

Follow-up analysis: Citizens' Jury on Land Management and the Natural Environment

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CITIZENS' JURY RECOMMENDATIONS

In March 2019, the Scottish Parliament hosted its first ever Citizens' Jury: a public engagement method which involves a sample of the population coming together to learn about an issue, discuss it, deliberate and produce a set of recommendations. At the request of the Environment, Climate Change and Land Reform (ECCLR) Committee, the Citizens' Jury considered the question of how funding and advice for land management should be designed to help improve Scotland's natural environment. The jury came to a consensus on preferences for a new funding model and these recommendations are reproduced in Box 1.

Box 1: The Citizens' Jury reached the following conclusions using a consensus model:

The overall aim of any funding scheme should be to create and support viable, environmentally friendly businesses.

Future funding support should be dependent on land managers developing bespoke integrated five-year land management plans tailored to their own area (making use of their own understanding of their land).

There should not be any payments just for owning/holding land (as in the two-pillar system) – payments should be linked to activities and outcomes.

Future funding support should be based on these principles:

- Outcome-based payments – available schemes should be guided by a set of principles establishing the environmental outcomes we want to see
- A range of options based on best practice should be available for land managers to choose from, allowing them to choose environmental activities that they can balance with their business needs
- Consideration should be given to making schemes non-competitive – this has benefits for small farms (who have less resources available to bid for funding), and ensures that some payment is guaranteed if you do the right things
- Some funding should be set aside to allow space for bottom-up innovation to develop new solutions for specified priority outcomes
- Funding support should also be tied over time to mandatory accreditation and continuing professional development (CPD) for land managers. Accreditation/CPD should be:
 - Available in a range of ways i.e. on the job not necessarily college or course based
 - Supported by bespoke, accessible, up-to-date, face-to-face advice and mentoring

Jury members also identified a range of other issues which they felt deserved further consideration, although in the time available they were not able to discuss these fully to reach consensus on whether to include them as full recommendations.

These were:

- Treat land management as a lifestyle – not just another job
- Value land managers' work and appreciation of environment
- Create more environmental land management jobs
- Focus on establishing a fairer supply chain
- Greening funding is too untargeted - penalties are too harsh so drive low risk behaviour (negative encouragement)
- Simplify schemes and measuring processes – so farmers don't have as many incentives to go for easiest results
- Provide disaster recovery support (e.g. for flooding, bad weather)
- Incentives for green or sustainable products
- Support small farms – e.g. more funding for first 50 hectares

EXECUTIVE SUMMARY

Scotland faces a period of considerable uncertainty with the combination of Brexit, the climate emergency, and shifting public narratives on land ownership and land use. Responding to this, the Scottish Parliament hosted a Citizens' Jury in March 2019, to consider how funding and advice for land management should be designed to improve Scotland's natural environment. The Citizen's Jury identified a number of recommendations (see Box 1). This document reviews the relevant current Scottish Government policy, funding and incentive structures to support the Environment, Climate Change and Land Reform (ECCLR) Committee's consideration of the recommendations. The analysis conducted was supported by interviews with policy and land management actors.

Key findings of this research:

This research takes each of the Jury's recommendations, identifies Scottish Government policy and legislation relevant to each recommendation, and provides an analysis of the extent to which the recommendation is currently in practice.

1. The Jury recommended: "The overall aim of any funding scheme should be to create and support viable, environmentally friendly businesses."

- The aim of viable, environmentally friendly businesses is supported by high-level strategic plans for Scotland: the National Performance Framework, a core purpose of which is to "create a more successful country...through increasing sustainable economic growth"; as well as Scotland's Economic Strategy and Land Use Strategy.
- However, not all funding schemes have the aim of supporting viable, environmentally friendly businesses. This varies from scheme to scheme, and each scheme is targeted to supporting viable and environmentally-friendly businesses to varying degrees. The two main current sources of rural funding are the Direct Payments (Pillar 1; £3.3 billion allocated for the 2014-2020 programme), and The Scottish Rural Development Programme (SRDP) (Pillar 2; £1.3 billion allocated for the 2014-2020 programme).
 - Direct Payments are non-competitive and act as a safety net for farmers by supplementing their main business income. These payments are not evaluated for environmental benefit. One-third of the Basic Payment Scheme budget is allocated to Greening, which provides additional payment in return for a limited number of environmental actions that every farmer must take to receive their basic payment. While this element is large in budget terms, the scheme could be improved in terms of environmental delivery.
 - The Scottish Rural Development Programme schemes targets various social, environmental or economic outcomes. A minority of schemes direct funding towards environmental improvements (the Agri-Environment Climate Scheme, Forestry Grant Scheme, Beef Efficiency Scheme) though monitoring of environmental benefits is inconsistent. All schemes have limited monitoring of the outcomes, making it difficult to determine whether its design is supporting environmental delivery.

2. The Jury recommended: "Future funding support should be dependent on land managers developing bespoke integrated five-year land management plans tailored to their own area (making use of their own understanding of their land)."

- There is no mandatory requirement for agricultural land managers to produce an integrated land management plan. The Land Use Strategy and Forestry Strategy provide a framework and vision, but guidance for operationalisation at local scales is limited. The Farm Advisory Service provides financial support for farmers to voluntarily produce Integrated Land Management Plans, though this has not reached a large proportion of Scottish farmers. Forestry Grants require different levels of planning that are appropriate to the specific scheme.
 - Regional Land Use Framework pilots under the Land Use Strategy have demonstrated benefits of integrated management to climate change mitigation, including the identification of areas that could deliver multiple benefits to the environment, the society, and the economy. These are due to be rolled out across Scotland under the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.
3. The Jury recommended: **“There should not be any payments just for owning/holding land (as in the two-pillar system) – payments should be linked to activities and outcomes.” & “Outcome-based payments – available schemes should be guided by a set of principles establishing the environmental outcomes we want to see”**
- We currently do not contract and pay for environmental outcomes in Scotland. However, some schemes, such as the Agri-Environment Climate Scheme and Forestry Grant Scheme pay for on-the-ground management which is intended to deliver outcomes, though there is inconsistent monitoring and evaluation of agricultural schemes in the current SRDP. Better results might be achieved through contractually targeted outcomes. The Woodland Creation scheme pays for specified outputs with the grant recipient contracted to ensure establishment of the forest as per the agreed design. This is monitored by Scottish Forestry. No schemes in Scotland currently pay on delivery of targeted outcomes, but instead pay for the management which is assumed to deliver the outcome.
 - Some initiatives may, however, increase the focus on outcomes. The Forestry Implementation Plan, due in 2020, is expected to provide indicators against which successful outcomes can be evaluated.
 - Current pilots of outcome-based approaches, such as Scottish Natural Heritage’s ‘Piloting Outcome Based Approaches in Scotland’ programme, and ‘Local Enterprise Networks’ are likely to provide insights into the appropriate design of such schemes.
 - Under the current system, clarity on the principles and objectives of SRDP payments is lacking, making it difficult to determine whether outcomes are being delivered. However, there is agreement across a range of stakeholders in Scotland that payments should be better linked to activities and/or outcomes. While this is not explicitly mentioned in the Jury’s recommendation, a ‘public money for public goods’ approach to agricultural support is a live and topical part of national discussions on the future of rural policy post-Brexit, in Scotland and elsewhere.
4. The Jury recommended: **“A range of options based on best practice should be available for land managers to choose from, allowing them to choose environmental activities that they can balance with their business needs”**
- Farmers are presented with a range of public funding schemes and options to choose from. However, these are not always integrated, and it can be unclear to practitioners whether the different practices complement or obstruct each other, the ecological suitability of the options to a particular farm / holding, and the need to site management options well within a particular holding.
 - Conflicting information between case officers in the regions, central authorities, and difficulty understanding the rules, even from experienced agents has also been highlighted during one

interview with a land agent. As a result, many land managers end up choosing the options that are most accessible to them which may or may not deliver the desired benefits, e.g. what is needed in that particular habitat area or geographical location, or the most valuable intervention on that holding.

5. The Jury recommended: **“Consideration should be given to making schemes non-competitive – this has benefits for small farms (who have less resources available to bid for funding), and ensures that some payment is guaranteed if you do the right things”**
 - SRDP funding, which accounts for approximately one-quarter of the funding available to land managers, and includes a large proportion of the targeted environmental funding, is awarded on a competitive basis.
 - Some funding within Pillar 1 schemes is allocated to “greening” measures, where land managers must make some environmental interventions¹. However, these represent only a small proportion of funding and their efficiency is questionable.
 - Competitive schemes can put small-scale farmers at a disadvantage because they may not have the capacity (in terms of e.g. farmer/crofter/staff resources or physical land space) to commit to enough management interventions to score enough points to compete for access with bigger units.
6. The Jury recommended: **“Some funding should be set aside to allow space for bottom-up innovation to develop new solutions for specified priority outcomes”**
 - Innovation is one of the priorities in Scotland’s Economic Strategy. It is promoted by several funds and initiatives that promote bottom-up initiatives. However, support is fragmentary, and does not readily allow for integrated bottom-up innovation across land uses, businesses, or spatial scales. The Environmental Cooperation Action Fund under the SRDP did have the potential to provide support for community-based landscape scale innovation, but this programme was withdrawn before it had effect.
 - Programmes to support collaborative innovation at landscape scales that span land use sectors are likely to be necessary to respond to some of the market, regulatory, and environmental challenges the land sector is likely to face in the coming years and decades.
7. The Jury recommended: **“Funding support should also be tied over time to mandatory accreditation and continuing professional development (CPD) for land managers. Accreditation/CPD should be: available in a range of ways i.e. on the job not necessarily college or course based; supported by bespoke, accessible, up-to-date, face-to-face advice and mentoring”**
 - Accreditation and continuous professional development are currently not mandatory in the land use sector.
 - Programmes and initiatives such as the Farm Advisory Service provide advice and support for the development of applications and management plans.
 - Initiatives such as the LEADER programme can contribute towards enhancing the skills and expertise of communities with respect to developing and implementing innovative local development strategies.

¹ <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/basic-payment-scheme/basic-payment-scheme-full-guidance/greening-guidance-2020/greening---overview/>

- The Monitor Farm Programme uses groups of farms to provide practical demonstrations and sharing of best practices to foster knowledge exchange, though clear stated outcomes and monitoring against these is inconsistent.
- To make funding support conditional on mandatory accreditation may require a far more comprehensive, geographically distributed, and lasting programme of CPD and accreditation. There is the potential to engage with the third sector to develop a national coordinated platform for CPD and accreditation across a range of land uses and objectives.²

² <https://link.springer.com/article/10.1007/s10113-018-1279-9>

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1 INTRODUCTION

Scotland faces a period of considerable uncertainty with the combination of Brexit, the climate emergency, and shifting public narratives on land ownership and land use. Responding to this, the Scottish Parliament hosted a Citizens' Jury in March 2019, to consider how funding and advice for land management should be designed to improve Scotland's natural environment.

The Citizens' Jury recommendations are set out in full above. In summary, they concluded that:

1. The overall aim of any funding scheme should be to create and support viable, environmentally friendly businesses.
2. Future funding support should depend on bespoke integrated five-year land management plans.
3. There should not be any payments for owning/holding land – payments should be linked to activities and outcomes.
4. Available schemes should be guided by a set of principles establishing the environmental outcomes we want to see.

This document reviews the relevant current Scottish Government policy, funding, and incentive structures to support the Environment, Climate Change and Land Reform (ECCLR) Committee's consideration of the recommendations. The analysis conducted was supported by interviews with policy and land management actors.

The Citizens' Jury recommendations are presented at a time when a number of actors are recommending changes to land use policy. For example, the UK Committee on Climate Change's recent report, *Land use: Policies for a Net Zero UK*³, presents a detailed range of options to drive emissions reductions in the UK. Their key recommendations (increase tree planting, encourage low-carbon farming practices, restore peatlands, encourage bioenergy crops, reduce food waste and consumption of the most carbon-intensive foods) require a mix of regulation and incentives to drive changes. The report also highlighted the need to strengthen the regulatory baseline, provide new funding and revenue raising actions and to introduce measures to enable rapid change, echoing the findings relating to the Jury's recommendations.

This report is structured around each of the Jury's Recommendations - each section takes one of the recommendations and outlines existing Scottish Government policy where it is relevant to the recommendation. Where evidence exists, each section provides a brief analysis of whether current policies are delivering on the Jury's recommendation. The aim of this research is not to critically analyse the Citizen's Jury's recommendations themselves, but to analyse to what extent they are reflected or not in current policy and funding systems and the policy debates surrounding them. There are several appendices to support the reading of this report. 1) A brief description of the individual land use policies and legislation, 2) a timeline showing the relevant time period for each policy or piece of legislation, 3) a diagram showing the responsible body for each policy or legislation and the links between them.

Where the Jury's recommendations are specific to agriculture, we have broadened the policy analysis to any land-use. The Jury have recommended that land managers develop integrated land management plans; it was therefore thought valuable to be able to see how policy for other land uses

³<https://www.theccc.org.uk/publication/land-use-policies-for-a-net-zero-uk/>

supported these recommendations. In addition, it was highlighted in the evaluation of the Citizens' Jury by Newcastle University that the jury had, at times, perhaps unintentionally focused on farming.⁴

2 THE BREXIT AND COVID-19 CONTEXT

Brexit

This report discusses a number of different schemes, many of which have been funded by the European Union for many years. As a result of the UK leaving the EU on 31 January 2020, this will change. Funding has been guaranteed for direct payments (payments from Pillar 1 of the Common Agricultural Policy that are available to all farmers, uncompetitively) in 2020, and contracts that are entered into under the Scottish Rural Development Programme (SRDP) prior to 31 December 2020 will be honoured⁵. Most SRDP schemes are operational until 31 December 2020, but there is uncertainty beyond this date. Some schemes, such as the Agri-Environment Climate Scheme have not opened to new applicants in 2020 as a result of the uncertain funding context. Future funding for the schemes funded by the European Union (Pillar 1 and Pillar 2) prior to Brexit is not yet guaranteed.

It is worth bearing this uncertain context in mind. The discussion below does not go into the specific funding context for each scheme, but rather discusses these schemes as the status quo in relation to the Citizen's Jury recommendations.

COVID-19

In the main, this report was prepared prior to the declaration of a COVID-19 global pandemic, and the analysis is therefore not made in the context of the situation. As with Brexit as referenced above, the report considers Scottish land use policies as they currently stand. However, COVID-19 has undoubtedly created a new reality. These same policy issues continue to be relevant within the context of a "green" recovery from the current health crisis and the social and economic impacts it has brought.

3 JURY RECOMMENDATIONS: POLICY ANALYSIS

3.1 SUPPORT VIABLE, ENVIRONMENTALLY FRIENDLY BUSINESSES.

Jury recommendation: "The overall aim of any funding scheme should be to create and support viable, environmentally friendly businesses."

The recommendation that funding should create and support viable, environmentally friendly businesses is broad, and is supported by high-level government policy. The Scottish Government's central purpose, as laid out in the National Performance Framework, is to create a more successful country through sustainable economic growth. This feeds into the Economic Strategy and the Land Use Strategy, both of which place emphasis on economic growth alongside environmental considerations. Whilst "environmentally friendly" could cover a range of practices, it is assumed that

⁴ Elstob, S., Carrick, J., and Khoban, Z. (2019) Evaluation of the Scottish Parliament's Citizens' Jury on Land Management and the Natural Environment, Newcastle: Newcastle University.

⁵ <https://www.gov.uk/government/news/farmers-3-billion-support-confirmed-in-time-for-2020>

these will be the minimum required to maintain the current state of ecosystems and will extend to delivering positive impact on greenhouse gas emissions and biodiversity.

Supporting business viability

This recommendation implies the need to improve both financial stability and the environmental impact of businesses through future funding mechanisms. Specifying that businesses should be viable may be taken to mean that the core activities of a business should be less reliant on funding for day to day operations. Currently, Scottish farming is heavily reliant on financial support - hill farming, forming the majority of Scotland's agriculture by area⁶, has historically been largely unprofitable⁷.

It is assumed that all funding schemes in some way support business viability by virtue of providing financial support to farms, either in the form of direct payments, or in exchange for delivering other benefits.

