

Rural Policy Update: Scotland



This briefing note is an update to Savills Rural Policy Update for Scotland which was published in March 2020. Within the UK, Brexit means that agri-environmental policy is now the responsibility of the devolved nations, creating a moment for nationally-led directional change throughout the rural sector. Layer the impacts of coronavirus and the net zero agenda on top of this change, and it becomes clear that the future of food, farming and rural land management is up for debate. Scotland's context within the debate is framed by its increasing role in the global politics of climate change and its endorsement of a 'Green Recovery' from Covid-19.

Agricultural Support and Policy

Scotland's **Agriculture Retained EU Law and Data Bill** passed Stage 3 on 26th August 2020 and became national law on 1st October 2020. The Act creates powers that enable Scottish Ministers to ensure the Common Agricultural Policy can continue beyond 2020, as well as retaining the ability to make improvements to the scheme following Brexit. The Act also improves the legal basis for collecting information about the agri-food supply chain and activities relating to agriculture. Work is now underway to ensure the necessary secondary legislation is in place for those schemes to be available in 2021. This 'interim' Act is based upon Scotland's 2018 Stability and Simplicity report, which outlined proposals for a post-Brexit five year transition period for farming and rural support.

Rural Economy Secretary Fergus Ewing said *'this Act puts in place the legal framework to allow us to take action to streamline, simplify and free up resources to pilot and test activities likely to feature in a future farming and rural support policy beyond 2024.'*

The Act does not set out the future direction of Scottish rural support policy, or completely reform existing policy. This work is instead being undertaken by the Farming and Food Production Future Policy Group.

In the latest update (October 2020) from the **Farming and Food Production Future Policy Group** (FFP-FPG), Mr Ewing explained that as well as the Suckler Beef Climate Group, he intends to set up similar farmer-led expert groups to advise on policy development. These groups will focus on arable, dairy and hill farming. The Suckler Beef Climate Group reported back to the FFP-FPG that a future scheme must be flexible and able to deliver environmental outcomes that provide value to money for the farmer and on taxpayer investment, benefitting the local economy and incentivising upskilling. There was concern that natural capital does not feature heavily in the Suckler Beef Group's policy proposals, instead there is more of a focus on productivity and business improvement. Mr Ewing noted that Covid-19 has impacted Scottish business, in particular exports, but that there has also been an increase in supporting local produce. A food and drink recovery plan was proposed, in order to develop actions to safeguard jobs within the rural sector in Scotland.

The **Sustainable Agriculture Capital Grant Scheme** is a pilot grant scheme for which applications have now closed. It is part of the Agricultural Transformation Programme (announced in February to promote changes in the Scottish agricultural sector to meet challenging climate change targets). The scheme provided grants of up to £20,000 for farmers and crofters to purchase new equipment, which has been specifically chosen for its effectiveness in reducing greenhouse gas emissions and supporting sustainable farming.

NatureScot, on behalf of the Scottish Government, is leading a **pilot project intended to incentivise farmers to invest in their natural capital**. A successful first phase, completed in spring this year, consulted with more than 60 farmers and crofters across Scotland. Now ready to run up to 2023, and with an initial development phase spend of £150,000, the project will see participants paid for the results they achieve through managing nature rich areas on dairy farms in south west Scotland; developing flower rich habitats in Argyll and Skye, and managing habitat for wading birds in Strathspey. The aim is to develop a fully tried-and-tested approach that can become an important part of future rural support beyond 2024.

Scotland's Green Recovery

Investment into Scotland's natural capital is considered key to the country's Green Recovery post Covid-19. According to Scotland's economic recovery report, natural capital has an important role to play in the recovery of the tourism and hospitality sectors. The report stressed the importance of a focus on green trade and the opportunities for carbon capture and storage in the North Sea, as well as increased efforts to tackle emissions in transport and agriculture.

Fast tracked funding to help local communities drive their green recovery has been announced in the form of **The Community Climate Asset Fund**. The fund will provide grants of up to £100,000 for projects that boost energy efficiency in community buildings, and that enable the purchase of electric bikes and vehicles. Smaller grants of up to £10,000 will support active travel and waste reduction projects, and enable community groups and schools to purchase tools and equipment for food growing projects.

Scotland is promoting an economic recovery that speaks to its climate change migration and adaption agenda. Nearly £1.6 billion has been allocated to support up to 5,000 jobs and tackle fuel poverty. This is part of an enhanced **Green New Deal**, the investment will transform the heat and energy efficiency of buildings and rapidly accelerate Scotland's decarbonisation. Fuel-poor households are to benefit from a further £16 million investment to improve insulation and install energy efficient and renewable heating systems. Warmer Homes Scotland, the Scottish Government's national fuel poverty scheme, will receive £6 million, while area based schemes delivered by local authorities will receive £10 million.

According to the Scottish Government, the rural sector is to be at the heart of Scotland's Covid-19 recovery. An additional £500 million is being invested in Scotland's natural economy including £150 million to help deliver a 50% increase in woodland creation by 2024. A further £20 million has also been allocated to increase the supply of young trees. Over 80% of all new woodland creation across the UK in 2019-20 was in Scotland, with this additional investment planting targets for 2024-25 will be increased to 18,000 hectares per year.

