

Just Transition

Land Use and Agriculture



Delivering a just transition in land use and agriculture

A Discussion Paper

Contents

Introduction	04
The just transition plan process – what are we doing and why?	08
Long term vision and illustrative journeys	10
The National Just Transition Outcomes	12
Draft Just Transition Outcomes	14
Themes and recommendations of the Just Transition Commission.	19
Scotland's land use and wider rural socio-economic context	20
Land use in Scotland	21
Wider socio-economic context	23
Future support framework: a phased approach	40
Monitoring and evaluation	42
Annex A	43

Introduction

This paper is designed to support discussion on the development of a Just Transition Plan for Land Use and Agriculture. It sets out a summary of current context, commitments, targets and policy ambitions.

We understand that the way we own, use, and manage our land is fundamental to how we live in Scotland; that in order to achieve a nature-positive, net zero Scotland, our land and sea will need to balance competing demands and will require negotiation and compromise from all. We also recognise the importance of Scotland's farming sector and that their continued success will need to be a fundamental part of ensuring a just transition to net zero.

The net zero challenge

Scotland has committed to become a net zero greenhouse gas emitting nation by 2045, with interim targets of 75% by 2030 and 90% by 2040, (against 1990 baseline levels). These ambitious targets require a collective effort with all corners of society playing their part, including governments, businesses, organisations, communities, and households. These are national targets, not sector based targets. No one area, be that land use and agriculture, transport or the built environment and construction for example, has been set the task of achieving net zero or 'carbon neutrality' in isolation. This is about Scotland as a nation achieving this feat. Indeed, in a net zero Scotland certain sectors will continue to produce greenhouse gas emissions; this is unavoidable and will include our agricultural food production system and some elements of wider land use.

What Scotland as a whole must strive to achieve is the eradication of avoidable greenhouse gas emissions and the reduction of unavoidable emissions to a minimum. The residual emissions must then be in balance with the amount of carbon dioxide that can be removed from the atmosphere, which is currently through land use and agriculture, for example by tree planting and maintaining healthy peatlands.

The role of land use and agriculture

Within this wider national challenge, land use and agriculture has a unique role. Alongside the other emitting areas of Scotland, it has been tasked with reducing its greenhouse gas emissions. Unlike other sectors however, land use and agriculture has been asked to deliver this while producing food and, at the same time working on behalf of all of Scotland to remove additional carbon from the atmosphere by providing the 'carbon sink' to help balance left-over emissions from our daily lives. We also recognise that Scotland's food and drink industry is closely related to our land use and agriculture sectors. It creates wealth and important employment opportunities, and will be of key importance as we move towards a net zero economy.

As Scotland moves forward on this journey, we will need to remove more carbon from the atmosphere through actions such as increasing the number of trees that are planted and the restoration of degraded (unhealthy) peat bogs. This will result in increasing pressure on land use and agriculture in Scotland to deliver an ever-increasing service to the nation from a finite area of land. To achieve this, a balanced and national understanding will have to be sought, trade-offs explored, compromises reached, and the agricultural sector empowered to lead, to ensure that our land use and agricultural systems can deliver on this requirement whilst meeting the various other demands placed upon them.

Demands such as:

- food production
- nature restoration
- energy generation
- the provision of land and timber to build homes and communities
- access to places where people from both our urban and rural communities can go for exercise, recreation and to connect with our environment and history

As set out in [Scotland's third Land Use Strategy](#) and the [Climate Change Plan update of 2020](#), Scotland cannot stop delivering on demands like food production and it cannot look to sacrifice areas like nature restoration in the quest for net zero. These pressures already exist but will become more acute as this journey progresses. Thus the transition that is required within land use and agriculture is one of evolution, of finding the balance to deliver on these ongoing demands. An example of this evolution can be seen in the [Sustainable and regenerative farming - next steps: statement, w](#) where work is underway to transform how we support farming and food production in Scotland to help us become a global leader in sustainable and regenerative agriculture. Indeed, farmers and land managers will need to be empowered to play a pioneering role in helping us meet the multiple demands of becoming a net zero nation, and there must therefore be an emphasis on supporting their livelihoods and wellbeing.

It is widely acknowledged that this evolution and the changes required will not always be easy to achieve and those touched by the transition must be empowered to lead on this journey. We recognise that the nation will be relying on some, such as farmers and land managers, to bear a greater share of the work, but they will be supported in return.

Through co-development with communities, these changes could result in a better quality of life, fair work, resilient rural, coastal and island communities, and a better natural environment for future generations.