However, it is worth noting that each scheme supports business viability in a different way. Some, such as direct payments, provide cash support to farms and crofts. However, in providing higher payments on better quality land, and lower payments on poorer quality land through the system of payment regions, lower payments are provided for those who are more likely to be unviable in the poorer agricultural regions. It could also be argued that direct payments, while providing a financial mechanism to remain in business, are not directed at businesses becoming less financially reliant on support. However, direct payments do undoubtedly underpin business viability, as many Scottish farms would be loss-making in the absence of payments.⁸

Other schemes, such as the Small Farm Grants Scheme, Croft House Grant Scheme, or Knowledge Transfer and Innovation Fund, may support viability in an indirect way through upskilling land managers, or improving infrastructure. Others, such as the Food Processing, Marketing and Cooperation Grant may support businesses to expand or better market their produce, though an evaluation showed that funding mainly went to larger businesses⁹. Yet others, such as the Agri-Environment Climate Scheme or Forestry Grant scheme provide funding in exchange for defined management activities, though funding is calculated to account for the income foregone and costs incurred of carrying out those activities.

Therefore, supporting viability can take many different forms both direct and indirect. For the purposes of this document, given that the Jury were tasked with answering the question of "how funding and advice for land management should be designed to help improve Scotland's natural environment", these nuances on viability are not discussed in more detail below, and the analysis focuses on the aim of creating environmentally-friendly businesses.

What funding is available for land use?

Agriculture, including hill farming, was supported by the European Agricultural Guarantee Fund that contributes to basic farm income (Pillar 1, direct payments) until the UK left the EU on 31 January

⁶ http://www.nourishscotland.org/wp-content/uploads/2018/08/Food-Atlas_FINAL_online.pdf

⁷ https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=2ahUKEwis2J6tl-PnAhXbEcAKHTJgAKMQFjABegQIAxAB&url=https%3A%2F%2Fwww.sruc.ac.uk%2Fdownload%2Fdownloads%2Fid%2F3631%2Fprof_davy_mccracken_professor_of_agricultural_ecology_and_head_of_hill_and_mountain_research_centre_future_farming_systems_hill_farming_in_scotland_a_fragile_farming_system.pdf&usg=AOvVaw3Qw2lCfIMVWwINYyBtR47ZJow

⁸ <https://www2.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/Publications/FBI>

⁹ <https://www.gov.scot/publications/evaluation-food-processing-marketing-co-operation-fund-2014-2020/>

2020. During 2020, direct payments are provided by the UK Government. The other main source of rural funding is through the Scottish Rural Development Programme, co-funded by the Scottish Government and the European Agricultural Fund for Rural Development. Under this programme there are several schemes that target specific social, economic, or environmental outcomes. A list of the different schemes is available on the Scottish Government's rural payments website¹⁰.

¹⁰ www.ruralpayments.org

What policies support this recommendation?

The following paragraphs look in more detail at the specific policies and funding mechanisms that are related to the recommendation and provide an assessment of whether these policies and funding streams support the recommendation.

High-level Scottish Government policy:

[1] The National Performance Framework

The National Performance Framework 3¹¹ states that the Scottish Government's central purpose is to create a more successful country, with opportunities for all of Scotland to flourish. This purpose includes an ambition to "create sustainable and inclusive growth" and "reduce inequalities, giving equal importance to economic, environmental and social progress"¹². To achieve this purpose the framework identifies National Indicators to measure progress. The indicators have been assessed using a number of proxies. The relevant indicators, the performance assessment status and the data that the performance assessment is based on is summarised in Table 1.

Table 1: Performance against national indicators

Indicator	Assessment status	What data was the assessment based on?	When is the data from?
Productivity	Performance maintaining	Ranked against key trading partners in the OECD	Data since 2000, most recently updated in 2018
Economic Growth	Performance improving	The difference between GDP growth rate and the previous three-year average	Data since 2015, most recently updated in 2018
Number of businesses	Performance improving	Number of VAT/PAYE registered businesses/10,000 adults	Data since 2005, most recently updated in 2019
Carbon footprint	Performance improving	Scotland's carbon footprint in million tonnes of carbon dioxide equivalent	Data since 2010, most recently updated in 2016
Natural capital	Performance improving	Natural Capital Asset Index	Data since 2008, most recently updated in 2017
Greenhouse Gas Emissions	Performance maintaining	Percentage change from 1960 baseline	Data since 2012, most recently updated in 2017
Biodiversity	Performance worsening	Index of Abundance of Terrestrial Breeding Birds	Data since 1994, most recently updated in 2018

Whilst these indicators provide a tool for evaluation of progress at a national level, they are to varying degrees impacted by macro-economic factors. It is therefore difficult to attribute their trends to the success or otherwise of specific policies.

¹¹<https://nationalperformance.gov.scot/>

¹²<https://nationalperformance.gov.scot/what-it>

[2] Scotland's Economic Strategy

Scotland's Economic Strategy (the most recent version is from 2015)¹³ focuses on two pillars: increasing competitiveness and tackling inequality. The strategy states the ambition to support the transition to a low carbon economy, with natural capital (see Box 2), resource efficiency and low carbon as key aspects. Implementation is supported by Scottish Government agencies, including Scottish Enterprise and Highlands and Islands Enterprise, that work to support business development across Scotland. Other important actors include the business community and the third sector, the latter being critical in addressing issues of inequality.

Scotland's macro-economic strategy, therefore, broadly supports the Jury's recommendation of viable (e.g. competitive) environmentally friendly businesses. However, it is not clear to what extent the strategy is being implemented and delivered, as economic performance is mainly measured through the high-level indicators in the National Performance Framework.

In January 2020 the Scottish Government published a refreshed Economic Action Plan for Scotland¹⁴. The Action Plan mentions tackling the climate emergency in terms of infrastructure and skills, but it does not explicitly set a headline action for a sustainable land-based economy.

Box 2: Natural Capital

Natural capital: the stocks of natural assets from which humans derive a range of services called ecosystem services. These include the food, fresh water, and plant materials for fuel, building materials and medicines. As well as less visible ecosystem services such as the flood defences provided by forests, or pollination of crops by insects.

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[3] Scottish Government's Land Use Strategy

The Scottish Government's Land Use Strategy (LUS)¹⁶ sets out a vision with three objectives, the first of which is "Land based businesses working with nature to contribute more to Scotland's prosperity". Underlying the objectives are a set of principles that emphasise environmental and social benefits through land use, but do not provide guidance on funding schemes or business viability.

Brought forward under the LUS is the Scottish Land Rights and Responsibilities Statement¹⁷. This Statement lays out a vision and six principles with a view to informing policy and practice around land issues in Scotland. The first Principle refers to the requirement to "support sustainable economic development, protect and enhance the environment, help achieve social justice and build a fairer society." As with the principles for the Land Use Strategy, there is little further elaboration on funding schemes or business viability.

In principle, both the LUS and the Land Rights and Responsibilities Statement cohere with the Citizen's Jury's recommendation to create viable, environmentally-friendly businesses. With the overall Land Use Strategy there is no consistent link to funding, practical action or reporting, though some Scottish

¹³<https://www.gov.scot/publications/scotlands-economic-strategy/>

¹⁴<https://www.gov.scot/publications/attitudes-scotland-marine-environment-marine-issues/>

¹⁵<https://naturalcapitalforum.com/about/>

¹⁶<https://www.gov.scot/publications/getting-best-land-land-use-strategy-scotland-2016-2021/>

¹⁷<https://www.gov.scot/publications/scottish-land-rights-responsibilities-statement/>

Government initiatives may be given a mandate by the Strategy. Implementation of the Land Rights and Responsibilities Statement is being taken forward by the Scottish Land Commission, who are developing a series of protocols for implementing the statement. The first one, on community engagement, was published in 2019. These guidance documents will be assessed every three years. To prepare for this, the Scottish Land Commission has carried out two surveys, one for landowners and one for communities, to establish a baseline understanding of the level of awareness and participation in engagement activities.¹⁸

Scottish Legislation:

[4] The Agriculture (Retained EU Law and Data) (Scotland) Bill

The objective of the Bill is to enable the Scottish Government to continue to provide current agricultural support while progressively improving and simplifying the existing payments schemes, and to enable pilot projects to test new policy approaches to inform the development of longer-term future rural policy. The Bill does not have the explicit aim of creating more viable, environmentally-friendly businesses, but rather is focused on maintaining current policy frameworks in the short-term.

[5] Forestry and Land Management (Scotland) Act 2018

At a sector level the Forestry and Land Management (Scotland) Act¹⁹ (FLM(S)A) 2018 places a duty on Scottish Ministers and Scottish public authorities to promote sustainable forest management. The UK Forestry Standard defines the agreed approach to sustainable forest management across all four administrations of the UK. By specifying this requirement for sustainable forest management, the bill encourages forestry businesses to be environmentally friendly.

[7] Climate Change (Emissions Reductions Targets) (Scotland) Act 2019

The new Climate Change Act²⁰ includes a number of provisions to support and encourage the land use sector to become more environmentally friendly by:

- requiring Scottish Ministers to publish and lay reports on the Land Use Strategy before Scottish Parliament after every financial year detailing progress towards implementing the Land Use Strategy and how policies within the Land Use Strategy are contributing to achieving the emissions reductions targets;
- requiring Scottish Ministers to include proposals and policies related to land use and land use change, and separately, agriculture, within the new Climate Change Plan;
- requiring the updated Climate Change Plan to include policies and proposals for establishing regional land use partnerships and providing support for partnerships to develop frameworks to improve integration of land uses;
- requiring Scottish Ministers to create a nitrogen balance sheet for Scotland, quantifying all nitrogen flows, including from agriculture (e.g. fertiliser-use);
- requiring Scottish Ministers to bring forward plans and proposals for whole farm emissions accounting and reducing Scottish whole farm emissions through a number of different interventions;
- Requiring the establishment of an Agricultural Modernisation Fund, to be outlined in the revised Climate Change Plan.

¹⁸https://landcommission.gov.scot/downloads/5e1daff636996_Community%20Engagement%20Baseline%20Surveys%20Report%202019.pdf

¹⁹<http://www.legislation.gov.uk/asp/2018/8/contents/enacted>

²⁰<http://www.legislation.gov.uk/asp/2019/15/enacted>

Scottish funding and support schemes:

[6] European Agricultural Guarantee Fund (Pillar 1)

Pillar 1 schemes are non-competitive and, until the UK left the EU on 31 January 2020, entirely funded by the European Union. During 2020 these payments are funded by the UK Government. Payments made under the current programme (2014-2020) are worth about £3.3 billion for Scotland's agricultural sector²¹. These Direct Payments are delivered through three schemes:

- The Basic Payment Scheme²² acts as a safety net for farmers and crofters by supplementing their main business income. This also includes three greening elements that make up 30% of the funding for direct payments: permanent grassland (protecting permanent grassland designated as environmentally sensitive grassland), crop diversification (growing a minimum number of crops), and Ecological Focus Areas (EFAs) (managing 5% of arable area to promote biodiversity). Farmers and crofters who claim basic payments are required to also participate in Greening.
- The Scottish Suckler Beef Support Scheme²³ (SSBSS) supports the commercial beef industry whilst aiming to contribute to the environmental benefits of low impact grazing in fragile rural areas.
- The Scottish Upland Sheep Support Scheme (SUSSS) provides additional support to sheep producers who farm Scotland's rough grazing areas to 'maintain the social and environmental benefits that sheep flocks bring to those areas'²⁴.

Whilst the three schemes promote financial stability of rural businesses, there is little evidence of environmental benefit of Pillar 1 schemes under the current funding system. Basic payments, coupled support schemes and the national reserve are not evaluated for environmental benefit. The James Hutton Institute did undertake a review of the greening scheme in 2017, concluding that none of the three strands under the greening scheme (permanent grassland, crop diversification, and ecological focus areas) function optimally to deliver environmental benefits.²⁵ In addition, a stakeholder group was convened to look at greening between 2017 and 2018. This group also concluded that improvements can be made.²⁶

[7] European Agricultural Fund for Rural Development (Pillar 2)

The Scottish Rural Development Programme²⁷ (SRDP) is co-funded by the European Agricultural Fund for Rural Development and the Scottish Government. It consists of various largely competitive schemes worth approximately £1.3 billion during the current programme (2014-2020)²⁸. The SRDP

²¹ <https://www.ruralpayments.org/topics/customer-services/common-agricultural-policy/direct-payments/>

²² <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/basic-payment-scheme/>

²³ <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/scottish-suckler-beef-support-scheme/>

²⁴ <https://www.ruralpayments.org/topics/all-schemes/scottish-upland-sheep-support-scheme/>

²⁵ <https://www.hutton.ac.uk/research/groups/information-and-computational-sciences/land-systems-research-team/cap-reform>

²⁶ <https://www2.gov.scot/Resource/0052/00523863.pdf>

²⁷ <https://www.ruralpayments.org/publicsite/futures/topics/customer-services/common-agricultural-policy/scottish-rural-development-programme/>

²⁸ <https://www.gov.scot/binaries/content/documents/govscot/publications/progress-report/2019/07/srdp-2014-2020-annual-implementation-reports/documents/annual-reports-2018/srdp-annual-report-2018->

includes:

- The **Agri-Environment Climate Scheme**²⁹ (AECS) promotes land management practices that protect and enhance Scotland's natural heritage, improve water quality, manage flood risk and mitigate and adapt to climate change hereby aiming to support viable environmentally friendly businesses. There is evidence that agri-environment measures have benefited individual species³⁰ (e.g. corncrake³¹), but limited monitoring of environmental outcomes makes it difficult to determine whether or not scheme design in Scotland is supporting environmental delivery overall.
- The **Small Farms Grant Scheme**³² provides grants for small farmers to make improvements to their holdings and help to sustain their businesses. Funding can be used for capital projects, such as the construction or improvement of agricultural buildings. This is intended to support the viability of small farms but not to support them to become more environmentally friendly. There are no environmental requirements attached to receiving funding, though some interventions (such as improved grassland management) may have incidental benefits.
- The **Links between Actions for the Development of the Rural Economy (LEADER)**³³ programme, which aims to increase support to local rural communities and business networks, to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives. It is aimed at supporting the delivery of local development strategies. It is not solely focused on supporting environmentally friendly businesses, but improving natural heritage and mitigating climate change form part of a local development plans.
- Schemes such as **Less Favoured Area Support Scheme**³⁴ (LFASS), **Beef Efficiency Scheme**³⁵ (BES) and **Crofting Agricultural Grant Scheme**³⁶ (CAGS), can promote environmentally friendly farming indirectly by ensuring that farms of high nature value remain viable – though the schemes do not set out with this specific objective - and by requiring farmers to undertake carbon audits (under the BES). An evaluation of LFASS for the Scottish Government concluded: “Unfortunately, decoupled payments are at best a weak and blunt tool for influencing land management in ways likely to deliver on the stated policy objectives. Specifically, by imposing only weak conditionality on how land is managed, Less Favoured Areas /Areas of Natural Constraint policy has little leverage on the occurrence or intensity of management activities or their knock-on effects with respect to production, retaining jobs and skills or delivering environmental benefits.”³⁷
- Until recently the **Knowledge Transfer and Innovation Fund**³⁸ placed little emphasis on environmental outcomes, but the current round (2020) gives more substantial weight to

[summary-for-citizens/srdp-annual-report-2018-summary-for-citizens/govscot%3Adocument/SRDP%2Bannual%2Breport%2B2018%2B-%2Bsummary%2Bfor%2Bcitizens.pdf](https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/citizens/govscot%3Adocument/SRDP%2Bannual%2Breport%2B2018%2B-%2Bsummary%2Bfor%2Bcitizens.pdf)

²⁹<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/>

³⁰<https://www.conservationevidence.com/individual-study/2441>

³¹<https://www.tandfonline.com/doi/abs/10.1080/00063650609461436>

³²<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/small-farms-grant-scheme/>

³³<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/leader/>

³⁴<https://www.gov.scot/publications/less-favoured-area-support-scheme-scotland-amendment-regulations-2019-eqia/>

³⁵<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/beef-efficiency-scheme/>

³⁶<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/crofting-agricultural-grant-scheme/crofting-agricultural-grants-scheme-full-guidance/>

³⁷<https://www.gov.scot/binaries/content/documents/govscot/publications/progress-report/2016/07/evaluation-less-favoured-area-support-scheme-lfass-development-areas-natural/documents/00502550-pdf/00502550-pdf/govscot%3Adocument/00502550.pdf>

³⁸<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/knowledge-transfer-and-innovation-fund/>

environmental goals. This is intended to result in support for environmentally friendly businesses (“All applications must focus on the theme: Restoring, preserving and enhancing biodiversity, habitats and ecosystems dependant on agriculture”³⁹).

