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Rural AffairsCommittee

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Wednesday 9 September 2026

Session 7

The Scottish Parliament
Pàrlamaid na h-Alba

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RURAL AFFAIRS COMMITTEE
3rd Meeting 2026, Session 7

CONVENER

*Mark Ruskell (Mid Scotland and Fife) (Green)

DEPUTY CONVENER

Andrew Baxter (Skye, Lochaber and Badenoch) (LD)

COMMITTEE MEMBERS

*Dawn Black (Angus North and Mearns) (SNP)
*Finlay Carson (Galloway and West Dumfries) (Con)
*Jamie Langan (South Scotland) (Reform)
*Laura Mitchell (Moray) (SNP)
*Emma Roddick (Inverness and Nairn) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Tim Bailey (Scottish Agricultural Organisation Society)
Ed Barker (Agricultural Industries Confederation Scotland)
Kevin Cumming (Scottish Rewilding Alliance)
Eleanor Kay (Scottish Land and Estates)
Nim Kibbler (Nature Friendly Farming Network)
Vicki Swales (RSPB Scotland)

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Affairs Committee

Wednesday 9 September 2026

[The Convener opened the meeting at 09:15]

Decision on Taking Business in Private

The Convener (Mark Ruskell): Good morning, and welcome to the third meeting of the Rural Affairs Committee in session 7. Before we begin, please ensure that all electronic devices are switched to silent.

Our first item of business is a decision on taking items 4 and 5 in private. Item 4 is consideration of the evidence that we will hear from our witnesses this morning on the rural support plan. Item 5 is consideration of the committee's work programme.

Do we agree to take items 4 and 5 in private?

Members *indicated agreement.*

Subordinate Legislation

Wildlife Management and Muirburn (Scotland) Act 2024 (Consequential Amendments) Regulations 2026 (SSI 2026/240)

09:16

The Convener: Item 2 is consideration of a negative Scottish statutory instrument. The regulations are laid under the negative procedure, which means that they will come into force unless the Parliament agrees a motion to annul the instrument. No motion has been lodged.

The Delegated Powers and Law Reform Committee has made no comment on the instrument. Do members of this committee have any comments?

Finlay Carson (Galloway and West Dumfries) (Con): As most members will be aware, the Government has announced that a review is to be commissioned into considering land management practices that might be used to prevent or hinder the spread of wildfires. Although I appreciate that the SSI that is before us probably does not provide the right mechanism for imposing a pause or halt to the introduction of the licensing scheme—which has, indeed, been paused already—I think that we need to send a message to the Government that there is still concern among land managers that the current licensing scheme is not fit for purpose. At a time when crofters and farmers are expected to play a bigger role in preventing wildfires, it would be appropriate for the Government to consider pausing the licensing scheme. I appreciate that the regulations do not provide the mechanism to do that, but this is an opportunity to call on the Government to rethink it.

The Convener: I thank Finlay Carson for his thoughts on the matter—he has now had the opportunity to put them in the *Official Report*. I note that this SSI is very narrow and is effectively to update leaflets, ready for the introduction of the licensing regime, which has already been approved by Parliament. We are somewhat constrained in our work here.

With that, I invite the committee to agree that it does not wish to make any recommendations in relation to the instrument. Are we agreed on that?

Members *indicated agreement.*

The Convener: I will briefly suspend the meeting to allow witnesses to come into the room for our third agenda item.

09:18

Meeting suspended.

09:21

On resuming—

Rural Support Plan

The Convener: Welcome back. Before we begin item 3, I note apologies from Andrew Baxter, who is unable to join us this morning.

Item 3 is a round-table evidence session on the rural support plan with a number of witnesses who have kindly agreed to join us this morning. We have scheduled two hours for the discussion, and we expect to cover a wide range of issues, so I would be grateful if both questions and answers could be kept as concise as possible.

I will briefly introduce the witnesses before we move to questions. As this is a round-table discussion, members may direct questions to a specific witness or group of witnesses. Equally, if any witness wishes to respond to a question, please indicate that by raising your hand and I will bring you into the discussion at an appropriate point. The aim is to encourage an open and constructive exchange of views while ensuring that all members and witnesses have an opportunity to contribute.

I welcome to the meeting Eleanor Kay, senior policy adviser for agriculture and climate change, Scottish Land & Estates; Vicki Swales, head of land use policy, RSPB Scotland; Nim Kibbler, country manager for Scotland, Nature Friendly Farming Network; Kevin Cumming, deputy convener, Scottish Rewilding Alliance; Tim Bailey, chief executive, Scottish Agricultural Organisation Society; and Ed Barker, head of policy, Agricultural Industries Confederation Scotland.

I remind everyone that there is no need to operate your microphone. When I invite you to contribute, broadcasting will activate it for you.

I will start with an initial question. We will get into the detail of the rural support plan later, including the issues of tiers, funding and stakeholder engagement, but I want to get your initial impressions of the plan. Are the vision and the objectives behind it the right ones, and is the four-tier structure fit for the future? Who would like to start us off? Eleanor caught my eye first.

Eleanor Kay (Scottish Land and Estates): The vision and objectives absolutely fit in with and follow on from the stability and simplicity work and all the documents, consultations and processes that we have gone through. There is not much to disagree with in the vision and objectives. The concern is the plan's deliverability and perhaps the message that it sends to the sector about the need to change and prepare for the new policy that is coming in.

We want to see high-quality food production maintained and nature and biodiversity brought firmly into the centre of land management. As I say, the issue is whether the plan is deliverable. Another issue is whether it is a static document rather than one that is brought back to the table and reviewed in the light of the geopolitical situation and the broader issues affecting the affordability and cost of doing business. We also cannot ignore the effects of El Niño, weather-related concerns and food security concerns. If consumers need to stockpile food, farmers will have to consider the same for feed and inputs. The concern is that, if this is a static document, we are perhaps not in the right place.

Vicki Swales (RSPB Scotland): I thank the committee for undertaking its important scrutiny of the plan.

Many of us feel like we have been round the houses many times over the past 10 years, and we are not moving forward. I think that you will struggle to find a stakeholder in this space who disagrees with the Government's vision and objectives for sustainable and regenerative agriculture, food production, tackling the nature and climate crises and helping the people who work in the sector. All of that is a given—it is set out very clearly in the Agriculture and Rural Communities (Scotland) Act 2024, and the plan restates it all.

I use the word "plan" loosely, however, because I do not think that it is a plan. I can say more about that, and why, and where I think the failures have come from. To go back to before the European Union referendum, when many organisations put forward papers and proposals on what they thought that the future should look like for agriculture, many pointed to something like a four-tier structure with a layering of payments and schemes to deliver all the objectives that I just mentioned.

The four-tier structure in the support plan is fine, therefore—the problem is what has been put in it. The devil is always in the detail in these things, and what is in the plan and the structure from the Government is little more than a rollover of the vast majority of the schemes under the common agricultural policy. That is not progress—the CAP itself has moved on since we left the EU, and we are just treading water, restating things.

Yes, the money remains in the system and that is important. However, the committee discussed last week whether it is enough money and it probably—in fact, certainly—is not. What is there is not going to deliver what is required.

Tim Bailey (Scottish Agricultural Organisation Society): I would very much mirror what everyone has said. SAOS has been very supportive of the ambition behind the vision and the objectives within it, which are enshrined in legislation, and is similarly supportive of the four tiers.

However, Eleanor Kay said that the plan is perhaps not the right way forward, and I would put it more strongly than that. In the world that we live in, if we want to deliver on the objectives and the agricultural vision, this rural support plan will not do that. We will, no doubt, get a chance to discuss that in more detail today, so there is probably little point in saying more than that just now, but I hope that it is fairly clear.

Kevin Cumming (Scottish Rewilding Alliance): I will try to add something, rather than mirroring, but I support what has been said. The Scottish Rewilding Alliance is a collective of organisations. Rewilding Britain, where I work, has a network of farmers, communities, crofters and private estate owners who are trying to restore nature at scale. That is in addition to those in Scotland: The Big Picture's northwoods network, who are all trying to do that. When they see the support plan, do they see it getting easier for them to deliver the things that the Government has asked them to do and is setting out to do? Will it enable more of that to happen? The answer is absolutely not—what we will get is exactly the same.

Jonnie Hall put that well last week. He said that, although the objectives of farming and high food production, nature recovery, climate mitigation and adaptation and thriving rural communities are all the right things, the plan is—to use the term that he used last week—a plan of inertia. That is what this is. It is not going to promote change of any type in land use, which is where we have to get to.

I mirror what others have said in that the plan is absolutely not going to do that. All that the four-tier system is doing is putting the same money that was there in the same place—any system would have worked in order to do that. Four tiers probably will work, but we need to understand exactly how those tiers are going to achieve the outcomes in the plan, not simply tick a box for getting funding to a certain place.

Ed Barker (Agricultural Industries Confederation Scotland): I absolutely agree with what others have said. Overall, having the budgets and the funding allocation within those tiers is helpful, as it provides some degree of predictability. Businesses in Scotland—members of Agricultural Industries Confederation Scotland—like to see where the long-term predictability is in the sector. A healthy, thriving farming industry requires investment from the rest of the sector as well, and looking at how the budget is allocated is a core part of that.

That said, we are working in five-year cycles. That is very challenging—we think of it as five harvests, and it really is not very long in the grand scheme of things. It is not very long at all before we are looking beyond the five-year period, because crop rotations and livestock planning go far beyond that. The questions will inevitably come, next year and the year after, as to what happens after 2031. What am I investing in, and what is the direction of travel?

09:30

There is a reason why in Europe, for example, CAP is done on a seven-year cycle. It is so that the industry has longer-term predictability and, as others have said, is able to build in the flexibility and capacity for events. This year has been a great example of external events that can have considerable impacts on agriculture and supply chains—weather events, disease or whatever it might be. Is there any flexibility to take account of unforeseen circumstances with funding provisions for that? That is one of the challenges with the rural support plan as it is.

Nim Kibbler (Nature Friendly Farming Network): As I am the last to speak, there is not a huge amount to add other than to say that our network members think that the vision is sound. It has been 10 years—if you have an issue with the vision, it really should have come up by now.

I agree with Ed Barker—we are looking at biological cycles and how these businesses move through the transition, and we are not giving them enough time to ensure that they weather the transition well. That is a real detriment to our sector.

I echo Vicki Swales's point that the rural support plan is not a plan. For me, and for our members, that is because there is a serious lack of practical application. These are people who are practical problem solvers who are going to deliver the plan, and they do not know what that actually looks like and what is being asked of them in the field.

I go back to the point that the plan is an old version of the CAP. I really think that Scotland deserves better than a sort of rehashed CAP that is too old to even function where it is supposed to.

Emma Roddick (Inverness and Nairn) (SNP): Last week, we talked about some of the things that people felt were missing from the plan. Some stakeholders had comments about animal welfare in particular. I invite anybody to share what they think that could look like in the plan.

The Convener: Who would like to come in on that? I think that Vicki Swales had her hand up initially.

Vicki Swales: I listened to the session last week, and some comments came up around the broader rural development and rural communities aspects of support in this space. To go back to the CAP, looking at what we had there, there was much greater emphasis on a shift in the agricultural space to move towards recognising that agriculture sits among wider rural communities and wider rural land use, and broadening out how agricultural support could be used.