The Land Use and Agriculture Just Transition Plan will look to complement ambitions and actions of other Government plans and strategies such as [Scotland's Climate Change Plan, Adaptation Plan, \(forthcoming\) Rural Delivery Plan, \(forthcoming\) Bioenergy Action Plan](#) and [National Island's Plan](#), as well as [Scotland's Environment, Biodiversity](#) and [Forestry](#) Strategies to name but a few. It will help to provide a wider evidence base as we look to understand how upcoming work such as the [Agriculture Reform Programme](#) can help deliver a just transition, whilst demonstrating the links with the other Just Transition Plans in areas such as built environment and construction and transport.

A just transition is a national mission. It is not something the Scottish Government can do alone, nor do we hold all the answers. It will need input, collaboration, and action from people throughout Scotland.

We need your input to make sure we are considering all aspects of the transition – not only for the land use and agricultural, but also for wider rural, island and coastal communities. Please tell us about, and help to identify, opportunities, gaps, and solutions.

The just transition plan process – what are we doing and why?

What is a ‘just transition’?

A just transition is both the outcome – a fairer, greener future for all – and the process that must be undertaken in partnership with those impacted by the transition to net zero. Just transition is how we get to a net zero and climate resilient economy, in a way that delivers fairness and tackles inequality and injustice.

Throughout the summer of 2023 and into early autumn, we will take forward engagement that will allow us to hear from those who live on and rely upon our land for their livelihoods and wellbeing, as well as from wider rural, island and coastal communities. By seeking your lived experience, we can begin to build a picture of what a just transition for land use and agriculture looks like.

This paper seeks to provide a basis for conversation. As you progress through the paper, the intention is to provide a summary overview of not just land use and agriculture, but wider rural Scotland. We start with Scotland’s National Just Transition Outcomes, then journey through the overarching make up of Scotland’s land with a high-level view of the socio-economic aspects of rural Scotland, spotlighting agriculture, forestry, and peatland. We present a draft vision for the future, the themes and recommendations of the Just Transition Commission and a set of draft land use and agriculture just transition outcomes.

The content of this paper is intended to be up for discussion, challenged, and built upon. There may be gaps in our evidence, approach and priorities. Our hope is that our engagement will identify or confirm these so that they can be addressed.

As outlined in the Climate Change (Scotland) Act 2019, the Scottish Government must seek to build social consensus in the way it plans for emissions reduction. In short, we want to ensure that people have an opportunity to provide input and that their input is tangible in the Plans we make, allowing everyone to feel a sense of ownership. This process is at the heart of our national just transition approach and policy. To help ensure our climate change policy is fair, we intend to co-design our just transition plans and meaningfully engage with those likely to be involved in the transition.

As we develop a draft plan for public consultation in late 2023/early 2024, we will use our engagement to test different approaches. This will also help us identify where, and by whom, action can take place to support a just transition from all levels of government to businesses, workers, communities, and individuals.

This discussion paper is not only intended for use by the Scottish Government in its engagement; we ask that interested partners use it to facilitate conversations and provide input to the Land Use and Agriculture Just Transition team via the mailbox at LAJTP@gov.scot.

We will use the outputs of our engagement to refine the content and actions of the draft Plan.

Long term vision and illustrative journeys

Figure 1.

Scotland Now



Scotland Future



Bringing the vision to life

While we are delivering the emissions reductions our people and planet need, we should also focus on how we can improve equity, empower our communities, help our businesses innovate and grow, adapt for the changing climate, and ensure that we are delivering for our natural environment.

The proposed draft land use and agriculture just transition vision seeks to provide that focus. This vision is a merger of the Scottish Government's current long-term visions for sustainable land use, agriculture, and forestry.

Draft Vision – A Scotland where we fully recognise, understand and value the importance of our land resources. We have more forests and woodlands, which are sustainably managed, and we have become a global leader in sustainable and regenerative agriculture. Our plans and decisions about land use enable better integration, whilst delivering improved and enduring benefits for nature and climate and enhancing the wellbeing of our nation.

Despite many uncertainties, we know enough about what needs to happen in the coming years to start imagining what sustainable land use in Scotland could look like. We will need to see tree planting rates increase and peatland restoration rates increase dramatically. Emissions from other land uses such as agriculture will also need to fall significantly, alongside ensuring that our farmers and crofters can continue to produce high quality food to be enjoyed both here and around the world. In parallel, we need to deliver environmental goals and balance other demands that will be made of our land. Through figure 1 on the previous page, taken from the Land Use Strategy, we have sought to visualise what these changes may look like using a theoretical 'Scotland now and Scotland future' image.