- The **Forestry Grant Scheme** aims to support Scotland’s climate change ambitions through woodland creation grants; planting targets were met for the first time in 2018⁴⁰, which is attributed amongst other factors to an improved application process⁴¹. Additionally, there are six different grant schemes for the management of woodlands, these are targeted to various environmental, economic or social outcomes. There has not been a recent evaluation of the forestry grants scheme and what it has delivered, beyond what is known about meeting planting targets. However, Scottish Forestry are due to begin the first monitoring exercise of the Woodland Creation scheme, and an evaluation of woodland creation is due to be undertaken in 2020.
- The **Scottish Rural Network**⁴² aims to promote business initiatives such as Farming for a Better Climate⁴³ which provides practical support for farmers to reduce their carbon footprint. This is run by Scotland’s Rural College⁴⁴ (SRUC) on behalf of the Scottish Government.
- The **Farm Advisory Service** provides advice for farmers on all topics, and provides businesses with both one-to-one support and one-to-many resources. One-to-one services support businesses to, for example, produce voluntary land management plans or carbon audits related to improving environmental performance. While the service exists to support businesses to e.g. improve viability or become more environmentally friendly, businesses may choose what type of advice to receive and are not obliged to follow the advice. A recent evaluation of the one-to-one services suggested that the majority of businesses had “taken some of the actions” recommended by the advice or done so to an extent. 13% of those surveyed had taken all of the recommended actions. The two main reasons for respondents to have chosen to act on advice were business performance (92%) and clear environmental benefit (92%), and high proportions of respondents expected that environmental benefits had been achieved or were expected to be achieved.⁴⁵ It is not fully clear what reach one-to-one advice has had. As of June 2018, 758 land managers had benefited from one-to-one advice⁴⁶. This is in the context of approximately 50,000 farms in Scotland. This figure is likely to be higher as of spring 2020; if the key deliverables from the Advisory Service business plans for 2018/19⁴⁷ and 2019/20⁴⁸ were met, this would suggest around 2200 beneficiaries, or 0.4% of Scotland’s farms. As of June 2018, it was estimated that the one-to-many service (workshops, events, site visits, demonstrations) had benefited around 10,000 farmers; however, the evaluation of the Farm Advisory Service did not include an evaluation of the benefits of the one-to-many services.⁴⁹
- The **Food Processing, Marketing and Cooperation Grant** which has a stated intention of supporting suppliers and producers to contribute to the government’s overall vision for food and drink in Scotland: to be a Good Food Nation. However, in a survey of the 119 grant recipients of £66m of

³⁹ <https://www.ruralpayments.org/topics/all-schemes/knowledge-transfer-and-innovation-fund/#662655>

⁴⁰ <https://www.forestresearch.gov.uk/tools-and-resources/statistics/forestry-statistics/>

⁴¹ Interviewee 1 (see p.44)

⁴² <https://www.ruralnetwork.scot/>

⁴³ <https://www.farmingforabetterclimate.org/>

⁴⁴ <https://www.sruc.ac.uk/climatechange>

⁴⁵ <https://www.gov.scot/publications/farm-advisory-service-enhanced-monitoring-evaluation/pages/2/>

⁴⁶ <https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/>

⁴⁷ <https://www.fas.scot/downloads/business-plan-2018-19-one-to-one-ricardo-energy-environment/>

⁴⁸ <https://www.fas.scot/downloads/business-plan-2019-20-one-to-one-ricardo-energy-environment/>

⁴⁹ <https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/>

funding between 2014 and 2019, 29% of recipients observed that their output was more environmentally friendly, while 64% believed there was no change (though just over half believed that processing methods and awareness become more environmentally sustainable as a result of the grant). Furthermore, the grant was found to mostly have benefited a smaller number of larger businesses, which raises the question of whether it supports viable businesses overall⁵⁰.

The ex-post evaluation for the previous SRDP (2007-2013) concluded for the programme as a whole that: “The efficiency of the SRDP particularly in achieving its environmental impacts was impossible to assess for lack of monitoring and reporting”.⁵¹ There has not been any overall monitoring of the SRDP as a whole in the 2014-2020 programme.

[8] Scottish National Investment Bank

The delivery of the Economic Strategy will be supported by the Scottish National Investment Bank⁵² when it becomes operational. The Bank has a vision to “Provide finance and act to catalyse a step change in growth for the Scottish economy by powering innovation and accelerating the move to a low carbon, high-tech, connected, globally competitive and inclusive economy.” The First Minister announced in the 2019/20 Programme for Government⁵³ that the bank’s primary mission would be to support Scotland’s transition to a net-zero carbon economy. This would appear to cohere with the Jury’s recommendation of creating viable, environmentally friendly businesses. The bank is intended to support a transition to a low-carbon economy by addressing the issue that businesses in Scotland often find it difficult to borrow money over the longer term (10 to 15 years). Some organisations have called for the bank to provide support for the land use or nature-based solutions to climate change^{54,55}, though the land-use sector has not been stated as a specific focus of the SNIB to date. However, given the long-time scales involved in the land-sector, the provision of long-term funding by the bank could be significant, particularly given the context of post-Brexit uncertainty around land-based funding mechanisms⁵⁶.

3.1.1.1 Summary - Support viable, environmentally friendly businesses

Jury recommendation: “The overall aim of any funding scheme should be to create and support viable, environmentally friendly businesses.”

The aim of supporting viable, environmentally friendly businesses is directed from a high level by:

- The **National Performance Framework**, a core purpose of which is to: “create a more successful country... through *increasing sustainable economic growth*”

⁵⁰ <https://www.gov.scot/publications/evaluation-food-processing-marketing-co-operation-fund-2014-2020/>

⁵¹ <https://www.gov.scot/publications/ex-post-evaluation-scotland-rural-development-programme-2007-2013/>

⁵² <https://www.gov.scot/policies/economic-growth/scottish-national-investment-bank/>

⁵³ <https://www.gov.scot/binaries/content/documents/govscot/publications/publication/2019/09/protecting-scotlands-future-governments-programme-scotland-2019-20/documents/governments-programme-scotland-2019-20/governments-programme-scotland-2019-20/govscot%3Adocument/governments-programme-scotland-2019-20.pdf>

⁵⁴ <https://scottishwildlifetrust.org.uk/2019/05/why-scotland-needs-a-strong-response-to-the-climate-emergency/>

⁵⁵ https://www.parliament.scot/S5_EconomyJobsFairWork/Inquiries/EEFW-S5-18-SNIB-14-WWF-Scotland.pdf

⁵⁶ <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2018/02/scottish-national-investment-bank-implementation-plan/documents/00532120-pdf/00532120-pdf/govscot%3Adocument/00532120.pdf>

- **Scotland's Economic Strategy** which looks to prioritise investment to capture the opportunities of moving to a more resource efficient lower carbon economy
- **Scotland's Land Use strategy** which has three objectives, the first of which is for "Land based businesses working with nature to contribute more to Scotland's prosperity".

Scotland's National Performance Indicators provide an overview of the direction of travel for different measures at a national level. Whilst the main economic and environmental measures are shown to be "performance improving", aside from biodiversity, which is worsening, it would be difficult to attribute this to specific policies.

The First Minister announced in the 2019/20 Programme for Government¹ that the primary mission of the **Scottish National Investment Bank** would be to support Scotland's transition to a net zero carbon economy. As a new initiative it is not possible to assess whether this approach will be successful, but it presents an opportunity for the rural sector which may contribute to supporting viable, environmentally friendly businesses.

Sectoral legislation, policies and support mechanisms are related to this recommendation:

- **Forest and Land Management (Scotland) Act** places a duty on Scottish Ministers to promote sustainable forest management.
- **The Agriculture (Retained EU Law and Data) (Scotland) Bill** includes policy objectives to continue to provide production-orientated support while progressively improving and simplifying the existing payments schemes, and to enable pilot projects to test new policy approaches to inform the development of longer-term future rural policy. While this aims to ensure stability in an uncertain environment, and may indirectly support viability, there is no direct link to supporting businesses to become increasingly environmentally friendly.
- **The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019** includes provisions to improve the environmental performance of Scottish land-based businesses.

The two main current sources of rural funding are the Direct Payments funded by **European Agricultural Guarantee Fund (Pillar I)** (£3.3 billion in the current programme), and **The Scottish Rural Development Programme** (£1.3 billion in the current programme), which is co-funded by the Scottish Government and European Agricultural Fund for Rural Development (Pillar 2).

Direct Payments are non-competitive and act as a safety net for farmers and crofters by supplementing their main business income. One third of the budget for direct payments is spent on "greening". These payments are not evaluated for environmental benefit, though a review of the greening scheme by James Hutton Institute concluded less-than-optimal functionality in delivering environmental benefits.

The Scottish Rural Development Programme consists of various largely competitive schemes which target, and to varying degrees deliver, social, environmental or economic benefits. Some, such as the forestry creation schemes, deliver quantified outputs, but it is not clear to what extent outcomes of the scheme (e.g. biodiversity, water quality, etc) are systematically monitored. Others, such as the Agri-Environment Climate Scheme, promotes land management practices to enhance environmental aspects, but, while there is evidence that agri-environment measures have benefited individual species⁵⁷ (e.g. corncrake⁵⁸), limited monitoring of environmental outcomes makes it difficult to determine whether or not scheme design in Scotland is supporting environmental delivery overall.

⁵⁷ <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/>

⁵⁸ <https://www.conservationevidence.com/individual-study/2441>

As such, there is some support for the creation of viable, environmentally friendly businesses at a high level of Scottish policy-making. However, it is not always coherent across policies, and not all policies have clear implementation plans or resources attached to deliver them. In addition, not all funding schemes have the aim of creating viable *and* environmentally friendly businesses, and with inconsistent monitoring and evaluation of support provided, it is difficult to determine to what extent current sectoral policies and schemes deliver this aim.

3.2 INTEGRATED FIVE-YEAR LAND MANAGEMENT PLANS

Jury recommendation: “Future funding support should be dependent on land managers developing bespoke integrated five-year land management plans tailored to their own area (making use of their own understanding of their land).”

At the present time there are no requirements for agricultural land managers to produce integrated land management plans, as part of accessing funding.⁵⁹

However, some high-level policies support the Jury’s recommendation, and there is work underway to support regional integrated land management planning. At a holding-level, funding to produce voluntary integrated land management plans is available under the Farm Advisory Service, and some individual funding schemes require a degree of land management planning. The extent to which policies and schemes support integrated land use at a national, regional and holding level is explored further below.

National integrated land management policies:

[1] Scotland’s Land Use Strategy

Scotland’s first Land Use Strategy (LUS) in 2011 provided a policy agenda for all land in Scotland, and set out a direction of travel towards a more integrated and strategic approach to land use. The second Land Use Strategy 2016 – 2021⁶⁰ builds on the framework set out in 2011 and states that the “long-term goal of well-integrated, sustainable land use delivering multiple benefits for all in society remains valid and achievable”⁶¹.

The strategy contains a set of “principles for sustainable land use”. The expectation is that these will be used by public bodies when making plans and decisions, but this remains suggested best practice only. There is not currently any reporting against the principles of the Land Use Strategy; however, the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 enshrined a statutory duty for Scottish Ministers to lay a report on the Scottish Land Use Strategy at the end of each financial year.

Two of the principles specifically support integrated land management: Principle a) “Opportunities for land use to deliver multiple benefits should be encouraged”; and Principle d) “Land use decisions should be informed by an understanding of the functioning of the ecosystems which they affect in order to maintain the benefits of the ecosystem services which they provide”. The Land Use Strategy

⁵⁹<https://www.fas.scot/integrated-land-management-plans-ilmps/>

⁶⁰<https://www.gov.scot/publications/getting-best-land-land-use-strategy-scotland-2016-2021/>

⁶¹https://consult.gov.scot/land-use-and-biodiversity/land-use-strategy-for-scotland/supporting_documents/Land%20Use%20Strategy%202016%20%202021%20consultation%20FINAL%202.pdf

appears to have been well received by stakeholders who support these principles in general, but we are not able to determine whether it is being delivered as there is no consensus on how to assess or measure ecosystem outcomes.

[2] Scotland's Forestry Strategy

Linking to the Land Use Strategy are sectoral strategies. Scotland's Forestry Strategy 2019-2029⁶² has integrated land use at the heart of its vision: "In 2070, Scotland will have more forests and woodlands, sustainably managed and better integrated with other land uses...". It states that forestry policies and practices will be developed and implemented as part of the integrated approach, and that the Scottish Government's Land Use Strategy provides the framework to do this. We could find no clear evidence that the delivery of this intention is being documented or monitored. The resources, tools, and methodologies required for the implementation and operationalisation of the Forestry Strategy have yet to be identified.

[3] The Woodland Expansion Advisory Group

Prior to the Scottish Forestry Strategy, some work had been done on the strategic expansion of woodlands. The Woodland Expansion Advisory Group was set up in 2011 to provide advice to the then Cabinet Secretary for Rural Affairs and Environment, Richard Lochhead MSP, on "identifying more closely which types of land are best for tree planting in Scotland, in the context of other land-based objectives; and on promoting good practice and local processes in relation to tree planting so as to secure multiple benefits." This group had broad representation across forestry, agriculture, conservation, and other sectors. Their report made 24 recommendations⁶³ for how best to achieve a future where creating woodlands is seen as an integral part of sustainable land use and management, including that of breaking down the cultural barriers between woodland creation and other land uses. They suggested that the Land Use Strategy's reporting structures be used to monitor and report upon progress. This suggests further support for the Jury's recommendations, but it is not clear to what extent the report's recommendations have been taken forward; as noted above, there has been no recent reporting from the Land Use Strategy, although statutory duties in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 will change this.

[4] The Scottish Soils Framework

The Scottish Soils Framework⁶⁴ (2009) is a decade old, yet concerns regarding integration of soil policy persist today. The framework sets out a vision for soil protection in Scotland, and formally acknowledges the important services soils provide to society. It identifies a number of existing policy instruments that contribute to protection of soils. However, no single legislative or policy tool specifically addresses soil protection. Where policy or legislation does relate to soil, it is generally limited to the protection of a specific impact or function of that soil.

The framework sets out the function of the Soil Focus group and the Soils Research Consultative Group⁶⁵, a forum for key stakeholders and Scottish Government Main Research Providers (James

⁶²<https://forestry.gov.scot/forestry-strategy>

⁶³<https://scotland.forestry.gov.uk/images/corporate/pdf/WEAGFinalReport.pdf>

⁶⁴<https://www.gov.scot/publications/scottish-soil-framework/>

⁶⁵<https://www.gov.scot/publications/scottish-soil-framework/pages/11/>

Hutton Institute⁶⁶, Moredun Research Institute⁶⁷, Rowett Institute⁶⁸, Royal Botanic Gardens Edinburgh⁶⁹ and Scotland's Rural College⁷⁰ - now all part of SEFARI, the Scottish Environment, Food and Agriculture Research Institutes⁷¹). The Soils Research Consultative Group is tasked with facilitating communication between scientists and research users, and for the delivery of relevant research information. It also provides a platform for stakeholder communities to inform the research community of their priorities. Some of the key research products include Soil Risk Maps, Opportunity Maps, Guidance on Soil Management, and an estimation of potential for soils to sequester carbon⁷². Given the cross-cutting nature of this framework, this model of non-sector specific policy could be well placed to support integrated land management planning. It has not, however, been reported whether these groups are still active, or the framework's current effectiveness in terms of uptake and use of its outputs by relevant stakeholders.

Regional land management planning:

[5] Regional Land Use Partnerships

The Land Use Strategy includes a proposal to further explore the development of Regional Land Use Frameworks for rural areas of Scotland. This follows two regional land use pilot projects that were concluded in 2015⁷³. The aim of the pilots was to consider land use in a collective and integrated manner at regional level, and to explore land use choices to deliver multiple benefits.

The Scottish Government committed to rolling out regional land use partnerships and frameworks in the 2019-2020 Programme for Government. A requirement to include the development of regional land use partnerships and frameworks within the Climate Change Plan was enshrined in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. Since late 2019, the Land Commission has been tasked with advising on the roll-out of regional land use partnerships⁷⁴ across Scotland. The Land Commission intends to report to Ministers with proposals in mid-2020, having published a scoping paper earlier in the year seeking views and engagement.

The LUS 2016-2021 concluded that the regional land use "pilot projects have demonstrated a range of possible benefits from developing regional land use frameworks including contributing to climate change objectives by identifying suitable areas for tree planting, peatland restoration, flood risk management, natural flood management measures, and areas most likely to deliver multiple benefits."⁷⁵ As such, the development of regional land use partnerships and frameworks have the potential to ensure a more integrated approach to land, and provide the basis for bespoke five-year management plans at the land manager level.

