

# Rural Affairs and Islands Committee

5th Meeting, 2023 (Session 6), Wednesday 22 February

## Future agriculture policy roundtable

### Background

1. The Scottish Government launched [a consultation on its proposals for future agriculture policy](#) on 29 August 2022. The consultation closed on 21 November 2022. These proposals and consultation are expected to inform the development of a new Agriculture Bill, expected to be introduced later in 2023. The proposals focus on the delivery of outcomes in the following areas—
  - Replacement of the Common Agricultural Policy;
  - Climate change mitigation and adaptation;
  - Nature restoration;
  - High quality food production;
  - Wider rural development; and
  - Improving farm incomes and competitiveness.
2. On 10 February 2023, the Cabinet Secretary for Rural Affairs and Islands wrote to the Committee with [an update about the future support framework for agriculture in Scotland](#). The update included [an agricultural reform route map](#) that sets out the timescales for the transition towards a future support framework and for the Scottish Government's interaction with the agricultural industry.

### Pre-legislative scrutiny

3. The Committee agreed to undertake pre-legislative scrutiny work on future agriculture policy ahead of the introduction of a new Agriculture Bill. The purpose of this pre-legislative scrutiny is to explore the wider policy context that a future agriculture policy will operate within and the outcomes it is intended to achieve
4. The Committee decided to begin its pre-legislative scrutiny with a roundtable discussion with stakeholder organisations from the agriculture and wider food production sector to explore some of the economic, environmental and social issues affecting agriculture. The following stakeholder organisations will be participating in the discussion—
  - Agricultural Industries Confederation
  - British Veterinary Association
  - Farm Advisory Service

- Landworkers' Alliance
- Nature Friendly Farming Network Scotland
- Nourish Scotland
- Scottish Crofting Federation
- Scottish Environment LINK
- Scottish Land & Estates
- Scottish Organic Stakeholders Group
- Scottish Tenant Farmers Association
- Unite the Union

5. Information about the themes the Committee may wish to explore during the discussion with stakeholder organisations, and an analysis of the Scottish Government's proposals and route map, are included in Annexe A.
6. Organisations participating in the roundtable discussion were invited to submit a brief statement outlining their position and priorities in relation to future agriculture policy. These statements can be found in Annexe B.

**Rural Affairs and Islands Committee clerks  
February 2023**

## Rural Affairs and Islands Committee

22 February 2023 (Session 6)

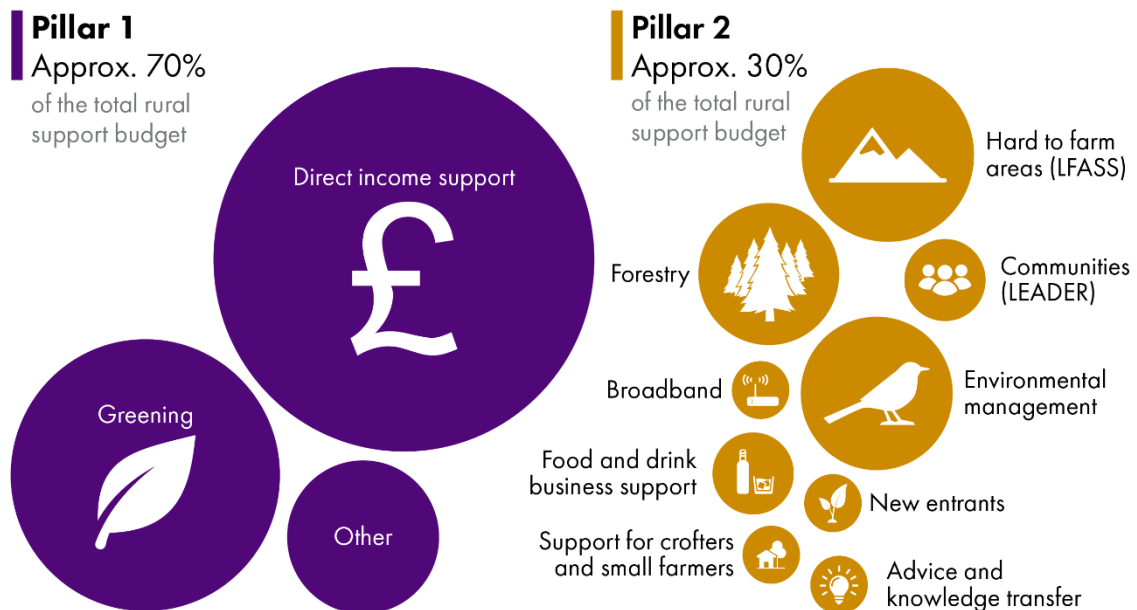
### Roundtable: agriculture stakeholders

#### Background

Currently, rural support is comprised of three main parts:

- **Basic Payment Scheme (BPS):** which provides non-competitive area-based payments to all eligible holdings. In EU Common Agricultural Policy (CAP) parlance, BPS is part of 'Pillar 1' of agricultural support, and makes up two-thirds of the funding in that pillar. [Scotland is divided up into three payment regions based on the quality of the land](#). Better quality agricultural land (e.g. arable land or temporary or permanent grassland) receives higher per-hectare payments, and poorer quality land (e.g. rough grazing in the 'less favoured', or harder to farm, areas) receives lower payments.
- **Greening:** greening makes up the remaining third of the funding in Pillar 1. Greening payments are provided for carrying out [certain baseline environmental actions](#). It is a requirement to participate in greening in order to receive payments under BPS.
- **Scottish Rural Development Programme (SRDP):** SRDP is the programme which makes up 'Pillar 2' of agricultural support in Scotland. It is comprised of a number of schemes, including the Agri-Environment Climate Scheme, the Knowledge Transfer and Innovation Fund, the Food Processing, Marketing and Co-Operation Grant Scheme, the Less Favoured Areas Support Scheme, and support for crofters, new entrants and small farmers. The programme also includes the Forestry Grant Scheme, and what was previously called LEADER, which supported rural community development.

The figure below illustrates the relative size of the funding allocated to each area. As set out in the figure, approximately 70% of the overall agricultural budget goes to Pillar 1 (BPS and greening mainly), and 30% to Pillar 2, split between the areas shown.



(Note that for the purposes of the diagram, some schemes have been combined under a single heading. For example, Environmental management includes both the Agri-Environment Climate Scheme, and the Beef Efficiency Scheme)

The [SPICe Land Use and Rural Policy Subject Profile](#) published at the start of Session 6 includes further background information on the Scottish agriculture sector and agricultural policy.

