



Agriculture Bill- what is required to deliver for nature and climate

Summary

Farming is vital to Scotland's future. As well as producing food, farmers and crofters manage three quarters of Scotland's land. But farming is the second biggest source of climate emissions in Scotland and some practices are a major driver of biodiversity loss.

To tackle the climate and nature emergencies, the Agriculture Bill must:

- Set a clear purpose for support that will drive transformational change and address the nature and climate emergency.
- Set clear targets in relation to nature and climate friendly farming activities e.g. organic farming.
- Enable 5 yearly programming periods to be established, facilitating alignment of budgets.
- Require a Delivery Plan to be published for each programming period and laid before Parliament for a period of scrutiny.
- Define the 'Sustainable Farming Standards' that must underpin all payments
- Introduce requirements for monitoring and evaluation and inspection and penalty regimes
- Include a redistributive mechanism for any underpinning (Tier 1) support scheme to help smaller farms and crofts
- Include provisions to enable an upper limit (capping) to be imposed on Tier 1 direct payments
- Take a title appropriate to the actual scope and intention of the Bill e.g. 'Sustainable Agriculture and Land Use Bill'

In addition to the Bill, LINK wants to see

- Funding for agriculture and land use for Scotland at least maintained and potentially increased in future. LINK wants 75% of any funding provided allocated across Tiers 2, 3 & 4.
- Proposals now for capping existing direct payments with the funds raised used to increase budgets for the Agri-Environment-Climate Scheme and advisory services
- Proposals for Tier 2 that will genuinely make progress in reducing GHG emissions and restoring nature and require on-farm action.

Background

As a result of leaving the EU, and with it the Common Agricultural Policy, the Scottish Government committed to continuing existing CAP schemes and payments for a period of 'Stability and Simplicity'. It further committed to introducing a new system of 'rural support' to replace these CAP schemes. The Scottish Parliament passed the 'Agriculture (Retained EU Law and Data) (Scotland) Act in 2020 to provide the legislative underpinning for the continuation of CAP schemes and to enable minor modifications. ***This Act also requires Scottish Ministers to lay a report before the Scottish Parliament on progress towards establishing a new Scottish agricultural policy no later than 31 December 2024.***



New powers are required to introduce substantially different or new policy and payments and hence the requirement for a new 'Agriculture Bill'.

On March 2022, the Scottish Government published its [Vision for Agriculture](#) and stated its intention for Scotland to be '*a global leader in sustainable and regenerative agriculture*'. LINK supports the ambition in this Vision and specifically the intention to transform how farming and food production is supported. We note the intention **to have a support framework that delivers high quality food production, climate mitigation and adaptation and nature restoration** – with equal emphasis to each. The new Agriculture Bill is a 'framework' Bill intended to provide the necessary powers to the government to introduce such a new support framework and deliver the required policy and funding. **As such, the Bill represents a key opportunity for Parliament to establish important and enduring principles for such a framework and related policy.**

1. Essential Components of the Agriculture Bill

LINK considers the following components to be essential for the new Bill, acknowledging that other issues will also need to be dealt with:

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.

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 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.

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 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 if required. Each programming period will require budgets to be aligned to support delivery.

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.

Other 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 and other relevant land use activities must be clearly defined and include delivering for nature as a core element.

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. Compliance monitoring is also required and provision made for applying penalties or sanctions for non-compliance.

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 mechanism 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 represent poor use of public money.

The title of the Bill:

This Bill will create the powers to make payments for land use beyond agriculture e.g. for woodlands and forestry, for environmental land management and for rural development. Its title should reflect its scope and be the 'Sustainable Agriculture and Land Use Bill' or similar. This would signal the direction of travel towards more integrated land management in Scotland and be consistent with the Land Use Strategy and the Land Use and Agriculture Just Transition Plan.



2. Funding for Sustainable Agriculture and Land Use

Overall Funding by UK Government:

After EU exit, the UK Government committed^[1] to ‘...maintain the funding available to farmers and land managers in every year of this Parliament, supplementing the remaining EU funding for agri-environment and rural development projects’. This effectively ring-fenced UK farm funding and led to allocations to Scotland, Wales and Northern Ireland in proportionally similar amounts as received through the CAP. It means however that there is currently no commitment to longer term farm funding beyond the life of the current UK Parliament.

LINK wants to see the farm support budget for Scotland at least maintained and potentially increased, given the central contribution agriculture and land use must make to climate change mitigation and adaptation, and to nature restoration. A recent estimate^[2] of how much is needed for nature and climate friendly farming and land management in Scotland is £1.17 billion per year for the next ten years i.e. almost double the current budget. The UK total estimate is £4.4 billion compared to £3.5 billion per year spent on farm support now.

Spending Allocation in Scotland:

We are clear about how we want to see the Scottish Government distribute the funding under the new support framework – whatever the amount available in future.

LINK wants 75% of funding allocated across Tiers 2, 3 & 4. We understand the difficulties associated with rapid change and agree with the farming industry that should no cliff edges in support. The continuity of CAP payments in the period 2020 until 2026 (when new schemes and payments will be introduced) is already preventing such cliff edges. The Scottish Government must use this period more effectively to signal change and start rapid transformation. As part of this it must show clearly how the budget allocation will change over time, moving from the current situation - where the majority of funding is spent on the Basic Payment Scheme and other Pillar I subsidies - towards increasing funding on Tiers 2, 3 & 4.

In contrast, the NFUS is calling for 80% of funding to be allocated to Tiers 1 & 2 under the future framework, with at least 50% of that sum allocated to Tier 1. This would effectively maintain the status quo and leave large sums of money poorly tied to achieving environmental outcomes. If the Scottish 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 and adopt sustainable practices. This will, ultimately, underpin food production and help to address longer term food security concerns.

Capping direct payments in the short-term

The Scottish government indicated in its 2022-23 Programme for Government that it would explore capping and/or tapering base-level payments; we have yet to see any progress 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; one way would be to impose an absolute cap similar to the Irish Government, which has set a €66,000 limit. Clearly, the



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 payment

Tier 2 has been described as the key element in the new four tier framework to deliver improvements for nature and climate and engage the majority of farmers. Government officials are now designing the detail of this Tier. As part of stakeholder engagement 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 from the farming sector. This is not the preferred approach of LINK.

Based on our experience of past schemes such as Greening, Land Managers Options and entry level agri-environment schemes, it is our view that an **all or nothing threshold** will offer the best option for maximising environmental outcomes, as this Tier is intended to do. We believe that a sliding scale will entail a significant administrative burden, allow some farmers and crofters to choose limited options or to scale back delivery and reduce the impact of outcomes achieved.

This briefing represents the collective view of LINK’s Food & Farming Group.

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

^[1] UK Government Statement of Funding Policy – see [Statement of Funding Policy update Feb 2023.pdf \(publishing.service.gov.uk\)](#)

^[2] Rayment M (2023) An Assessment of the Financial Resources Needed for Environmental Land Management in the UK. A report for the RSPB, the National Trust and The Wildlife Trusts. <https://www.wildlifetrusts.org/sites/default/files/2023-06/Finance%20for%20UK%20Environmental%20Land%20Management%2C%20June%202023.pdf>

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