⁶⁶ <https://www.hutton.ac.uk/about>

⁶⁷ <https://www.moredun.org.uk/>

⁶⁸ <https://www.abdn.ac.uk/rowett/about/index.php>

⁶⁹ <https://www.rbge.org.uk/business-centre/knowledge-exchange/>

⁷⁰ <https://www.sruc.ac.uk/info/120035/research>

⁷¹ <https://sefari.scot/about-us>

⁷² <https://www.gov.scot/publications/scottish-soil-framework/pages/8/>

⁷³ <https://www.webarchive.org.uk/wayback/archive/20170401094110/http://www.gov.scot/Topics/Environment/Countryside/Landusestrategy/regional>

⁷⁴ <https://landcommission.gov.scot/news-events/news-blog/regional-land-use-partnerships>

⁷⁵ <https://www.gov.scot/publications/getting-best-land-land-use-strategy-scotland-2016-2021/>

Local/holding-level land management planning:

Support for producing integrated land management plans at a holding level is offered under the Farm Advisory Service, but it is optional. Some SRDP schemes require a degree of land management planning as part of the application process. This is explored further below.

[6] Farm Advisory Service

The Farm Advisory Service (FAS)⁷⁶ supports land managers to produce Integrated Land Management Plans (ILMPs), 80% of which is funded under the grant scheme, with the remainder to be paid by the individual farm. The FAS Business Plan states that “The purpose of ILMP is to provide a holistic review, incorporating environmental, financial and other public good components into the business advice provided.”⁷⁷ Following completion of an ILMP, land managers may choose to receive further funded specialist advice on the basis of the findings from their ILMP. The creation of plans is voluntary and at the initiative of the land manager, and land managers are not required to implement the actions or recommendations suggested as a result of the plan.

As noted in section 2.1[8], one-to-one advice (of which integrated land management plans is one part) only reaches a small proportion of Scotland’s farming population. As of June 2018, 758 land managers had benefited from one-to-one advice.⁷⁸ This is in the context of approximately 50,000 farms in Scotland. Assuming the targets for delivering one-to-one advice was met, as noted in the Farm Advisory Service’s one-to-one business plans for 2018/19 and 2019/20, this would suggest around 2200 beneficiaries, or 0.4% of Scotland’s farms.⁷⁹

[7] Beef Efficiency Scheme

The Beef Efficiency Scheme⁸⁰ is aimed at supporting beef farmers to increase efficiency and sustainability of their herd. While not strictly an integrated land management plan, this scheme has a 5-year cycle and requires the farmer to undertake a carbon audit in years one, three, and five. The later audits are used to assess progress against the initial audit.

[8] Agri-Environment Climate Scheme

Under the Agri-Environment Climate Scheme land managers are required to undertake a Farmed Environment Assessment, including a Farmed Environment Map and a Farmed Environment Management Map to show the location of management options.⁸¹ However, while this may indirectly contribute to wider integrated land management, little support is available to ensure that options are well-sited. Furthermore, as one interviewee highlighted, it is not always clear where to find the relevant information for potential beneficiaries (e.g., information on agroforestry schemes, forestry plans etc.) and how these could be implemented at a local scale. Some information is out of date, and there is little indication as to whether the initiatives have been successful and what the learning outcomes have been.

⁷⁶ <https://www.fas.scot/>

⁷⁷ <https://www.fas.scot/downloads/business-plan-2019-20-one-to-one-ricardo-energy-environment/>

⁷⁸ <https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/>

⁷⁹ <https://www.fas.scot/downloads/business-plan-2018-19-one-to-one-ricardo-energy-environment/>;
<https://www.fas.scot/downloads/business-plan-2019-20-one-to-one-ricardo-energy-environment/>

⁸⁰ https://www.scoteid.com/Public/Documents/BES_getting_ready_for.pdf

⁸¹ <https://www.ruralpayments.org/topics/all-schemes/agri-environment-climate-scheme/agri-environment-climate-scheme-full-guidance-menu/agri-environment-mapping/>

[9] Woodland Creation Scheme

Under the Forestry Grant Scheme, Woodland Creation Scheme⁸² applicants must consider the wider landscape in their design to be eligible for funding. For example, applicants must consider how the proposal fits into the local authority woodland strategy, whether there is deep peat, or the quality of the land for agricultural purposes. One specific example of grant support for integrated land management is the Agroforestry grant⁸³ available under the Forestry Grant Scheme⁸⁴ (FGS). This supports the creation of small-scale woodlands on agricultural pasture or forage land, allowing for an integrated approach to land management where there is a mix of trees and sheep grazing. The existing scheme has been considered to be restrictive, with planting density of 200 trees / ha too high for small farms to effectively graze stock amongst the trees. It also precludes the incorporation of cattle in silvopastoral systems (farming systems which integrate pasture farming and woodlands), and precludes the integration of coniferous trees (native or exotic), which might be appropriate in certain contexts.

[10] Forestry Grant Scheme

Management plans are required under the Forestry Grant Scheme to varying degrees, depending on their relevance to the funding scheme. Forests planted under the Woodland Creation grant must create a planting proposal and are subject to a 20-year contract, which includes a commitment to establish a woodland. The Woodland Improvement Grant⁸⁵ (WIG) and Sustainable Management of Forests⁸⁶ (SMF) options in the Forestry Grant Scheme require an approved management plan before making an application for grant. These cover the next 10 years for small woodlands, and 20 years for woodlands over 100 ha. The forestry sector is accustomed to creating management plans; however, it is a process which requires time, mapping software, and experience. Many landowners lack the necessary skills set, and rely on forestry consultants. Many consultants likely do draw on the landowners' knowledge of the area to develop bespoke management plans, but this is not embedded in any policies. Enhancing place-based forestry and silvicultural knowledge among landowners and associated businesses and communities will require woodland-orientated skills and culture to be accumulated over the long term. While the Knowledge Transfer and Innovation Fund supports the agriculture sector by providing financial support for vocational training, skills development and knowledge transfer (delivered through workshops, training courses, coaching, information dissemination actions and farm visits), an equivalent scheme for forest-orientated businesses does not exist.

3.2.1 Summary - Integrated five-year land management plans

Jury recommendation: "Future funding support should be dependent on land managers developing bespoke integrated five-year land management plans tailored to their own area (making use of their own understanding of their land)."

⁸²<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/woodland-creation/>

⁸³<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/agroforestry/>

⁸⁴<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/>

⁸⁵<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/woodland-improvement-grant/>

⁸⁶<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/sustainable-management-of-forests/>

There is no mandatory requirement for agricultural land managers to produce an integrated land management plan. The Land Use Strategy and Forestry Strategy provide a framework and vision, but guidance for operationalisation at national and local scales is limited. In addition, initiatives such as the Woodland Expansion Advisory Group and the Scottish Soils Framework have tried to look at sectoral policies at a more strategic level.

At the regional level, The regional land use partnerships and frameworks under the Land Use Strategy have demonstrated benefits of integrated management to climate change mitigation, including the identification of areas that could deliver multiple benefits to the environment, the society, and the economy. These are due to be rolled out across Scotland as a result of provisions in the most recent Climate Change Act.

At the holding-level, the Farm Advisory Service offers financial support to produce integrated land management plans. However, the uptake of this is low, and land managers are not required to be guided by the results, nor is there clear read-across between these plans and funding schemes. Finally, some specific schemes require a degree of land management planning as part of their application processes.

3.3 PAYMENTS SHOULD BE LINKED TO ACTIVITIES AND OUTCOMES.

Jury recommendation: “There should not be any payments just for owning/holding land (as in the two-pillar system) – payments should be linked to activities and outcomes.”

Discussions around how governments support agriculture and other land use activities are currently ongoing. The rationale for offering support – or in other words, what you pay for – is central to these discussions.

On the one hand, governments may choose to make cash payments to maintain agricultural viability, with some eligibility criteria for receiving payments, but largely without stipulating specific management activities or outlining desired outcomes. This is the case currently within e.g. the Basic Payment Scheme, and the Less Favoured Area Support Scheme. These schemes account for a large proportion of annual funding.

On the other hand, governments may choose to enter into contracts with land managers, offering support in exchange for actions, where action may take various forms. This is the case for example in the Agri-Environment Climate Scheme, where land managers are contracted to manage their land in specified ways, which are known to benefit the environment. Likewise, other schemes such as the Food Processing, Marketing and Cooperation Grant provide funding in exchange for land managers executing specific improvements to infrastructure, marketing, or cooperation, which are intended to benefit the food and drink sector; the Beef Efficiency Scheme provides funding in exchange for enhanced monitoring of beef cow herds to improve productivity; and the Forestry Grants Scheme provides funding for specified tree planting. Therefore, a number of Scottish schemes within the Scottish Rural Development Programme (SRDP) offer payments in exchange for actions (e.g. land management activities, infrastructure improvements, data collection, etc). As long as land managers and business owners carry out the agreed management activity or capital improvement, they will receive funding, regardless of whether those activities have any wider beneficial outcomes.

However, governments may also choose to enter into contracts with land managers to deliver specified outcomes (e.g. improved water quality or enhanced biodiversity), where the activities that

land managers undertake to achieve those outcomes are *not* specified, unlike the SRDP schemes outlined above.

Outcome-based approaches (or results-based payment schemes) are payment schemes where land managers can choose what management is required to achieve the desired result, rather than following prescriptive management actions. The key measure of success is to check whether intended outcomes have been achieved. None of the main current Scottish Government schemes are outcome- or results-based, although two schemes are currently being piloted in Scotland which take a results-based approach (see further detail below).

The principle behind outcome- or results-based approaches is the flexibility for farmers to tailor management practices to their particular circumstances, as the payment they receive is based on the outcome achieved rather than carrying out a prescribed management regime. The idea is that this reduces strict rules on what management activities need to happen and when, and instead emphasises the results of the management, and relies on the farmer's knowledge and specific place-based conditions as key to success. In theory, payments are more cost-effective as land managers are paid for what is achieved, as opposed to being paid for management activity that might not result in outcomes.⁸⁷

Conversely, in an activity-based (as opposed to results-based) scheme (such as the SRDP schemes outlined above), activity may not result in outcomes as, for example, the wrong management intervention might be implemented due to lack of access to advice, or extreme weather might require a change in management but the prescriptive nature of some schemes precludes flexibility. Land managers might therefore be managing land according to requirements, but this may still fail to deliver results. A lack of focus on outcomes fails to take advantage of the adaptive knowledge of land managers, and can ultimately prove expensive for public authorities.

Outcome-based approaches, as an alternative, have potential to deliver many benefits, but there are also technical, policy, and practical challenges. These include

- identifying the appropriate and desired outcomes;
- monitoring and mapping outcomes and delivery;
- selecting indicators to assess progress;
- determining appropriate payment rates;
- and dealing with constraints and events that lie beyond the land managers' control.⁸⁸

Trials of these approaches are seeking to address these challenges (see below).

Yet another distinction in rationales is between support which:

- is intended to deliver so-called 'public goods' that benefit all citizens (e.g. clean air, clean water, biodiversity, carbon sequestration and storage, recreational and amenity value, cultural value etc.)

⁸⁷ <https://www.gov.scot/binaries/content/documents/govscot/publications/minutes/2019/12/farming-and-food-production-future-policy-group-update-december-2019/documents/presentation-2-snh---outcome-based-approach/presentation-2-snh---outcome-based-approach/govscot%3Adocument/FFPFG%2B-%2BMeeting%2B3%2B-%2B22%2BNovember%2B2019%2B-%2BPresentation%2B2%2B-%2BSNH%2B-%2BOutcome%2Bbased%2BApproach.pdf>

⁸⁸ https://ec.europa.eu/environment/nature/rbaps/handbook/docs/EN_RBAPS_GHS.pdf

- and support which is largely of private benefit to the land manager themselves or their immediate supply chain and trading partners (e.g. in direct payments, or support for improved infrastructure, supply chains, marketing, etc.), though some forms of support in this category may also have indirect benefits to consumers and citizens in terms of provision of produce, improved quality, more resilient supply chains, etc.

While this is not explicitly mentioned in the Jury's recommendation, a 'public money for public goods' approach to agricultural support is a live and topical part of national discussions on the future of rural policy. In England, the new draft agricultural support scheme will see farmers being paid for delivering public goods such as biodiversity, clean water, clean air, good soil, providing public access, and more. In addition, land managers will also receive support for interventions which improve productivity.⁸⁹

There is agreement across a range of stakeholders in Scotland that payments should be better linked to activities and/or outcomes. For example, the Scottish Wildlife Trust⁹⁰, Scottish Environment Link⁹¹, Scottish Land & Estates⁹² agree that future agricultural support must place more emphasis on delivering public good outcomes. Similarly, farming organisations such as the National Farmers Union for Scotland emphasise that payments should be linked to activities, both to improve productivity and deliver environmental benefits.⁹³

Clarity on the principles and objectives of current SRDP payments is lacking. The current priority, as communicated by Scottish Government, emphasises the need to maintain stability and simplicity through the transition period. Identifying and quantifying environmental goods, and setting the objectives for their delivery, will be necessary in setting the principles by which the desired outcomes are to be achieved. This will likely require improved accreditation systems and support for skills development for land managers and farmers.

Explanations of the pilots for outcome-based approaches in Scotland are outlined below, alongside an analysis of the extent to which current policy and funding is linked to activities and outcomes.

Box 3: Outcome-based approaches

⁸⁹https://consult.defra.gov.uk/elm/elmpolicyconsultation/supporting_documents/elmdiscussiondocument20200225a%20002.pdf

⁹⁰<https://scottishwildlifetrust.org.uk/our-work/our-advocacy/policies-and-positions/land-stewardship-policy/>

⁹¹https://www.scotlink.org/files/LINK-Future-of-Farming-and-Rural-Land-Management_March2017.pdf

⁹²https://www.scottishlandandestates.co.uk/sites/default/files/inline-files/%23Route2050_FINAL_Sept%202019_3.pdf

⁹³<https://www.nfus.org.uk/userfiles/images/Policy/Brexit/STEPS%20FOR%20CHANGE%20March%202018%20-%20for%20email.pdf>

Outcome / results-based approaches

The key characteristic of such an approach is that the value of the payment is directly linked to the level of environmental outcomes achieved and not to the management input/actions undertaken. The inherent strengths of this approach are:

Behaviour change – *The link between payment and result focuses farmers on owning and understanding the results*

Cost effectiveness – *Payment is only made when results are delivered*

Flexibility – *The lack of prescriptions provides flexibility at the field, farm, local, regional level, rather than a national 'one-size fits all' set of prescriptions*

Simplicity – *Removing separate supplements and capital items as these become embedded as tools supporting the delivery of the objective rather than separate payment items*

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[1] Piloting Outcome-Based Approaches in Scotland

There are two pilots ongoing in Scotland exploring different outcome-based approaches.

- i) Piloting an Outcome Based Approach in Scotland (POBAS⁹⁵) is currently in the first trialling phase in four areas in Scotland (arable farming in East Lothian, crofting on the Isle of Skye, hill farming in Argyll and mixed livestock farming in Strathspey). It is exploring a payment-by-results-based approach to delivering agri-environment schemes on farms and crofts in Scotland;
- ii) Landscape Enterprise Networks (LENs⁹⁶) is a catchment-wide partnership of local stakeholders, mainly from the private sectors, but open to the public and third sectors. Local businesses that rely on clean water, resilient crop production and other land-based services invest in nature-based solutions to ensure their supply chains are not disrupted. This collaboration enables groups of businesses to co-procure landscape outcomes from land-based organisations, including farmers and landowners that can make things happen on the ground. A LENs pilot is under development in South-West Scotland co-led by Scottish Natural Heritage, which aims to make landscape more responsive to the needs of businesses and society starting with an analysis of opportunities.

Trials of results-based payment schemes are being developed in a number of other areas and regions across the UK and Ireland. These include the Hen Harrier Project⁹⁷ and the Burren Programme⁹⁸ in Ireland and a pilot scheme in partnership with Natural England in the Yorkshire Dales National Park⁹⁹. Success for results-based approaches is largely attributed to the simple application process and the incentive of delivering to a higher standard when there are payments attached to the results¹⁰⁰.