Stakeholders in attendance were each asked for a short, written submission outlining their key points. Many of the submissions touch on specific desired reforms to rural support. The submissions are included in Annexe B.

A number of views were put across in the written submissions, including:

- Views on the reform of basic payments, including redistribution, capping, enhanced conditionality, removing the 3ha minimum for eligibility, reforming the system of payment 'regions' (see above), and a variety of views on how to balance the budget for this scheme with funding for more targeted activities.
- Views on reform of other support schemes, including the Less Favoured Areas Support Scheme and coupled support for beef and sheep.
- Need for a longer-term view and longer-term budgeting to allow businesses to prepare and invest.
- Need to ensure the sustainability of primary sectors to ensure sustainability of processing and supply chains.
- Ensuring that a new system, including any system of conditionality, allows crofters and small farmers access to support.

- Need for coherence between the different outcomes and considerations, including rural development, environment, and food production.
- That current policy does not adequately support farmers and crofters to address climate change and biodiversity loss.
- Importance of advice, training and knowledge transfer, and greater investment needed in these areas.
- A view that ‘outcomes-based’ approaches may be appropriate in some circumstances.
- Need for support for organic agriculture to meet Scottish Government’s organic targets.
- Ensuring that tenants can participate fully in a new policy and support scheme, before a new public funding scheme is introduced.
- Need for ‘social conditionality’, i.e. link between receipt of public money with compliance with labour rights, and need for greater emphasis on fair work in the sector.
- Need for consideration of animal welfare as part of changes to farming practices.

## Consultations and Agricultural Reform Route Map

The Scottish Government has published two consultations on the agricultural transition. After [an initial consultation on first steps in 2021](#), a [consultation on legislative proposals was published in August 2022](#).

An [analysis of responses for the first consultation was also published in August 2022](#). Among other things, the analysis showed support for baseline data collection; developing further research; advice and knowledge exchange; for capital funding across a range of areas; and incentives for farmers and crofters to take actions which enhance biodiversity, protect peatland, and “thoughtfully integrat[e] trees into land use”.

More recently, [an ‘Agricultural Reform Route Map’ was published on 10 February 2023](#). It sets out [a timeline for publication of a number of strategies and proposed legislation, and deadlines for meeting relevant targets](#).

The Route Map, like the consultation, sets out the main proposed building blocks of a future rural policy. These are:

- A ‘Tier 1’ Base Payment, available to all farmers who meet ‘essential standards’.

- Whole farm plans, which are “currently being considered as a tool to support businesses to think about if their activities are sustainable, efficient and resilient”. The approach to the plans is to be co-developed with industry.
- Tier 2 ‘enhanced’ payments, providing additional support for those who go beyond the essential standards in Tier 1 to reduce emissions and restore nature. This payment “is considered to be the key mechanism to incentivise farmers and crofters to undertake actions to deliver positive outcomes for climate and for nature”
- Tier 3 ‘elective’ measures to fund “targeted actions for climate change or nature restoration”, including organic conversion, innovation and supply chain support.
- Tier 4 ‘complementary’ measures to provide access to e.g. skills and advice, business support, etc.

The Route Map also notes that “We will support those parts of the agricultural industry when there are exceptional or unforeseen conditions affecting agricultural production or distribution, which could include crisis payments”.

Furthermore, the Route Map sets out [a timeline for phasing in a new system of support](#). This suggests:

- **2025:** New conditionality introduced on farm payments. At the same time as the Route Map, the Scottish Government published [a document providing guidance on the broad types of measures](#) which are currently being considered by the Scottish Government.
- **2026:** New enhanced support (Tier 2) launched, using powers from the new Agriculture Bill. The timeline notes that “co-development of this element will be prioritised through ‘Testing for Sustainable Farming’”, part of the National Test Programme.
- **2027:** Additional support elements added.

The Route Map [outlines what will happen to each of the main elements of agricultural funding](#) over the next several years and [sets out when further information can be expected](#).

Notably, information on the new conditions for the Basic Payment Scheme and voluntary coupled support schemes (providing additional payments for some beef and sheep producers) will be available in spring of 2023.

More detailed information on conditionality and information on what elective (Tier 2) support will be available in 2025 is expected in winter of 2024, and further information on the payment strategy for 2025-27, payment windows and budget setting, will be available in spring 2024. [More information can be found in the detailed timeline](#).

## Key issues

### 1. Key challenges and vision for the future

Land management sectors are currently facing many changes and challenges, including rising costs, recovering from disruptions to supply chains, working out how to respond to the climate emergency and address biodiversity loss, working to adapt to a changing climate for the future, and securing thriving rural communities in the future.

These challenges are reflected in the Scottish Government's main aims for a future policy. These are:

- reduced greenhouse gas emissions from the agriculture sector
- a substantial regeneration in biodiversity, ecosystem and soil health
- just transition – creating thriving rural and island communities

At this time of substantial change, different stakeholders have a number of desires and objectives for the future.

**The roundtable may wish to discuss stakeholders' visions for the future of agriculture and land management and views on the key challenges which must be addressed.**

### 2. Basic payments and other income support

Stakeholders expressed a number of **views about the future of 'basic payments'**, or the direct area-based payments which are offered to all eligible farmers on a non-competitive basis.

These range from an emphasis on the importance of maintaining some type of direct support to ensure financial stability, to phasing out direct area-based payments in favour of something different. There are also a range of views on reforms that could be made, such as capping payments at a maximum level and reforming the system of payment regions to redistribute funding.

**A direct payment in some form is proposed to be retained in a future policy**, in the form of payment Tiers 1 & 2, as set out above. The Route Map clarifies that the Basic Payment Scheme will continue with some changes to conditionality from 2025, before being replaced by 'base' and 'enhanced' support from 2026. The model of payment regions will be reviewed by 2027 and "any changes made will be to support the transition to a more economic and environmentally sustainable model for the industry".

In addition to a question around the exact design of future direct payments is the question of what standards will be required to receive payments.

The Scottish Government has committed to **‘enhanced conditionality on half of all funding by 2025’**. As noted above, at the same time as the Route Map, the Scottish Government published [a document providing guidance on the broad types of measures](#) which are currently being considered by the Scottish Government, derived from academic research and the recommendations of the farmer-led climate change groups. [A table in this document cross-references the measures](#) proposed with measures put forward by the Farmer-Led Climate Change Groups and research from [Climate Xchange](#). The Scottish Government has stressed that this list is illustrative at this stage.

