

Consultation Title	Scottish Affairs Committee: Future of Scottish Agriculture post-Brexit
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Scottish Land & Estates (SLE) is the voice of rural businesses throughout Scotland. We are a membership-based organisation representing a wide range of rural businesses, including farmers, foresters, tourism operators, housing providers, leisure companies, and renewable energy providers.

Our members' activities are vital to the success and survival of communities throughout rural Scotland. Playing a critical role in ensuring sustainable, healthy and empowered rural communities, providing housing, employment and a wide range of economic, environmental and social benefits.

Overview

Our vision for the future of Scottish agriculture is that it be part of an integrated land use approach to deliver profitable land-based businesses contributing to resilient rural economies whilst protecting and enhancing the environment.

Supporting land management

There will be an ongoing need to support farming and wider rural land use but continuing with the current approach of direct farm support is not sustainable. Greater emphasis on supporting the farming industry to enhance its profitability is needed. In the long term there should be a focus on farming and land management delivering public goods. We are supportive of an approach that provides a transition to a new regime and given the need to enhance profitability and resource use efficiency, government support to farming and land management should be more focused on helping the industry change.

Integrated land use policy

We would welcome an integrated approach to land use that aims to get the most out of the land to the benefit of all. For too long a sectoral approach has been taken resulting in farming, forestry, conservation and moorland management operating separately. Application of the Land Use Strategy should help break down the silos rather than reinforce them.

Enhancing profitability

This has to be a priority. Many businesses have low profitability, with a significant proportion being unprofitable, and with too great a dependency on public financial support. Scottish land-based businesses need to adapt, innovate, co-operate, diversify and adopt best practice to increase their resilience, and be supported by government in that process of change. The existing support policies have allowed some businesses to stagnate.

A flexible and dynamic land-based sector

Altering the basis of rural support will mean the industries which rely on existing policies will have to accept that some things must change, but it will also mean attracting and nurturing new talent and embracing the full range of routes into the land-based industries.

The priorities for any future agricultural support must focus on;

- Increasing resilience
- Long term approach to land management
- Embracing innovation
- Achieving climate change and emission targets
- Sustainable land management
- Delivering public goods

Leaving the Common Agriculture Policy enables a radical rethink on how Scotland supports agriculture and achieves environmental targets. The Stability and Simplicity Consultation detailed Scottish Government's plans for the post-Brexit transition until 2024. Whilst this has provided a degree of clarity the industry is missing guidance on the future beyond that.

The table below compares the plans for Scotland and England post-Brexit transitions.

Scotland		Year	England	
CAP Legacy	Future Arrangement		CAP Legacy	Future Arrangement
Direct Payments and SRDP continues	Simplification Task Force and Development Activities for post 2024.	2019	Direct Payments, Countryside Stewardship (CS) and Higher-Level Stewardship (HLS) continues	Tests and Trials for new Environmental Land Management (ELM)
Direct Payments continue, SRDP ends, LFASS Paid at 80%	Simplification Task Force and Development Activities for post 2024 continues	2020		Higher Animal Welfare standard defined (2020)
Direct Payments continue. LFASS paid at 40% unless changes are made	Simplification Task Force ends. Development Activities for post 2024 continue. Single Application Form is simplified	2021	Progressive reductions to Direct Payments and CS . HLS agreements may be extended	Pilots, tests and trials for ELM . Welfare pilots begin, animal health interventions agreed and offered. Targeted investment in R&D
		2022		
		2023		
		2024		
No CAP legacy	Rural Funding integrated into wider Economic Strategy	2025	Progressive reductions to Direct Payments	ELM rolled out. Animal health and welfare measures rolled out. Investment in R&D
		2026		
		2027	End of 7-year transition period (last year of Direct Payments)	
		2028	No Direct Payments	

England and Wales will have a longer transition than Scotland, and England has slightly more detailed plans for its transition than the rest of the UK. We are concerned that Scotland has a significantly shorter transition period than the rest of the UK. It is important that sufficient time is provided during the transition for the piloting, testing and restructuring of support mechanisms. The Simplification Task Force in Scotland will play a key role in maintaining the status quo and identifying successes of current policy for the development of post-2024 policy.