The bits that we have lost in keeping the vast majority of the CAP, with most of that focused on direct payments, concern that broader rural development support. There are many businesses that own land in which agriculture will be a central activity, but it is increasingly difficult for them to make a good livelihood, with prices and markets, and with the vagaries of everything that is going on. Many farms are looking to, and want to, diversify. In some cases, that is about adding value to the food that they already produce, being able to sell and market that more directly. There is small provision in the schemes in the plan as it stands, but it is very little—those are tiny amounts of money.

On wider rural development, the old LEADER process that we used to have, which gave money to rural communities, has pretty much gone—there is hardly any of it left. We can think about the Highlands and Islands communities, in particular, and the spaces where many of them have already been pluriactive, as it were. In crofting, for example, they have had to make their living from many different activities. The plan does not underpin or support that very well, or make more diversification or other income streams possible for many people in the future.

Some of that comes back to budgetary constraints—I am sure that we will come to that. More money would potentially be needed to do some of that, but it is a bit of an omission as well.

From an environmental perspective—I hope that we come on to that, too—there is a major omission in terms of the practical application of measures to deliver nature restoration and climate mitigation and adaptation. We are looking at less than 5 per cent of the total funding being spent on the mainstream scheme that can deliver that—the agri-environment climate scheme—and there is nothing else in there for bigger nature restoration and for co-operation among farmers at a landscape scale to deliver some of these things. There are a lot of things, such as agroforestry, that could be plugged into the plan, but they are just not there at the minute.

Eleanor Kay: Lots of things are missing from the plan. We might see some of them if the plan had more detail, but, essentially, it feels as if the four-tier approach is remarkably similar to the previous “pillars”, which is quite frustrating.

There is not really anything in the plan on facilitating behavioural change or working out how we can get like-minded farmers together. We have a monitor farm programme, which is great, but there are other tools that would be useful in rolling out productivity behaviours that we know work. We have compelling evidence that a lot of ways to increase productivity are within farmers’ control. We also know that long-term resilience is about not just farm productivity but climate resilience and working with nature. The top 25 per cent of farms are around twice as efficient as the bottom 25 per cent, and that comes down to behaviours such as minimising overhead costs and targeted variable spending and looking at that data.

There is nothing in the rural support plan that starts to shift us towards those kinds of behaviours. We have clear evidence from the Agriculture and Horticulture Development Board and the Andersons Centre that helps us to understand what farmers need to make the behavioural changes that will deliver food production productivity as well as profitability alongside nature, but that is not in the plan.

Emma Roddick: Animal welfare is not mentioned in the plan, and I am keen to hear whether the witnesses have comments on current practices in that area. Does behavioural change need to happen there, and what would that look like? What do we risk if animal welfare is not mentioned in the plan?

Eleanor Kay: Improvements can be made everywhere. There are bits on animal welfare in the whole farm plan, including the animal health and welfare plan, but those perhaps do not provide enough support to make the necessary changes. Some of it will come down to communication, but it will also come down to ensuring that we are supporting farmers to make those changes.

Various things have come up from the management of the bluetongue messaging, but there also need to be changes in systems and we need to make sure that we are explaining the business benefit of making an investment. Some of the issues with that come down to lack of available capital, but if we feel that the sector needs to make immediate change, we need to make that messaging very clear, and potentially that needs to be supported with the necessary grants or interest-free loans or other mechanisms. Mechanisms to act quickly on animal welfare and health concerns are available and we do have a lot of them; we just need to use those tools, and, if the communication is not clear to the sector that there are concerns and things needs to change, we should look at that quite quickly.

Tim Bailey: There was provision under the preparing for sustainable farming scheme for support for testing for and eradicating animal disease, so there were certainly proactive animal health elements in that scheme, but that budget has now ceased. There is an assumption that the animal health and welfare plan that is part of the whole farm plan will do the heavy lifting on animal health and welfare, but that is quite a big assumption, like a lot of things in the rural support plan.

I want to go back to the overarching question about things that are missing from the plan. SAOS is owned by 55 agricultural co-ops across Scotland. Every constituency will have a farmer co-op in it, which is a farmer-owned business. They are not insubstantial—they represent about 30 per cent of Scotland's agricultural output. That being the context, our general perspective is that—I am stating the obvious here—we are facing huge numbers of multiple challenges across our agri-food sector, around food security, supply chain resilience, climate and nature, and the need for more growth and productivity. We have fragile rural communities. We need a greater adoption and use of technology and innovation in agriculture.

There are lots of collective challenges, and collective challenges need collective, collaborative and co-operative solutions. There is ambition in the vision to encourage co-operative approaches, which is good, but that is a bunch of words. There are words in the Agriculture and Rural Communities (Scotland) Act 2024. However, if you search through the rural support plan as lodged with Parliament, you find that the C word—co-operation—is missing. There is almost a throwaway comment in one little bit under the heading "Matters Considered".

Either we have collective challenges that we want to tackle and deal with or we do not. Broadly, the C word is missing massively throughout the rural support plan. There is a lot of talk about the need for more co-operation and collaboration, but there is always very little delivery in practice. We need more reality and less rhetoric.

Kevin Cumming: On Emma Roddick's wider question about what is missing, I support the point that Tim Bailey and Vicki Swales touched on: what is absolutely missing from the plan is more co-operation across landscapes and landholdings to achieve more of the outcomes. There is a reason why it is not called an agriculture support plan and is instead called a rural support plan. However, at the moment, to a degree, it reads like a plan that addresses the farming and high food production element to provide what is, arguably, stability for a period. The plan does not at all address how, with the way in which the tiers are currently structured, farmers, crofters, landowners and land managers can make a choice over their whole landholding, look at the best use of the land that they have available and achieve multiple objectives.

The situation that the plan sets up is for the objectives to compete against one another. For example, if someone was to go into enhanced greening to start to see an area of their land rewild and restore natural processes, they would run a risk of that becoming an ineligible feature and losing their direct payment, which is protected in the plan. You are asking people to make an economic business decision that they cannot possibly make. That is why the plan will be completely inadequate at driving land use change, which is what the Government is asking for. I find it quite disingenuous that the Government is saying to farmers that it wants land use change when the plan that it has produced does not give that indication.

If that is what we want, we should work with everyone to deliver a plan that can do that. We would all get round the table to do that together and find a co-operative solution. However, the plan cannot possibly allow that to happen, because, currently, the objectives are set up in competition. That is one of the fundamental flaws and what is missing.

Nim Kibbler: I want to address Emma Roddick's point about animal welfare as something that is missing. My point very much echoes what has just been said and is about trying to push through a culture of change in a sector that, in many ways, is hard to collaborate with. An element of trust is needed, and I am not sure that trust has been extended to farmer members in terms of their knowing what is best for their individual situations.

With the CAP legacy, we bring the CAP culture, so we get a continuing thread in Scotland of two different worlds of farming: one that has the CAP subsidy and one that is outside it, such as pigs and poultry. We do not think about such things in addressing the issues. Basically, we are just continuing as is and hoping that, somehow, things will get better.

Finlay Carson: The C word might be missing, but, on my bingo card, I have already ticked most of the topics that we thought we would cover where there is an issue. We have heard that, although the plan might have a vision, there is no clear indication of how Scotland will move away from the current CAP-derived system to a system that is capable of delivering sustainable food production, climate mitigation or adaptation, or biodiversity reversal.

09:45

Last week, we heard that there is still no clear definition of active farming or agricultural activity, which are obviously incredibly important. We also heard—Ed Barker touched on this—that there is a lot of inertia built into the process and that the stability that we keep hearing the Government say that it wants to deliver will lead to stagnation.

When it comes to defining terms such as active farming and agricultural activity, does the Government have a desire to avoid disruption? Is it using that as an excuse for delaying difficult decisions that will allow us to deliver some of the vision that everybody has bought into?

Vicki Swales: Absolutely. There is a saying that I like, which is that if you always do what you have always done, you will always have what you have always had—in other words, more of the same. That is exactly what we have.

You used the word “inertia”. That is right—we are not moving anywhere. There is a sense of caution. There has been a desire for stability and simplicity. That is important, because none of us wants cliff edges. Everyone has talked about transition and the need to move forward in a stepwise process, but we are still not doing that. When the plan came out, Scottish Environment LINK, of which we are a member, said that it represented a “lost decade” of potential for reform, and I am afraid that it does.

There are many reasons for that. I would like to give you five reasons why we have got here, because it is important to understand that. There has been a failure of past political leadership in this space and a failure of leadership at the very top of the agriculture and rural economy directorate, whose job it was to set up a process for the policy design and development.

The fact that we are here is also a consequence of an IT system that is broken, that will not work and that cannot cope with change. It is a result of resistance from the delivery bodies that would be charged with putting any new system in place—I am thinking, in particular, of the rural payments and inspections division, which tends to be quite cautious about some of this stuff.

In addition, I am afraid that it is a consequence of effective advocacy by NFU Scotland to not have any redistribution of funding. That is why 80 per cent of the money is in tiers 1 and 2 and, within that, there is a 70:30 split between tiers 1 and 2. NFU Scotland effectively advocated for that. Although it presented an argument of change for its members, it then resisted change at every opportunity through the agriculture reform implementation oversight board process and all the discussions that took place as part of that.

That is why we are stuck where we are. For that reason, the rural support plan needs to be put through the shredder. We need to start again with a whole new process and come up with something that looks and feels very different and that starts to deliver what everybody says is needed. There are many farmers out there who are not members of the NFUS, and there are others who desperately want to see such change. However, they want to have a clear destination, so that we know where we are going.

We still do not know what the Government’s vision looks like in practical terms. We do not know what types of farms it envisages us having, what livestock numbers and production systems it will involve, how many people and jobs it wants to support or what we should do for nature and climate. That destination is not clearly set out in any way, so, from a practical point of view, we cannot plan the steps that we need to take to get there or the schemes and payments that we need to put in place to change the behaviour and the culture and deliver what is needed.

I am sorry to go on, but I think that that is really important. Part of that includes defining what we think of as active farming—although I find that to be a bit of an oxymoron. Farming is an activity, and the plan needs to support lots of other kinds of activity and other kinds of land management, with farming being the primary one. We also need to think about what kind of farming we want to have in the future. None of that is happening at the moment, and I am afraid that I do not see it happening in the next five years.

The Convener: Kevin Cumming wants to come in.

Kevin Cumming: In relation to Finlay Carson’s question about active farming and agricultural activity, I want to pick up on a comment that Jonnie Hall made last week. There is no real need for the term “active farming” aside from the fact that it was held over when the original legislation was taken into Scottish legislation. It was not actively thought of as being valuable and helpful, and the reality is that it is not.

We should be thinking about whether a plan or a farm landholding is delivering the outcomes that we are looking for, not whatever an “active farmer” is or whatever “agricultural activity” is. The important part is whether outcomes are being achieved. The committee could strongly recommend that the Government scrap those definitions, because they are completely irrelevant to delivering the required outcomes.

Finlay Carson: The definitions of "active farmer" and "agricultural activity" are important, though, because they could be the be-all and end-all in relation to who receives public funding, given the way in which the plan is currently drafted.

Kevin Cumming: Absolutely, but I think that all the witnesses agree that the way in which the plan is drafted means that it will not achieve its objectives. If farms could consider their farming as a whole—the productive areas, the areas that would be best left for nature recovery and the areas that would allow them to diversify their business—they could identify the outcomes that the plan wants to achieve, they could receive payments from various tiers in order to achieve those outcomes, and they would not need to lose the revenue that the direct payment currently provides. However, at the moment, that cannot happen.