Moreover, [86% of Scotland is classified as ‘Less Favoured Area’ \(LFA\)](#), meaning that these areas are difficult to farm due to their geographic characteristics. A specific funding scheme – the [Less Favoured Areas Support Scheme](#) – is in place to provide additional income support for farmers and crofters in these constrained areas.

This is an important part of the income for farmers and crofters in Scotland’s most difficult areas, but some stakeholders, such as the Scottish Crofting Federation, feel that there is room for improvement and see reform of this support as a key issue.

The Route Map notes that the LFASS scheme is expected to continue to 2026 but that the Scottish Government is “working with the agricultural industry to consider how best to deliver this type of support under the new framework”.

### 3. Food production, profitability, and resilience in the supply chain

Some stakeholders have pointed to priorities for food production in the future.

Nourish Scotland highlight a vision of “a Scotland where we eat more of what we produce and produce more of what we eat”. Among other things, they suggest a need for diversity of the crops that people eat, diversity of food produced in Scotland, and diversity of the producers themselves. They highlight a need for greater circularity and use of waste products in agriculture, suggesting “animals eating food that we can’t”.

Others, such as the Scottish Organic Stakeholder Group, highlights a need to shift “Scottish organics from the margins to the mainstream”.

Others, including, the Agricultural Industries Confederation, Scottish Land & Estates and the NFUS, underscore the interdependent relationships between primary producers and others in the supply chain and that the vitality of each link is important to secure the supply chain for the future.

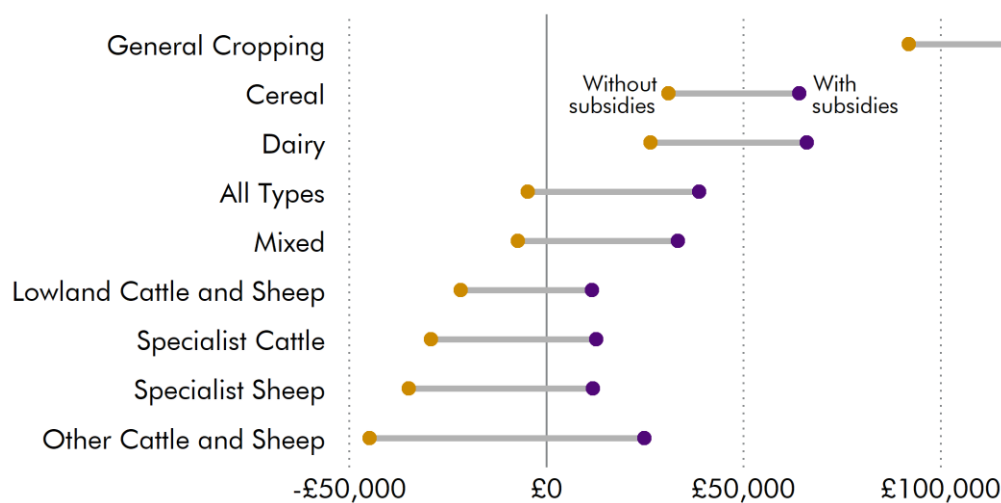
Agriculture is the primary link in a much longer supply chain to produce food. Consequently, sectors further down the supply chain (e.g. abattoirs and food



processors, packaging, transport, and retail) rely on produce from agricultural sectors at home and abroad.

Produce from farms and crofts supports other rural and supply chain businesses, and conversely, the availability of processing, transport and retail provides routes for produce into the market, supporting primary production.

Profitability in agriculture is low without subsidies. The average farm in most sectors – apart from general cropping, cereals and dairy – would make a loss without funding (see infographic below), but there is also a significant difference between the top and bottom performers in each sector.



Graphic: SPICe, Data source: [Economic Report on Scottish Agriculture 2020](#), sheet B1

Moreover [rising costs for energy and inputs like fertiliser and feed](#) have compounded challenges for the sector.

#### 4. Nature and climate

The Route Map, as well as the two Scottish Government consultations on future agriculture policy, are clear that a key driver for reforming rural policy is to ensure that agriculture and other land management sectors can further contribute to addressing and improve their resilience towards climate change and biodiversity challenges. As noted above, climate change and nature recovery are two key aims for a new policy, alongside high-quality Scottish food production and sustainable supply chains and ensuring a just transition for communities.

Conditionality for receiving future payments aims to improve farm sustainability, and the design of the new 'basic' elements of the future payment scheme includes both the basic Tier 1 payment and an 'enhanced' Tier 2 payment for businesses that are "highly effective" in farming and crofting for a better climate and for nature restoration.

Development of a new rural policy also comes at a time when there is wider policy development on biodiversity and climate change. For biodiversity, a new [draft Scottish Biodiversity Strategy](#) was published in December 2022, and a delivery plan accompanying the strategy is expected. [A Natural Environment Bill is expected to set statutory targets for nature restoration.](#)

Furthermore, the next Draft Climate Change Plan is also expected in 2023. [Agricultural emissions need to reduce substantially by 2032](#) according to emissions reduction plans.

## 5. Tenants

A number of changes for agricultural tenants are proposed in the most recent consultation, to modernise tenant farming and ensure that tenants can fully participate in addressing the nature and climate crises.

Discussions around reforms in the consultation centre around:

- Proposed powers for Scottish Ministers to determine what is an **acceptable form of diversification** on a tenant farm. Currently, a tenant farmer's ability to participate in non-traditional agricultural activities like planting trees or agri-tourism or to carry out activities to support biodiversity or address climate change is limited.
- **Compensation for improvements** made by the tenant at the end of a tenancy. Currently, at the end of a tenancy, tenants can claim compensation for a range of improvements they have made to the holding, but this does not include actions they have taken to mitigate or adapt to climate change or support biodiversity. To give tenant farmers the same opportunities as owner-occupiers, the consultation proposes to amend agricultural holdings legislation to enable tenants who are ending their tenancies to receive compensation for a wider range of things.
- To introduce a **set timescale** for the above process of determining compensation to be concluded.
- **Amending the rules of good husbandry and good estate management.** These rules were set in legislation in 1948 and have not since been amended. It is proposed to amend these rules "to enable tenant farmers and their landlords to undertake a wider range of activities on the land, to enable them to meet future global challenges such as food production, biodiversity and climate change crises."
- **Revising the approach to rent reviews**, to allow for adaptability and negotiation.
- Reviewing the rules around **compensation to the tenant where a landlord serves a notice to terminate a lease.**

The Scottish Tenant Farmers' Association highlighted that it is "vital that these changes to tenancy legislation are in place before new public funding schemes are introduced".