For the industry to prepare for change it needs to know the direction of travel from Government. Wales is looking to a more radical approach to supporting the sector – moving from direct support at holding level to more sectoral/collaborative economic resilience schemes. We believe that this is something that the Scottish Government should explore during the transition phase. We need to move the debate away from individual winners and losers at a holding level to an approach which delivers the desired outcomes most effectively.

During the transition phase, help is required for those wishing to exit the sector as well as continuing to increase opportunities not only for new entrants but also for current businesses to thrive. It must be recognised that not every rural business will survive post-Brexit. For those wishing to leave the industry, pass their holding onto a new entrant or young farmer or diversify their business to respond to change, additional support will be needed. Equally the creation of co-operatives, share farm or partnership agreements and other alternatives to letting land should be supported. These types of business arrangement should be included in new support scheme eligibility criteria.

The fragility of Scottish agriculture is not solely down to Brexit, and this must be recognised. There are issues which needed to be addressed regardless, including;

- supply chain issues
- demographics of those in the sector
- infrastructure
- challenges in delivering a thriving tenanted sector
- lack of viability of some farming models or enterprises

Change is inevitable and the impact of this on the sector or parts of the sector has to be fully recognised, understood and managed. Support can be delivered through numerous channels and it is important there is diversity in mechanisms to improve uptake.

Are the needs of the agricultural sector in Scotland different from the rest of the UK?

The Scottish agricultural sector has similarities and differences with every country in the United Kingdom. However, even if the detail of delivering policies is different, it will be important that there is a common policy framework across the UK. One which ensures there are no barriers to trade or difference in welfare standards. The table below summarises the differences in agricultural land use across the UK. Figures have been taken from the annual Economic Report on Scottish Agriculture dataset and therefore excludes commercial forestry.

Table 1: Comparison of agricultural land use in the UK (ERSA, 2018)

	Scotland	England	Wales	Northern Ireland	United Kingdom
Number of Holdings	51,138	106,853	35,233	24,956	218,180
Crops and Fallow (Hectares)	591,540	4,254,217	91,819	48,538	4,986,115
Grass (Hectares)	1,318,807	3,918,740	1,237,310	804,952	7,279,809
Rough Grazing incl. Common (Hectares)	3,718,795	877,720	428,983	174,689	5,200,187
Woodland and Other Land (Hectares)	709,199	524,527	108,899	25,846	1,368,470
Total Agricultural Area (Hectares)	6,338,340	9,575,204	1,867,011	1,054,025	18,834,580
% land LFA	84%	18%	80%	70%	49%
Total Land Area (Hectares)	7,791,073	13,031,001	2,073,605	1,358,820	24,254,500
% land agricultural	81%	73%	90%	78%	78%

Table 2 Agricultural Land Use in UK as a % of total land area (ERSA, 2018)

