

**25 MARCH 2024**

## **AGRICULTURE AND RURAL COMMUNITIES SCOTLAND BILL STAGE 1 DEBATE**

- NFU Scotland welcomes the Agriculture and Rural Communities (Scotland) Bill.
- The Bill has flexibility and scope to deliver for agricultural production, rural communities, climate, the environment and nature restoration.
- Much of what NFU Scotland sought to be included is in the Bill. NFU Scotland welcomes the commitment to co-develop the powers with the industry and with those who will be affected by them. This is important not just for farm businesses, but the wider rural community that often relies on the sector.
- We welcome the Stage 1 Report from the Rural Affairs and Islands (RAI) Committee that agrees the general principles of the Bill.

### **Why do we need this Bill**

- A sustainable and profitable agricultural industry is key to Scotland's ambitions and having the powers in place to deliver the right support is crucial.
- The new payments framework will incentivise low carbon approaches and improve the resilience, efficiency and profitability of the agriculture sector.
- Farmers and crofters support thousands of jobs and supply chain businesses across rural communities.
- High-quality agricultural production is vital to the wider food and drink industry – a sector that's worth over £16 billion to the Scottish economy and employs over 130,000 people.

### **Framework Bill**

- This Bill contains the flexibility to support activities by land type, geographic region, enterprise. This is important given the differences that make up Scottish agriculture.
- We need a framework bill that is flexible and adaptable and NFU Scotland is clear that the Bill is not the place for specific statutory targets or prescriptive outcomes.
- We note the RAI Committee's comments in relation to the absence of any definitions of the objectives and agree with them that these are not needed in the Bill.

## **NFU Scotland's Asks**

### **Funding**

- NFU Scotland is calling for the five-year Rural Support Plan to be underpinned by a multiannual ringfenced funding commitment.
- We therefore welcome the RAI Committee's call for a multi-year, ring-fenced budget for support schemes and for the UK Government to provide clarity regarding future funding to make this possible.
- We also welcome the Committee's call for the Barnett formula not to be applied to future agricultural and rural support funding provided by the UK Government but, instead, a formula to be used which reflects Scotland's agricultural landscape.
- There are no certainties regarding what agricultural funding will be available from Westminster beyond the end of the current parliament. NFU Scotland is also calling for at least another £1 billion to be added to the UK budget for agriculture, which would equate to at least an extra £170 million under current allocation.

### **Rural Support plan**

- The RAI Committee called for the Rural Support Plan to set outcomes, targets or milestones, information about budget priorities for each tier, delivery mechanisms and about how support schemes would be monitored and evaluated over the plan period.
- NFU Scotland underlines the need for effective consultation with those affected by the Rural Support Plan during the preparation, or any subsequent reviews, of plans.

### **Capping**

- NFUS believes that capping is a very blunt measure. Unintended consequences could negatively impact business growth, productivity and viability.
- Frontloading (where there are larger payments per hectare for the first hectares claimed, and smaller payments for hectares claimed above this threshold) is supported by NFU Scotland.
- We believe that the primary legislation should be amended at Stage 2 to require an affirmative procedure for this power.

### **Code of Practice on Sustainable and Regenerative Agriculture**

- The Code of Practice must be based on a set of principles that encourage and inspire farmers and crofters to adapt. It must not be restrictive.
- NFUS believes that the Code should have a level of flexibility in the definition so that it remains adaptable and changeable over time.

- We agree with the RAI Committee’s recommendation that the Code should be co-designed with stakeholders and that clarification is required as to the intentions on giving legal effect to the Code under Section 7.

### **Continuing Professional Development**

- NFU Scotland believes that possible future Continuing Professional Development (CPD) requirements must be flexible and inclusive.
- We welcome the Cabinet Secretary’s support for peer-to peer learning and for her commitment “to facilitate and encourage that as much as possible”. Peer-to-peer learning is a valuable method of knowledge exchange and should be encouraged.
- We support the RAI Committee’s view that CPD should not be compulsory or tied to support (other than where training to a certain standard or a qualification is required for health and safety reasons, or in order to undertake specific activities).

### **Funding allocation**

- NFU Scotland called for 80%, the majority of funding, to go into future direct support. This is essential to avoid a cliff edge for farm businesses.
- It has been confirmed that Tiers 1 and 2 will constitute at least 70% of the overall funding envelope from 2027, and additional funding for the replacement for the Less Favoured Areas Support Scheme will be on top of this. We welcomed this commitment.
- We do not believe that the allocation of funding should be on the face of the Bill.
- We want to work with the Scottish Government to ensure, in the future, Tier 3 and Tier 4 funding can be easily drawn down so that it acts as the economic driver that it is intended to be.

### **Timing**

- While this Bill is not the place for details, NFU Scotland urges that the crucial information needed to plan and implement change is provided as soon as possible.
- The RAI Committee’s Report underlined concerns around the impact of the delays on farmers, crofters and land managers.

### **For more information please contact:**

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