In addition, further proposals for agricultural tenancies were also outlined in the [consultation on a new Land Reform Bill](#). The consultation proposes to create a new flexible tenancy – a 'Land Use Tenancy' – which would allow the tenant "to deliver multiple eligible land use activities within one tenancy", e.g. woodland management, nature restoration, and agriculture. It is proposed that tenant farmers and small landholders would be able to convert their tenancy into a Land Use Tenancy.

An introduction to the tenanted sector can be found in the [SPICe Land Use and Rural Policy Subject Profile](#).

## 6. Crofting

Crofting is a traditional form of agriculture in Scotland and is covered by Scotland's agricultural policy. However, crofting is a unique system of land tenure in Scotland, and therefore has additional policies and separate legislation governing it. More [general information on crofting can also be found in the subject profile](#).

Crofting has some needs which overlap with non-croft small farms, but also has unique concerns, such as [common grazings – the shared areas of land used by multiple crofters in a crofting community](#). The Scottish Crofting Federation, for example, raised in its submission that enhanced conditions to receive support need to work for small farms and crofts, as well as for common grazings.

## 7. Agricultural workers

It is estimated that [of the total agricultural workforce of ca. 67,000](#), over 29,000 are employees (both hired and family employees). Around 8,500 are casual and seasonal employees.

Minimum agricultural wages are set by the [Scottish Agricultural Wages Board](#), a public body with members from across the sector, unions and the government.

The Scottish Government's consultation on the Agriculture Bill proposes to ensure that "Fair Work conditions, including the real Living Wage, should be applied to all Scottish agricultural workers"

The submission from Unite Scotland raised that workers in the sector are "more likely to be paid below the minimum wage, employed on precarious contracts and subjected to forced labour". The organisation pointed to the new EU CAP, which includes provisions on 'social conditionality', where "receipt of taxpayers' money is tied to compliance with labour rights."

## 8. Sustainable and innovative sectors

[The average age of Scottish farmers is increasing](#). 40% of male occupiers and 32% of female occupiers are over 64; only around 10% of male occupiers, and 11% of female occupiers are under the age of 41. The [Farm Advisory Service has estimated that only about 50% of farms have a succession plan in place](#), and funding is currently offered to help to produce one.

Relatedly, the ability for young farmers and newcomers to enter farming is important for the longevity of the sector, and consequently for its role in sustainable rural communities. The Scottish Rural Development Programme previously include a [New Entrants Capital Grants Scheme](#) and a similar scheme for young farmers. This closed in 2018 due to all funding having been committed.

[An evaluation of the scheme](#) found that they were “popular amongst those interested in entering the farming sector and had further potential to encourage more new entrants had the funds not been exhausted.” However, the limited budget, and consequently the relatively small number of grants awarded in the context of the total number of agricultural holdings suggested that “the extent to which [the young farmers supported] constitute a new generation of farmers and therefore a shift in the age composition of the industry is limited. This is simply a matter of scale.” The evaluation acknowledged the “systemic challenges” of land availability and profitability as further limitations to encouraging a new generation of farmers.

There are other forms of support for new entrants to farming. These include [a Scottish Land Matching Service](#), which aims to link up landowners with land and those seeking land management opportunities. [The ‘National Reserve’ is a funding pot which helps new and young farmers](#) who do not automatically qualify for the Basic Payment Scheme to access entitlements for that scheme. This is proposed to continue under future policy.

In addition, the Scottish Government’s proposals for the Agriculture Bill underscore the importance of providing advice and support for skills development, knowledge exchange and innovation, and these services are included in Tier 4 of the proposed new support scheme.

The [Scottish Government has a commitment, set out in the 2020 Climate Change Plan Update](#) to

“Realign and enhance our established programmes and initiatives such as the Farm Advisory Service, the Knowledge Transfer and Innovation Fund and Monitor Farm Programme to create a more cohesive approach to advice and support is focussed on helping industry to professionalise to support sustainable farming.”

## 9. Animal welfare

Stakeholders have also raised that animal welfare is an important part of a new rural policy. The British Veterinary Association, in its submission, highlighted that it had previously expressed criticism towards an initial lack of reference to animal welfare in

the Scottish Government's consultation on first steps towards a new agriculture policy. The BVA further suggested that animal welfare should be considered "alongside efforts to increase economic or environmental sustainability" and pointed to the economic contribution of improved animal health, for example.

Statutory animal welfare rules are [currently part of 'cross-compliance'](#) – the rules that must be adhered to in order to receive farm payments. Breaching these rules can result in an offence, but also in penalties on farm payments.

The Scottish Government's most recent consultation includes a section on animal health and welfare, and proposes that a new Agriculture Bill should:

- include powers to establish standards for animal health, welfare and biosecurity as a condition for receiving payments,
- include powers to make payments to support improvements in animal health, welfare and biosecurity beyond legal minimum standards, and
- provide powers to collect and share livestock health, welfare and biosecurity data.

## 10. The Bill and the transition to a future rural policy

As noted above, the Scottish Government recently set out more information on the transition to a future rural policy in its Route Map. This sets out timelines for changes, and for when new information will become available.

The Bill is a key part in this transition and will provide the powers for Scottish Ministers to create a future support scheme. Some stakeholders highlighted specific views on what needs to be seen from a new Bill in their submissions, which the roundtable may wish to discuss.

**Anna Brand, Senior Researcher, SPICe Research**  
**16 February 2023**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP [www.parliament.scot](http://www.parliament.scot)

# Roundtable participants' position statements on future agriculture policy

## Agricultural Industries Confederation

The Agricultural Industries Confederation is the Agri-supply industries leading trade association with over 230 members UK wide (28 Headquartered in Scotland). Our members represent over £9 billion turnover at the farmgate. The sectors we represent include; Animal Feed, Crop Protection and Agronomy, Fertilisers, Seeds, Grain and Oilseeds.

Our members play a crucial role within the agri-food supply chain providing farmers with the critical inputs and advice to produce livestock and crops thus underpinning food production & security. The importance of investing in our domestic agricultural industry has been brought into sharp focus by the global supply chain impacts resulting from the ongoing war in Ukraine.

AIC members have a critical role to play in helping farmers to become more efficient through provision of advice and innovative products (such as feed additives for methane reduction) or new more resource efficient crop varieties.