On the point about active farming and agricultural activity, as Vicki Swales said, the plan asks people to do more than that. For example, people involved in projects in the Scottish Borders are not doing as much as they could because they are trying to still be considered an active farmer in order to receive the direct payment. The system prevents people from doing more work that they want to do. There are countless examples of crofts and smaller farms in the Highlands that would like to work co-operatively to do more. However, if those people choose that option, they will no longer be considered to be active farmers.

We and the Scottish Government need to think of all these outcomes as being productive uses of land, because that is what they are. People are providing a product by making our landscapes, our food security and our food production more resilient for the future. That is all about productivity and it needs to be considered in that way. Those are all examples of actively using the land. We need a change of mindset. That will be difficult, but that is needed if we do not want to get to 2031 and just have to do this again.

Eleanor Kay: I echo what has been said. There is clearly reluctance to step away from the previous constraints of the CAP, many of which we have kept. It is incredibly frustrating to hear parts of the Government bemoan the fact that things cannot be done and that things cannot change, but we are using its own criteria. Things could change. We could redefine "agricultural activity" if we so wished and if that made sense.

There are many such examples. A new entrant that did not have entitlements for a parcel of land because they were not claimed before 2008 might get that land mapped in order to receive an entitlement, but, if they wanted to plant some trees on that land, they would lose their portion of basic payment. That is ridiculous, but we have carried over those EU rules. Similarly, if someone wants to have cattle grazing in a wooded area, there is no additional support for that although the requirements for climate resilience in relation to a livestock-managed system show that putting cattle and sheep in a wooded area is very sensible. There are lots of things that could be changed quite quickly.

The Government would have to consider the effect on the overall budget and its allocation. Would it be content with possible reductions in some places or a bigger draw on the pot of money? All those issues could be considered. Nothing should be constraining that kind of dynamic thinking.

The messaging must be clear. We cannot get to 2031, after having spent the best part of 15 years, if not longer, telling the sector that change is coming and that there will be a transition, and then say that we cannot make changes too quickly. What have we been doing? We keep giving those messages, and stakeholders keep going out—I did a whole winter roadshow with the AHDB in which I talked about what would be changing in 2024 to get people ready for 2027. However, when we get to 2026, we are told, "It's fine—nothing is going to change until 2031." How does that help the sector to make the necessary behavioural changes? The Government seems unwilling to make a difficult but entirely necessary decision on how it communicates with the sector.

We are not talking about withdrawing funding overnight and changing things completely within a season, but we have to be clearer about what is needed and what the Government truly wants—Vicki Swales has made that point clearly—so that we can make a step change. If that is entirely dependent on an IT system, we are in for a difficult future.

Nim Kibbler: I very much agree with Vicki Swales. The current Government needs to look at some of the blockers and at why it has defaulted to the approach of gentle coaxing, which has produced inertia, and think about whether that will deliver.

To move towards a definition of "active farming", it will be important to look at some key things, such as the removal of the area caps and entitlements. Support needs to be decoupled from the historic payment baselines in the CAP and needs to be more rounded and cover all areas, as is laid out in the RSP, including community, rural development, food, nature and ecosystem services. That is not happening.

Ed Barker: The "how" is missing. How are we delivering those things, and what are the mechanisms to achieve all the things that we have been talking about and the outcomes that are sought? For example, lip service is paid to making productivity improvements, but there is no real explanation of what that means—does it mean doing more with less or increasing economic growth for rural businesses in rural areas? What are the benchmarks? In order to demonstrate that you are making productivity improvements, as with soil, air or water, you have to have those benchmarks in place. You have to start somewhere.

Inevitably, there is a risk that the Government might be concerned that it would be criticised by stakeholders if it tried to start a new plan. It might be criticised, but it has to be constructive so that we can try to get somewhere. In the absence of anything, we drift from five-year period to five-year period and we talk about the terms in nebulous ways with nice-sounding catchphrases, but we do not start with something that we can measure against, such as our baseline soil quality or air quality, or productivity key performance indicators. Eleanor Kay has set out the range between the top quartile and bottom quartile for farmers, but why is there a range of productivity in different sectors?

In relation to the “active farmer” question, businessmen and investors will always look at where the entrepreneurial risk is being taken. Those in the supply chain want to reward and work with the farm businesses that are taking risks, because, ultimately, farming is a risky business, not least because of the markets, the environment and the weather. If supply chain businesses want to work with farmers so that they have a dedicated supplier, they need to work out who is taking risks and the role of the Government in helping to support those businesses. The plan is a way of helping to provide some support and to mitigate the challenges along the way. If businesses are taking risks in order to meet set criteria, the Government has a role in supporting them if they are hit with market issues or, in exceptional circumstances, diseases. This year has been a great example of that.

It is really about risk taking. Ultimately, economically resilient businesses in rural communities will support so much more in a rural ecosystem, including vets, feed suppliers, seed suppliers, planners and builders. We are interested in how we measure the impact of a farm that is at the centre of a rural economic community and all the different businesses that rely on it.

The Convener: We will come back to the evidence base in later questions. Laura Mitchell has some follow-up questions.

Laura Mitchell (Moray) (SNP): Ed Barker, your submission mentions that the certainty about direct payments was welcomed by the sector. You contrast that to the situation in England, where there are no direct payments. What impact would a similar approach have on farm businesses and the supply chain in Scotland? Also, how can the plan recognise in a practical way the importance of the supply chain and its benefits for the wider rural economy?

10:00

Ed Barker: On the question of direct payments, you are absolutely right. It is somewhat inevitable that, in England, the year that direct payments have effectively been phased out has been a year of significant volatility in inputs, particularly fertiliser, which, be it from mineral or manure sources, is the starting point of food production. We have seen huge volatility in markets, too.

It has been really interesting that, when we have spoken to our members who supply farmers UK-wide, they have said that there has been much less concern in Scotland and Scottish agriculture than in England when it comes to paying for those inputs and having timely predictability for the next agricultural year.

As a nation, the UK is well behind where we should be in terms of ordering fertiliser—behind where we would be in a normal year—but we know, from having spoken to the farming unions, too, that that is very much not the case in Scotland, because the liquidity and cash flow are there. One cannot overstate the importance of cash flow to businesses. It plays such an important part because, ultimately, you are trying to buy your inputs and plan and peg your input costs for the year ahead.

We have mentioned that the wider agri-supply chain is missing from the plan. The point that we really want to get across in that respect is that we cannot look just at the farm in isolation. If your supply chain infrastructure and markets are changing or are being lost, it impacts the whole viability of your base agriculture sector. We are seeing big changes in the barley markets, for example. What happens if there is a dietary change regarding red meat in the future? From an agricultural perspective, are we too reliant on a handful of markets? How are we changing to be able to meet those challenges? What infrastructure do we have in Scotland to help gear ourselves up to meet those markets? We are seeing considerable growth in the oilseed sector, for example, yet the output of oilseed in Scotland is very limited, and the same goes for oats and other crops.

How are we ensuring that the supply chain is being considered in the round? As we have seen, abattoir closures have a huge impact on livestock viability in different parts of Scotland. There is a market demand for the beef, dairy and monogastric sectors at the moment, but if you do not have the critical infrastructure local to you, whether it be a maltster, a grain merchant or an abattoir, you will miss out on real opportunities to keep that economic growth within the supply chain. The worry is that we focus just on farm activity and do not think about what we are producing and who we are producing it for. We have to look at that in terms of not just the Scottish economy but international markets and markets around the UK, too.

Vicki Swales: On the Scotland versus England issue with regard to direct payments, I do not think any of us are talking about a complete withdrawal of direct payments in a Scottish context. Indeed, we would argue that some underpinning support needs to be retained. The big question, though, is how much money is going into the system, where it is going at the minute, who is benefiting from it and what functions it is delivering.

Yes, we need the base, but there needs to be much more investment in other things on top of that. England reduced its direct payments very quickly and, in doing so, created some problems, but the corollary to that is that England has made huge investment in the kind of land management and nature and climate-friendly farming that is delivering against its nature and climate targets. It is making real progress on that front and we are not doing that. It is always important to look at other countries and places and learn lessons from them, but we also need to look at Scotland’s particular circumstances and what will work best here. It is very clear that, in a market context, we have very different kinds of agricultural production, whereas England is predominantly lowland with not much upland. We are the absolute converse of that; we have huge potential to deliver on the nature and climate front through land management, and all of our farmers and crofters should be supported to deliver that through, in many cases, agricultural production.

Tim Bailey: Laura Mitchell’s question about supply chain support brings to life the rhetoric of the agriculture vision in the route map and the reality of what is in the rural support plan, because there is provision for supply chain support within tier 3—it is clearly in there. We, among others, fought very hard for that. There was a plan for tier 3 schemes to come into place in 2027, but that has now drifted out to 2030. So, in the course of a couple of years, we have lost another three years and we are not just drifting but going backwards.

Ultimately, it will come down to the fact that, if we waste another four years before these schemes come into place and we do not make adequate budget provision for that, we will see more of what we have been seeing over the past few years around lost market opportunities; a further reduction in, or missing opportunities for, the creation of more local, shorter supply chains; and more processing facilities closing, more abattoir infrastructure disappearing, and so on. We cannot afford to waste another four years.

The reality is that there is provision there; there is just not a practical means or a budget to deliver that until the next decade starts, which is, frankly, just too long to wait.

Kevin Cumming: Vicki Swales talked about there being quite a considerable difference in the agricultural make-up of the land in Scotland compared to that in England, which addresses some of the points that were raised earlier on the economics of fertiliser purchase and use.

More broadly, Scotland should not replicate what England has done, but Scotland can take lessons from what has been done there. At Rewilding Britain, as part of the role that we play as a network facilitator, we have been involved in the early work on the first environmental land management scheme agreements—the first landscape recovery agreements—and a rewilding project is one of the core members of the very first agreement that has been signed. What we are seeing with that is the point that was raised by others—it has definitely encouraged people to talk to each other. It has encouraged farmers across very large areas to look at the land as a whole and ask, “What is the vision for this? What is it that we are trying to do here?”, and come together. The Lake District National Park alone has got three different projects in it, with 40, 50 or 60 farmers involved. It has done that—it has brought people together.

On what the committee could consider recommending, I would ask it to look at why, within this plan, we do not have at least some piloting of such schemes, which would allow us to know something more by 2031 and give us some sort of evidence of what would work in Scotland and what would not work. The plan does not currently do that, and I think that that is an issue.

The other point to address relates to a point that was raised last week about our really good agricultural land on the east coast of Scotland, which is where I am from originally, in Carnoustie. I am very used to seeing the set-up there, where 80 per cent of the production is for alcohol and for livestock feed. On the point about dietary change, we need to make sure that our best agricultural land in Scotland continues to produce whatever the dietary needs are for protein and calories for human consumption. The plan will not do that either because of how it is set up, which means that our best land will continue to be used in the way that it is being used at the moment. There is a lot within this that is very difficult to unpick, but that should not have been made as difficult as it has been, and one thing that could be done is having pilot schemes.

The Convener: You mentioned collaboration in the upland areas in England, such as in the Lake District. Has that brought some economic stability?

Kevin Cumming: That is a really helpful point. The first agreements that have just been signed there are for 20 years. We are trying to say that this five-year plan in Scotland is giving stability and certainty to the agriculture sector, but we have heard how long it will take to change supply chains, how long it will take for farm businesses to transition, and, from a rewilding perspective, how long it will take for nature to recover, so we have to look at those longer-term visions. We want to take the good things that England has done, and one of those is the long-term element, which is providing at least some economic certainty.