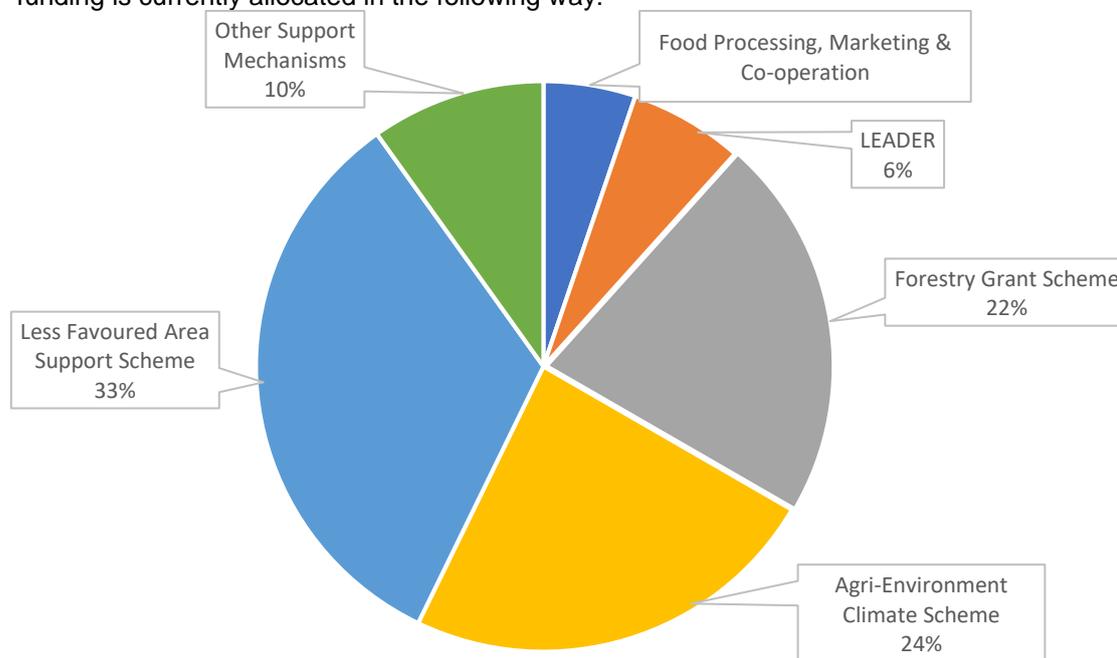
	Scotland	England	Wales	Northern Ireland	United Kingdom
Total land area (hectares)	7,791,073	13,031,001	2,073,605	1,358,820	24,254,500
Crops and Fallow (% of total area)	8%	33%	4%	4%	21%
Grass (% of total area)	17%	30%	60%	59%	30%
Rough Grazing incl. Common (% of total area)	48%	7%	21%	13%	21%
Woodland and Other Land (% of total area)	9%	4%	5%	2%	6%

84% of Scottish agricultural land is classified as Less Favoured Area (LFA). The high percentage of LFA land in Scotland, Wales and Northern Ireland clearly show they are different to England. In the same regard Scotland has the highest amount of rough grazing in the UK. LFA and rough grazing require a different type of support compared to low land agriculture typically found in England. We believe the differences in land characteristics in Scotland justifies divergence in support mechanisms and policy.

What funding will Scotland's agricultural sector require post-Brexit?

Between 2014-2020 the SRDP indicative budget is €1,531.6 million, with funding from the EU of €844.7 million and €686.9 million from the Scottish Government. EU contribution includes funding from the European Agricultural Fund for Rural Development (EAFRD) of €477.8 million and a transfer from Pillar 1 CAP of €366.9 million. The Scottish Government has confirmed it will be passing on the current UK Government guarantee to maintain funding until 2022 or the end of the current government. This goes some way to deliver stability and certainty for stakeholders. Between 2014-2020 Scottish farmers will also receive €3,191 million in direct payments including the Basic Payment Scheme (€2,870 million), Suckler Beef Support and Upland Sheep Support.

SRDP funding is currently allocated in the following way:



We welcome the current Lord Bew review on delivering fair funding for farmers in all parts of the UK. Any future funding must consider each country's individual circumstances, including environmental, agricultural and socio-economic factors. Farm numbers and farm sizes will also play a key role in determining the most appropriate support mechanism.

It is difficult to quantify the precise budgetary requirements for future support when there is very little information on the Scottish Government's post Stability and Simplicity transition plans. Importantly Scottish Government needs to know what it wants to achieve from agricultural support before calling for money from treasury. Whatever money is available the target and delivery of it needs to be different.

It's inevitable that Basic Payment for occupying farmland will be progressively reduced to meet new and competing needs. Funding should be targeted at delivering outcomes, and on increasing sectoral productivity and innovation to ensure the future success of Scottish agriculture. We would like funding allocated in a way which supports activities such as research, knowledge transfer, advice and training, enabling more resilient and profitable businesses that are not dependent on Pillar 1 type payments.

What should future agricultural support in Scotland look like, and what goals should it seek to achieve?