## Key Agricultural Policy Points

Policy needs to be flexible to ensure that it can be adapted on an ongoing basis to deal with rapidly changing circumstances and demands i.e. supply chain impacts of war, emissions reductions targets, emerging technologies.

Where possible there needs to be longer term budgeting to provide confidence and stability for the whole supply chain, thus encouraging investment and in recognition of the long-term nature of agricultural production cycles. Any hiatus in support payments as we transition from the current system to a new system would have severe cashflow impacts across the supply chain.

The key focus of the AIC submission on future policy has been to ensure we maintain critical mass within Scottish Agriculture – any further erosion of this will have a detrimental impact upon the whole supply chain. It is essential that future agricultural policy mechanisms support active and productive farmers (including young farmers/new entrants), innovation and technology.

Policy has to be joined up and work to create a regulatory environment which helps Scottish agriculture to meet the key challenges of our time including balancing the competing demands of continuity of food production alongside emissions and sustainability targets. Part of this needs to encompass regulatory considerations i.e. the role of new and emerging technologies such as new plant breeding techniques (GE) and how they can enable farmers to reduce emissions and remain productive in a changing climate.

Regulatory considerations such as robust border controls to ensure avoidance of importation of diseases such as ASF are critical, likewise we need to ensure a PPP regime which enables access to a wide range of crop protection products to ensure producers have the tools to deal with increasing pest and disease pressures.

AIC members play a key role in providing advice to farmers in areas such as crop and livestock nutrition, given the increasing need for more on farm advice from a range of sources, we believe that this needs to be recognised in policy.

## British Veterinary Association

Scotland has an exciting opportunity to develop an innovative agriculture policy which supports an ambitious set of aims. We welcome the recognition given to animal health and welfare within the Government's vision for Scottish agriculture.

In our response to Agricultural Transition in Scotland: first steps towards our national policy we noted our disappointment at the insufficient weight given to animal health and welfare. It is welcome that that our concerns were taken on board. We welcomed the inclusion of powers to support animal health and welfare found within Delivering our Vision for Scottish Agriculture Proposals for a new Agriculture Bill.

Animal health and welfare is interwoven with many social, economic, and environmental outcomes. It is welcome that animal health and welfare are considered alongside efforts to increase economic or environmental sustainability as these outcomes are mutually dependent. Changes in Scottish animal production and farming practices are necessary to increase the efficiency of agriculture and mitigate environmental impact. Furthermore, the economic contribution of improved animal health has been corroborated by the Scottish Government research.<sup>3</sup>

The role of the veterinary profession within any future agricultural policy will be vital. Veterinary surgeons are uniquely placed to advise and influence sustainable animal husbandry practices at whole-system levels, safeguarding animal health and welfare and working with farmers to create a more productive, sustainable, and resilient sector. The relationship between a farmer and their vet is paramount when it comes to any effort to improve animal health and welfare outcomes. A new agricultural policy offers an opportunity to harness the power of this relationship and empower farmers and vets to collaborate to see positive outcomes on farm.

BVA and BVA Scottish Branch are well placed to support the Scottish Government in the development and implementation of a new agricultural policy. Given the limited engagement which has taken place with the veterinary profession to date, we would welcome greater engagement in the policy's development and implementation. A first step would be ensuring appropriate veterinary participation on the Agriculture Reform Implementation Oversight Board (ARIOB).



## Farm Advisory Service

Scotland's Farm Advisory Service (FAS) is funded by the Scottish Government and consists of one-to-many, one-to-few and one-to-one advice to farmers, crofters, smallholders and other land managers. One-to-many and one-to-few advice is designed, delivered and managed by SAC Consulting (part of SRUC – Scotland's Rural College). FAS also includes one-to-one advice (including Integrated Land Management Plans, Carbon Audits, Mentoring and Specialist Advice) which is administered by Ricardo and delivered by a range of qualified advisors (including SAC Consulting).

One-to-many and one-to-few advice to farmers, crofters, smallholders and other land managers is through a comprehensive programme comprising climate, biodiversity, and business advice arranged in the following subject matter/interest topics:

- Natural Capital
- Crops & Soils
- Developing People
- Croft & Small Farms
- Animal Health & Welfare
- New Entrants
- Thriving Through Change

The audience is diverse and a range of delivery methods, both traditional and innovative, are used to maximise the reach and impact of the programme. As the advice needs and expectations of the audience evolve so too does the programme in order that these are met.

The AKIS (Agricultural Knowledge and Information Systems) in Scotland is similarly diverse – the audience receive advice from a wide variety of sources, including publicly funded provision. This publicly funded provision comprises both direct advice, including the Farm Advisory Service, and indirect advice - for example Knowledge Transfer & Innovation Fund (KTIF) projects which include a demonstration element.

To capitalise on the opportunity provided by a variety of routes for advice and information to reach the target audience, components of the funded advice framework created to support future agriculture policy should have a clear purpose, be of high quality, and fit within an integrated package which both minimises gaps and prevents unnecessary duplication.

## Landworkers' Alliance

Truly transformational change in our agricultural system is needed in order to meet the

challenges of the climate and biodiversity crisis, while also improving justice in the farming and land work sector. The Landworkers' Alliance strongly supports many of the goals outlined in the Vision for Agriculture, but we are concerned that current legislative proposals will not bring this vision into reality. Greater ambition is required to achieve a rapid and fair agricultural transition, allowing us to meet our emissions reduction targets while supporting the agricultural sector through this challenging time. This must include enhanced conditionality on at least 75% of agricultural payments, rising to 100% over time, to ensure that public money is not spent on harmful practices.

**We believe that a just transition demands an end to area-based payments.**

Areabased payments have discriminated against small-scale farmers and crofters, and have resulted in a positive feedback loop in which owning more agricultural land means more public support, which in turn means more possibilities to finance and acquire more land. There is no reason why those with larger amounts of land should receive higher levels of 'income support' than those with smaller amounts of land. In place of an unjust area-based payments system, we propose a system of universal basic income (UBI) for farmers and crofters, awarded equally to all those who are actively farming. If area-based payments are to continue under the new payment system, **a robust system of capping and redistributive payments is required** to ensure that public funds are allocated in a cost efficient and just manner. This must be in place from the introduction of the new payments system.

