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Mairi Gougeon MSP
Cabinet Secretary for Rural Affairs and Islands
Scottish Government

By email to: cabsecralri@gov.scot

August 18th, 2023

Dear Cabinet Secretary,

I am writing on behalf of Scottish Environment LINK's Food & Farming Group to raise some issues relating to the forthcoming Agriculture Bill and the proposed CAP replacement scheme.

Budget and allocation of funding in the new framework

We are aware that there is no long-term commitment to agricultural funding from the UK government beyond the next Westminster election and that this uncertainty presents difficulties to the Scottish Government.

We want to see the agricultural budget defended and potentially increased, given the central contribution of agriculture and land use to climate change mitigation and adaptation, and to nature restoration. There are good reasons for spending public money on farming and land management and we need this investment if we are going to achieve our collective aims of reaching net zero and restoring nature at the same time as producing food.

In this context, we want to emphasise that LINK will support your efforts to secure long-term commitments on agricultural funding and the best deal for Scotland.

At the same time we are clear about how we want to see the Scottish Government distribute the funding available in future. NFUS has said that it wants to see the government allocate 80% of funding to Tiers 1 & 2 under the future framework, with at least 50% of that sum allocated to Tier 1.



Scottish Environment LINK the voice for Scotland's environment

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We strongly oppose this proposal, which effectively maintains the status quo. If the government takes this route it will fail to achieve its own objectives around Net Zero and Nature Positive. For government to meet its objectives it will have to devote much more of the available funding to supporting farmers and land managers to take action on climate and nature. We want to see the government devote 75% of funding to Tiers 2, 3 & 4.

We understand the difficulties associated with rapid change and we note that you have sought to reassure the farming industry that there will be no cliff edges in support. Nevertheless, government must emphasise that transformational change is required and show clearly how the budget allocation will change over time towards Tiers 2, 3 & 4.

Agriculture Bill

We recognise that the Bill is likely to be a 'framework' Bill that provides powers to the government to deliver agricultural policy and funding, but the Bill still represents a key opportunity for Parliament to establish important and enduring principles for policy in this space.

Purpose clause - A purpose clause clarifies the intent of legislation, assisting future interpretation. We believe that the purpose of this Bill is to drive transformational change in our farming and food production system to address the climate and nature emergencies and support required land use change. It should specifically refer to maintaining EU standards in relation to animal health and welfare, food standards and the environment, ensuring continuity with existing systems and markets and it should refer to achieving Net Zero, Nature Positive, and a Just Transition.

A purpose clause that simply refers to delivering the Scottish Government's vision for agriculture is inadequate, not least because the Bill is a vehicle for regulating activities beyond agriculture e.g. forestry, but also because the concept of regenerative agriculture is still being defined, which makes the goal unclear.

Targets - The Bill should establish specific targets showing how agriculture and land use will contribute to current ambition on biodiversity and net zero. This could example include increasing organic farming, reducing pesticide and reducing synthetic fertiliser use. These targets would set a focussed ambition for change and ensure that Scotland remains aligned to the European Union in terms of agricultural policy. The Bill should establish a duty on Ministers to achieve any such targets.

Definitions - A key element of the legislation will be how key terms are defined. This includes the definitions of the beneficiaries of public support, the land that is eligible for support and the activities that are supported. Given that the legislation will have to play a role in delivering change in land use, it will be important that the definitions are fit for purpose. Agricultural activity must be clearly defined but include delivering for nature as a core element.

Programming period - There is a clear need to balance flexibility in policy implementation with clarity for the farming and land management sector. A programming period of fixed duration (possibly 5 years, starting in 2025 so that there are four programme periods of policy leading to 2045) should be established so that farmers know that there is a certain degree of constancy for a defined period. The idea of a programming period would align with the approach in the EU. It would not remove the ability to change things within the period - changes could still be made in the CAP within the context of the overarching programme.