One of the big learnings from the experience in England is that the money is not there to support everyone who wants to do this. If the redistribution among the tiers was done properly, and if the work was to be collaborative, bringing farmers, crofters and everyone else together, undoubtedly it would be very highly subscribed and people would want to do it.

Nim Kibbler: I want to echo what Ed Barker said about infrastructure, which is key. Our members feel that, to produce food in a good way and get it out locally, they have to fix the infrastructure issues themselves. Although they are engaging in grants that are supplied by the Scottish Government, a lot of the activity is coming from the ground up.

I also want to make a point about the productivity issue. We have to be careful when we talk about productivity, because, if we talk about it in a very narrow sense, it could lead us in one direction. When we considered the climate change plan, we saw that it was very technology heavy. Its message was, "Don't worry—something will be invented that will fix this problem, and we'll just wait until that comes along and buy that then." When we talk about public money, my question is, who is benefiting from millions of pounds in grants going to those tech companies that are selling things that they say will fix the problem? We need to ensure that Scottish money is used well in a Scottish context and that it does not just leak straight out of the country. We have the Community Wealth Building (Scotland) Act 2026, but, for some reason, that does not seem to have factored into the RSP at all.

My final point on this area is that, if we rewind and look at where the CAP has driven us over the past few years, we see that we have become a really input-heavy industry in lots of ways. That needs rethinking if we are to be resilient.

Vicki Swales: I want to make a quick point that picks up on Kevin Cumming's excellent point about supporting co-operation and collaboration at a landscape scale and learning lessons from the work that is being done. Under the previous CAP and the most recent Scottish rural development programme, there was an opportunity to have an environmental co-operation action fund. Over a period of years, we went through a process of designing and developing one, and we submitted it as part of the plan to the European Commission. However, we botched it and the European Commission did not accept it, for various reasons, including the fact that it was not well designed. We could have been testing all of that and have had a launch pad for doing much more in the future. As part of Scottish Environment LINK, we have made proposals to the Government for a small fund to start doing some of that work—we have asked for between £10 million and £20 million, which is not that much in the grand scheme of the overall budget. However, nothing has happened. There have been some conversations in the Scottish Government about doing that, but I am not sure where they have got to. We keep missing such opportunities to actually do the things that really would move us forward.

Eleanor Kay: There are quite a few things to pick up on. On the strengthening of supply chains and keeping that added value as local as possible, we have a huge opportunity to really nudge the market and management behaviours through public procurement. We often seem to overlook it, but local food plans give us huge opportunities in that regard, such as the possibility for deer management to channel venison into deer larders so that it can be eaten locally. That work is still behind schedule—the plans are not there yet. However, if you want the sector to respond to this demand, they have to be there. For example, if we want the Scottish public to consume more beans because we need more pulses in people's diets in order to secure health benefits, public procurement is a really strong way of sending the relevant signals and getting the necessary change in management practices.

On issues such as facilitation, we seem to continue to forget what the regional land use partnerships and frameworks were designed to do. It is incredibly frustrating that a mechanism that could have been used very easily to get data in front of land managers and help them come to a forum to discuss what they want to do as businesses and what is needed by the wider area—or, ideally, the wider catchment—in order to deliver all sorts of benefits for the land managers who need to run successful, profitable businesses and for those living in the local area who want to benefit from natural flood management, cleaner air, having trees in the right place and so on has not been utilised. Essentially, we are trying to create another thing that should have been set up already.

It is important to consider the issues of co-operative working and co-operatives as an entity. If the Scottish Government wants the gap in the real-terms spend in the agriculture budget to be plugged by insetting natural capital money, co-operatives have a huge role to play in giving a stronger voice to farmers and land managers when they negotiate on insetting price agreements and other sorts of natural capital ecosystem services payments. However, although there is nothing in the rural support plan that talks about things such as natural capital money, there is absolutely an assumption on the part of the Scottish Government that there is money there, even though there is very little evidence that it is there now and not much evidence that it will be there in 2031.

10:15

The Convener: Thanks for that. We have started to get into the detail of the individual programmes and existing approaches. Jamie Langan will go into that a bit further.

Jamie Langan (South Scotland) (Reform): I will start by asking a question on the back of what we have just heard. We have talked quite a lot about inertia and the lack of clear destination detail in the plan. Is there a possibility that, rather than that being an overlooked fault in the plan, it is a deliberate choice? Could it be the case that, given that Scottish land cannot be all things to all stakeholders, the Government has not been willing to make clear choices between competing interests and has instead just kicked the can down the road? That is what comes to my mind. Is that a worry for people in the room?

The Convener: I ask for some very brief comments on that before we move to Jamie Langan's substantive question.

Vicki Swales: We would draw that conclusion from everything that we see. However, to an extent, that reflects the fact that the Government did not set up a proper design and policy development process from the beginning.

Let us not pretend that there is not contention in this area. There are different views, not about the high-level stuff but about the detail: how you get to where you need to be and which kinds of schemes and payments you need, and so on. There is a need to bring people together and find a consensus, but the processes that were set up were not particularly helpful in that regard. We have pointed to other processes that we felt were much better. For example the Common Ground Forum was useful in relation to deer management, and the CAP dialogue at the European Union level brought lots of stakeholders together to have some of the difficult conversations. There are better models, but there was not enough investment in getting the approach right from the off. I think that we almost need to go back to the drawing board and broker some of those conversations in order to find the clarity that we need about the destination, the steps to get there and the kind of payments and schemes that need to be in place to do that.

Tim Bailey: It is possible to tackle those various objectives, but I am not sure that there has been a deliberate attempt to avoid doing so. I think that, ultimately, it is about familiarity. We have a legacy culture in which, for many years, and for good reason, we have paid out money through direct payments. In effect, we have been used to a payment cycle and a system that involves a percentage of the farms that get a payment being inspected, and then, when we saw that the world had shifted quite a lot in the course of the past five years and we had to deal with lots of new and complex challenges, we just decided to stick to what we were used to.

Ed Barker: The inertia that Jamie Langan referred to is obviously a choice in and of itself. When I speak to people in my equivalent organisations across Europe, they raise exactly the same issues regarding inertia at a Government level about land use and output. The choice that has been made is that things should be left to the market.

There are competing land use requirements, and they result in different outcomes. We see a lot of land being taken for housing or for energy infrastructure such as solar panels—that is a very conspicuous issue. We also see competition from non-agricultural outputs, such as carbon markets and biodiversity net gain, as well as agricultural support plans. It has been interesting to see how, in England, parts of the new support system have competed with agricultural output rather than complementing it, particularly in the pulses sector, where an unintended consequence of the market has been that legume options have out-competed the growing of pulse crops. Of course, a third requirement is the requirement for food and agricultural production. However, in the absence of any active approach or conspicuous mission from the Government, issues will just be left to the market and, ultimately, it will be down to landowners to decide what is the best way of using their land assets and what will provide the best long-term income. That is why we are now seeing a lot more of those long-term payment income options that are inevitably taking land out of production. That is a choice.

Eleanor Kay: It is difficult to say whether it has been a conscious decision not to make significant progress or whether there is an acceptance that other parts of policy are pushing things anyway. The messaging from agriculture policy has been that there will be no cliff edge or shocks, so people should carry on farming with small changes, yet we have clear strengthening of net zero targets and tree planting targets, which will require changes in land use and land management decisions to be made. However, those decisions are being made by others, not as a result of conversations involving those with an agricultural perspective.

That is very frustrating, because people are getting mixed messaging, especially those who run diversified farming businesses and have an interest in multiple things. People are getting mixed messaging from policy, which makes things difficult. However, those businesses, typically, because they are seeing the stronger message elsewhere on the need for business resilience and climate resilience, are already using it in their thinking on how they farm. Alternatively, are we accepting that a lot of this is being driven already by the private sector?

We are seeing changes in standards. If you are providing a commodity to a market, businesses are already raising their minimum requirements for things such as changes in farming practices, including minimum tillage and new animal welfare standards. Is there simply an acceptance that the private sector is pushing this already and that policy will catch up? That can be frustrating.

Nim Kibbler: We all feel that a degree of confusion is being created. It was interesting, when I went back and spoke with our members, how much the consultation process and the formation of the rural support plan did not quite seem to gel. More than half of our members say that they were consulted over the past 10 years of this process but they do not feel confident that the plan will deliver all that it says it will, and they do not feel that what they were consulted on and what they fed back is included in it. Does that mean that there has been a design issue?

The Convener: We can come back to the issue of how stakeholders have been involved in the plan. Is there anything else that you want to add?

Nim Kibbler: Part of the issue is the messaging and the direct consultation that has been carried out through traditional methods such as unions and oversight boards, which have acted as a filter and have distorted people's local realities, which are not represented in the plan.

Kevin Cumming: I will be brief on this point and will come to the issue of stakeholders later. Jamie Langan asked whether it was a conscious decision. I would not go so far as to say that, but I would go so far as to say that it was the inevitable outcome, given those who were heavily involved in the development of the plan. That is not to place blame on anyone. I am making the point that, if you do not have the right people to provide information on the various outcomes that the plan is trying to achieve, it is inevitable that you will come up with a plan that does not seek to do very much, because you do not have the right voices to make it more ambitious. I would say that that was an inevitable outcome rather than a decision.

It has been mentioned that the plan is about creating certainty and stability. Over the next five years, we will face many more climate shocks, so that certainty and stability are not present. It has also been mentioned that the plan is about moving farmers away from a cliff edge. I would suggest that it takes farmers two or three steps away from the cliff and then asks them to slowly walk towards it again. That is not acceptable.

The Convener: Jamie, can you take us on to the tiers, so that we can get into a little bit more detail on that issue?

Jamie Langan: Yes. Sorry—I appreciate that I took us back a topic there.

The Convener: No, that was helpful. We walked back and then walked forward again.

Jamie Langan: That takes us to the broader point about the tier system. Does that move us on from where we have been, or is it simply a rebadging of the previous support? Is it targeted enough for individual stakeholders and groups, or is it quite broad brush? Is the tiers system appropriate?

The Convener: If witnesses have suggestions about how changes could be made to any of the tiers, it would be useful to get that on the record, too.

Vicki Swales: As I have said, the idea of the four tiers is broadly fine—it is what you put in them that matters. How we would draw the tiers, and therefore how we would distribute the money, would be very different from how things are now. At the minute, pretty much all the money—80 per cent of it—goes into the bottom tiers, and most of it goes into tier 1.

Beyond basic regulation, which everybody has to comply with, our foundation would be the whole farm plan as the fundamental means of access for farmers and crofters to any support that follows. By "whole farm plan" I mean a proper one, not just the bits and pieces that have been cobbled together and called a whole farm plan—although I should point out that some of those bits, such as the biodiversity and carbon audits and animal health and welfare considerations, are very important. We should really make the plan a proper one that farmers and crofters can see will work for their farms.

The next level would be tier 4—that is, the agricultural knowledge and information system, and the advice, the training and the other things that give you the ability to put the plan in place and implement it effectively on your farm, with support and help if you need it—and it should receive much more funding. Tier 1 would sit somewhere in and around that, as the basic level of support to businesses that need it. It will be much more targeted than what we have at the minute, whereby 50 per cent of the money goes to the top 10 beneficiaries and 20 per cent take 65 per cent of the whole budget. That is not income support for those who really need it; instead, it provides some support to very large businesses, and it needs to be reduced in size and made more of a baseline.