A key step necessary for reducing inequity in the agricultural sector is the **removal of the 3 ha minimum size threshold for receiving support**. Many small-scale horticulture operations, for example, provide local, healthy food for hundreds of families on very small plots of land, as well as offering employment opportunities and strengthening rural communities. In general, greater support for the fruit and vegetable sector is required to strengthen local food systems in Scotland.

**Targeted support for new entrant farmers is also essential** to address the challenge of an ageing population of farmers and to improve diversity in the sector. To be effective, such a scheme should include capital grants for starting up, advice and mentoring, and clear connections with Land Reform legislation to improve access to land for new entrants. This will have wide-reaching benefits for the agricultural sector in Scotland, including revitalising rural communities, bringing new ideas and energy into farming practice, and ensuring generational renewal.

## Nature Friendly Farming Network Scotland

The Nature Friendly Farming Network supports and encourages the Scottish Government to deliver at pace on its Vision for Agriculture and determination to develop agriculture, climate, biodiversity and food policies which recognise and understand the critical and dynamic relationship between them, and that sustained food security can only be maintained and enhanced on this basis. If we don't urgently restore and regenerate biodiversity in Scotland, producing bountiful, nutritious food without a biodiverse and fertile environment will be impossible. Please read our recent report [Rethink Food: A Plan for Action](#).

NFFN Scotland's key priorities for future agriculture policy:

- We welcome and support the intended shift to a new four-tier structure of future support with the proviso that there will be a commitment to phase out area-based subsidies in the Bill within a managed transition period. It is essential that a transition period allows sufficient time for farm businesses to plan and adapt, while enabling change to occur at sufficient pace. All funding for Tier 1 Base Level Direct Payments to move into Tiers 2, 3, and 4 over the term of the next parliament 2026-30. Capping and/or tapering base-level payments to begin asap to allow essential funding to be redirected to support the transition to regenerative, sustainable agriculture.
- A call for a £200m ten-year co-designed, industry partner-led, programme of regenerative and agroecological learning, research and development and regional-based peer-to-peer farmer- and crofter-led knowledge exchange supported across Scotland (£20 million per annum.) These regional farmer and crofter-led cluster groups will be fundamental to the success of the more top-down larger-scale initiatives of Regional Land Use Partnerships, Nature Networks and Local Biodiversity Partnerships.
- Targeted support for farmers and crofters who manage the 40% of our valuable farmland classified as High Nature Value (HNV) to be better prioritised through the new proposed payment framework
- Equity for small-scale farmers and market gardeners – a call to lower to 1ha or abolish the threshold for accessing payments or offer a Small Farms Scheme with a simplified process and a one-off flat rate payment.
- Whole Farm Management is crucial in unlocking how farming's profitability is linked to its partnership with nature. Whole Farm Plans need to be ambitious and rewarding, as well as providing a valuable and accessible tool that effectively assesses what is best for individual farms and crofts.
- Stop viewing forestry as non-agricultural land management and work towards integrating our agriculture and forestry sectors. Integrating trees within Whole Farm Plans should be supported under Tier 2 and 3, either as a direct requirement for payment or with additional grant support. National targets for agroforestry and hedgerow creation should be set within the wider woodland

- creation target of 18,000 hectares of new woodland each year and support directed accordingly.
- Food and farming policy coherence – preference in future Good Food Nation national and local plans and procurement should be given to local food produced by farmers and crofters with established nature and climate friendly practices and excellent environmental land management. This will require local food infrastructure such as local abattoirs and food hubs to be prioritised as essential infrastructure.
- The Bill should help farmers and crofters to reduce their reliance on artificial inputs such as pesticides and fertilisers through specific, timebound reduction targets similar to what has been proposed in the EU Farm to Fork Strategy. These should be accompanied by appropriate payment schemes, high quality advice and knowledge exchange to help farmers and crofters to build natural fertility and pest control.

## Nourish Scotland

Agricultural policy should have two core aims: to bring benefits to the whole population by providing access to healthy sustainable food, and to restore climate and nature.

Nourish Scotland's vision is 'a Scotland where we eat more of what we produce and produce more of what we eat'. The global context doesn't mean we should maximise production – there's more than enough food in the world. But we should become more resilient, and optimize for food, climate and nature.

Over the next decade, policy objectives should include:

**Integration** of farming and food policy – a farm to fork approach to deliver sustainable nutrition in line with the Good Food Nation Act

**Diversity:** 1) of crops (legumes to eat, glasshouse fruits and Mediterranean veg); 2) of foodstuffs made in Scotland from Scottish produce (barley products, oat milk, bread, ready meals); 3) of producers – urban and rural, new Scots, women, disabled people

**Local food economy** – building community wealth, re-connecting people with food, making food-growing ubiquitous in our towns and cities, repurposing vacant and derelict land (and we think some of the agriculture budget should go to local authorities to support this).

**Circularity** - reducing reliance on imported feed and fertiliser; recycling by-products esp from alcohol industry for human and animal feed; reducing nitrogen waste

**Low opportunity cost livestock** – animals eating food we can't – grass, trees, food waste and by-products. This means there's room for some ruminants, but eating grass not cereals or soya which people could eat directly.

**Nature first** – affirming the primary responsibility of farmers to steward the land for future generations, raising minimum standards for land management, setting a course for post-pesticide agriculture; and doing whatever it takes to speed up peatland restoration

**Halving emissions** while maintaining the level of calories and protein going to humans – through a combination of using land for human food not animal food; cutting back nitrogen use; new technologies including low-methane breeding, glasshouses running on renewables: and at the same time locking up more carbon on farms, both above and below ground.

**Organic as normal** – aiming to reach the EU average for land in organic production by 2030

**Trees in all the right places** – a massive increase in agroforestry, trees integrated with livestock and crops

**Positive animal welfare** – access to pasture (including trees and hedges) for all species, shade and shelter, cow with calf dairies, animal-centred design

**Refocusing resources** – research, advice, knowledge exchange, co-operation, training and funding focused on transformation. This effort should be seen as comparable with the transition from oil and gas, or decarbonisation of transport and home heating – and may similarly need a ‘hump’ of investment

As a whole, agricultural policy should meet the Fairer Scotland duty – explicitly designed to reduce inequalities in nutrition among the general population, and to reduce inequalities in income, wealth and wellbeing between large and small farmers, tenants and owners. We need to see the end of the current system which for the most part uses public money to increase land values and landowner wealth, with little discernible public benefit.