⁹⁴ <http://publications.naturalengland.org.uk/publication/6331879051755520>

⁹⁵ <https://www.gov.scot/binaries/content/documents/govscot/publications/minutes/2019/12/farming-and-food-production-future-policy-group-update-december-2019/documents/presentation-2-snh---outcome-based-approach/presentation-2-snh---outcome-based-approach/govscot%3Adocument/FFPFPG%2B-%2BMeeting%2B3%2B-%2B22%2BNovember%2B2019%2B-%2BPresentation%2B2%2B-%2BSNH%2B-%2BOutcome%2Bbased%2BApproach.pdf>

⁹⁶ <https://www.nature.scot/sites/default/files/2019-12/Diversification%20of%20funding%20-%20Marco%20Franzoi%20-%20Report%208%20-%20SW%20Scotland%20LENs%20framework%20-%20August%202019.pdf>

⁹⁷ <http://www.henharrierproject.ie/>

⁹⁸ http://www.efncp.org/download/dartmoor2017/Sullivan_Davoren.pdf

⁹⁹ <http://publications.naturalengland.org.uk/publication/6331879051755520>

¹⁰⁰ https://ec.europa.eu/environment/nature/rbaps/index_en.htm

[2] The Scottish Rural Development Programme - Agriculture and food production

As noted above, schemes such as the Agri-Environment Climate Scheme, Beef Efficiency Scheme, LEADER, Knowledge Transfer and Innovation Fund, Food Processing, Marketing and Cooperation Grant, Crofting Agricultural Grant¹⁰¹ Scheme, and Small Farm Schemes are all activity- or management-based schemes. They are targeted to deliver specific environmental, social or economic benefits, and they do so by contracting land managers for certain actions, such as management interventions, or capital investments¹⁰². While compliance with baseline regulations and contractual requirements are inspected by the Rural Payments and Inspections Division (RPID), the results/outcomes of these activities and schemes are not systematically monitored in terms of environmental or social benefit, so while there is some evidence of specific environmental benefits (e.g. for corncrake as a result of agri-environment interventions) it is not clear for each of these schemes whether they have delivered the desired outcomes.

[3] Scottish Rural Development Programme - Forestry

The main source of funding for forestry is through the Scottish Rural Development Programme Forestry Grant Scheme¹⁰³. The 2014-2020 programme provides £252 million to support the creation of new woodlands and the sustainable management of existing woodlands. Payments are for specific activities with two different schemes for woodland creation and six schemes for woodland management. All of these schemes require the delivery of activities, constrained by each specific scheme's eligibility criteria and then specified in the application form, with scoring criteria used to assess applications under a competitive process.

In the woodland creation grants, which are bound by conditions of a 20-year contract¹⁰⁴ the claimant must ensure that the trees become established, replanting when trees die, it is up to the landowner how to manage this risk. Due to the long time-scales of forestry, there is additional planning upfront to increase confidence that outcomes will be delivered, with forestry parcels over a certain size or in certain areas requiring Environmental Impact Assessments. Inspection of each scheme is undertaken by Scottish Forestry on a risk-based basis¹⁰⁵ to check that the tree-covered areas, species mix, planting density match the agreed plan.

Funding under the forestry grant scheme is conditional on meeting the UK Forestry Standard¹⁰⁶. This defines the agreed approach to sustainable forest management across all four administrations of the UK. It sets out the regulatory requirements for forestry, and is the basis for assessing felling licences and forest plans. However, decision making within the framework of this standard is not as transparent as, for example, under the planning act.¹⁰⁷ The sector has shown itself to be responsive to this type of incentive, with long-term evidence showing clear responses to changes in the direct support regime, particularly for woodland creation¹⁰⁸.

¹⁰¹ <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/crofting-agricultural-grant-scheme/>

¹⁰² <https://www.gov.scot/publications/ex-post-evaluation-scotland-rural-development-programme-2007-2013/pages/4/>

¹⁰³ <https://www.ruralpayments.org/topics/all-schemes/forestry-grant-scheme/>

¹⁰⁴ <https://www.ruralpayments.org/topics/all-schemes/forestry-grant-scheme/forestry-grant-scheme-full-guidance-menu/forestry-grant-scheme---contract-periods/>

¹⁰⁵ Interviewee 1

¹⁰⁶ <https://www.gov.uk/government/publications/the-uk-forestry-standard>

¹⁰⁷ Interviewee 1

¹⁰⁸ <https://www.gov.scot/publications/scotlands-forestry-strategy-20192029/>

Whilst secure land tenure is required for the length of the contract and for any associated monitoring period, it is not a requirement to own the land.

Scottish Forestry are due to begin the first monitoring exercise of the Woodland Creation scheme, and an overall evaluation of the outcomes from woodland creation is forthcoming. The Forestry Implementation Plan, due to be published in 2020, is expected to include national indicators¹⁰⁹ with the ambition of providing robust longer-term measures of success. If the indicators are able to capture outcomes from forestry, and monitoring against the indicators is sufficient, these could potentially provide feedback into the grant schemes, provided the grant schemes have the flexibility to respond. This will require information from the monitored indicators to be channelled into a platform that, on an annual basis, models expected future outcomes based on current and alternative management practices, and makes these outcomes available to land managers. It is not possible to develop these ideas further until after the publication of the Forestry Implementation Plan.

[4] Woodland Carbon Code – Private funding

For woodland creation projects, additional outcome-based private funding can be accessed by marketing Carbon Units certified under the Woodland Carbon Code¹¹⁰, so long as the project could not otherwise go ahead without this additional funding. This is a voluntary standard, for UK woodland creation projects, managed by Scottish Forestry, where claims are ultimately made for the carbon dioxide sequestered. Initially, the first unit that is issued by the certification body is a Pending Issuance Unit (PIU), which is an ex-ante credit based on predicted growth. As such, the first units are based on risk-adjusted anticipated, rather than actual, carbon sequestered. At a later stage, when projects are verified, the PIUs can be converted to Woodland Carbon Units (WCUs) which do reflect outcomes Land managers can match the carbon sequestered in their wood to companies and individuals seeking to purchase carbon units. This could be considered a mixed payment, with some activity-based, and some outcome-based elements. However, the majority of units that have been issued so far are Pending Issuance Units.¹¹¹ Often the payment for the carbon is a fixed sum up-front, with only the requirement to meet the obligations under Woodland Carbon Code, and deliver the risk-adjusted carbon units, with no incentive to deliver additional carbon.

[5] National Peatland Plan

Scotland has a National Peatland Plan¹¹² which sets out the many benefits of healthy peatlands and how to improve peatland that is in poor condition. This is supported by Peatland ACTION¹¹³ funding for specific on-the-ground restoration activities. Like forestry grants, agri-environment and other schemes, this constitutes a payment for activity: land managers receive funding to cover the capital cost of peatland restoration, such as ditch-blocking to rewet areas of degraded peat. However, Peatland ACTION funding is not outcome-based; i.e. land managers will receive funding to cover the cost of restoration regardless of how effective the restored peatland becomes in terms of carbon sequestration and storage, whether biodiversity or water quality is improved, and so on. Peatland restoration is also highly context specific, with each location requiring implementation strategies that are specific to the particular set of conditions at that locality. This makes it challenging to develop a

¹⁰⁹ Interviewee 2

¹¹⁰ <https://www.woodlandcarboncode.org.uk/>

¹¹¹ <https://www.woodlandcarboncode.org.uk/buy-carbon/what-are-woodland-carbon-units>

¹¹² <https://www.nature.scot/scotlands-national-peatland-plan-working-our-future>

¹¹³ <https://www.nature.scot/climate-change/taking-action/peatland-action>

generic set of indicators for evaluating success, and outcomes are likely to vary across localities subject to local site conditions.

[6] The Peatland Code – Private funding

A separate carbon code for peatland¹¹⁴ is managed by the IUCN UK National Committee. The Peatland Code provides an opportunity for investors to support peatland restoration to deliver carbon sequestration as an outcome. It is run and managed by a non-governmental organisation, though it is embedded in Scottish Government policy and is referred to in Scotland's National Peatland Plan¹¹⁵. The certification model allows for the flow of upfront funding through allowing investors to purchase credits for independently validated activities which with high confidence will deliver expected carbon sequestration over a defined time period, but prior to this outcome being achieved.¹¹⁶ Therefore, the metric for funding is based on expected outcomes, which are later verified. As such, while there is a greater focus on outcomes through the verification process which determines that carbon has ultimately been sequestered, it would be too simplistic to say that this is an outcome-based scheme, given that land managers are paid upfront for the activities which intend to deliver the outcomes.

[7] UK Government forestry fiscal arrangements

Whilst funding for forestry is conditional on specific activities, the UK Government forestry fiscal arrangements (reserved to the UK Government) provide financial incentive for owning forest without delivering desired outcomes. Forestry benefits from Capital Gains Roll Over Relief, and income from timber sales in the UK is free of income and corporation tax, and growing timber is exempt from capital gains tax. After two years of ownership, commercial woodlands qualify for 100% business property relief from inheritance tax. A Capital Gains Tax (CGT) liability can be rolled over by purchasing a forest, allowing the CGT liability to be deferred. If a forest is held until the death of the owner, the CGT liability is extinguished with respect to inheritance tax.¹¹⁷

3.3.1 Summary - Payments should be linked to activities and outcomes.

Jury recommendation: "There should not be any payments just for owning/holding land (as in the two-pillar system) – payments should be linked to activities and outcomes."

The Rural Development Operational Committee¹¹⁸ oversees the SRDP, with implementation reports submitted to the EU annually. These monitor and report against quantitative targets, such as spend against schemes, number of holdings supported, actions/operations/projects supported, and number of hectares supported¹¹⁹. The SRDP Monitoring and Evaluation Steering Group provides advice and oversight of this process. However, there is little systematic monitoring of the outcomes of these interventions, e.g. for biodiversity, recreation, cultural or placemaking value, water quality, carbon storage, etc. It is suggested that better outcomes might be achieved through contracting for the outcome itself, as opposed to contracts based on management interventions.¹²⁰ Current pilots

¹¹⁴ <https://www.iucn-uk-peatlandprogramme.org/funding-finance/peatland-code>

¹¹⁵ <https://www.nature.scot/sites/default/files/Publication%202015%20-%20Scotland%27s%20National%20Peatland%20Plan%20-%20July%202015.pdf>

¹¹⁶ <http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/160930%20FAQs.pdf>

¹¹⁷ <https://www.johncllegg.co.uk/faq/30/i-have-heard-that-forestry-attracts-favourable-tax-treatment-what-does-this-entail-and-to-whom-does-it-apply>

¹¹⁸ <https://www.gov.scot/groups/srdp-2014---2020-rural-development-operational-committee/>

¹¹⁹ <https://www.gov.scot/groups/srdp-2014---2020-rural-development-operational-committee/>

¹²⁰ <http://www.dieterhelm.co.uk/natural-capital/environment/agricultural-policy-after-brexit/>

on outcome-based approaches in Scotland are likely to provide insights into the appropriate design of such schemes.

Under the Forestry Grant Scheme payments are made for specified activities, with criteria used to assess applications under a competitive process. Funding is conditional on meeting the UK Forestry Standard. With woodland creation the grant recipient has the obligation to ensure that the woodland establishes as per the design, including planting density and species mix. This is monitored by Scottish Forestry. The Forestry Implementation Plan, due in 2020, is expected to provide indicators against which successful outcomes can be evaluated.

Similarly, there is other funding available to promote specific restoration activities, such as the Peatland ACTION funding. Like the schemes under the SRDP, this provides targeted support for activities, in this case to fund the capital cost of ditch-blocking and rewetting to restore peatland. However, receiving funding is not contingent on delivering outcomes, in terms of e.g. carbon stored, biodiversity benefits, water quality improvements, etc. The criteria for successful outcomes are not well developed, in part due to outcomes being subject to local environmental conditions.

While several policies support outcome-based payments, there are still financial incentives for owning land.

3.4 PRINCIPLES FOR FUTURE FUNDING SUPPORT

The Jury recommended that future funding be based on a set of principles. The following sections go through these in turn, to evaluate to what extent current policy follows these principles.

3.4.1 Outcome-based payments

Jury recommendation: “Outcome-based payments - available schemes should be guided by a set of principles establishing the environmental outcomes we want to see”

Refer to section 2.3 which covers this topic.

3.4.2 A range of options to choose from

Jury recommendation: “A range of options based on best practice should be available for land managers to choose from, allowing them to choose environmental activities that they can balance with their business needs”

[1] Agri-Environment Climate Scheme

One mechanism that can deliver both environmental and economic benefits is the Agri-Environment Climate Scheme (AECS). The scheme’s focus is to promote climate change mitigation and adaption, better flood management, and protection of Scotland’s natural environment. The scheme has a range of options that land managers can choose from, from management interventions to support specific species (mown or grazed grassland for corncrakes, beetle banks, wader scrapes, etc), to broader habitat management and restoration measures (e.g. moorland management, restoration and management of species-rich grassland, etc).

The AECS is geographically targeted, meaning that only some of the options are available in a given area (e.g. options that support corn bunting, are only available within the know range of the corn

bunting). Therefore, a range of options are available, but they are restricted to options that are suitable in the land manager's geographical area.

However, ecological knowledge and expertise are key to delivering such environmentally beneficial outcomes. For example, when planting trees, it matters which species is used and where it is sited; a pocket of woodland on the edge of a field managed for wading birds will compromise the effectiveness of the management for wading birds. Likewise, there may be combinations of options which *should* be used together to maximise benefits. Not all land managers may have this expertise, or may not be able to access it due to a lack of time or resources.

Moreover, access to the AECS is competitive and depends on the number of points scored in the assessment process. This has made it difficult for smaller farmers to access, and is discussed further in section 3.4.3.

[2] The Forestry Grant Scheme (FGS)¹²¹

This includes two different schemes for woodland creation and six different schemes for woodland management. Within the woodland creation grant scheme there are 11 different categories of woodland creation, including for conifer, native broadleaves and small or farm woodland. The six woodland management grants cover forestry co-operation, forestry infrastructure, harvesting and processing, tree health, woodland improvement and sustainable management of woodlands. Within each of these categories there are options to suit the individual wood that land managers can choose from. Within each scheme links to further guidance is provided, to help inform land managers which options might be most suitable for them, and to support them in meeting the grant eligibility criteria. For example, Forest Research provide an Ecological Site Classification tool¹²² to guide forest managers and planners to select ecologically suited species to sites. The tool includes future climate change projections, and impact of species suitability, for 2050 and 2080 using the low and high scenarios of UK Climate Impacts Programme 2002¹²³. This tool is publicly available and the basic functions can be used by anyone looking to assess a site, however an understanding of forestry is required to interpret the results and to understand the limitations of the tool. For example, it is possible to grow a variety of trees in a variety of conditions but professional help is required to choose the optimal trees for your specific conditions and objectives.¹²⁴

[3] UK Woodland Assurance Standard

Whilst UK Forestry Standard (UKFS) sets out the regulatory requirements for forestry it also contains much broader information on the sustainable management of forests. An additional step that land managers can take to demonstrate enhanced management is to qualify under the UK Woodland Assurance Standard¹²⁵ (UKWAS) which provides an independent and voluntary scheme backed up by an auditing system. It has been designed to gain endorsement by international and European certification schemes and combines the government requirements set out in UKFS with those of the

¹²¹<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/>

¹²²<https://www.forestryresearch.gov.uk/tools-and-resources/ecological-site-classification-decision-support-system-esc-dss/>

¹²³<https://catalogue.ceda.ac.uk/uuid/eb1d7cd4265b240d14707d9df2d9e828>

¹²⁴ Interviewee 1

¹²⁵<http://ukwas.org.uk/>

Forest Stewardship Council¹²⁶ (FSC) and Programme for the Endorsement of Forest Certification¹²⁷ (PEFC), two independent international certification schemes. Approximately 80% of timber harvested in the UK comes from forests and plantations that have been independently certified using the UK woodland Assurance standard¹²⁸. Every forest is audited annually and either passes or fails, this process is paid for by the forest owner.

Summary – Range of options

Jury recommendation: “A range of options based on best practice should be available for land managers to choose from, allowing them to choose environmental activities that they can balance with their business needs”

Land managers are presented with a range of good practices to choose from via e.g. the Agri-Environment Climate Scheme, and the Forestry Grants Scheme. However, it can be unclear to practitioners whether the different practices complement or obstruct each other, the ecological suitability of the options to a particular farm/holding, and the need to site management options well within a particular holding.

Conflicting information between case officers in the regions, central authorities, and difficulty understanding the rules, even from experienced agents has also been highlighted during an interview with a land agent¹²⁹ as part of the research for this piece of work. As a result, many land managers end up choosing the options that are most accessible to them which may or may not maximise or deliver the optimal environmental benefits (or any environmental benefits at all¹³⁰).

Furthermore, the agri-environment climate scheme is a point-based system which can be a barrier to small farms. Some small farms may not earn enough points to qualify for the scheme, either due to the size of land owned or managed, making it difficult to carry out enough management activities, or because they only have capacity to do one option. Conversely in 2019 the average area of forestry planting was 24 ha¹³¹ which, due to the small size, suggests that smaller land holdings are able to benefit from the woodland creations scheme.