Above that, you would have tiers 2 and 3, which would do multiple things. Tier 2 would be your entry-level environmental land management, and it would help everybody do something that would deliver for nature and climate through their activities, whether it be hedgerow management, field margins, in-field measures, grazing rotation or regenerative agriculture. Tier 3 might be thought of as a tier above that for some of the more targeted and bespoke agri-environment-type management, some of the supply chain stuff that we have been talking about today, and help with diversification and other such things. We would see 75 per cent of the budget going to tiers 2, 3 and 4, compared to the current situation in which, as I have said, most of the money goes into tier 1.

Therefore, the plan would have the same tiers structure but a very different schematic. In fact, RSPB Scotland produced a report called "Farming matters", which sets out some of that schematic and where the emphasis should be with regard to different kinds of payments.

The Convener: As a follow-up to that, what do you think that tier 4 support for the development of whole farm plans should look like from a budget point of view? Is the budget adequate right now? It just seems that, for tier 1 to be successful and for us to get environmental benefits, there needs to be a focus on whole farm planning. Perhaps that would empower farmers and land managers a bit to consider what changes they wanted to make that were appropriate for their farm. However, I am just wondering whether the support is there for them to do that. These are busy folk, after all, and they really do not have the time to be investing in training and support on this.

Vicki Swales: All that we really have at the moment are bits and pieces. The Farm Advisory Service gets £6.5 million, which in itself is inadequate and nowhere near enough, although there are other bits for support for apprenticeships and things.

We gave the Government some figures for how it could start to do this better by focusing on delivering the whole farm plan and looking, in particular, at some of the businesses, farmers and crofters who might find this sort of thing difficult to do. We know that some of the smaller units and crofters find this very hard; they are not getting much money out of the system as it is, and they think that having to do a plan is an extra step too far, when actually it could really help them. Of course, the very big businesses at the other end absolutely need to be putting these plans in place.

We have costed all of that. For example, we suggest that advice on progressing the whole farm plan could cost £17 million if you wanted to start at a very low level of ambition. That would nevertheless represent a big step up. A higher level of ambition would cost £52 million per annum. I do not know the full scale and cost of that, but that is the ballpark when it comes to the investment that you need to be making.

We, as part of Scottish Environment LINK, gave those figures to Government, and they were based on some work that the Soil Association and others had done in helping produce audits and whole farm plans. Per unit, it is not that costly in the grand scheme of things. I appreciate that we are talking about millions and not a few hundred quid, but we said that, for that £52 million, all 17,300 farms that claim BPS could get support to produce a whole farm plan.

10:30

Tim Bailey: As I said at the beginning, we support a four-tier plan, and we support tier 1, which provides a bit of certainty and an anchor. Broadly, tier 2 is a bit of a nudge to start moving down the road of environmental improvement. However, where we slightly differ is when it comes to putting more meat on the bones and putting real budget in tiers 3 and 4.

In tier 3, there is a more strategic, landscape and—unsurprisingly—co-operative approach to agri-environment, climate change improvement and nature improvement. What does the supply chain support look like in practice? The one very brief mention in the rural support plan that has a co-operative element relates to the continuation of the fruit and vegetable aid scheme, which is welcome. Ironically, in England, that has been dropped. We are not saying that we should have something of that complexity across other sectors, particularly those where there is no active price discovery, but the principle is about getting groups of producers to work together to find a market opportunity and supply that opportunity while involving sustainable production and environmental improvement with a five-year plan, a direction of travel, targets and everything else. That is a good way to move forward in other sectors.

The existing cost of that scheme to the Government is £3 million a year, and it underpins a lot of our fruit and vegetable—or horticultural—production. That approach could be rolled out to other sectors. To come back to Jamie Langan's earlier point, that can be a win-win in various directions, in terms of food production, environmental improvement and getting people to work together towards more common objectives. Having a producer group approach would be a good way forward.

On the need to have more capital grants to underpin infrastructure improvements, on-farm improvements and funding to allow farms to actively diversify their businesses and to do business feasibility work, for example, there is no revenue funding and very little capital funding to enable any of those things to happen. By the end of 2030 or 2031, we will reach a point where there will not be any more money; indeed, there might be less money. At that point, businesses will need to diversify and develop and become more sustainable, but it will be too late by then. With tier 4, we need to maintain and improve the level of funding that is available for innovation and upskilling. I support Vicki Swales's point about the need for a budget that is more fit for purpose for the Farm Advisory Service that we will need in the future.

What I am saying is that tiers 3 and 4 are about adaptation funding for our sector, but we will not make any changes if we do not make moves on any of those things until 2030. We cannot make the adaptations if virtually no budget is available for that. Therefore, the reality is that budget will have to be shifted from tiers 1 and 2 to tiers 3 and 4. We need to scope things out in detail quickly and start piloting initiatives, which comes back to what Kevin Cumming and another colleagues have said. We talked about piloting new initiatives back in "Stability and simplicity: proposals for a rural funding transition period" almost a decade ago. That needs to happen from, say, 2028.

Those are a few ideas.

Ed Barker: The benefit of the tier system is that it is clear and predictable. The funding allocations in each sub-area of the pots of money are clear, which means that we are not in a situation in which stakeholders and the whole sector endlessly disagree about creative accounting between pots to try to satisfy different outcomes.

The benefit of tier 1 is that, because it has universality, it is a useful mechanism for delivering the outcomes that we want, such as environmental or productivity outcomes. There is the example of integrated pest management and another big approach that we are looking at is nutrient management. A huge amount can still be done to better use the nutrients on the farm, and using the universal model that is in place for the widest range of farmers and land managers is a very effective way to deliver that outcome.

Our perspective is that the plan does not necessarily need to be turned completely on its head, but, as we have discussed today, changes could be made to the existing plan so that it is a bit more precise on outcomes and able to harness those existing mechanisms.

Kevin Cumming: I think that the four-tier structure could support the plan, but what probably really matters is whether farmers and crofters can move progressively through the system. They need to go from producing high-quality food to tiers in which they have environmental baselines, through nature-friendly farming to more ambitious rewilding or nature restoration, without being financially penalised for making that land use change. At the moment, they cannot do that.

I will give an example of what we are seeing and ask the committee to consider this question. If you were to compare farm A, which continues largely conventional agricultural production, meets tier 1 requirements and undertakes some enhanced screening for tier 2, with farm B next door, which is of a similar size at 500 hectares and maintains high-quality food production on its most productive 250 hectares but with the remaining 250 hectares becoming a mosaic of recovered wetlands, scrub and natural grazing, the second farm is providing far more public benefit but will receive far less public subsidy to do so. That cannot be the way the plan ends up going.

Regarding specific things in the tiers that the committee might want to consider, tier 2's principal outcomes are nature restoration and climate change mitigation and adaptation. There could be scope to support landscape pilots through tier 2, but the issue will be the eligible features. I urge the committee to ask the Government to look closely at which ineligible features would stop farmers and crofters getting their direct payment. That would be something serious.

In the higher tiers, much of tier 3 is concerned with AECS agreements that involve specific activities, which members of the networks that we represent do not bother participating in because they are clunky and unworkable when it comes to delivering elements of nature recovery.

Last week, Donna Smith from the Scottish Crofting Federation talked about people dropping out of the system. People are also dropping out of the system when they try to do the nature recovery part. The tiers need to be tweaked to allow people who want to do those things to stay in the system. You could do that by including natural grazing and species reintroduction in tiers 3 and 4, but the Government has to put money in for that to happen and must not penalise those land use changes.

Vicki Swales: I want to pick up on the point about direct payments and what Ed Barker said about the universality of tier 1. It is important for the committee to understand just how much criticism there is of direct payments, including in the Government's own analysis. They are an historical artefact that was introduced back in the day in the form of production-linked subsidies, which were then turned into area-based payments and ultimately resulted in a distribution that meant that the larger your farm was, and the more land you had, the more money you got out of the system.

As I said, the latest figures suggest that the top 20 per cent of claimants take 65 per cent of all the money that goes on such support. The payments are very poorly targeted, both in terms of income need and in terms of the outcomes that they deliver. They are therefore a really inefficient policy mechanism to achieve what the Government is trying to do. They are very top down and very prescriptive. They deliver very limited environmental benefit and sometimes have perverse consequences for the environment and drive land use decision making, such as through ineligible land features that exclude bits that it would be good to have as part of the farming system. Ultimately, they do very little to reduce dependence on support among those who need it.

We need to look behind the figures. Many businesses that are receiving very large amounts in direct payments would be profitable without those payments. Many businesses would not and would be very much in the red without that subsidy payment support, but many are profitable and do not necessarily need it. There is a real argument about what we are doing with the money.

Eleanor Kay: We have set out what we want from the new tiered approach in our "#Route2050" document in 2019 and the subsequent updates, and there has been little change in what we want. The tiers system feels palatable because it is the pillars system that we had before with a few minor tweaks, so it feels easy to suggest that we do not tweak it too much. We do not want to shock people. However, with the changes to cross-compliance and the enhancement of that, there is a huge question about what we do with tier 1, on basic payments, and how we capture the maximum number of people and keep them connected to the cross-compliance requirements. That is a huge question for Government. If we tweak the system and reduce the money too much, we will get farmers opting out of the cross-compliance requirements. That could mean that we walk towards regulation rather than what we currently have, which is why it often feels easier to leave it alone.

We do not have time to delve into it all today, but I completely agree that the whole farm plan as a requirement of tier 1 is not usable. It feels as if it has very little application for the rest of the tiered support. It should give clear advice on which options within greening people could select. For example, do they have a useful option in the agri-environment scheme, in facility for investment ready nature in Scotland—FIRNS—funding or in tree planting? There should be a clear connection to a true whole farm plan, which would probably be much closer to what the Farm Advisory Service offers support for than what we have at present. We would not want to bring that in overnight, but it could be eased in to provide data and advice so that people could make sensible business decisions and deliver for nature, climate resilience and all the things that we need.

At the moment, the whole farm plan is a tick-box exercise. It is frustrating. When we consider the elective options in tier 3, it needs to be much easier to reward those who want to work together, or to partner up applications to the agri-environment scheme that are remarkably similar but came in as individual applications—for example, from neighbouring farms. We ought to be able to say, "If we put you all together, you'll definitely get the necessary points to get there." The system does not allow that, but that should not be a complicated thing to change.

Similarly, people can be rejected from the agri-environment scheme despite having entirely sensible applications. They are given very little feedback on why they have been rejected and they will then be far less likely to apply it again. Often, the reason is a budget thing. That does not make sense. We could easily optimise aspects of the process in order to get more farmers engaged and deliver a lot more, rather than people selecting themselves out because it seems too complicated. They could be getting on and doing it.

We have no data and no record of what is being done. NatureScot has done a huge piece of work to try to map private work on natural capital and nature restoration, because it recognises that it does not have the data but it knows that a lot is being spent and a lot is going on. In addition, people are selecting themselves out.

Nim Kibbler: I think that we all agree that the tiers are operating in such a way that they are siloed. There is an absolute loss of value because there is no multiplier factor from them working with each other. I do not know what the problem is there. Maybe it is a team structuring issue—who knows?

On Eleanor Kay's point about the whole farm plan, we reluctantly agreed that that was a good place to start, but whether it is going to deliver anything is a different question. We need to be careful, because some of the tools that we have embedded in the system do not work. Parts of the carbon calculator system that we use do not work for regenerative systems. If you put in a carbon calculator some of the Scottish Government's good practice for regenerative and sustainable agriculture, it will tell you to get rid of all your sheep on a sheep farm or to lime all your rush.