A large amount of work has been done to appraise previous schemes both in Scotland and the rest of UK and Europe. It is important that the lessons learnt in these are considered when future schemes are designed.

SLE is supportive of the general direction of travel focusing support for farming on the delivery of public goods, but we have concerns about an approach that seeks to phase direct support out altogether. There will be an ongoing need for some form of direct support in particular areas. This relates to the nature of farming in areas of Scotland and its difference to England. Farmers in fragile areas continue to experience real difficulties even with the current level of LFA support. Any future support has to consider what we want achieved from the LFAs and the best way of funding them.

In addition to providing a living and producing food it provides habitats for wildlife, water and landscape management. It also has an important social and community impact in terms of keeping people in remote rural areas. If support were removed and land abandoned, we would be likely to witness negative social and environmental trends. It will, therefore, be important to consider continuing to support farming and wider land management at higher than safety net levels in order to ensure the continuation of the land management and the associated contribution to the local environment, economy and community. That support however must be for sustainable farming practice, diversification, climate change mitigation, restoring peatland, planting trees or other public goods.

Support in all parts of Scotland should focus on encouraging the most appropriate land use and best practice. There are some areas where farming will always struggle to be profitable, but where that farming activity performs several important functions, such as climate change mitigation, carbon capture and enhanced biodiversity, then support is justified.

We are supportive of an approach that provides a transition to a new regime and given the need to enhance profitability and resource use efficiency, government support to farming and land management should be more focused on helping the industry change. A proportion of funding should be available to support the adoption of innovative approaches, marketing, diversification, advice, knowledge exchange and facilitation and to help facilitate exit from the industry for those that want to leave.

Scotland should not only be thinking about how specific actions can be funded but also how they can best be targeted and achieved. A robust evidence base is required to ensure that outcomes sought can be achieved through the changes being implemented. A gap in terms of research expertise is identified when it comes to ecosystem health and services. If public goods are going to be a key target then this gap must be addressed. Appropriate levels of funding are essential to encourage uptake of schemes, but ahead of this we need to be clear on the focus and purpose of payment and how we intend to achieve the desired outcome. Greater emphasis therefore needs to be put on how to value and pay for public goods. Up to now such payments have been made on the basis of costs incurred and income foregone, which has not in itself always been enough to ensure high levels of uptake. The key will be finding mechanisms that allow land managers to make a return for producing the wider set of outcomes society wants to see.

SLE is supportive of a move towards outcome-based approaches because the current systems that simply prescribe dates for activity can be inflexible. Farmers and land managers should be empowered to make decisions to best deliver the outcome expected, with support and advice from relevant experts. We acknowledge, however, that there are challenges in managing public expenditure on the basis of outcomes rather than activity but believe that these challenges should not prevent such an approach being pursued.

We also believe that the Scottish Government should:

- Take a more risk-based approach to inspections.
- Increase co-ordination of inspections for different purposes.
- Move from a 'them and us' to a partnership approach – taking on a role of enablers rather than auditors

- Recognise the need to ensure continuation of high standards of produce quality and livestock welfare, and delivery of environmental protection and enhancement.

Advice services to deliver the required to sectoral change must be multi-faceted and diverse.

We support a range of approaches including:

- the Farm Advisory Service as a basic point of reference on the new schemes
- the use of Monitor Farms
- access to research which can be easily applied by farmers and land managers
- access to private sector advice for issues from overall business planning to specific technical areas

All closely linked to the knowledge transfer/exchange mechanisms which should be within the same framework.

If we are to drive change then we need a system of farm advice based on general agricultural advisers with good all-round knowledge, backed up by teams of specialists. In practice, some general advisers may lack the technical expertise to help deliver the step change in productivity, sustainability and innovation. Likewise, only advising through technical experts will miss opportunities for wider opportunities and delivery of more diverse public goods.

Any new strategy which results in new schemes and change will require knowledge transfer/exchange and support, but we will also need technical support and innovation. We have to ensure that our research and advice providers are well placed to deliver this.

Access to knowledge as well as advice is critical to effect mindset and cultural change within the industry which will achieve resilient and profitable businesses.

