

Scotland's proposed Agriculture Bill



The Scottish Government ('government' within this document) has published a consultation on proposals for its Agriculture Bill, which is to be introduced to parliament in 2023. The deadline for responses to the [consultation](#) is November 21st 2022.

The vision and aims

The government's long term vision for the country's rural sector is to become a global leader in sustainable and regenerative agriculture. The aims for the agricultural policy are to achieve:

- High quality food production
- Nature restoration
- Climate mitigation and adaption
- Wider rural development

This proposal outlines the powers that the future Agriculture Bill ('Bill') will contain, and how these are linked to achieving the government's vision and aims. As a result, this consultation is primarily focused on what the Bill will enable, and the detail of future support schemes will follow in due course and be implemented through secondary legislation. The government has emphasised the need for a policy framework that can adapt to future changes within the sector.

The policy context

The proposed Bill sits alongside several other complementary pieces of legislation – the Good Food Nation Act, a future Land Reform Bill, a Crofting Bill and a proposed Natural Environment Bill. The proposal stresses agriculture does not sit in a vacuum and all of these new policies, combined with the Agriculture Bill, will impact the way rural land is managed. The future support policy must also deliver in line with Scotland's National Performance Framework outcomes, which focus on the development of a wellbeing economy (generating sustainable, inclusive economic growth).

Climate change targets and nature restoration

The proposal references the Climate Change Committee's 2021 progress report, and the target to reduce Scotland's agricultural emissions by 31% from 2019 levels by 2032. It highlights the risks that climate change poses to Scottish agriculture and emphasises that agriculture needs to reduce its emissions but that rural land use also has a role to play in increasing nature based sequestration. The future Bill will be required to deliver and follow the Just Transition principles, ensuring the transition to a low carbon sector is equitable for all.

The proposal stresses that the environmental crisis is a twin crisis and emphasises the importance of supporting nature restoration as well as reducing the impacts of climate change. The future agricultural support package is intended to support efforts to halt and reverse biodiversity decline.

The policy proposal recognises that private investment in Scotland's natural capital will be needed to meet the country's environmental targets and highlights the importance of the Interim Principles for Responsible Investment in Natural Capital in helping those involved in agriculture to leverage emerging natural capital markets.

What will be paid for?

Under the Agriculture Bill payments could be made to help achieve the policy aims - high quality food production, climate mitigation and adaptation, nature restoration and wider rural development.

In terms of quality food production, the government wants to enable grants to support agri-food sustainability, efficiency, cooperation, education, processing and marketing. It also wants the Bill to include a power to provide financial assistance in the case of exceptional or unforeseen conditions adversely affecting food production.

What will the payment framework be?

The future support framework proposes the new Bill should enable conditional payments under four tiers.

Tier 1 – a base 'income support' payment, to support active farming and food producers. Payments would be conditional, requiring farmers to meet a set of sustainable farming standards, Cross Compliance Regulation and deliver a Whole Farm Plan.

Tier 2 – an 'enhanced' support payment for farmers and food producers, which will offer additional measures and support producers in being more efficient, to incentivise sustainable and regenerative farming.

Tier 3 – an ‘elective payment’ which will focus on targeted measures for nature restoration, innovation support and supply chain support. This tier would be accessible to individuals and groups who are not necessarily recipients of tiers 1 and 2.

Tier 4 – complementary to tiers 1, 2 and 3, this will enable the delivery of advisory services. It would also provide support for tree planting, woodland management, peatland restoration, areas of natural constraint and for the sheep and beef sectors. This tier would also be accessible to individuals and groups who are not necessarily recipients of tiers 1 and 2.

Tiers 1 and 2 will be non-competitive, provided applicants meet the eligibility criteria. Tier 3 and 4 are more likely to be competitive to ensure targeted actions that deliver most benefit from the budget available.

Skills, knowledge transfer and innovation

The proposal includes powers to ensure continued support for knowledge transfer, innovation and skills development across the rural land management sector.

Animal health and welfare

The proposal is to include powers to establish standards for animal health, welfare and biosecurity as a condition for receiving payments. It will also enable support payments for improvements in animal health and welfare.

Modernising agricultural tenancies

Proposals are made for changes to current agricultural tenancy law in order to allow ministers to amend the list of permissible diversifications so opportunities such as tree planting or agri-tourism could be added. There is also a proposal to enable a wider range of improvements, fixed equipment, and activities to be taken into consideration in calculating ‘waygo’ end of tenancy compensation and to introduce a set timescale for the process to conclude. It is not clear how these potential changes interrelate with the recent Land Reform consultation proposal for a Land Use Tenancy. Powers to update the rules of good husbandry and good estate management are also proposed, along with amendments to the rent review process for 1991 Act tenancies. For these agreements a hybrid approach combining comparable rents for secure or fixed duration tenancies, an assessment of earning potential and the economic outlook is suggested.

Agricultural wages

It is proposed that Fair Work conditions, including the real Living Wage, should be applied to all Scottish agricultural workers.

Savills analysis

This consultation provides much needed clarity on how the Scottish government intends to support the country's agricultural sector. It is an evolution rather than a wholesale transformation of current policies and attitudes, focused on food production, climate change and biodiversity. A move towards more environmentally focused land management, and for tenancies the diversification and rules of good husbandry proposals could each have implications for inheritance tax reliefs; this will be a key issue for landowners to review once detailed proposals emerge. Enhanced conditionality for payments is similar to the approach of Wales' proposed future rural support scheme, with basic standards that are required to be met in order to receive funding. The emphasis on strengthening Scotland's agricultural supply chain is welcome, alongside the targets for increasing Scotland's turnover in food and drink products.

The government will need to ensure a positive, collaborative relationship with stakeholders so that those in the rural sector are well primed ahead of these policy changes. The proposed rural support scheme and its legislative backbone, the Agriculture Bill, should help develop resilient, forward-looking rural businesses across Scotland. At least in theory - as always, the devil will be in the detail once the secondary legislation is written.

Contacts



Molly Biddell
Policy Analyst
molly.biddell@savills.com
+44 (0) 207 409 9987



Andrew Teanby
Associate Director
ateanby@savills.com
+44 (0) 1522 507 312

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