets
- Biodiversity app
- Common Grazings
- Disadvantaged Support/Future of LFASS
- Food Production
- Funding Framework / budgets
- Land Reform and Tenancy
- Natural Capital markets
- Outcomes to deliver the Vision for Agriculture
- Possible operational futures
- Review of Regions
- Soil carbon
- SRUC report - Rural and Agricultural Development: Maximising the potential in the islands of Orkney, Shetland and Outer Hebrides
- Tier 2 of the support framework
- Tier 3 of the support framework
- UK Government funding settlement

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