How should a future agricultural policy seek to accommodate different sectors of the farming community, especially those in remote and less favoured areas, and crofters?

Farming in remote and upland locations plays a multifunctional role. It contributes to the agricultural output and the integrated system of agriculture, but also it is responsible for environmental public goods and plays a key role in sustaining rural communities. Although it can be financially marginal, we believe that continuing public support will be required. We support the development of crofting and recognise the benefits that thriving crofting communities can bring. While crofting specific schemes may be seen as unfair to equivalent small farmers in these challenging areas, we do believe that crofters should be able to access the same benefits for delivering agricultural outputs, high standards of land management and delivery of public goods.

Rural communities have received funding through LEADER and through EU regional funds. Separate funding streams for communities and rural development will still be needed.

Funding eligibility varies by scheme, limiting which groups can apply for funding slows the realisation of targets. Support is often for small, single party projects as large projects are overburdened with bureaucracy which reduces uptake. Schemes also often lack awareness of regional differences. Current funding models exclude several potential 'providers' like communities, crofters and tenants.

What should be included in common frameworks between the UK and devolved administrations in relation to agriculture?

SLE welcomes the agreement between the UK government and devolved administrations on the principles that will underpin the creation of common frameworks. We take the view that common frameworks are required to prevent internal market distortion in the UK, allow international trades deals and provide the basis for budget allocation for farming and rural land management. We believe that common frameworks will be needed across a broad range of policy activity including:

- Organic farming
- Animal health – movement of animals and control of disease

- Plant protection products – maximum residues, marketing, use and licensing
- Minimum standards on specific commodities
- Food labelling - consumer food labels
- Import and movement of plants, pest outbreaks, plant variety rights
- Biotechnology deployment
- Air quality emissions

We do, however, need our governments to move quickly to decide on a way forward and urge governments to work collaboratively to develop shared understanding of how policy affecting farming is devised and delivered.

We need to know how these frameworks will work, what will be covered and how budgets will be allocated. We acknowledge that much of this is contingent on the ongoing discussions about the Withdrawal Bill, but we remain concerned about the time being lost as our governments argue about powers and the lack of detail that has followed the publication of the principles last year.

What balance should it strike between having a common UK-wide approach and providing flexibility to Scotland's needs?

Flexibility can exist within common frameworks; the Common Agricultural Policy is a prime example of this. A common document that has been interpreted and delivered in ways to suit the circumstances of each member state.

Whilst agriculture and rural development are devolved, at present Scotland does not have absolute control because the framework within which Scottish decisions are made is set by the Common Agricultural Policy at the EU level. Scotland is able to tailor implementation of the policy, not decide on its own policy. We accept this situation because the CAP provides the policy consistency across the EU that allows trade, from which we benefit.

An over-arching policy framework provides a degree of consistency, for example on the level to which farmers are subsidised, so that there is a level playing field that enables open markets. We agree to cede some sovereignty in decision-making because we gain something in return: we gain the ability to trade without infringement or additional cost.

With a UK wide policy framework, we are suggesting that once we leave the EU there will be a similar need for policy coherence at the UK level so that we maintain a functioning UK agricultural system that allows trade within the UK. Of course, there is already variation in how support to farming is delivered across the UK (with coupled support used to varying degrees), but that variation occurs within the envelope of policy coherence provided by the EU. Any UK policy or framework has to be created with equal collaboration across all of the devolved administrations.

Our concern is with doing what is best for Scottish farming and rural development and in our view maintaining a functioning UK-wide agricultural system is important. SLE remains open to supporting whichever route best achieves that goal.

What should be done to meet the long-term labour needs of Scotland's agricultural sector?

The long-term labour requirements of Scottish agriculture include seasonal workers as well as utilising and developing the skills of existing land managers and farmers and attracting new people into the rural sector. Each will require a different approach.

Seasonal Workers

The Migration Advisory Committee EEA migration report (September 2018) took the position that with the possible exception of seasonal agricultural workers they did not support an explicit work migration route for low skilled workers. If a seasonal agriculture worker scheme was introduced, they recommended that employers should pay a higher minimum wage in return for privileged access.

