

Scottish Rural Policy Update

Introduction

As usual, the Royal Highland Show brought discussion and debate around policy for Scotland's rural economy. We summarise the progress of key policies here; references in this document to "government" are to the Scottish Government unless otherwise stated.

The current driver for most agricultural policy change in rural Scotland is the government's Vision for Agriculture, which sets out how it will support farming and food production so that Scotland becomes a global leader in sustainable and regenerative agriculture.

Agriculture and Rural Communities (Scotland) Bill

The Bill completed its final stage in the Scottish Parliament on 18 June and will now go forward for Royal Assent. The Bill aims to ensure the government can help farmers and crofters produce more food sustainably, supporting their essential role in climate mitigation and nature restoration. It will allow for a framework of payments that is responsive to the sector's needs. An early draft of the Code of Practice on Sustainable and Regenerative Agriculture, as part of the Agriculture and Rural Communities Bill process, has been released; it will identify best practices for sustainable and regenerative agriculture, which is vital to the sector's future. Feedback on the code of practice will be sought in the coming months.

Changes to Scotland's agricultural support

The [Agricultural Reform route map](#) is designed to guide Scotland's farmers and crofters through the gradual transition to the new agricultural support framework, which will start in 2027. The update provides details on what actions farmers and crofters will have to take to receive agricultural support payments from 2025. These changes aim to ensure high-quality food is produced sustainably and in a way that tackles climate change and enhances nature.

Some of the changes from 2025 include;

- A new calving interval maximum of 410 days will be added to the Scottish Suckler Beef Support Scheme to help cut emissions intensity and make beef production more efficient.
- Introducing a Whole Farm Plan, which Farmer Led Groups recommended, will support farmers and crofters in taking a holistic view of their farm or croft. The plan will establish a farm's current performance and activities, meaning businesses can identify opportunities for improvement and work towards being more productive and profitable. From 2025, to receive their Basic Payment Scheme (BPS) payment, every farmer and crofter in Scotland will have to demonstrate by 15 May 2025 that they have started to review and baseline their current land and livestock practices and are considering appropriate actions for their business to ensure their future agricultural activities are sustainable, efficient and resilient. They will need to have in place at least two plans and audits from a list which includes a carbon audit, biodiversity audit, soil analysis, animal health and welfare plan, and integrated pest management plan. Grants are still available through Preparing for Sustainable Farming to do carbon audits and soil analysis, and free resources for other plans are available from the government website.
- New conditions for peatlands and wetlands under Good Agricultural Environmental Conditions (GAEC) 6 of Cross Compliance to help protect vital carbon stores.

Full details on Whole Farm Plans have just been published, and we can expect more detailed guidance on each route map change as the summer progresses.

Climate Change Plan

The Climate Change Plan (CCP) is a requirement of the Climate Change (Scotland) Act 2009. The government intends to use it as the strategic delivery plan for meeting its emissions reduction targets. The current plan, the third version, was due for an update in 2023. However, this was delayed, with the government citing the need to take account of UK government changes and the economic situation. The ending of the Bute House Agreement in April, which ended the formal cooperation with the Scottish Green Party alongside the Climate Change Committee's inclination that the 75% target was no longer achievable, meant that the government decided to alter its target of reducing greenhouse gas emissions by 75% by 2030. The final goal of reaching net zero by 2045 remains. There is a statutory deadline for laying a final plan in Parliament in March 2025.

Land Reform

The government introduced the Land Reform (Scotland) Bill to Parliament on 13 March 2024. The announcement has undoubtedly split opinion, with some landowners considering the Bill to be ideological, that the government is disconnected from Scotland's Rural Communities; hence, the proposals prevent businesses from making a valuable contribution to society, whilst the opposing reformists consider that the proposals do not go far enough.

There will be further debate within the Scottish Parliament. While we await the secondary legislation for environmental leasing and the appointment of the new commissioner, landowners and managers who have followed the clear direction of travel by already creating management plans should continue to embrace how they are enhancing the social value that rural land offers.

The Bill is currently at stage three of evidence collection and consultation. See our [briefing note](#) for more information.

The Housing (Scotland) Bill

The Housing (Scotland) Bill was introduced to Parliament on 26 March 2024. It would increase the protection of tenants' rights to keep them in their homes and prevent homelessness. Further proposals deal with long-term rent controls for private tenancies, new rights to keep pets and stronger protection against eviction.

The Bill responds to the need to improve housing in Scotland and is centred on protecting people who live in rented accommodation or face homelessness. It also deals with the proportionate use of a landlord's property for rental purposes, aiming for a fair balance between protection for tenants and the rights of landlords. The Bill comprises seven parts and contains a package of reforms to help ensure people have a safe, secure, and affordable place to live. It also helps to deliver the government's 'New Deal for Tenants' and some aspects of 'Housing to 2040' while contributing to the ambition to end homelessness in Scotland.

The Bill deals with the expiry of the rent cap (3% (6% in special circumstances) for 2023-24), which was replaced from 1 April with temporary amendments to the process of rent adjudication. This means tenants can refer a proposed rental increase to a Rent Officer or the 1st Tier tribunal for consideration, with the intention rent increases should be tapered. This aims to protect tenants from sharp rises that could occur if rents move back to market levels in one step, while also allowing some rental growth to support landlords in the private rented sector. There is a further request to urgently bring forward more permanent measures regarding rent control in the private rented sector.

The uncertainty the new Housing Bill presents is potentially damaging the confidence of those who provide homes and would like to deliver more. The Bill is still at stage one and is being examined by committees, with a deadline to reach stage two by December 2024.

New wildlife forum

The government and NatureScot have announced a new wildlife forum will facilitate engagement between land management interests, key areas of wildlife, species and ensure that associated land management policy aligns with a just transition to net zero.

Analysis

At the Royal Highland Show, First Minister John Swinney made it clear "that the government commits itself to improve productivity, to reduce our carbon emissions and to market ourselves globally, and crucially to ensure there is a sustainable future for agriculture and the food production sector in Scotland".

He acknowledged how challenging the period has been for farmers, crofters, and other participants in the economy and confirmed the 2024 payment strategy will maintain last year's payment timings. BPS and greening payments will be in bank accounts from September.

We await the development and conclusion of many of the policies mentioned above, which bring some uncertainty to many aspects of rural land ownership and management. However, some clarity is being delivered. The Agricultural Reform Route Map provides the farming and food production industry with clarity and confidence on key dates, expectations, the various measures being proposed, and the support that will be available to prepare for the implementation of the changes.

The general election for the UK Parliament will be held on 4 July 2024, and whilst this may not affect many elements of the devolved policies, it is well worth taking notice of what comes out of Westminster, particularly concerning capital taxation and reliefs such as Business Relief and Agricultural Property Relief. The next Scottish Parliament election will likely take place in May 2026, and the results from Westminster will undoubtedly have some influence in advance of this.

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