Illustrative journeys

We intend to include illustrative just transition ‘journeys’ in the Plan. These will be visual representations of the positive outcomes sought through our actions and ambitions. Building on the landscape approach set out in Scotland’s third Land Use Strategy, up to four illustrative landscape journeys will help to bring the transition to life for the reader. During our engagement we would like to hear from those likely to be impacted by the transition to develop more detailed case studies showing what the transition will mean in practice.

Discussion points - We would appreciate feedback on:

- What are the key things you need to see from the transition?
- Are there particular aspects that are not encapsulated in the vision that need to be considered?

The National Just Transition Outcomes

The [National Just Transition Planning Framework](#) sets out eight National Just Transition Outcomes, which have been distilled into the four themes below, to support the coherence of the sectoral Just Transition Plans.

Jobs, Skills, and Economic Opportunities – Scotland has a thriving net zero economy, enabling businesses to set up and grow sustainably. People are equipped with the skills and opportunities to access good, green jobs in a net zero economy. This economy delivers a liveable world for people and planet, ensuring a thriving, biodiverse environment and fair work and full lives for people. (National Just Transition Outcomes 2 & 4)

Communities and Places – there should be accessible places for people to grow, investing in their environment and economy. Communities should be empowered to reach net zero in a way that meets their needs and builds on their unique local strengths in an equitable fashion as part of a just transition. (National Just Transition Outcomes 1 & 7)

People and Equity - People are able to enjoy basic rights, freedoms and quality of life and have access to necessities such as heat, food, housing, employment, childcare, and wider wellbeing. They are healthier, happier, and treated with respect and have access to full, varied opportunities that add value to their lives. Opportunities, wealth, and power are spread more equally; costs primarily fall to those who can bear them. (National Just Transition Outcomes 3 & 9)

Environment, Biodiversity and Adaptation - Our environment must meet the needs of those living in and depending on it – this includes both our natural and built environment. Our spaces must be resilient to the impacts of climate change and restore our biodiversity. Spaces must provide those living or dependent on them with everything they need to live full and healthy lives as they support the transition. (National Just Transition Outcomes 5 & 6)

These outcomes reflect what the Scottish Government has identified as the main areas that just transition activity should cover – including effective reskilling and new economic opportunities, as well as fairness, engaging communities and a person-centred approach in policy making. Through a focus on people and equity we seek to build on the [Climate Change \(Scotland\) Act 2009's](#) climate justice principle, which is:

“The importance of taking action to reduce global emissions of greenhouse gases and to adapt to the effects of climate change in ways which — support the people who are most affected by climate change but who have done the least to cause it and are the least equipped to adapt to its effects, and help to address inequality.”

Finally, it is important that just transition activity supports Scottish Government ambitions on tackling the nature crisis and protecting our environment, as well as supporting enhanced resilience to climate change. The ‘Environment, Biodiversity and Adaptation’ outcome will have more weight across the different Just Transition Plans and is included as a baseline to ensure just transition action contributes positively in this space.

Draft Just Transition Outcomes

Set out below are a proposed set of first draft outcomes that seek to articulate the National Just Transition Outcomes in a more sector specific approach for land use and agriculture and wider rural Scotland.

Jobs and Economy

1. The nature of employment in the land and agriculture sectors has evolved: there are good, green jobs from sustainable food production, natural capital projects, land management and tourism across Scotland, particularly in rural and remote areas. Those in traditional land and agriculture jobs have been supported to continue producing high quality, sustainable food and maintain traditional rural trades while diversifying their incomes, including through appropriate and accessible training and upskilling.

2. The land use and agriculture sectors are diverse and are flourishing. They enable more local employment opportunities for all to enter land-based sectors.
3. Barriers to developing the rural economy including affordable accommodation, transport, pensions, and skills have been addressed.
4. Scotland's sustainable tourism and natural capital sector is thriving and has attracted investment which has brought direct benefits to local communities.
5. The food sector is a productive and sustainable sector of the economy that helps ensure that Scotland's people can live and work sustainably on our land while playing a significant role in Scotland's economy and international standing.

And changes in land management are well managed and farmers and crofters are well supported during the transition.

Communities and Places

1. Communities are revitalised through the growth of the green economy, including in food production, nature-based solutions and increased sustainable tourism.
2. Rural communities can access high quality, affordable and accessible public services and facilities that positively enhance our lives.
3. Community-led land management, community ownership and wealth-building ensures that wealth generated by Scotland's natural assets is retained and redirected back into local communities.