The seasonal nature and physical demands of agricultural work has resulted in some sectors of the Scottish industry, such as horticulture and dairy, becoming increasingly reliant on a supply of labour

from outside the UK. Retaining access to this seasonal labour is critical to maintaining competitiveness in an increasingly global industry, and many farmers and labour providers have voiced concerns about potential future labour challenges.

Recent research in Scotland highlighted [the importance of migrant workers](#) (both seasonal and permanent) to all aspects of the agricultural supply chain, with a key link evident between seasonal workers on farms (providing raw product) and seasonal/permanent migrant workers in packhouses (preparing products for the market).

Reintroducing a Seasonal Agricultural Workers Scheme is vital for continued productivity and needs to be in place before any restrictions apply to the freedom of movement. However, such a scheme will only address part of the issue – non-UK nationals are also employed in the agri-food supply chain and other areas of land management such as forestry.

Scottish agriculture and agricultural research need to continue to attract the best skills, knowledge and experience from across the world – the immigration system which is put in place post Brexit should not detrimentally impact on this.

Young Farmers/New Entrants

There have been several initiatives to attempt to create pathways into the industry, for example, through the Forestry Commission starter farms or through the promotion of innovative routes such as share farming or joint ventures, but the best way to attract new talent is not to seek to defend the status quo and then create artificial routes into an industry that does not promise great returns. Allowing change so that the land-based industries become more profitable and therefore become more attractive is the preferred approach. If our land-based industries were more dynamic and operated in a way which encouraged business change then we would not have a new entrant problem.

What role can innovation & technology have in improving productivity in Scottish agriculture?

The UK has a world leading research sector that should play a pivotal role in ensuring the long-term sustainability of the industry.

In the context of leaving the EU and seeking to compete on a world stage, research priorities should be guided by the big challenges of profitable and competitive farming. That means harnessing the power of genetics, using chemicals more sustainably and developing technology and data solutions to drive smart and precision agriculture.

There are many tools that could be used more in the agriculture sector and supply chain;

- Blockchain
- Artificial Intelligence
- Internet of Things
- Satellites/Radars
- Drones
- Genetics

Technology benefits for livestock farming include improved traceability from farm to fork, improved health welfare, resource use efficiency and productivity. For arable and horticulture systems benefits would include increased input efficacy, better resource management, increased quality and supply management. Technology also has the ability to improve worker quality of life and allow operators to work smarter rather than harder. Increased instrumentation and data collection on farms also have the potential to contribute to improving the industry's health and safety record.

The use of these tools alongside greater data analytics could help to achieve improved efficiency and productivity. Large amounts of data are collected and the value in this data can only be realised once it has been analysed. Rewarding farmers for providing data possibly through private sector incentive is one option. Companies like Map of Agriculture are excellent examples of this.

Technology moves in leaps and bounds however the uptake is not rapid. Support mechanisms should be introduced to encourage the uptake of appropriate technology and the knowledge required to make the most of it. Academics often assume that technology has been taken up and ignores the growing gap between research and reality.

To fully utilise the potential of technology and innovation in Scottish agriculture fast and reliable broadband connections and mobile connectivity will be crucial.

Innovation won't always come in the form of automation but could include close to real time diagnostics to improve decision making and strengthen business resilience. Additionally, it is important to recognise the diversity of UK farming and that not all areas can sustain a high tech, efficient and resilient industry. Some areas have very few options because of the nature of the land with the main opportunities lying in the delivery of public goods.

Another important aspect of ensuring farmers and land managers deliver public benefits is ensuring that they have the training, knowledge and support to carry out the activity that is being asked of them. Land managers do already deliver lots of these outcomes, but they are unable to robustly evidence or value their contribution. Therefore, there is a need for robust metrics that allow land managers to understand and show how their management is delivering in the public interest.

The important role of advisory services and knowledge transfer approaches should not be underestimated, and adequate funding must be provided for this area of R & D.