3.4.3 Non-competitive schemes

Jury recommendation: “Consideration should be given to making schemes non-competitive – this has benefits for small farms (who have less resources available to bid for funding), and ensures that some payment is guaranteed if you do the right things”

[1] Pillar 1 Schemes (Basic Payment, Greening, Coupled Support)

Pillar 1 schemes (basic payment, greening, coupled support) are non-competitive but only the

¹²⁶ <https://fsc.org/en>

¹²⁷ <https://www.pefc.org/>

¹²⁸ Interviewee 1

¹²⁹ Interviewee 7

¹³⁰ Interviewee 4

¹³¹ <https://www.forestryjournal.co.uk/news/18417706.scottish-woodland-plantings-farms/>

greening payments require land managers to take specific environmental management actions¹³², and they are not considered to be optimally delivering environmental benefits.¹³³

[2] The Scottish Rural Development Programme: Agriculture

The Scottish Rural Development Programme (SRDP) funding schemes that are intended to achieve environmental benefits are largely run on a competitive basis. This can make it challenging for all farmers and crofters to participate in schemes that deliver environmental benefits, such as the agri-environment climate scheme.

As a result of the complex application process, land managers often need to employ an agent to apply for the scheme; this cost can be prohibitive. In addition, when agri-environment applications are scored, applicants receive points against a number of criteria. As noted above, it can be difficult for smaller farmers and crofters to score enough points to access the agri-environment climate scheme, as a result of having a smaller land area or fewer resources. However, lower-value applications do receive additional points on value for money grounds. Scottish Government guidance states that “Small unit applications under the value of £20,000 delivering at least one national priority will attract additional points under this scoring criteria in recognition that applications of this size can offer value for money but otherwise not score highly against other criteria.”¹³⁴

The agri-environment climate scheme does have two specific options for smaller units: Conservation Management of Small Units, and Cattle Management of Small Units. Both of these schemes provide additional support to units under a certain size. However, small units must still go through the same competitive process, which may make accessing these options difficult.

Previous versions of the Scottish Rural Development Programme have included a non-competitive element. In the 2007-2013 Rural Development Programme, the non-competitive element was called Land Managers Options, and comprised a menu of options from “membership of a food quality assurance scheme” to “management of grass margins” to “improving access”¹³⁵.

Finally, there are two schemes specifically for smaller holdings: the Small Farms Grant Scheme, and the Crofting Agricultural Grant Scheme. Both of these schemes provide support for crofters and small farmers to make improvements to their holding (or in the case of crofters, to establish a common grazing committee). Improving the environment is one of a number of scheme objectives; applications have to meet at least one of the objectives, but do not necessarily need to aim to improve the environment.

[3] Scottish Rural Development Programme: Forestry

Likewise, all Forestry Grant Scheme options are competitive, with scoring criteria outlined for each grant type. Each month, submitted applications are considered on a competitive basis; those that do not meet the threshold score are rejected without consideration. Historically, Scottish Forestry has been able to largely fund all schemes that meet this minimum threshold, although there have been

¹³² <https://www.ruralpayments.org/topics/all-schemes/basic-payment-scheme/basic-payment-scheme-full-guidance/greening-guidance-2020/>

¹³³ <https://www.hutton.ac.uk/research/groups/information-and-computational-sciences/land-systems-research-team/cap-reform>

¹³⁴ <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/agri-environment-climate-scheme-full-guidance-menu/agri-environment-climate-scheme-scoring-criteria/>

¹³⁵ <https://www2.gov.scot/Resource/0049/00496407.pdf>

instances where this has not been the case. In some circumstances, there has been the opportunity to increase the budget to accommodate a greater number of high scoring projects.

Small holdings are disadvantaged within the woodland creation schemes as one of the scoring criteria for woodland creation is scale of delivery: more points are awarded to projects that exceed thresholds of 20 hectares and 50 hectares. The Agroforestry scheme is available to small farms as this makes no reference to size, and a maximum of 15 hectares is considered per farm business unit. The Harvesting and Processing grant supports the development of the small-scale premium softwood and hardwood processing sector; applicants must process less than 10,000 tonnes of roundwood per year to qualify.

Summary – Non-competitive schemes

Jury recommendation: “Consideration should be given to making schemes non-competitive – this has benefits for small farms (who have less resources available to bid for funding), and ensures that some payment is guaranteed if you do the right things”

Some funding such as Pillar 1 schemes are non-competitive and allocated to “greening/environmental measures”. However, these represent only a small proportion of funding and their efficiency is questioned¹³⁶.

Scottish Rural Development Programme funding, which forms a large proportion of the funding available to land managers, is largely awarded on a competitive basis. This is true of the main schemes which support environmental delivery, including the agri-environment climate scheme, and the forestry grants scheme.

Competitive schemes often put small-scale land managers at a disadvantage who may not have the capacity to undertake interventions to score enough points for the funding. However, some grants, such as the Crofting Agricultural Grant Scheme, Small Farm Grant Scheme, Agroforestry Scheme and the Harvesting and Processing Grant, specifically target smaller holdings. While these schemes offer different kinds of support, none of them specifically support smaller farmers and land managers to deliver environmental benefits.

3.4.4 Funding for bottom-up innovation

Jury recommendation: “Some funding should be set aside to allow space for bottom-up innovation to develop new solutions for specified priority outcomes”

There are some initiatives, schemes and programmes which fund innovation.

Scottish Government funded/administered schemes:

[1] SRDP - LEADER

LEADER is a method of mobilising and delivering rural development in local rural communities, rather than a fixed set of measures to be implemented¹³⁷. Local actors participate in decision-making and in the selection of priorities to be pursued in their local area. Rather than being an alternative

¹³⁶ <https://www.hutton.ac.uk/research/groups/information-and-computational-sciences/land-systems-research-team/cap-reform>

¹³⁷ <https://www.ruralpayments.org/topics/all-schemes/leader/>

approach¹³⁸ to top-down decision-making, it should instead be considered complementary. However, EU rules and processes governing LEADER can be perceived as prohibitive. One option during the transition period may be to continue with the current approach of vesting responsibility for relevant projects in the Local Action Groups, guided by Local Development Strategies, but allow delegated authority for each area to manage the funding within local areas as they see fit, within some outline principles set by the Scottish Government¹³⁹.

[2] SRDP - The Knowledge Transfer and Innovation Fund (KTIF)

This provides financial support for vocational training, skills development and knowledge transfer projects focused on agriculture, which is delivered through workshops, training courses, coaching, information dissemination actions and farm visits. It also funds eligible agricultural demonstration/benchmarking and similar types of projects (e.g. Monitor Farms), and experimental and/or pilot projects that aim to introduce new and innovative approaches in agricultural practice. The current round is focussed on supporting environmentally friendly businesses.¹⁴⁰

[3] SRDP - Food Processing, Marketing and Co-Operation Fund (FPMC)

This supports the development of food and drink processing businesses throughout Scotland by partially funding capital and non-capital projects. To date it has awarded almost £60 million to 119 projects¹⁴¹. The recent evaluation indicated that FPMC is having a positive impact on the Scottish economy, population health, and environmental sustainability, but also found that these benefits were not evenly spread between sectors. A significant amount of funding went to large recipients¹⁴². Better support for smaller businesses, and improving the monitoring process and applicants' guidance materials was recommended¹⁴³.

[4] SRDP - Environmental Cooperation Action Fund (ECAF)

The Environmental Cooperation Action Fund (ECAF) was first established in 2015 and was to provide £10m to fund the facilitation of landscape-scale projects that meet the Scottish Government's environmental priorities¹⁴⁴. It was, however, withdrawn due to compliance issues before any projects got off the ground, meaning that there is currently little support for cooperation.

The purpose of ECAF was to support landscape-scale environmental projects involving cooperating groups of farmers, foresters, and/or other land managers. Funding was targeted to deliver priorities that are most effectively addressed at a landscape scale, including habitat and degraded ecosystem restoration, biodiversity conservation, deer management, water catchment and flood management,

¹³⁸ https://ec.europa.eu/agriculture/sites/agriculture/files/publi/fact/leader/2006_en.pdf

¹³⁹ <https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/>

¹⁴⁰ <https://www.ruralpayments.org/topics/all-schemes/knowledge-transfer-and-innovation-fund/#662655>

¹⁴¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2019/09/evaluation-food-processing-marketing-co-operation-fund-2014-2020/documents/evaluation-food-processing-marketing-co-operation-fund-2014-2020/evaluation-food-processing-marketing-co-operation-fund-2014-2020/govscot%3Adocument/evaluation-food-processing-marketing-co-operation-fund-2014-2020.pdf>

¹⁴² <https://www.ruralpayments.org/media/resources/FPMC-awards.pdf>

¹⁴³ <https://www.gov.scot/publications/evaluation-food-processing-marketing-co-operation-fund-2014-2020/>

¹⁴⁴ <https://www.ruralpayments.org/topics/updates/guidance-archive/environmental-co-operation-action-fund-archive/environmental-co-operation-action-fund-full-scheme-guidance-archived-09-11-2016/>

and woodland creation. Support provided by the scheme was to include the costs of planning, facilitating, and overseeing cooperative projects, particularly in preparation for applications to the Agri-Environment Climate Scheme and/or Forestry Grant Scheme. A key aspect of the ECAF was the bottom-up led approach to identifying and delivering opportunities for landscape-scale environmental action.

While there is little further information on this scheme, the basic purpose and principles respond well to the recommendations of the Citizen's Jury, specifically that "Some funding should be set aside to allow space for bottom-up innovation to develop new solutions for specified priority outcomes". A reconstruction of such a fund could go a long way to addressing many of the needs and priorities identified by the Citizen's Jury.

[5] Scotland CAN DO: Business Innovation Forum

Fostering a culture of innovation, research, and development is one of the four priorities laid out in Scotland's Economic Strategy¹⁴⁵. This is supported by The Scotland CAN DO: Business Innovation Forum¹⁴⁶, and the Scotland CAN DO Framework¹⁴⁷, led by the Minister for Trade, Investment and Innovation under the Scottish Government's Economic Development Directorate. These have the ambition of increasing entrepreneurship and innovation activity from individuals and businesses in Scotland, though not specifically in land-based sectors. Nonetheless, the CAN DO Innovation Challenge Fund¹⁴⁸ has been used by Scotland's public bodies to support the development of innovative solutions to challenges with no current market solution. Forest and Land Scotland launched their Seed Stock Challenge¹⁴⁹ in 2019, which has supported companies through a competitive exploration, accelerator and pre-commercial phases to development ideas to improve the yield from Scotland's existing seed stock, thus contributing to climate change mitigation and improving the rural economy.

[6] Agricultural Modernisation Fund

A £40m Agricultural Modernisation Fund was announced in the 2020-2021 Scottish Budget on 6 February 2020. The announcement is a response to a statutory duty in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which requires Scottish Ministers to set out "proposals and policies regarding the establishment of a fund, to be known as an Agricultural Modernisation Fund, to support investment in mitigation measures to reduce greenhouse gas emissions on Scottish farms"¹⁵⁰ as part of the update to the Climate Change Plan. At the time of writing, it is not yet clear exactly what shape this fund will take, but it is expected that more detail will be set out in the Plan.

Other initiatives administered by non-Scottish Government or third sector organisations:

[7] The Farm Clusters initiative¹⁵¹

First established in England and run by the Game and Wildlife Conservation Trust (and funded by the Natural England Facilitation Fund), the Farm Clusters initiative is led by farmers, and is considered to be largely successful in promoting bottom-up solutions. While there is no corresponding Scottish Government facilitation fund for farmer collaboration in Scotland (a Scottish equivalent scheme

¹⁴⁵<https://www.gov.scot/publications/scotlands-economic-strategy/>

¹⁴⁶<https://www.gov.scot/groups/innovation-forum/>

¹⁴⁷<https://www2.gov.scot/Resource/0044/00449131.pdf>

¹⁴⁸<https://www.openinnovation.scot/support-and-funding/can-do-innovation-challenge-fund>

¹⁴⁹<https://forestryandland.gov.scot/news-releases/new-ideas-for-making-the-most-of-scotland-s-tree-seed>

¹⁵⁰http://www.legislation.gov.uk/asp/2019/15/pdfs/asp_20190015_en.pdf

¹⁵¹<https://www.farmerclusters.com/>

called ECAF (Environmental Cooperation Fund) was planned but not rolled out¹⁵²), one cluster of six Perthshire farms covering more than 5000 hectares¹⁵³ is developing a conservation plan with the aim of restoring and preserving the existing population of Grey Partridges. It is, where feasible, co-ordinating its work with existing Agri-Environment Climate schemes open to Scottish Farmers.

[8] The Rural Innovation Support Service (RISS)

This programme is designed to meet the needs of the farmers and land managers in Scotland by providing a facilitator to get ideas off the ground and bring the right people together to develop a project plan. This can be used as a blueprint or a basis for funding applications. It is part of the Scottish Rural Network and is led by Soil Association Scotland, with facilitators from SAC Consulting (linked to SRUC), Scotland's Agricultural Organisation Society (SAOS), and Soil Association Scotland. Initially launched in early 2019, it is anticipated to have 42 active groups by the end of the programme in December 2020¹⁵⁴.

[9] Start-up Support

Other sources of innovation funding, not targeted at any specific sector, include Zero Waste Scotland's circular economy accelerator¹⁵⁵ (Zero Waste Scotland is a public body), which provides support and funding to Scottish Businesses to help them adopt new circular business practices. The European Institute of Innovation and Technology Climate-KIC programme run through the Edinburgh Centre for Carbon Innovation, which has supported various land-sector related start-up companies.

Potential barriers to innovation?

The support outlined above is quite fragmented. While it does support pockets of innovation and provides good resources for driven businesses and land managers, the support does not readily allow for integrated, bottom-up innovation across land uses, businesses or spatial scales.

There may also be other barriers to innovation, beyond funding availability, though it is beyond the scope of this piece of work to explore these. It may be that access to funding for innovation on farm is only part of the picture when it comes to achieving more sustainable land management through innovation. For example, barriers may be around access to farm advice, fear of breaking rules or a culture of risk aversion, the "room to fail" for innovators (e.g. time to commit, financially, culturally, bureaucratically), supply chain governance or ability to communicate within supply chains (the latter is something that Quality Meat Scotland stress¹⁵⁶), etc. This would require more research to ascertain whether there are additional barriers to innovation in Scotland (whether the ones posited above, or others not mentioned), and whether Scottish policy is helping to break these down.

A system design approach to identify these barriers and understand the opportunities for transformative change within the land sector could help promote integrated thinking to overcome barriers to innovation. One project that seeks to do this is the Landscapes as Carbon Sinks.¹⁵⁷ This collaboration between Edinburgh University and Climate KIC is working in partnership with

¹⁵² Interviewee 5

¹⁵³ <https://www.farmerclusters.com/profiles/scotland/strathmore-wildlife-cluster-perthshire/>

¹⁵⁴ <https://www.innovativefarmers.org/welcometoriss/>

¹⁵⁵ <https://ceaccelerator.zerowastescotland.org.uk/>

¹⁵⁶ E.g. See contribution from Sarah Millar giving evidence to the Rural Economy and Connectivity Committee: <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12414>

¹⁵⁷ <https://www.ed.ac.uk/sustainable-forests-landscapes/climate-kic>

organisations across Scotland while also drawing on specialist expertise and experiences from European partners. The project aims to explore options for substantial contributions of the land sector to net-zero carbon targets while enhancing social and economic benefits. During 2020 the project is looking to identify levers through which transformative change might occur. These could be new business models, governance systems, innovative financing, technologies, integrated land management, and combinations of these. Subject to funding, a following phase is anticipated to monitor, evaluate and learn from implemented projects that test the identified levers and options.

Summary – Funding for bottom-up innovation

Jury recommendation: “Some funding should be set aside to allow space for bottom-up innovation to develop new solutions for specified priority outcomes”

Innovation is one of the priorities in Scotland’s Economic Strategy. It is promoted by several funds and initiatives that promote bottom-up initiatives, including the Knowledge Transfer and Innovation Fund, Rural Innovation Support Service, and Scotland CAN DO Business Innovation Forum. However, support is fragmentary, and does not readily allow for integrated bottom-up innovation across land uses, businesses, or spatial scales. The Environmental Cooperation Action Fund did have the potential to provide support for community-based landscape scale innovation, but this programme was withdrawn before it had effect.