4. Food production results in a better deal for communities having delivered on Good Food Nation ambitions and Local Food strategies, created more localised supply chains, enhanced producer value and cut food miles. This will provide sustainable, healthy, affordable food and the benefits of local supply chains.
5. Communities are strengthened, resilient (including to the impacts of climate change) and empowered to be involved as decision makers; communities have increased levels of participation in shaping how local resources/land are used; and the experiences and culture of rural communities are recognised, valued and part of the transition (e.g. communities with a strong cultural connection to peat supported to build a new relationship with peat as a carbon sink).

People & Equity

1. The transition to net zero supports efforts to reduce rural poverty and inequality, including inequalities associated within land ownership and governance.
2. Improved health and wellbeing through access to good quality green and blue spaces and good quality, affordable, healthy, sustainably sourced food.
3. Farmers and crofters are supported throughout the transition to net zero (e.g., finance, advisory and skills provision support) developing the skills needed for regenerative and sustainable farming, changes of land use management and adaptation to the changing climate. They are empowered to make decisions about their future, with their wellbeing and mental health supported throughout.

Environment and adaptation

1. Support for upskilling, reskilling, business diversification and where appropriate financial support has helped people to deliver nature-based solution such as increased forest, woodland and hedgerow cover, peatland restoration, nature networks, and coastal ecosystem enhancements. Allowing Scotland's natural environment to help mitigate and adapt to climate change whilst benefiting biodiversity, and wider environmental, social, and economic ambitions (e.g., through the positive impacts of flood prevention and cooling).
2. Agriculture is sustainable and regenerative from farm to fork and contributes to our circular economy by reducing waste and pollution.
3. Natural capital/nature-based solutions projects not only help meet climate change and biodiversity targets but deliver value and opportunities for local communities.

Discussion points - These draft outcomes are subject to discussion with stakeholders throughout the first phases of the engagement process. We would appreciate feedback on:

- Whether these outcomes look proportionate and relevant for the change required?
- If there are any additional factors that need to be included as part of the outcomes?
- What opportunities and/or barriers exist within the land use and agriculture sectors that may support or prevent the delivery of these outcomes?

Early conversations with stakeholders have already begun to highlight areas for further discussion. These should not be seen as a restricted list but as examples to help stimulate discussions:

- upskilling/retraining across all relevant supply chains
- the provision of/support for alternative income streams for land-based businesses
- gaining new entrants from across social and cultural demographics
- how direct land use and agricultural support has and may impact/benefit wider supply chains and rural communities
- what community empowerment, community benefits and community wealth building mean to rural and island areas
- the linkages between the land-based sectors and public health
- support for mental health or for those wishing to leave the sectors
- a just transition that also improves habitats, ecosystems and increases resilience to a changing climate

Themes and recommendations of the Just Transition Commission.

In July of 2022, the second Just Transition Commission published their [Making the Future - second Just Transition Commission: initial report](#). In this report the commission highlighted five strategic priority themes and corresponding recommendations for the Land Use and Agriculture Just Transition plan, which are as follows:

Delivering robust land reform – An ambitious Land Reform Bill should tackle concentrations in ownership and enshrine transparency, equality, and public good into the future of Scotland’s land use.

Enabling Community Leadership - Community Right to Buy powers need to be strengthened, including removing barriers to financing and increasing technical support, throughout both the purchase phase and during the management of the land.

Supporting Greater Climate Action Today - Scottish Government must ensure farmers and crofters are prepared and supported well in advance of changes to future farm support, by increasing public investment in technology and training, including expanded capacity for rural advisory services and training for advisors. A mandatory system of certification for carbon credits needs to be established to provide credible scrutiny of sellers and buyers.

Reforming Future Farm Support - Delivery of a just transition should be a central priority in the forthcoming reform of future farm support, and an Agriculture Just Transition Plan needs to be developed at the same time as the Agriculture Bill progresses.

Restoring Nature - The Scottish Government is rightly investing in restoring peatlands, tree planting and woodland management. However, the Committee on Climate Change has urged greater ambition. Given the opportunity costs of moving away from existing crops, support will be needed to scale up these initiatives. While these restoration activities have the potential to create jobs in rural and island areas, further work should ensure benefits genuinely flow to local communities, and that communities who have a strong cultural connection to peat can build a new relationship with it as a carbon sink.