10:45

In this transition phase, we might have issues with risk, a lack of skills or a lack of will. Members of my network have said that tiers 3 and 4 deliver formulaic single consultant reports rather than facilitating anything, which means that they are already poorly tailored to everyday farm practices. People are opting out—some of my members are not bothering with AECS or with trying to get hedges and forestry through the nature restoration fund. That is a worrying sign.

The Convener: Last week, we had a discussion about the distribution of tier 1 funding. There was quite a degree of agreement on front loading, but there was perhaps less agreement on whether there should be capping or other forms of redistribution. We also had a discussion about how we can support smaller producers, particularly those in the horticulture sector. Do the witnesses have any brief reflections on that? That was very much part of the conversation last week, so it would be useful to hear your thoughts.

Vicki Swales: Various things could be done. We agree with front loading and with redistributing whatever base payment is left. We see that tier as being much reduced compared with what it is now and, therefore, much more targeted. Analysis and modelling would need to be done on the idea of front loading the funding for the first 20 or 30 hectares. Some work has already been done on that. That would help smaller producers, because everybody would get that funding.

The question is whether we keep giving lots more money to bigger producers, as happens under the current system. That does not seem to be tenable to us. Unlike some of the witnesses last week, we support capping. RSPB Scotland has always argued for that. Previously, under the CAP, there was the option of modulation—moving money from pillar 1 to pillar 2. That was slightly different, but we still use that system a little in Scotland. We support capping the very big payments. Why should we pay very large, asset-rich businesses figures of £100,000-plus from the public purse when very limited conditions are attached to that money? It is questionable what that money actually delivers.

If we are operating with a finite overall budget—whether there should be more money in the pot is a whole other debate, but we think that there should be—the only way to move money between the tiers would be through an approach such as the one that I have set out. That would need to be done over a period of time.

We gave the Government suggestions and funding advice linked to the whole farm plan, reviewing and improving AECS—in total, it receives about half the amount of money that it received just a few years ago—and supporting organic landscape-scale collaboration in agroforestry. At a very low ambition level, the required funding would total £63 million, but a significant proportion of that could be delivered if we capped some of the largest payments.

There are different levels at which the cap could be set, and there are different ways of creating such a system that would result in different outcomes in relation to how much money would be freed up to move into the other tiers. That work needs to be done. Some work in that regard was done by the agriculture reform implementation oversight board and the policy development group that I was part of, and it would be apposite to look at the issue again.

The Convener: Are there any different perspectives?

Ed Barker: The issue with capping is not unique to Scotland. From talking to my colleagues around Europe, I know that there is exactly the same issue in those countries. Some countries have systems whereby there are larger payments for the first 50 hectares, for example, and then progressive reductions afterwards.

The challenge of having a legacy CAP system is that, ultimately, the payments are targeted at outdoor extensive systems. If we take a step back from a food and public goods perspective, we can think about horticulture, for example. Those are the more intensive indoor systems.

When you take a step back and look at protein demand, you see that pig and poultry demand is growing. Poultry is the growth sector in Scotland

and in the UK. Pork production demand is strong, but infrastructure is a challenge.

From a food and environmental goods perspective, there is a question about where that support should be targeted, because that is a challenge when you are paying out in an area-based system. Ultimately, those are partly political choices, but there is an opportunity to reflect on how to continue to move forward that high-quality food production and inward investment in Scotland. There are several mechanisms that you could take from other parts of Europe, for example, in relation to setting appropriate limits and adjustments as necessary, which, arguably, could be used with more freedom in Scotland.

Kevin Cumming: On front loading, in general, people can receive direct payments for 30 hectares or whatever. That is fine in principle, but it is worth mentioning to the committee that that is still just an area-based payment; it is nothing to do with what is happening or the outcomes for that land. It is the same thing but just tweaking the different levels. Donna Smith made that point last week.

We would like crofters, tenant farmers and smaller-scale farmers to be given the opportunity to work together at scale. The issue of how to best use common grazings was brought up last week. The best way to do that is to work collaboratively, but people are not being given the opportunity to do that. Changing the direct payment to 30 hectares does not allow them to work at a greater scale, which would help to provide greater public benefit.

If you are talking about just tweaking the direct payment to do that, that is fine, but that does not actually solve the issues that have been raised about the outcomes of the land use and whether those smaller-scale farmers can work together to achieve better market value and better public benefit.

The Convener: Are there any other perspectives on that question? If not, I would like go back to the issue of evidence. Nim, you talked earlier about the evidence base for what the spend delivers. Are we focusing on the amount of spend and outputs rather than on the actual outcomes and the improvements that we get as a result? How are we measuring that, and does that fit with the current mechanisms for doing that? Do you have further thoughts on that? We can then go around the table.

Nim Kibbler: Can you give me a moment?

The Convener: Yes. Ed Barker, you reflected on the evidence base as well.

Ed Barker: We mentioned baselining in our submission. If you are not measuring or taking a baseline, how do you know whether you are making improvements or whether things are getting more difficult? Ultimately, you will struggle from the very get-go if you do not have a baseline from which to measure.

That is not only for environmental indicators; we also mention productivity indicators. The rural support plan is very clear that it wants to improve productivity outcomes, but which productivity outcomes? How can you reflect in 10 or 15 years' time and say that you have seen a demonstrable improvement in yield potential? We absolutely have the resource and facility in Scotland to make those improvements in yield in arable systems and better health and welfare outcomes in livestock systems, but, if you do not have a baseline to start with, the evidence will have to come from piecemeal data from the supply chain, and such data is not collected across all of the supply chain.

Eleanor Kay: There is a lot of evidence out there of sensible changes that can be made. It is about getting that in front of farmers and making sure that they have the skills to apply that data to their individual systems. That process is often missing, so there is a huge opportunity in tier 4 for that to be addressed. However, when you look at the rural support plan and the roll-out of changes to tier 4, it seems to be the final part of the process rather than something that is brought in from the very beginning.

In relation to what makes a productive farm, we know that 70 per cent of the difference between the profitability of the top and bottom-performing farms is driven by management decisions rather than geography, soil or other variables. That has a huge impact on whether a farm is profitable. If it is profitable, it is far easier to invest in some of the transitions that are needed, because they require an ability to free up capital.

Data benchmarking is critical, whether we are talking about farmers assessing soil health on their farm and how it compares to that of others or understanding the impact that management decisions can have on water management, whether in relation to flooding downstream or to water resilience during a drought. That data is there to be collected, but I am not sure that the tools are available or that there is a process for developing the tools so that farmers can utilise the data and demonstrate that they are doing really good things.

Vicki Swales: I am afraid that the Scottish Government has a poor track record when it comes to monitoring and evaluation of its agricultural expenditure. That is partly a legacy of the CAP, because it was never required to do that for pillar 1 and most of the direct payments, although there have been EU-wide evaluations of direct payments and of greening, as well as some Scotland-level work. The evidence that the Government has shows that there are significant concerns about what the direct payments deliver, and there has been widespread criticism of greening. It is supposed to be a mechanism for delivering green farming, but it does not do that to a level that is commensurate with the £142 million that is spent on it. It involves very light-touch measures.

AECS is the only scheme that has had any formal monitoring and evaluation done by the Government. It has been demonstrated that AECS has positive outcomes for nature and climate, but, as we have teased out in this discussion, the budget is declining and some farmers are losing faith in the scheme for all sorts of reasons, not least because the payment rates have not been revised since 2014 or before that.

There is something that the committee should ask for. As Ed Barker has pointed out, the rural support plan says:

> "Understanding progress made through the RSP is contingent on establishing a baseline for future comparison. An initial baseline report for 2025 data will form the basis against which to measure progress over the plan period. A progress report will be published using 2030 data."

I have not seen a 2025 baseline report. I do not think such a report exists. It would be good to ask for that report and to ask the Government what our starting point is. What information do we have now and how will we be able to judge in 2030-31, at the end of the plan period, whether we have made progress towards the outcomes? I think that the Government will be on a very sticky wicket when it comes to being able to demonstrate any of that.

Tim Bailey: In the business world, organisations tie together their strategic objectives with targets for what good looks like and a delivery plan that sets out how they will achieve those. The rural support plan sets out the strategic objectives, but the biggest section is about monitoring and evaluation. To echo what everyone else has said, that is a bit ironic when we do not have a demonstrable baseline nor much in the way of targets for what good looks like in relation to all the outcomes and the sub-outcomes. I presume that we are going to have a mechanistic monitoring and evaluation process rather than one that involves measuring substantive progress on those objectives.

We missed the boat with the preparing for sustainable farming programme. A significant amount of taxpayer money was spent on encouraging farmers and crofters to do soil and carbon testing. I accept Nim Kibbler's point about the inadequacies of some of the carbon footprint calculators. Nonetheless, we used a lot of taxpayer funding to encourage people to do that. We also used a lot of taxpayer money in relation to animal health and animal welfare, which Emma Roddick mentioned, but we do not have any of that data.

Given the lack of demonstrable targets, the lack of baselining and the failure to capture data through the preparing for sustainable farming programme, we can come to only one conclusion, which is, as Vicki Swales mentioned earlier, that we are constrained by the IT system. The IT system has constrained us in the past and, on the basis of what we see in the rural support plan, it is going to constrain us in the future.

The Convener: Nim, do you want to come back on that? I am sorry for picking on you earlier.

11:00

Nim Kibbler: No, it is fine—I love a surprise.

I will be quick. From what I have seen and from speaking to my members, there is no baseline or understanding that they can see, but I should point out that they themselves have a baseline, which is based on their own experience of what they are doing, whether it be intuitive or metrically pinned down by numbers. They are going out of their way to find out what to do and how to create those systems. I am not sure that it is entirely their responsibility to feed all of that information up and share it and shape it, especially if they feel that they are not necessarily being listened to in the consultation process.

As for getting that information out there, these are, in general, practical people and the thing that I am hearing about over and over again is peer-to-peer learning. Someone said that farmers are too busy to have time to invest in training—oh, it was you, convener; sorry—but I do not think that that is true. I think that farmers are constantly learning. They constantly want to pick up new things, understand different perspectives and find out why, for example, something works slightly differently on a lower field than on a higher field.

Therefore, peer-to-peer learning is really key, and it sits under tier 4. There are lots of things within that, but we have had to create these things from the ground up. We need only think of all the farming clusters that have developed over the past few years; they have been ground-up initiatives, and the people involved are having to dig around for funding every year. That is not a sustainable, long-term way of ensuring that this sort of information gets out there in a trusted and accessible fashion.

The Convener: Thanks for that. Jamie, did you have any follow-up thoughts on the evidence at all? If not, we can move on.

Jamie Langan: No. I think that it all ties in quite nicely with the next question on timescales and whether we can assess whether a timescale is appropriate if we do not know what we are working towards.

The Convener: Dawn, do you want to take us on to that line of questioning?

Dawn Black (Angus North and Mearns) (SNP): Thanks very much, convener.

We have already heard quite a lot of views on deliverability, but I want to dig down more into the question of whether the transition timescales are appropriate and whether they reflect some of the urgent issues that you are all facing, such as the need to remain competitive and the need to adapt to climate change and the extreme weather that we are now experiencing. There is also the biodiversity question. Given that many operators—both farmers and land managers—are already addressing many of these things off their own bats and are not waiting for the funding to be in place, what are your thoughts on the timescales for transition?

Eleanor Kay: The timescale is far too slow. We have all said, at various points in this evidence session, that all of this began a long time ago and that, from the discussions that were had on what we were moving to—on the need for stability and simplicity, on the route map and on whatever document you might want to pull out from the last, say, seven or eight years—we very clearly knew what needed to happen.