## Scottish Crofting Federation

**SCF believes that the powers that the Scottish Government is seeking under the proposals for an Agriculture Bill are too broad. SCF calls for more details to be included:**

- **Redistribution of basic payments**  
Mandatory redistribution of payments for at least 10% of the total basic payments budget (= EU alignment, Article 29 Regulation (EU) 2021/2115).
- **Support to High Nature Value (HNV) agriculture in peripheral areas**  
A scheme to support areas of natural constraint should better target funds at those who deliver on nature and climate in peripheral areas - a scheme that truly reflects natural constraints and/or that rewards HNV agriculture.
- **Targeted Voluntary Coupled Schemes (VCS)**  
Through front loading - paying a higher rate on the first number of animals; paying higher rates on rough grazing.
- **Integration of outcomes including rural development**  
Clarity needs to be given on how coherence between proposed outcomes – nature, climate, food, rural development – will be achieved. A fair income for farmers and crofters, support for generational renewal and improving the position of farmers and crofters in supply chains should be included as outcomes in line with EU law. Rural development should inform design of schemes across all tiers, which supports more equitable distribution of funds (including base payments) in favour of crofting.

To provide sufficient scrutiny, **a strategic plan and work programme with cyclical revisions are required to ensure that the framework is fit to deliver on (changing) objectives.** A commitment to this effect should be included in the Bill.

**The implementation of the proposed frameworks (tiers 1 to 4) should work for crofters and common grazings.** Improved processes for engagement and consultation of stakeholders are key to delivering this. SCF calls for:

- Minimum and enhanced conditions that are proportional to ensure that payments are accessible to crofters and small-scale producers. Outcome-based rather than prescriptive measures may be appropriate. SCF does not support the Whole Farm Plan under tier 1 which does not seem to be designed with crofting in mind, but whole farm plans could be a useful tool under tiers 3 or 4.
- Elective/complementary schemes that are accessible. Extensive grazing, the use of common grazings, agroecology and agroforestry, small-scale horticulture, rare breeds and heritage grains should be better supported. The Crofting Agricultural Grant Scheme (CAGS) and The Croft House Grant Scheme should be continued.

## Scottish Environment LINK

Scottish Environment LINK (SEL) is the forum for Scotland's voluntary environment community, with over 40 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society.

- In the context of the nature and climate emergency, SEL members believe that Scottish agricultural policy is no longer fit for purpose. Farmers are an essential part of the solution to the challenges we face, but current policy and funding does not adequately support them to address those challenges.
- SEL is supportive of the government's vision of Scotland becoming a leader in sustainable and regenerative agriculture and we welcome the prominence given to climate and nature. But the pace of change is too slow and there is a lack of clarity about exactly what future policy looks like.
- The four-tiered framework for future support payments has the potential to be able to deliver positive outcomes for nature and climate, but this is not guaranteed. Positive outcomes will depend on the detail of scheme design and the distribution of the budget.
- SEL believes that the farming support budget should be maintained but spent differently. A much smaller proportion of the budget should be allocated to base payments (Tier 1). At least three quarters of public spending on farming should support methods that restore nature and tackle climate change (Tiers 2,3 & 4). Much greater investment is needed in supporting transformation in the industry through advice, training, and knowledge exchange to guarantee a Just Transition for Scotland's farmers and crofters.
- Since the introduction of the new policy is going to take years, SEL believes that the government should continue to offer full Agri-Environment and Climate Scheme rounds in the coming years.
- The government should also prepare for the gradual introduction of the new policy by using existing powers to cap direct payments and use the funds released to boost action for climate and nature in the short-term. The government should invest now in enhanced advice provision, knowledge transfer and help with collaboration/co-operation in the supply chain and at a landscape scale.
- The forthcoming Agriculture Bill should include a proper purpose clause, require the government to produce a strategic plan and introduce a programming period of 3-5 years.



## Scottish Land & Estates

The forthcoming agriculture bill is an almost unique opportunity to shape the future of rural Scotland, enabling land managers to play their role in delivering food, enhanced biodiversity and fighting climate change. We believe that all are deliverable in Scotland, but it requires clear thought, support and planning to make it happen. While it is difficult to outline all priorities in a short document, an outline of the SLE thoughts on the future of agriculture can be found in our [#Route2050- on track for Rural Scotland](#) document.

### Summary Priorities:

- Farms and estates are businesses, and they need clarity for the future to enable them to plan and invest for the long term.
- Scotland has a problem in terms of importing too much of its food, but also too much timber and wood products, there is a need to secure critical mass both in a co-ordinated way. Capturing value through greater processing capacity is also a priority.
- We agree there continues to be a requirement for some direct funding to provide security for the industry, rural communities, the economy and people
- Conditional payments should be simple to understand and while an outcomes based approach is preferred, there will be situations where outcomes are long term and support for practices will be more appropriate.
- Capital payments which enable long term benefits and reduce reliance on ongoing support to create a more resilient industry should be extended as they have been proven to be effective.
- Investment in people and skills is essential to improve not just the competitiveness of Scottish agriculture but also its safety record.
- Greater thought and clarity around how public and private finance interact is required.

# Scottish Organic Stakeholders Group

Shifting Scottish organics from the margins to the mainstream

**Organic farming methods have proven benefits for nature and climate** and therefore have a key role to play in the Scottish Government's measures to achieve Net Zero emissions targets and outcomes around biodiversity strategies:

- Increased adoption of organic farming can make major contributions to reducing emissions ([Nick Lampkin 2019](#))
- Organic farming delivers benefits for soil health, water quality and biodiversity protection, and can play an effective role in restoring biodiversity ([IFOAM 2022](#), [Stein Bachinger 2021](#)).

Additionally, **there are high economic gains to be made**. The value of the global organic food and drink market is estimated to have risen to more than EUR 120 billion, and compared to 2015, the EU organic retail sales were almost double in 2020, whereas the area under organic farming increased by 41%. The growth in organic sales was particularly fast during the COVID-19 pandemic, understood as the consequence of consumers paying more attention to health issues, higher food consumption at home and/or the shortage in conventional food. Denmark and Austria rank as world leaders in terms of organic food's share of retail food sales (respectively 13% and 11%) ([EU Agricultural Economic Briefs, Jan 2023](#)). Compared with the EU, the share of the spend on organic foods in Scotland is tiny (0.7%), and we import most organic produce (data from Scotland Food & Drink's [The Knowledge Bank](#)). Organics can help establish high-quality Scottish food brands for internal consumption as well as for export.

The [EU Farm to Fork strategy](#) recognises organics as the gold standard towards which other forms of agriculture should move. Organic method is defined, certified, monitored and enforced.