Discussion points - We would appreciate feedback on:

- Are there other crosscutting themes that we should consider alongside the Just Transition Commission's recommendations?
- Are you/your organisation aware of any examples of existing action that is relevant to the delivery of the above themes?

Scotland's land use and wider rural socio-economic context

In order to help inform discussion on the points above the following sections are design to provide a high-level overview of current land use within Scotland and a window into its wider socio-economic interaction with our rural communities and economy.

Land use in Scotland

As highlighted within the introduction, in order to achieve the national net zero targets, how we use and manage our land will be vital. In order to clearly understand this challenge we seek to set out a basic understanding of the overview of current proportions of land uses in Scotland, highlighting in particular agriculture, forestry, and peatland. Scotland is approximately 8 million hectares in size. Once you exclude bodies of water this reduces the land area to approximately 7.8 million hectares.¹

Agricultural land

The largest single land use in Scotland is agriculture, (for cropland and grassland), at 5.35 million ha, or approximately 69% of the total land area.² However, 49% of that is rough grassland, (with a Land Capability for Agriculture category of 6), and many areas are actually inactive. Indeed only around 70% of the agricultural area is claimed under the Basic Payment Scheme (BPS) and Greening support mechanisms, amounting to approximately 3.74 million ha of land.³ As a simplified overview there are four over-arching categories⁴ of agriculture land use:

- Arable agriculture – land is capable of being used to produce a wide range of crops – 8% of Scotland’s total land area.

- 1 Scottish Government calculations based on multiple data sources
- 2 2020 Centre for Ecology & Hydrology (CEH) Land Cover Mapping
- 3 Scottish Government: Rural Payments and Inspections (RPID) <https://www.hutton.ac.uk/learning/exploringscotland/land-capability-agriculture-scotland>
- 4 Land Capability for Agriculture in Scotland | Exploring Scotland | The James Hutton Institute

- Improved grassland– land limited to grass production due to circumstance such as slope – 18% of Scotland’s total land area.
- Mixed agriculture – land able to produce a moderate range of crops including cereals (primarily barley), forage crops and grass – 20% of Scotland’s total land area.
- Rough grazing – land with very severe limitations that prevent improvement by mechanical means – 51% of Scotland’s total land area.

Forestry ⁵

Scotland’s forest and woodland area now covers more than 1.4 million hectares. Around one third of this is owned by the state as part of the National Forest Estate, and over 975 000 hectares is owned by individuals, private companies, charities, local authorities, and communities. These forests consist of different woodland types and tree species, ranging from the highly productive forests of the Galloway and Tay Forest Parks to traditional mixed Highland estates; and from urban forests in and around our cities to the Atlantic oakwoods in Argyll and the native Caledonian pinewoods in the Highlands.

Peatland

Near natural bog areas account for 0.49 million ha (6%) of Scottish land. Degraded peat soils also cover a sizeable proportion of Scotland at approximately 1.45 million ha at 50 cm depth, (roughly 19% of the country’s landmass).⁶ Currently this will be subject to multiple uses including as rough grazing land. Whilst the bog in its natural state acts as a carbon sink, the degraded peatland is a source of greenhouse gases.

5 [Scotland’s Forestry Strategy 2019-2029 \(www.gov.scot\)](https://www.gov.scot)

6 [\(Brown et al., Greenhouse Gas \(GHG\) Inventory 1990 Baseline Peatland Condition Map\)](#)

Wider socio-economic context

Land use and agriculture form part of wider rural life and its economy and a Just Transition must consider the benefits and impacts on those wider rural, island and coastal communities. This section seeks to provide a brief socioeconomic overview of rural Scotland and then specifically, the agriculture, forestry and peatland sectors.

Rural Scotland ⁷

With regards to economy and jobs, proportionately more residents of rural Scotland are in work with employment rates higher than in the rest of Scotland. Residence based estimates of pay indicate that rates are highest for accessible rural areas but lowest for remote rural areas. More residents in rural Scotland are self-employed and homeworking is more prevalent. The distribution of employment across sectors in Scotland is as follows:

‘Agriculture, forestry, and fishing’ is the sector that shows the greatest difference across Scotland, accounting for 15% of workers in remote rural areas compared to 12% in accessible rural areas and 0.5% in the rest of Scotland. The ‘Accommodation and food services’ sector also has a much larger share of employment in remote rural areas (15%) compared to accessible rural areas (9%) and the rest of Scotland (8%).