Other commitments, intended to protect biodiversity, create green jobs and accelerate a fair transition to net zero include the launch of £100 million Green Job Fund and £60 million to help industrial and manufacturing sectors decarbonise. The government has also announced £150 million for flood risk management, in order to increase climate change resilience and £70 million to improve refuse collection infrastructure and develop a new route map to reduce waste and improve recycling as part of plans to drive a thriving circular economy.

Climate Policy

The Scottish Government is leading the race to net zero emissions, with a target for Scotland to achieve net zero by 2045, and an interim target of 75% emissions reduction by 2030. Despite that fact that the COP26 UN Climate Conference, due to be hosted in Glasgow in November 2020, was postponed because of Covid-19, Scotland continues to take an international role in the climate change debate. Scotland has been formally confirmed as European Co-Chair of the **Under2 Coalition**, a network of more than 200 governments set up to drive climate action across the world.

In October 2020, the **Committee on Climate Change** delivered its **ninth annual progress report** to the Scottish parliament, which assesses Scotland's overall progress in achieving its legislated targets to reduce greenhouse gas emissions. The report shows that Scotland's greenhouse gas emissions fell by 31% from 2008 to 2018. This was primarily due to action to reduce emissions in the power sector, where Scottish renewable electricity generation has tripled and fossil-fueled generation has fallen by more than 70% in the last decade. However, greenhouse gas emissions increased by 2% in 2018, compared to a reduction of 3% in 2017.

The Scottish Government has delayed the planned update to the **Scottish Climate Change Plan** from April to December 2020, due to the implications of Covid-19. Scotland now intends to reframe that plan in the context of a 'green pathway' to aid an economic recovery in line with Scotland's statutory net zero targets.

The Scottish Government has launched the **Green Investment Portfolio**, inviting investors to get behind more than £1 billion of low carbon, eco-friendly and recycling investment opportunities. The Green Investment Portfolio promotes market-ready projects that will help Scotland transition to a net zero economy by 2045 and are seeking private capital. The first release of the portfolio consists of ten projects with £1.16 billion of investment potential – from a hydrogen development programme in Aberdeen to a plastic recycling project in Perthshire.

Natural Capital

The Scottish Government has opened a consultation asking for views on the priorities for future research on the environment, natural resources and agriculture. With the consultation comes the release of a draft strategy for this research, within which the Scottish government has announced plans to commission a Scottish Centre of Expertise in Biodiversity. The Centre, due to be established in 2022, will bring together experts who will then advise policymakers on how best to combat biodiversity loss. Alongside the new focus on biodiversity, the strategy sets out plans for funding research on air quality and the circular economy. The research programme currently receives

£48 million of public investment each year, supporting 1,500 jobs and enabling research institutes to leverage in £28 million of additional funding. The [consultation](#) will be open for 6 weeks and closes on 14 December.

A **routemap towards unlocking £1 billion** of new investment for nature conservation in Scotland has been published by the Scottish Wildlife Trust and the Scottish Environment Protection Agency. The route map, which was developed in collaboration with a broad coalition of stakeholders and experts over two years, highlights nine opportunities for investment that would result in significant benefits for nature, people's health and wellbeing, and the nation's economy. The route map includes models which aim to stimulate investment in Scotland's natural capital by delivering a financial return to investors. It is hoped that attracting new investment into nature will help Scotland to meet its commitment to the UN Sustainable Development Goals, and bridge a gap between the resources needed to tackle urgent challenges facing nature and the funding available from traditional sources.

Other policy developments

In July 2020 the Scottish Government produced a Land Use Progress Report. The report concluded that since the publication of the Land Use Strategy 2016-2021, the Scottish Government has delivered on several of the key commitments that were set out, however Regional Land Use Partnerships are still much anticipated.

Recently, the 2015 Clean Air for Scotland Strategy was reviewed. As a consequence, the scope of the strategy has been broadened to consider the wider impacts of air pollution on the environment as a whole, rather than just the singular focus on urban air quality.

The Department of Digital, Culture, Media and Sport has given its backing to **The Peatlands Partnership's World Heritage Site Working Group** to go ahead with developing the nomination of The Flow Country to UNESCO for World Heritage Site status. The Flow Country in Caithness and Sutherland is often regarded as being the best blanket bog of its type in the world. The precious peatland habitats are important for wildlife, and also provide vital services for people as a carbon store, making them a vital defence against the effects of climate change.

As our previous Scottish policy briefing note identified, despite the fact that Scotland is less advanced than Westminster in its agricultural policy proposals, it is not devoid of political action. The country continues to be a trailblazer in its political voice on climate change - the commitments made to stimulating a green recovery from Covid-19 reinforce the government's net zero intention. With the Agricultural Data and Retained EU Law Bill passed, it is now all eyes to those in Holyrood for an indication of what future agri-environmental policy may look like.

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