Delivery Plan - A 'Sustainable Agriculture and Land Use Delivery Plan' should be published for each programming period. The plan should be laid before Parliament for a period of scrutiny before approval. The Delivery Plan would require the government to clearly articulate aims, objectives, outcomes and targets for agricultural and land use policy; how each Tier of the framework is intended to deliver against those outcomes/targets within the timeframe; and financial allocations. A regular planning cycle would ensure that the degree to which policy is delivering the outcomes is kept under review.

Definition of Sustainable Farming Standards - It is essential that baseline requirements are clearly established and these standards should be a fundamental prerequisite for receipt of public support. These standards should be extended from the current cross compliance rules including at least GAEC, SMRs and the useful elements of Greening such as Ecological Focus Areas in order to enhance the environmental delivery associated with all payments. These basic requirements should be linked to compliance monitoring with the ability to impose penalties and/or to withdraw subsidy for non-compliance.

Monitoring and evaluation - Good policy making requires regular review of impact. The Bill must define a process for regular monitoring and reporting, along with external evaluation/audit.

Redistribution - The current distribution of farm support lacks a robustly defensible intervention logic. The largest amounts of public money go to the largest businesses and are not related to need or outcome, while those that are most dependent on public money to support their businesses get least. Consequently, the Bill must include a redistributive element in any underpinning (Tier 1) support scheme to allocate more of the budget to the first hectares claimed.

This would benefit small to medium scale farmers and is an important feature of a just transition, reflecting the Fairer Scotland duty.

Capping in the future framework - There should be an upper limit on Tier 1 direct payments. These payments are framed as underpinning the farming industry, yet without a proper cap the government would continue to give large amounts of public money to some of the wealthiest landowners and largest businesses, which do not need public money to underpin their ongoing activity. This would perpetuate the inequitable distribution of the agricultural budget and would represent a poor use of public money, which

could be used better to support delivery of public goods and greater equality of outcome among farmers and crofters.

The title of the Bill - Given that the Bill is the legislative vehicle that will provide the basis for future agricultural policy and funding, future forestry policy and funding, for environmental land management and for rural development, its title should be the 'Sustainable Agriculture and Land Use Bill'.

This Bill will create the powers to make payments for land use beyond agriculture and it will be important in facilitating land use change. The title of the Bill should signal the direction of travel towards more integrated land management in Scotland consistent with your own Land Use Strategy and the Land Use and Agriculture Just Transition Plan.

Capping direct payments in the short-term

While the government indicated in the 2022-23 Programme for Government that it wants to explore capping and/or tapering base-level payments, we have yet to see any progress on this commitment. Government should deliver on this commitment. While there is a short window of opportunity before the new framework is established, there is also a high degree of urgency for change if we are to meet our climate and nature targets.

The government should consider capping payments in 2024 and using the funds released to increase the AECS budget, which has been constrained in recent years, and to improve advice provision to support a Just Transition. There are different ways of imposing a cap, but one way would be to impose an absolute cap similar to the Irish Government, which has set a €66,000 limit. Clearly, your commitment to there being 'no cliff-edges in support' will have a bearing on the level chosen, but we believe that capping has an important role to play in the Just Transition.

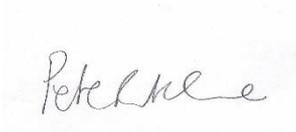
Tier 2 Enhanced payments

Members of the LINK Food & Farming group have been involved in some of the consultation work that your officials have been undertaking on the detail of the Tier 2 Enhanced payments. In this engagement, your officials have canvassed opinion on different payment options including having an all or nothing threshold, multiple tiered thresholds (Gold/Silver/Bronze) or a sliding scale (0-100%). We understand that officials believe that some sort of sliding scale has the most widespread support and we write on this subject now to make sure that you understand that this is not the preferred approach of Scottish Environment LINK.

An all or nothing threshold will offer the best option for maximising public good outcomes. We believe that a sliding scale will entail a significant administrative burden, allow some farmers and crofters to choose to scale back delivery and reduce the impact of outcomes achieved.

We would be very happy to discuss these issues with you further either at the meeting planned with LINK on September 13th or at another opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pete Ritchie", is centered below the closing. The signature is written in a cursive style with a clear, legible font.

Pete Ritchie
Convener, Scottish Environment LINK Food & Farming Group