**The expansion of the organic food sector does not happen by itself. Individual actors need to be incentivised and encouraged with long term targets and resource. The Agriculture Bill is a unique opportunity for the Scottish Government to provide the strongest possible signals and motivations** with targeted future farm payment schemes that can grow the sector and thereby also work towards climate and nature targets.

In similar vein, the EU has set a target (25% of land by 2030) and requires member states to draw up organic action plans. These have all been delivered, with targets ranging from 30% of land (Germany) to 7.5% (Ireland). The Irish Government's plan has led to 2,000 new conversions since its introduction 2 years ago, taking their land area to 4.5% (from 2%), and uptake is expected to be boosted by the [new measures](#) taking effect in January this year.

Without long-term policy support, the Scottish Government's organic targets (a doubling of organic land area by 2026) will not be achieved and sustained. The key challenges are insecure routes to market for organic produce, gaps in essential

processing infrastructure, shortage of land for new entrants, lack of access to research and advice on organic methods for farmers and advisors, and lack of training for new producers and processors.

The SOSG has supported the Scottish Government on progressing the sector's recommendations as listed in [our report](#), but the sector needs government's leadership along with financial incentives in the future Agriculture Bill.

Despite its challenges, the Scottish sector has much good practice to build on. Some, of the many examples are: ASSIST's work on increasing public procurement of organic food building on the pioneering work in East Ayrshire; [Scotland The Bread's Fife Fermenter](#) (research and promotion of heritage grains); [Kinlune Farm's](#) impressive biodiversity gains through work funded by AECS; multi-award-winning [Peelham Farm](#) supplying short retail chains in the Central Belt with its own charcuterie; and in the dairy sector, the exemplary practice of [Mossgiel Farm](#) whose milk is available widely in the Central Belt; and [The Ethical Dairy](#) known especially for its exceptionally high animal welfare practices and biodiversity gains.

The Scottish Organic Stakeholders Group has 84 members, including large and small organic producers, NGOs, unions, researchers, key Scottish food industry operators and local authorities. It published [a report with recommendations](#) for expanding the Scottish organic food sector in June 2022 that was launched in the Scottish Government Pavilion at the Royal Highland Show.

## Scottish Tenant Farmers Association

While the Agricultural Bill consultation provides little detail on future farm support schemes, it is clear that future public funds will be linked to not just agricultural production but also to activities which support biodiversity, wider rural economic development and a mitigation of climate change including woodland creation. At the same time a new private market for ecosystems is rapidly developing.

The activities of farm tenants are currently subject to the restrictions of agricultural leases which will act as a barrier for tenants seeking to (i) adopt future rural policy, (ii) to benefit from private market schemes for carbon and ecosystems, and (iii) make other non-agricultural diversifications.

Fundamental changes to tenancy legislation are required to allow fair access for tenants to these schemes and markets. Scotland is unlikely to meet its biodiversity and climate change targets if the tenanted sector, which makes up over 20% of farmland, cannot play its part.

Current agricultural leases are restricted by the definition of agriculture, the rules of good husbandry, and a limited list of recognised agricultural tenant's improvements eligible for compensation at the end of the lease, all of which require amending to give farm tenants the flexibility to adopt the new measures without breaching lease conditions.

Amendments to the diversification process, modernising the rent review system, a review of the rules around resumption of land by a landlord, and improvements to the way-go process (end of lease compensation for tenant's improvements) are also required to ensure that the tenanted sector can adapt to future public policy and private markets.

These changes are covered in the Tenant Farming Commissioner's recommendation to ARIOB and are included in the 'Modernising Agricultural Tenancies' section of the current Agricultural Bill consultation.

It is vital that these changes to tenancy legislation are in place before new public funding schemes are introduced, otherwise the tenanted sector is unlikely to survive. For similar reasons, any future public schemes should be feasibility tested for the tenanted sector.

# Unite the Union

## Social Conditionality

The SG Committee has to look at what is happening in EU re new CAP.

New EU CAP will have to follow social conditionality.

### **Farm employers will have receipt of taxpayers' money tied to compliance with labour rights.**

Some employers in the sector use zero hours contracts to cut pay, one of a range of tactics to make productivity gains from cutting labour costs rather than training and paying workers a fair wage.

## SAWB and Fair Work First

It is really telling that in this very long document there is so little on workers at all, and the section on SAWB and FWF has little detail. There needs to be more emphasis on the FWF criteria.

Workers in the sector are more likely to be paid below the minimum wage, employed on precarious contracts and subjected to forced labour. Research funded by the Joseph Rowntree Foundation conducted by the Universities of Sheffield and Bath found a failure to monitor outsourced recruitment is resulting in companies inadvertently employing victims of forced labour and was most common in the food and construction sectors of the economy. The report by Caroline Robinson is one we would fully endorse – it is the story across the UK and across FDA. A full understanding of the structural reasons for the abuse of migrant workers has to underpin a “Workers’ Rights” strand in the Agriculture Bill. Otherwise FWF is just a piecrust promise – easily made, easily broken.

An independent statutory body would be required to perform a checks and balances function that recognise that food insecurity, climate change, public health, biodiversity, workers’ rights, animal welfare, access to land and waste are all part of the food system and that a systems-wide approach is essential to protecting everyone’s right to food and making sure the Government keeps its promises. They would also provide the expertise needed to achieve our ambitious Good Food Nation vision.

The Scottish Government under the SNP, if it achieves independence, and if it were to set up an independent trading relationship with EU, would have to abide by new CAP. Without independence and as part of the UK, there is still a question as yet unanswered about UK divergence – i.e. will UK farm employers have an advantage over EU farm employers, because the UK farm employers will not have the same explicit link between subsidies and labour rights compliance.

It would be wholly possible to add to the Agriculture Bill this point to make the connection between taxpayers' money and fair work, so the sample diagram should have a section on this issue.

## Unite food and agriculture policy

As in From Plough to Plate, the FDA policy booklet, Unite wants a food and agriculture system with the following:

- Organised workplaces – that means sector CB amongst other things
- A workers' voice – in the workplace, across the industry
- A fair deal – UK food industry worth more than £20 billion. UK food and agricultural workers currently amongst the lowest paid.
- A food chain free from abuse – a system that values workers' rights, animal welfare and our future environment
- Health and safety – safer for workers is safer for consumers
- Anti-discrimination – equal rights including for migrant workers, an end to gender-based violence in the food supply chain