Support programmes to support collaborative innovation at landscape scales that span land use sectors is likely to be necessary to respond to some of the market, regulatory, and environmental challenges the land sector is likely to face in the coming years and decades.

3.4.5 Mandatory accreditation and continuing professional development

Jury recommendation: “Funding support should also be tied over time to mandatory accreditation and continuing professional development (CPD) for land managers. Accreditation/CPD should be: available in a range of ways i.e. on the job not necessarily college or course based; supported by bespoke, accessible, up-to-date, face-to-face advice and mentoring”

There is currently no requirement for mandatory accreditation and continuing professional development (CPD) to qualify for grants/schemes in the rural payment system. The only exception is under Tree Health grant^[1] which provides support to prevent the spread of *Phytophthora ramorum*. Here inappropriate felling could increase the risk of spread, and so the agent carrying out the work must be pre-approved by Scottish Forestry.

Some CPD for land managers in the form of sources of information, skill development tools, and professional advice is provided by third sector organisations. Key examples include training courses for land managers run by the Farming with Nature Project¹⁵⁸, a collaboration between RSPB Scotland¹⁵⁹, Soil Association Scotland¹⁶⁰, and Scottish Water, but these are largely independent of government.

¹⁵⁸ <https://community.rspb.org.uk/ourwork/farming/b/farming-blog/posts/farming-with-nature-in-scotland>

¹⁵⁹ <https://www.rspb.org.uk/our-work/conservation/conservation-and-sustainability/advice/training-courses/>

¹⁶⁰ <https://www.soilassociation.org/certification/forestry/training-and-other-services/>

Sources of CPD are explored below:

[1] SRDP - The Farm Advisory Service¹⁶¹ (FAS)

The Farm Advisory Service is key to supporting the continuing professional development of practitioners. It offers access to business tools and support in submitting grant applications. As mentioned above, the key services offered by FAS include advisory support for grant applications for Integrated Land Management Plans (ILMP), specialist advice, mentoring for new entrants, and carbon audits. In addition to providing expert advice, FAS also organises workshops and networking events, which further contribute to the CPD of land managers. As of 2018, a total 9,824 practitioners have benefitted from FAS services. We do not have information as to the distribution of these beneficiaries across small-scale or large-scale landholders. For context, Scotland has roughly 50,000 agricultural holdings¹⁶², about 4500 of which are over 200 ha and cover 76% of Scotland's land¹⁶³, so the area of land benefitting from FAS advice is very difficult to ascertain without further information on the size of individual landholdings.

[2] The Monitor Farm Programme

The current Monitor Farm Programme¹⁶⁴ is a three-year project, which is funded by £1.25 million from the Scottish Government and EU's Knowledge Transfer and Innovation Fund. It is run jointly by Quality Meat Scotland and AHDB Cereals & Oilseeds. The aim of the programme is to establish a group of monitor farms (each individual farm having a different focus) that evaluate solutions and best practice to improve the profitability, productivity, and sustainability of producers, before sharing their findings through practical demonstrations, promotion of best practice, and discussion of up-to-date issues¹⁶⁵. Each monitor farmer has a facilitation team, which works with the farmer to show how the use of accurate baseline and benchmarking information can help to improve the profitability of the monitor farm and other farm businesses in the area. Each farm also has an associated Business Group and Community Group. There are currently nine monitor farms across Scotland¹⁶⁶. There has not yet been an evaluation of the most recent monitor farm programme, and it is not clear whether monitoring is being carried out in the current programme. Evaluations, personal accounts and studies of previous programmes have suggested positive experiences of participating farmers^{167 168 169}. Praeger and Creaney (2017)¹⁷⁰ carried out a comparative review of Irish discussion groups and Scottish Monitor Farms in the 2009-2013 programme. They found that there were good opportunities for learning and knowledge exchange for the monitor farmer and for the different groups involved. However, they found that data collection for monitor farms was patchy, and *"its objectives were not translated into particular technologies to be adopted. The only indicator used across groups was the number of participants and the share of participants under 40years. In addition, some facilitators implemented short surveys in their own groups regarding the learning of participants and adoption of practices.*

¹⁶¹ <https://www.fas.scot/>

¹⁶² Scottish Government (2017). Results from the June 2017 Scottish Agricultural Census. Available from: <https://www.gov.scot/Resource/0052/00525858.pdf>

¹⁶³ Scottish Government. Structure of Agricultural Farms in Scotland. Available from: <https://www2.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/agritopics/farmstruc>

¹⁶⁴ <https://www.monitorfarms.co.uk/hub/about-us>

¹⁶⁵ <http://www.saos.coop/what-we-do/monitor-farms/>

¹⁶⁶ <https://www.monitorfarms.co.uk/hub/farms>

¹⁶⁷ <https://www.sciencedirect.com/science/article/abs/pii/S0743016717300177>;

¹⁶⁸ <https://www2.gov.scot/resource/doc/242967/0067606.pdf>

¹⁶⁹ <https://www.hutton.ac.uk/sites/default/files/files/Monitor%20Farms%20report%20Hutton%20Mar19.pdf>

¹⁷⁰ <https://www.sciencedirect.com/science/article/abs/pii/S0743016717300177>

*However, these were neither published nor compiled in a single evaluation.*¹⁷¹ The need “to set clearer specific, measurable, achievable, result focused and time bound objectives for the improvements to be achieved” which could be “translated into better criteria for monitoring improvements on group members’ farms” was raised already in the 2008 Evaluation of the first Scottish monitor farm programme which started in 2003.¹⁷² In comparison to the Irish discussion groups Praeger and Creaney concluded that *“Generally speaking, both programmes and approaches are effective, although there is more quantitative evidence available for discussion groups. However,...a programme does not lead to equal levels of learning and adoption for all participants. This difference is more pronounced in the monitor farm programme due to its distinct structure (monitor farmer, management and benchmarking group, wider community group), and less prescriptive nature (no set tasks). This leads to issues around aggregated statements of programme effectiveness.”*¹⁷³

Summary – Funding support tied to accreditation and CPD

Jury recommendation: “Funding support should also be tied over time to mandatory accreditation and continuing professional development (CPD) for land managers. Accreditation/CPD should be: available in a range of ways i.e. on the job not necessarily college or course based; supported by bespoke, accessible, up-to-date, face-to-face advice and mentoring”

Accreditation and continuous professional development are currently not mandatory in the landscape sector.

Programmes and initiatives such as the Farm Advisory Service provide advice and support for the development of applications and management plans, and provide online resources.

Initiatives such as the LEADER programme can contribute towards enhancing the skills and expertise of communities with respect to developing and implementing innovative local development strategies.

The Monitor Farm Programme uses groups of farms to provide practical demonstrations and sharing of best practices to foster knowledge exchange. While experiences of participants is positive, there is little evaluative information available on their reach and effectiveness in achieving objectives.

As mentioned in previous sections, some one-off training and knowledge-exchange is also facilitated by different organisations.

Making funding support conditional on mandatory accreditation may require a far more comprehensive, geographically distributed, and lasting programme of CPD and accreditation. There is the potential to engage with the third sector to develop a national coordinated platform for CPD and accreditation across a range of land uses and objectives.¹⁷⁴

¹⁷¹ <https://www.sciencedirect.com/science/article/abs/pii/S0743016717300177>

¹⁷² <https://www2.gov.scot/resource/doc/242967/0067606.pdf>

¹⁷³ <https://www.sciencedirect.com/science/article/abs/pii/S0743016717300177>

¹⁷⁴ <https://link.springer.com/article/10.1007/s10113-018-1279-9>

LIST OF ACRONYMS

AECS	Agri-Environment Climate Scheme
BES	Beef Efficiency Scheme
CAGS	Crofter Agricultural Grant Scheme
CCC	Committee on Climate Change
CGT	Capital Gains Tax
CJ	Citizen's Jury
CPD	Continuing Professional Development
ECAF	Environmental Cooperation Action Fund
ECCLR	Environment, Climate Change and Land Reform
EIA	Environmental Impact Assessment
FAS	Farming Advice Service
FGS	Forestry Grant Scheme
FPMC	Food Processing, Marketing and Co-operation Fund
FSC	Forest Stewardship Council
ILMP	Integrated Land Management Plans
KTIF	Knowledge Transfer Information Fund
LAG	Local Action Group
LEADER	Links between actions for the development of the rural economy
LENs	Local Enterprise Networks
LFASS	Less Favoured Areas Support Scheme
LUS	Land Use Strategy
NFUS	National Farmers Union Scotland
PEFC	Programme for the Endorsement of Forest Certification
POBAS	Piloting Outcome Based Approaches in Scotland
RISS	Rural Innovation Support Service
RPID	Rural Payments and Inspections Division
SAOS	Scotland's Agricultural Organisation Society
SFS	Small Farm Scheme

SMF	Sustainable Management of Forests
SRDP	Scottish Rural Development Programme
SRN	Scottish Rural Network
SRUC	Scotland's Rural College
SSBSS	Scottish Suckler Beef Support Scheme
SUSSS	Scottish Upland Sheep Support Scheme
WIG	Woodland Improvement Grant
WWF	World Wide Fund for Nature
UKFS	UK Forestry Standard
UKWAS	UK Woodland Assurance Standard

LIST OF INTERVIEWEES

- [1] Forestry consultant with 25 years' experience
- [2] Policy manager, Scottish Forestry
- [3] Agricultural policy manager, public Body
- [4] Agricultural policy officer, public Body
- [5] Agricultural officer, public Body
- [6] Economist, public Body
- [7] Senior integrated land management researcher
- [8] Land use policy researcher
- [9] Natural capital manger, public body
- [10] Peatland action project manager, public body

The Citizen Jury recommendations were emailed to the participants and followed up by a phone call or in person to discuss their thoughts. Conversations lasted between 30 minutes and 1 hour.

APPENDIX 1 – Overview of Scottish Land Use Policy and Legislation

1. Introduction

At present, Scotland does not have an overarching vision for net-zero land use, beyond what is set out in the Scottish Land Use Strategy. As discussed in the body of this report, the Scottish Land Use Strategy does not have a clear implementation plan, and is not being reported against, though this is set to change with new statutory reporting duties provided for by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. Delivering this will be challenging because of the trade-offs and challenges which sometimes exist between certain land use types (e.g. woodland versus farmland). This requires some coordination across the sectors, and sometimes the assertion of some objectives and principles as having precedence over others.

However, Scotland's climate change legislation, Climate Change Plan and Land Use Strategy stand out as higher tier policies setting the objectives that all land use sectors must jointly contribute to¹. These frameworks pursue large-scale, overarching goals, namely the reduction of net national GHG emissions and an overall balance in land use patterns. As noted in the main body of this document, a number of the provisions in the Climate Change (Emission Reduction Targets) (Scotland) Act 2019 relate to land use², and the Land Use Strategy (required under the Climate Change (Scotland) Act 2009) sets out an overall vision for land use.

Apart from climate change there are also a number of key policy themes that strongly relate to land use, which are supported in key pieces of national and rural policy and legislation. Among the wide range of policies, strategies and plans, some of the more influential ones for rural Scotland are briefly outlined below. However, whilst they should be mutually supportive they currently face rather fragmented policy leadership.

2. Policy areas

2.1. Rural Policy - Scottish Rural Development Programme (SRDP) (2014-2020) – The SRDP sits under Pillar 2 of the EU Common Agricultural Policy and focusses on funding economic, environmental and social measures for the benefit of rural Scotland in order to achieve sustainable economic growth in Scotland's rural areas⁴. It is currently unclear what the post-Brexit replacement for this scheme will be. The Agriculture (Retained EU Law and Data) (Scotland) Bill was introduced to Scotland in 2019 providing stability during a transition period for agriculture out of the current policy framework until 2024. It is not yet

¹ <https://www.gov.scot/publications/applying-ecosystems-approach-land-use-information-note/>

² <https://www.webarchive.org.uk/wayback/archive/20180515210558/http://www.gov.scot/Publications/2009/12/08130513/0> page 21

³ <http://www.legislation.gov.uk/asp/2019/15/contents/enacted> Sections 17,22 and 24

⁴ <https://www.gov.scot/policies/agriculture-payments/scottish-rural-development-programme-srdp/>

clear how future schemes and funding frameworks will be designed and on what basis they will be available.

2.2. Planning policy - National Planning Framework (NPF) - The NPF⁵ brings together all strands of Scottish Government policy, with a series of 16 key national outcomes and underpinning Indicators. It is currently under revision and due to be updated in 2020⁶ where it will place a stronger focus on spatial strategies. The Community Empowerment (Scotland) Act (2015)⁷ puts it on a statutory footing, increasing the duty of all public bodies to demonstrate delivery of the National Outcomes⁸.

2.3. Climate Change- Scotland's Climate Change Plan (2018-2032)⁹ sets out Scotland's ambitions to drive down emissions. Initially setting a commitment to 90% reduction in carbon emissions by 2050, a revised plan is due to be published in spring 2020 to reflect the updated net zero targets in the amended Climate Change Act (3.4.). Some of the ongoing actions include engaging with business and industry on decarbonisation; reducing greenhouse gas emissions through a 'Just Transition'¹⁰ to net zero economy and society; supporting communities to tackle climate change through the 'Climate Challenge Fund'¹¹; as well as instigating wider societal change by encouraging individuals to move toward low carbon living¹². The plan also has the potential to change land use through, for example, woodland expansion (which may be strengthened through the new Forest and Land Management Act (see Annex 3.5)), peatland restoration and changes in farming systems (e.g. Farming for a Better Climate Initiative).

2.4. Economic strategies¹³ - Within Scotland's Economic Strategy (2015) effort is currently focused on four priority areas: Investment, innovation, inclusive growth and internationalization. The overarching aim is to support a fundamental transition to a low carbon economy of all sectors and developing a long-term strategy for reducing the cost of climate change. The Natural Capital Asset Index¹⁴ (which monitors the quality and quantity of terrestrial habitats in Scotland, according to their potential to deliver ecosystem services now and into the future) is one of the economic indicators used by the National Planning Framework to demonstrate sustainable growth. It has been relatively stable since recording began in the year 2000. Similar to the Regional Land Use Partnerships, 'Regional

⁵ <https://www.gov.scot/publications/national-planning-framework-3/>

⁶ <https://blogs.gov.scot/planning-architecture/2019/10/08/national-planning-framework-4-the-essentials/>

⁷ <http://www.legislation.gov.uk/asp/2015/6/contents/enacted>

⁸ <https://nationalperformance.gov.scot/measuring-progress/performance-overview>

⁹ <https://www.gov.scot/publications/scottish-governments-climate-change-plan-third-report-proposals-policies-2018/>

¹⁰ <https://www.gov.scot/groups/just-transition-commission/>

¹¹ <https://www.gov.scot/policies/climate-change/climate-challenge-fund/>

¹² <https://www.gov.scot/news/the-big-climate-conversation/>

¹³ <https://www.gov.scot/publications/scotlands-economic-strategy/>

¹⁴ <https://nationalperformance.gov.scot/measuring-progress/national-indicator-performance>

Economic Partnerships¹⁵ including local governments, private sector, education and skills providers, and the thirds sector, are planned to develop clear economic visions for different regions.

2.5. Land Reform – The Scottish Government supports land reform in order to diversify the different types of land ownership in Scotland “so that our land may contribute to a fair and just society while balancing public and private interests”¹⁶. Public and private interests may range from environmental and climate change concerns, to the increase of renewable energy sources and forestry, sustainable development and community empowerment. The Land Reform (Scotland) Act¹⁷ was passed in 2003 introducing the statutory right of access, the community right to buy¹⁸ (CRtB), and the ‘crofting community right to buy’ eligible land and other assets. The CRtB was designed to help communities to acquire land when a landowner wishes to sell, through a ‘pre-emptive’ right to purchase the land or asset. The second Land Reform Act in 2016¹⁹ established a number of additional key measures, including a requirement for the development of a Land Rights and Responsibilities Statement²⁰; the establishment of the Scottish Land Commission²¹ (which successfully launched in 2017); and an absolute community right to buy where sustainable development is being inhibited.

2.6. Land Use Strategy²² – Scotland’s Land Use Strategy 2016-2021 sets a sustainable approach to land use based on the idea of land-based businesses working with nature to contribute more to Scotland’s prosperity based on a more multi-functional approach to land use. After two completed Regional Land Use Pilots,^{23 24} a statutory duty to establish and support the development of Regional Land Use Partnerships and frameworks was included in the Climate Change (Emissions Reductions Targets) (Scotland) Act 2019. In 2019, the Scottish Land Commission was asked by Scottish Government to advise on the establishment of Regional Land Use Partnerships and frameworks²⁵ to maximize the potential of Scotland’s land in taking action on climate change.