We were working towards a 2027 roll-out for a number of things, but, when there were some statutory instrument tweaks that extended the roll-out to 2030, it sent a very clear sign to the sector that it did not actually need to do anything just yet. The powers were extended and, when they spoke to the previous committee, many stakeholders made it really clear that, when the statutory instruments extended things to 2030, it sent the worst message to the sector, which was that things were going to carry on essentially as they were until 2031. That is exactly what we are seeing.

None of this—none of the rural support plan and none of the tweaks to the current schemes—is clearly conveying the message that we need to be more resilient, that we need to change how we are managing our businesses and that we absolutely need support in order to do that. However, that has been clear for a long time. As I said earlier, we cannot be in the same position in 2031, with the sector turning round and saying, “We’re not ready or prepared for the changes that need to be brought in.”

That said, there are things that we should be able to do right now that will make it really clear that climate resilience, water resilience and soil health are critical to our ability to cope with what is going to be thrown at us—and, indeed, has been thrown at us already this year. That is only going to continue. I find it very difficult to say that the rural support plan will make any significant improvement in ensuring that the sector is ready for 2031.

Tim Bailey: To reiterate what I said earlier, we are at a point at which farmers, crofters and land managers are living and breathing in a world that is changing at a rapid rate, and we need the plan to provide an adaptation focus, with adaptation programmes and adaptation funding to enable that to happen. That is the reality of climate change, water issues and really fractured supply chains.

However, this document and the associated work are spinning in a different orbit relative to what is happening. We have climate change legislation, a climate change plan and targets. We have the Natural Environment (Scotland) Act 2026 and plans for biodiversity targets. We have the Good Food Nation (Scotland) Act 2022 and objectives in that. Then we have a Government/industry strategy: the Scotland Food & Drink partnership growth strategy. The rural support plan and agricultural policy and programmes play an active part in making all those things come to fruition, yet the plan is completely tone deaf to all of them. The agriculture route map talked about starting substantive tier 3 and 4 programmes from 2027. As I said, that has now been punted back to 2030. Frankly, that is far too long, and 2030 would be too late.

Vicki Swales: I apologise if there is frustration in my voice and answers, but it is because we have been here so many times before, over more than 10 years. I was reading a document from back in 2012 on agriculture champions and, in all the discussions then on a vision and path for agriculture, all the same stuff was being said.

Tim Bailey is right that the clock is ticking. The plan is not helping farmers and crofters, food production or food security, and it is definitely not helping nature and climate. On climate, others have talked about the context of this year, but, in relation to the climate change plan and the emissions reductions that need to come in the agriculture sector, I would point out that, by the time of the third carbon budget, which is from 2031 to 2036, agriculture will be the largest-emitting sector in Scotland.

All other sectors are moving rapidly to decarbonise. The progress in agriculture has been slow and limited, and the sector is going to stand out like a sore thumb and be the outlier and the reason why Scotland is not hitting its climate targets. There is no transition in the plan; indeed, it is not a plan. There are minor changes. We are going to go from 5 per cent ecological focus area to 7 per cent next year. Many of us asked for that several years ago, but there was a lot of pushback, so now we are going to do that in 2027.

People will not have to have all the components of the whole farm plan until 2028. Then there is to be a sudden jump, with some money for tiers 3 and 4 in 2030-31. That is welcome, but there is no articulation of what that money will go into. For example, we do not know whether it will go into AECS, a supply chain or something else. If I were a farmer or crofter looking at the plan or listening to this conversation, I would be thinking, "What am I supposed to be doing? What is the expectation of me?" Meanwhile, as Tim Bailey rightly said, all those other things are swirling around and things are happening super fast in the outside world. He is right to say that the plan sits in some weird little orbit that is detached from reality.

Nim Kibbler: I completely agree with Vicki Swales that food and farming policy do not meet at all. That is echoed in what I see practically among our members. The confident ones are getting on with it, making up their own stuff, taking the risk and scraping around for pennies down the back of the sofa to invest in things. Others have gotten stuck because of the inertia—they do not know where they are going.

What I have seen that is actually quite scary is that people are starting to trim the fat from all areas of their business in order to mitigate risk, rather than looking constructively at what areas of their business they need to develop, which is making those businesses weaker and more fragile. That inertia is kind of pushing the lemmings towards a cliff but also tying their legs together, as it were.

Kevin Cumming: I will try to answer briefly, because I agree with some of the points about the various acts that have been introduced not working together.

We have a Scottish Government that has declared a climate emergency and is talking about a biodiversity crisis, and the UK Government's national security briefing now states that climate change is a national security issue in relation to our ability to produce food. If you ask whether we are moving quickly enough, I would say that we are moving laughably slowly, but it is not a very funny joke.

There are things that the committee could ask for this plan to do. There was a mention of the need for us to reward risk and encourage people to try new things. Not everyone will move quickly in that regard, but we can surely make the plan more flexible, so that people who are willing to try different approaches could be enabled to, for example, take a new approach on not just 7 per cent of their area but perhaps 30 per cent, because that is what is best on that landholding. If we are going to address the emergencies and national security issues that have been identified, we have to do more than we are doing.

The Convener: If there are no further comments on that question, I will bring in Emma Roddick.

Emma Roddick: Last week, we chatted about engagement and how people felt that it had gone. Particularly in the context of ARIOB no longer existing, are our witnesses concerned that there might be areas that are not going to be covered by engagement methods?

Eleanor Kay: We always felt that ARIOB was not fit for purpose—it never quite knew what it was. It definitely did not have the right membership if it was meant to reflect the breadth of input that was needed. The issue of engagement and communication with the sector has been a constant source of frustration, probably since the pandemic. Previously, a number of quite useful groups would meet quite regularly with civil servants—the rural stakeholders group was a particularly large one—and involved people who had a clear knowledge of who to talk to and an understanding of what the directorate teams were doing. The fact that we frequently met in person in Victoria Quay was invaluable in that it made it much easier for people to pick up the phone and raise various issues or ask about the general on-the-ground application of policy and regulation. You could get really easy, quick fixes to unintentional effects that seemed to result from a bit of an oversight in how guidance was written—nothing substantial, but things that made it a bit difficult for things to be done on farms. That engagement drifted away and has not been replaced. ARIOB did not replace it. In fact, the food and agriculture stakeholder task force was set up in response to ARIOB—essentially, it almost created itself as a result of frustrations in the sector about the fact that ARIOB did not seem to be representing that side of the sector. Although we have had quite good engagement with the Government, it still felt like ARIOB was the default and there was not really space for other forms of communication. The situation has been very frustrating, so I am not sad to see ARIOB go.

I want a return to what we had before in terms of greater rural stakeholder contact with the Scottish Government, just to improve those lines of communication. If we are aware of Government announcements beforehand, we can explain to members what the rationale is and what they mean for them, rather than reading the press release at the same time as our members and taking a while to work out why something has happened and what it means. Conversations about such announcements should happen before the announcements are made. As stakeholders, if we are needed to deliver the message about what needs to happen to the sector, we cannot be the last to hear about things.

11:15

Tim Bailey: I have a confession to make: I was on ARIOB. Do not hold that against me. ARIOB was well intentioned, but it had a number of challenges. I hope that it does not say too much about me that you can see my frustration at the C word being virtually not referenced in the rural support plan, despite all my pleas when I was on ARIOB.

I am concerned about what future engagement will look like. I was not upset to be sacked from ARIOB, but what the future stakeholder engagement structure will look like is critical, and, as Eleanor Kay said, there was a good place for that engagement in the past. We certainly need that in the future. It might be possible through FAST, because that represents a range of different stakeholders, but there needs to be a more distinct agricultural and rural stakeholder engagement process other than what is planned with the new land, agriculture, nature delivery—LAND—group.

Vicki Swales: Like Tim Bailey, and along with Jonnie Hall, I was a member of the policy development group and, at one point, an RSPB Scotland trustee who sat on ARIOB. You will be aware that, at the end, we walked away with some of our counterparts, because, after nearly five years of discussions, we felt that it was going nowhere.

I mentioned earlier that the process associated with policy design and development has been very poor and that there has been poor engagement with the wider stakeholder community and beyond that. At the end of the day, this is about a plan that, in the public interest, should be delivering outcomes that benefit all citizens in Scotland, and taxpayers are paying for it.

As I said earlier, we certainly need a different process for the stakeholders that starts to build bridges and teases out more of the fundamentals and the foundational principles. There are some examples in Scotland of ways in which we could do that, but I do not think that the LAND group is one of them. It serves an entirely different function that we do not participate in, which is to look at broader strategic and integrated land use. That is a whole other topic and another big question about whether Scotland is big enough to deliver all the things that we need and ask of all our land resources.

We need more and different voices in this space, too. These discussions take place among a really narrow group of individuals—I include myself and our organisation in that. There are not many young people among them, there are often few women, and there are no other citizens. Some time back, the Parliament held a really good citizens' dialogue on the CAP and agriculture, which threw up some really interesting things, with people saying, "Hang on—what are you doing? Why do you pay all that money? Shouldn't it look quite different? Shouldn't we be doing X, Y, and Z?"

There are lots of different ways in which this could be done, which is why we need to go back to the drawing board and start to have that kind of conversation. The farmers' and crofters' voices must be at the heart of this, because it is about what we are asking them and land managers to do. We are not talking about a process that excludes them, but agricultural voices cannot be the predominant voices in the room. It has to be much broader and more representative of rural areas, rural society and, indeed, society as a whole.

Kevin Cumming: It was touched on earlier that the plan that we have ended up with is probably a symptom of the fact that its design was not fit for purpose. The organisations that I am representing today have not sat on any of those groups, so it is welcome that the Rewilding Alliance is at the table, because that broadens the views that can come in.

After the meeting, I can provide the committee with more information on this, but I note that a couple of other European countries have looked at redesigning their agricultural payment and, along with that, their land use. Switzerland is one of them. The Swiss looked at redefining direct payments, with the Government starting by defining what public goods agriculture was expected to provide and developing specific objectives for them. They then had broad consultation with the various environmental, economic and farming interests that would be impacted. The solutions that came out of that looked at how to achieve the objectives across those views.

It should start with a question of what the Scottish Government should be asking: what are the outcomes that we need Scotland's rural land to deliver over the next 10 to 20 years, and how should more than £600 million of the public's money be used to achieve that? The right people should then be pulled in to look at how those outcomes could be achieved.

Another example that is more relevant for us is Denmark's agreement on a green Denmark. The Danes pulled together stakeholders with competing interests, not to try to get them to agree on everything, but to understand the competing interests in the land and to negotiate a solution for food production and climate and nature recovery while supporting thriving rural communities. There is a fully invested plan on the back of that work. Yes, there are still things that need work and Scotland should not just do the same thing, but we can take the examples and produce better systems. I am happy to provide more detail of the examples to the committee.

Nim Kibbler: We have to hold our hands up and say that we were part of ARIOB. We were late to the game, so we were slightly less frustrated than some of you guys were. Generally, we found it opaque and cliquey. We sent one of our farmers. What was different for us was that she could represent other aspects of her life—she is a mother and a neighbour, she teaches people, and she is is a citizen of Scotland—rather than focusing solely on the narrow context of being a farmer.

We have been invited to the LAND group. In response to Vicki Swales's point, considering the lack of youth voices in the group, we suggested that the UK youth food and farming forum could be invited to it, but we have had no response. We have also suggested that the farmers on the group could be rotated, so that the same person is not going regularly. However, again, we have had no response. We are trying to suggest ways to formulate better practice, but I am not sure whether our ideas are being heard.