¹⁵ <https://www.inclusivegrowth.scot/our-work/regional-economic-partnerships/2019/04/regional-economic-partnerships/>

¹⁶ <https://www.gov.scot/policies/land-reform/>

¹⁷ <http://www.legislation.gov.uk/asp/2003/2/contents>

¹⁸ <https://www.gov.scot/policies/land-reform/community-right-to-buy/>

¹⁹ <http://www.legislation.gov.uk/asp/2016/18/contents/enacted>

²⁰ <https://www.gov.scot/publications/scottish-land-rights-responsibilities-statement/>

²¹ <https://landcommission.gov.scot/>

²² <https://www.gov.scot/publications/getting-best-land-land-use-strategy-scotland-2016-2021/>

²³ <https://www.gov.scot/publications/evaluation-regional-land-use-framework-pilots/>

²⁴ <https://www.gov.scot/publications/evaluation-regional-land-use-framework-pilots-research-findings/>

²⁵ <https://landcommission.gov.scot/news-events/news-blog/regional-land-use-partnerships>

2.7. Biodiversity Strategy – The Scottish Biodiversity Strategy takes account of the international Aichi targets (as part of the UN Convention on Biological Diversity (CBD)) and, taking an ecosystem approach, sets out the major steps Scotland needs to take in order to improve the state of Nature in Scotland. The Scottish Biodiversity Strategy is comprised of an original strategy – Scotland’s Biodiversity: It’s in your hands – and a supplementary document the 2020 Challenge for Scotland’s Biodiversity.²⁶ In addition, Scotland’s Biodiversity: A Route Map to 2020 was published in 2015 and outlined the ‘six big steps for nature’. The Scottish Biodiversity Programme has been created to oversee and coordinate all current and planned action on biodiversity, to secure a common understanding of priorities and an approach on how to deliver those. A *Programme Advisory Group* as well as a *Stakeholder Engagement Group* are currently formed which will help to achieve the Objectives. The 2020 Challenge for Scotland’s Biodiversity, and the Biodiversity Route Map to 2020 both expire in 2020, alongside the Aichi targets which are due to be updated at an international level at the next Conference of the Parties for the CBD.

2.8. Forestry Strategy²⁷ - Scotland’s Forestry Strategy 2019-2029 presents a long-term framework for the expansion and sustainable management “to increase the contribution of forests and woodlands to Scotland’s sustainable and inclusive growth”; improve the resilience of Scotland’s forests and to enable more people to improve their health and well-being.

2.9. Climate Change Adaptation Programme²⁸ - The Climate Change Adaptation Programme 2019-2024 sets out policies and proposals to prepare for the challenges of climate change. It is a requirement of the Climate Change (Scotland) Act 2009²⁹ and addresses the risks set out in the UK Climate Change Risk Assessment 2017³⁰. It takes an outcome-based approach which is derived, both from the UN Sustainable Development Goals³¹ and Scotland’s National Performance Framework³² promoting co-benefits, and integrating adaptation into wider Scottish Government policy development and service delivery.

2.10. Soils³³ - Whilst there is no overarching piece of legislation in place to protect soils, the ‘Scottish Soil Framework’, introduced in 2009, promotes the sustainable management

²⁶ <https://www.nature.scot/scotlands-biodiversity/scottish-biodiversity-strategy>

²⁷ <https://www.gov.scot/publications/scotlands-forestry-strategy-20192029/>

²⁸ <https://www.gov.scot/publications/climate-ready-scotland-second-scottish-climate-change-adaptation-programme-2019-2024/pages/6/>

²⁹ <http://www.legislation.gov.uk/asp/2009/12/contents>

³⁰ <https://www.theccc.org.uk/wp-content/uploads/2016/07/UK-CCRA-2017-Scotland-National-Summary.pdf>

³¹ <https://sustainabledevelopment.un.org/?menu=1300>

³² <https://nationalperformance.gov.scot/>

³³ <https://www.gov.scot/publications/scottish-soil-framework/>

and the protection of soils consistent with the economic, societal and environmental needs of Scotland through 13 outcomes³⁴. Its establishment was the first step in raising awareness of sustainable soil management thereby encouraging better policy integration and uptake by key partners/stakeholders. However, it is not clear what whether the framework is currently live and being updated.

2.11. Good Food Nation³⁵ – The National Food and Drink Policy ‘Becoming a Good Food Nation’ was published in 2014 setting out a new vision for Scotland’s Food and Drink industries. Its vision centred around helping to improve people’s access to, and understanding of, the benefits of healthy local foods; ensuring sustainability of Scotland’s food industry and looking to grow Scotland’s reputation as a Good Food Nation from which other countries can learn. The Scottish Government’s Programme for Government 2019-20 included a commitment to introduce a Good Food Nation Bill in 2020³⁶. However, as a result of the COVID-19 pandemic, plans for this legislation have been postponed for the remainder of the parliamentary session (which is due to end in 2021).

2.12. Land Rights and Responsibilities Statement³⁷ – Producing a statement of land rights and responsibilities (2017) is a statutory requirement in the Land Reform (Scotland) Act 2016 and forms an important element of the land reform progress. It seeks to inform policy and practice around land issues in Scotland and supports stakeholders with significant responsibilities and rights over land, such as local authorities and large private land owners. It is designed to ensure that more people (communities and individuals alike) can benefit from land related opportunities including economic growth, cultural and social development, and environmental improvements. It applies to all urban and rural land, buildings and other infrastructure in Scotland, and it is equally relevant to all the people and communities of Scotland, whether land owner, land manager, tenant or land user. The Scottish Land Commission is developing protocols on what is reasonably expected in implementing the land rights and responsibilities statement to support good practice³⁸, and are (in spring 2020) recruiting to fill a new Head of Land Rights and Responsibilities post, who “will lead and develop the Commission’s role in supporting effective implementation of the Scottish land rights and responsibilities principles”³⁹. The first protocol on Community Engagement in Decisions Related to Land was published in 2019⁴⁰. It is too early to say what influence the Land Rights and Responsibilities Statement will have on the ground and whether it is changing behaviour as it is a high-level guidance document and should be seen in the wider context of land reform. The effectiveness of

³⁴ <https://www.gov.scot/publications/scottish-soil-framework/pages/8/> chapters 2, 4

³⁵ <https://www.gov.scot/policies/food-and-drink/good-food-nation/>

³⁶ <https://www.gov.scot/publications/good-food-nation-proposals-legislation-consultation-analysis-report/>

³⁷ <https://www.gov.scot/publications/scottish-land-rights-responsibilities-statement/>

³⁸ <https://www.youtube.com/watch?v=wvvGwSIWiHc&feature=youtu.be>

³⁹ https://landcommission.gov.scot/downloads/5e70d3a8b265d_Head%20of%20Land%20Rights%20and%20Responsibility%20-%20Advert.pdf

⁴⁰ <https://landcommission.gov.scot/tag/community-engagement>

this first piece of guidance on community engagement will be assessed every three years. To prepare for this, the Scottish Land Commission has carried out two surveys, one for landowners and one for communities, to establish a baseline understanding of the level of awareness and participation in engagement activities.⁴¹

2.13. *Energy Strategy*⁴² – The Future of Energy in Scotland: Scottish Energy Strategy was first published in 2017 and provides a whole-system approach underlying the need to transform the way Scotland produces, generates and uses energy. It requires an annual energy update statement reporting on progress on plans for how to best deliver the strategy. The most recent statement was published in May 2019.

2.14. *Environmental Strategy* In June 2018 the Scottish Government launched an eight week national online discussion paper on ‘Developing an Environment Strategy for Scotland’ taking forward its commitment from the previous Programme for Government 2017/18 ‘A Nation with Ambition’⁴³. The three key aims were to develop a draft vision (i.e. describing the ambition that Scotland’s environment policies are working collectively to achieve); a set of draft supporting outcomes which must be delivered to achieve the vision; and a series of draft knowledge accounts summarising key evidence on a range of environmental themes which will help to identify priorities for action. It is currently under review. The finalised Environment Strategy for Scotland: vision and outcomes was published on 25 February 2020.

3. Legislation

Over the last few years the process of establishing new legislation has been very dynamic in Scotland. Below are the key pieces of legislation that are having, or could have, a significant impact on the future of Scottish land use.

3.1. *Agriculture (Retained EU Law and Data) (Scotland) Bill*⁴⁴ – This piece of legislation has been put in place to provide ‘stability and simplicity’ during an agricultural transition period to a new policy framework. The transition will last until 2024 (according to the Scottish Government’s current timeline)⁴⁵, at which time new legislation will be in force which sets out new support arrangements. Cabinet Secretary for the Rural Economy and Tourism, Fergus Ewing MSP has stated that he expects future policy to focus on

⁴¹https://landcommission.gov.scot/downloads/5e1daff636996_Community%20Engagement%20Baseline%20Surveys%20Report%202019.pdf

⁴²<https://www.gov.scot/publications/scottish-energy-strategy-future-energy-scotland-9781788515276/>

⁴³<https://www.gov.scot/publications/nation-ambition-governments-programme-scotland-2017-18/>

⁴⁴[https://www.parliament.scot/S5_Bills/Agriculture%20\(Retained%20EU%20Law%20and%20Data\)%20\(Scotland\)%20Bill/SPBill59S052019.pdf](https://www.parliament.scot/S5_Bills/Agriculture%20(Retained%20EU%20Law%20and%20Data)%20(Scotland)%20Bill/SPBill59S052019.pdf)

⁴⁵<https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/>

enhancing biodiversity, lowering greenhouse gas emissions, growing the rural economy, maintaining populations, and tackling poverty and inequalities.⁴⁶

3.2. *Crown Estate (2019) Act*⁴⁷ - The Smith Commission⁴⁸ recommended that assets of the Crown Estate in Scotland should be devolved. As a result, Crown Estate Scotland⁴⁹ was established, and is responsible for managing a range of rural, coastal and marine assets and leasing land to 2000 individuals and businesses. It influences rural land use by supporting aquaculture, farming, forestry, tourism and offshore renewables through research⁵⁰. As part of this, asset transfer schemes are currently being piloted in order to empower communities and give local people more say in decisions that impact the land, coastline and sea near where they live.

3.3. *Planning (Scotland) Act 2019*⁵¹ – This sets out aspirations for a shift from reacting to development proposals to proactively supporting investment and place-making. It is also set to strengthen participation rights; has a focus on delivering the development that communities need; empowering communities to become more involved and have influence over future development; and reducing the complexity of the planning system; as well as requiring the development of Regional Spatial Strategies⁵².

3.4. *Climate Change (Emissions Reduction Targets) (Scotland) Act 2019*⁵³ – This legislation amends the Climate Change (Scotland) Act 2009⁵⁴, and sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 as well as interim targets of a 56% reduction by 2020, 75% by 2030 and 90% by 2040. The act provides for a Climate Change Plan (see Annex 2.2) which sets out how these target could be achieved. It therefore provides the basis for many of the policies in section two.

3.5. *Forestry and Land Management (Scotland) Act 2018*⁵⁵ – The act was passed in Scottish Parliament in March 2018. It could potentially have significant impact on land use as it widens the provisions for management of forestry land as well as setting out provisions for compulsory purchase and the delegation of management functions to

⁴⁶ https://www.parliament.scot/S5_Rural/RECC_20191202_Cab_Sec_RE_-_follow_up_from_6_Nov_-_agri_and_fisheries_update.pdf

⁴⁷ <http://www.legislation.gov.uk/asp/2019/1/contents/enacted>

⁴⁸ http://www.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_15-03_The_Smith_Commission_Report-Overview.pdf page 4

⁴⁹ <https://www.crownstatescotland.com/>

⁵⁰ <https://www.crownstatescotland.com/maps-and-publications>

⁵¹ <http://www.legislation.gov.uk/asp/2019/13/contents/enacted>

⁵² <https://www.gov.scot/policies/planning-architecture/reforming-planning-system/>

⁵³ <http://www.legislation.gov.uk/asp/2019/15/enacted>

⁵⁴ <http://www.legislation.gov.uk/asp/2009/12/contents>

⁵⁵ <http://www.legislation.gov.uk/asp/2018/8/contents/enacted>

community bodies (and therefore also supporting the asset-based community development approach).

3.6. *Islands (Scotland) Act 2018*⁵⁶- This legislation aims to meet the needs of the island communities now and in the future through encouraging place-based approaches⁵⁷. It seeks to ensure that island communities are not disadvantaged due to their location and therefore any new or revised legislation, policies or strategies must be assessed with that in mind, and readjusted if needs be.

3.7. *Land Reform (Scotland) Act 2016*⁵⁸- The Scottish Land Commission, which was established through the Act, sets out four key priority areas covering rural and urban land: Land for housing and development (i.e. making more land available for developing in the public interest); Land ownership (i.e. impacts of scale and concentration of land ownership and the effectiveness of the community right to buy mechanisms); Land Use Decision Making (i.e. how to improve the quality and accountability of decision making); and Agricultural Holdings (i.e. more opportunities for new farm entrants and better relationships between land owners and tenant farmers)⁵⁹.

3.8. *Community Empowerment (Scotland) Act 2015*⁶⁰- This has already led to a series of shifts directly relating to rural Scotland such as: the rise in 'status' of community land ownership; the change in arrangements for Community Planning Partnerships from Councils being lead partners to third sector lead partners; and a statutory requirement for an update of the National Performance Framework Outcomes⁶¹. Asset-based approaches are encouraged as an integral part of community development, in the sense that they are concerned with facilitating people and communities coming together to achieve positive change using their own knowledge, skills, and lived experience of the issues they encounter in their own lives⁶².

⁵⁶ <http://www.legislation.gov.uk/asp/2018/12/enacted>

⁵⁷ <https://www.gov.scot/publications/national-islands-plan-islands-communities-impact-assessment-guidance-consultation/pages/4/>

⁵⁸ <http://www.legislation.gov.uk/asp/2016/18/contents/enacted>

⁵⁹ https://landcommission.gov.scot/downloads/5dde93e166299_Scottish-Land-Commission-Strategic-Plan-2018-21-ENGLISH.pdf

⁶⁰ <http://www.legislation.gov.uk/asp/2015/6/contents/enacted>

⁶¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2016/07/impact-diversity-ownership-scale-social-economic-environmental-outcomes/documents/00502355-pdf/00502355-pdf/govscot%3Adocument/00502355.pdf>

⁶² <https://www.gov.scot/publications/community-empowerment-scotland-act-summary/>

APPENDIX 2 – POLICY TIMELINE

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Low Carbon Scotland RPP2 2013-2027 Low Carbon Scotland RPP1 2010-2022				Climate Change Plan: third report on proposals and policies 2018-2032 (RPP3): <i>Due to be updated April 2020 to reflect new net zero 2045 targets</i>					Climate Change Plan 2023-2028									
Scottish Climate Change Adaptation Programme (SCCAP)					Climate Ready Scotland: Climate Change Adaptation Programme 2019-2024													
					CC (Emission Reduction Targets) Act													
Land Use Strategy 1 (2011-2015)		Land Use Strategy 2 (2016-2021)				Consultation on LUS 3												
						Regional Land Use Partnerships												
Scottish Rural Policy (SRDP until 2021)							Agricultural Transformation Programme (Stability versus Change)					Post 2024 Arrangments (Outcome based? Public money for Public Goods? EU CAP? Devolved?)						
Recipe for Success: Scotland's national food and drink policy, becoming a Good Food Nation																		
					Agriculture (Retained EU Law and Data)(Scotland) Bill		Good Food Nation Bill		Agricultural 'Rural Policy Bill'									
							Farming and Food Production Future Policy Group											
Scotland's Biodiversity: it's in your hands (2004-2030)																		
Scottish Biodiversity Strategy (2014-2020): 2020 Challenge for Scotland's Biodiversity																		
Scottish Forestry Strategy 2006: Implementation Plan, Progress Report and Progress Indicators					Scotland's Forestry Strategy 2019-2029 / 10 year action framework													
				Forestry and Land Management Act														
Land Reform Act		Community Empowerment Act		Rights and Responsibilities Statement		Crown Estate Act												
The Future of Energy in Scotland: Scottish Strategy - Scotland's Route to 2050																		
		Scotland's Economic Strategy					Scotland's Green Investment Portfolio		Scottish National Investment Bank									
National Planning Farmework 3							National Planning Framework 4: 2021-2050					National Planning Framework 5						
							Scottish Planning Policy 1 (Implementation of NPF)					Scottish Planning Policy 2						
				Islands Act		Planning Scotland Act												

Mapping the Legislation and Policies Relevant to the Landscape Sector in Scotland