Laura Mitchell: Earlier, Nim Kibbler mentioned the work that is already being done, giving the example of farm clusters. The Moray farm cluster in my constituency is doing good work to deliver on food production, climate and nature. I do not think that there is a contradiction in delivering on all three of those outcomes. Do you agree with that? Secondly, how do we support the farmers who are already doing the work on the ground in those areas?

Vicki Swales: I do not think that there is a dichotomy or a conflict. There is no disagreement that farming is about nature and climate as well as food production. You cannot produce food without a healthy natural environment and a stable climate in which to operate. As we have said, those things are becoming very worrying and challenging for farming and food production.

We are advocates of supporting nature and climate-friendly farming. As Laura Mitchell rightly says, people are already doing that. We are active in that space and have advisers who are advising farmers on how they can manage the land for certain species or habitats, often at a landscape scale in places such as the Clyde valley and through the Strathspey wetlands and wader initiative. Our advisers have had constructive engagement with farmers, which is why we are keen to see more investment in that type of delivery. It does not have to be done through Government bodies or agencies. Many organisations are well placed to support and work alongside farmers and crofters to deliver all those things in integrated ways. At the minute, it is not being funded very well, though. It is happening in spite of the system rather than because of it.

Eleanor Kay: Those things not only can but have to work together. You cannot have sustainable growth without consideration of nature and biodiversity, because growth at any cost is not sustainable. Unsustainable practices for short-term gains will only weaken the natural resource base, which is why the move towards regenerative and sustainable practice is critical.

It will be a lengthy process for some farms, depending on their starting point, and that needs to be clearly explained to those farmers. Their starting position also needs to be understood, to manage the expectations of both the sector and the Government, so that the reality of what we are dealing with is clear. For other farms, which have perhaps started from quite a good base, small tweaks may be enough to deliver a resilient system that can cope with future challenges. That is not to say that they will not be affected by extreme weather or concerns about sudden price changes. However, they are far better able to weather the storm than those that are starting from a weaker position.

The work of cluster farms can be critical. The network allows them to discuss what it looks like on the ground for them and how it might look for neighbours—not necessarily immediate neighbours, but those in the same catchment who are dealing with a similar weather system. It is useful to see what others are doing and to get an idea of how that could tangibly work for you. Being able to de-risk things is critical.

The system of support needs to change in order to help people to understand that change will look different for individuals, that how it is delivered on their holding will have a different timescale and that there will be moments when things are difficult. Financial services also need to be brought in, so that there is awareness that loans might need to be different and that someone's overdraft might need to be handled a bit differently for a brief period.

There is so much involved in this, but, if those mechanisms are not there, it does not matter that the Government's objective is to deliver sustainable, regenerative practices. If none of the support mechanisms are ready to play their part, that will have a huge bearing on whether the plan is successful.

Tim Bailey: I would echo that. I do not think that there is any contradiction in that. The cluster model has proven that. Within our sphere and our membership, the co-ops are a cluster—they are doing that.

In Laura Mitchell’s constituency, Banff and Moray Grain (Marketing) Ltd, for example, started life by supplying malt and barley to meet customer specifications but it has gone to a higher level, with its entire producer base going through the highest level of the sustainable agriculture initiative platform framework. That might have been a result of supply chain pull, but a huge environmental benefit is coming off the back of that.

First Milk, the dairy co-op, has 750 farms across Great Britain, a third of which are in the south of Scotland. About 93-94 per cent of the farms have voluntarily signed up to First Milk’s regenerative farming programme. That is not a box-ticking exercise; it is driven by data, by improvement actions and by monitoring.

These things are happening, but they could happen much more quickly and at a larger scale if there were a focus on them, with funding provided to help to nurture and develop them.

Interestingly, in the contrasting approach that is taken south of the border, the Department for Environment, Food and Rural Affairs recently launched a collaboration fund of £30 million over the next three years. That is to facilitate, to herd, to prepare for and to take a strategic approach to groups of farmers having that cluster approach, focused on, for example, sustainability and business improvement. That holistic approach can be followed if focus and priority are given to it.

Ed Barker: The previous two questions together touch on one area that is often overlooked with regard to delivery: advice. How will the Government take farmers and land managers through all the changes that are expected of them? There is so much information, not only on regulatory changes but on market changes and demand. Supply chains are changing all the time through the environmental, specification, quality and data requirements that they place on their farmer producers.

As these changes come through, we must consider how we are providing that advice to individual farmers, whether as a result of legislative or regulatory changes, while making best use of existing mechanisms. You mentioned clusters, and Tim Bailey mentioned his organisation’s members. However, we must also make use of agronomists, feed advisers and vets. Thousands of conversations are taking place every week on farms in Scotland. We can use the existing channels to deliver all of the changes that are coming and to consider them as part of the commercial requirements of the businesses that they are advising. We have often missed that opportunity in the past. It is almost as if we believe that changes have to come from the Farm Advisory Service, but we should actually make best use of the existing advice channels, which are trusted by farmers.

11:30

The Convener: We are running out of time, unfortunately. It has been an excellent meeting. There has been a lot of detail, and members have been listening intently to the answers to our questions.

I think that two members would like to come back in and ask about some points. Emma Roddick, do you want to come back in?

Emma Roddick: No, thanks.

The Convener: Finlay Carson?

Finlay Carson: Yes, thanks. I will go back to funding. Everybody recognises that agricultural funding has been eroded during the past few years. The current funding is about £16 million less than last year. We keep hearing that the original funding amounted to £660 million, but that amount was based on the legacy CAP and it was negotiated two decades ago. Now, we have a biodiversity strategy, a climate change strategy and pressures related to resilience. Not only do farmers have to be well placed to mitigate and adapt to climate change, but they are also affected daily by issues such as flooding, blue tongue and other diseases, drought and pressures from across the world that affect prices.

The Government says that it is interested in food security, but the £660 million is being diluted because more money is going to climate mitigation, biodiversity and whatever—and rightly so, if that is the direction that we want to go in. However, ministers seem unwilling to be honest about the trade-offs. There was a fixed budget, and now we hear that it is fantastic that we have multiyear, ringfenced money. However, the amount goes down in real terms every year, so it is actually bad news that we have to deal with, potentially, £660 million, with limited changes to that amount until 2030.

Does the current funding profile address the urgency of Scotland’s climate and biodiversity crisis and also the need for food security and our ability to produce food for Scotland and the UK?

The Convener: Could we have brief responses to that?

Nim Kibbler: From the perspective of farmers, as Vicki Swales alluded to, there are some practical examples. We can talk about having big budgets, but the money does not get to the right level.

One example comes from a crofter who was installing essential deer fencing. The installation cost was £10 per metre, but their grant allocated them £5 per metre, so they had to provide 50 per cent of the cost themselves. The grant also does not take into account that sometimes soil is not deep enough for a fence post, so you have to drill it into the base rock. The systems are not in place fully, so our farmers are subsidising the transition at the moment.

Kevin Cumming: Finlay Carson raises a useful point. I hope that the committee feels that it can recommend to the Government that there is not enough money in the pot, as that is the case.

In addition to the examples that have been given, there is a long list of real-world examples of farmers in the networks that I mentioned earlier who are not undertaking work because there is no finance available or a framework to reward them if they do it. Examples of that include the restoring of the Atlantic rainforest by a cluster of farmers in Tarbet and Argyll; the restoration of native woodland and woodland connectivity on a croft in Sutherland; the exclusion of rhododendron and American skunk cabbage from historic pinewoods in Moray; and the reintroduction of beavers on a farm in Perthshire that is producing water for its livestock during a drought. That farm cannot access the AECS agreement because the beavers might move out of the area.

I am happy to follow up with the committee on this, as we are running out of time, but one of my concerns is that that the Government thinks that those measures in tiers 3 and 4 will be topped up with private finance, but that requires a much bigger conversation. It is extremely risky and unlikely to happen, especially during the next five years. I will write to the committee about the issues with private finance. We are concerned about the idea that that is where the windfall will come from, because it will not.

Eleanor Kay: I completely agree that £660 million is simply not sufficient. That is a frozen budget and it has been in place for some time, which means that the real-terms value of the money has decreased significantly. That is of great concern, especially when we consider that payment rates are not being reassessed while the cost of all the inputs that are required has gone up significantly.

We saw it even within one year, with the future farming investment scheme. After people had applied and had confirmation of whether they had been successful, there were significant price rises as a result of supply issues due to disruption in the middle east and other geopolitical issues. Farmers had put in for one particular thing, thinking that it would cover about 80 per cent of the cost, but suddenly it was looking as though it would cover only about 40 per cent of the cost. They had to weigh up whether it was still the right thing to do or whether there was an easy way for them to go back to the Government and say, “Can I do something slightly different that the money would cover a bigger percentage of?” We need to be much more flexible around some of these things.

We also perhaps need to be clearer about whether some of the budget that is allocated for climate change can be used for agricultural stuff because it is delivering for that budget, as we no longer have the official Westminster ring fencing that prevented that from occurring. Also, if the Government is taking, or utilising, money from other parts of the budget to deliver rural and agricultural things, that needs to be made much clearer, because when we push back on why the budget is the same, we are often told that the reason is that there will be in-year transfers and that things will change. The Government needs to be more up front about that in order to allay those concerns, especially because it looks bad if that money stays the same.

Another point is that, although the money is now put into the Barnett formula, we still do not have much clarity about that. It is legacy money. The Bew review made loads of suggestions about the correction of the funding that should take place, and Scotland’s natural capital potential is significant. None of that is currently reflected in the allocation of money, yet it is critical to the whole of the UK achieving 30-by-30 targets, climate targets, tree planting targets, peatland restoration and so on. None of that is being addressed by Westminster in its allocation, so it is not entirely a Scottish Government problem or its fault. Westminster definitely needs to have more pressure put on it.

The Convener: Thank you very much. Finally, a brief word from Vicki.

Vicki Swales: The short answer to the question is no, there is not enough money in the system, given what we are asking it to do. The amount of money would be around £910 million, in real terms, by now if it had kept pace with inflation. RSPB Scotland was involved in a study looking at what it would cost to deliver environmental land management—to deliver for nature and climate—and that figure was £1.17 billion per annum.

We realise that these are straitened financial times for public finances; nonetheless, as Finlay Carson alluded to, agriculture is being asked to do a heck of a lot more than it ever was, and it is not necessarily just about food production. We are talking about public goods, and I think that, in the vast majority of cases, it is public money that is required. I share Kevin Cumming’s concern that too much weight is being put on private finance plugging the gaps. It is certainly not there yet, and I think that it is a questionable approach that makes us vulnerable in the longer term.

I mentioned earlier some practical shifts that can happen now, with regard to moving money, funding advice around whole farm plans, improving AECS—it has half the budget that it had just a few years ago—and, within that, reviewing the payment rates, which have not changed since 2014. No wonder farmers do not find it an attractive scheme to go into. Supporting organic expansion could happen within that, with landscape-scale collaboration in agroforestry.

At a low ambition level, that could all be done for £63 million per annum, rising to £141 million if we were much more ambitious. Those shifts could happen within the next five years, within the framework, if the Government wanted that, and they could happen within the existing schemes, never mind us redesigning things and doing a lot of things better.

The Convener: I thank all our witnesses for coming to give evidence this morning. There is lots for the committee to mull over ahead of our final round table on the rural support plan, which is next week. Thank you very much. We will now move into private session.

11:39

Meeting continued in private until 12:43.

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