7 [Rural Scotland Key Facts 2021 \(www.gov.scot\)](http://www.gov.scot)

Community, place, people, and equity ⁸

Over 5.46 million people live in Scotland, with over 930,000 of them living in rural areas (17%). The population of rural Scotland including our island and coastal communities continues to grow at a faster rate than the rest of Scotland, driven by the increase in accessible rural areas, mainly due to inward migration.

Rural areas of Scotland have a lower proportion of the population in the age range 16 to 44 but a higher proportion of people aged 45 and over. This is particularly true for the age range of 65 and over in remote rural areas, indicating that when people reach retirement age, they are more likely to live in rural areas. Evidence suggests that factors influencing the number of young people moving out of rural areas could be higher education and employment opportunities, and the availability of affordable housing and public transport.

In terms of travel and access to services, more people in rural areas live out with a reasonable drive time to key services (e.g., GPs and shops) compared to the rest of Scotland, and fewer people are satisfied with the quality of the public transport services delivered.

8 [Rural Scotland Key Facts 2021 \(www.gov.scot\)](http://www.gov.scot)

Rural Housing

The [Scottish Index of Multiple Deprivation – Rural Deprivation evidence summary](#) highlights that housing stock in many rural areas is regarded as ‘not fit for purpose’. This is mainly due to the lack of suitable affordable housing, modern housing and single occupancy homes. These problems have social and economic impacts on rural communities and the wider land use and agricultural sectors. For example:

- The lack of affordable housing means that young first-time buyers are priced out and have to leave the area. This out-migration of young working people increases the dependency ratio, (the number of people aged 65 or more per a hundred people aged 15-64).
- As low-income workers are unable to afford housing, small businesses and service providers which rely on a low-income workforce are unable to source staff.
- Older, larger, detached, or non-gas heated homes, which are more common in rural areas, have lower energy efficiency ratings. For example, 63% of rural households are not covered by the gas grid and use other fuel sources to heat their homes which are more expensive than mains gas. This is a larger proportion than for urban areas where just 7% of households are not covered by the gas grid.
- Rural residents incur higher fuel costs which places low-income households at risk of fuel poverty. Approximately 55% of households in Highland council area and 62% in the Western Isles experience fuel poverty.

Land ownership

The use and ownership of Scotland's land is one of the central issues for the future of our environment, our society and our economy. Addressing the historical position of large parts of Scotland being owned and used in ways determined not by the communities that live on them, but by landowners, often based out with Scotland, has been a theme of devolution since the first Parliament.

Over the years Scotland has taken significant steps forward in supporting and enabling communities to have greater opportunity to own or to influence the use of the land on which they live. The core aims of the Scottish Government's land reform policy are clearly set out in our [Land Rights and Responsibilities Statement](#):

- to increase diversity of landownership
- to bring about changes in land use
- to create more opportunities for communities to engage in decision making about the land around them and share in the benefits it brings

Land is a vital resource that underpins the wealth, and the well-being, of our nation as a whole. Private ownership of land, particularly at scale, has in the past conferred significant prestige associated with for example hereditary titles, status, and ability to influence policy and law. While many aspects of society have become more equitable, the privilege associated with the ownership of land at scale remains and takes new forms.

The Scottish Government is committed to strengthening the role of communities via land reform because we know that transparency, ownership, and being involved in decisions about land can sustain and enhance the wellbeing and resilience of local people.

As Scotland continues on its land reform journey, addressing historical inequalities, we must also be alive to new and emerging challenges as we look to the future. For instance, the Scottish Government's recent [Land reform in a Net Zero Nation consultation](#) sought views on areas such as:

- Strengthening the Land Rights and Responsibilities Statement
- Introduction of compulsory management plans
- Ensuring the public interest is considered on transfers of large-scale landholdings
- Introduction of new requirements to access public funding for land-based activity
- Introduction of a new Land Use Tenancy
- Modernising small landholders legislation
- Increasing transparency in relation to land ownership and land use

Land in Community ownership

Recent figures⁹ show that in 2021 the area of Scottish land in community ownership was 211,998 hectares. This is an increase of 252 hectares from 211,746 hectares in 2020, and an increase of 155,439 hectares compared to 2000. Remote rural areas of Scotland account for 98% of this community owned land, with accessible rural areas accounting for just over 1%.

9 [Community Ownership \(www.gov.scot\)](http://www.gov.scot)

Natural capital and emerging markets

Scotland's natural environment or 'Natural Capital' has become more valuable than ever due to its potential to support Scotland and the wider world's journey to "net zero" and nature gain.

Both public and private investment in our natural environment will be essential in tackling the climate and nature crises and this presents a substantial opportunity for Scotland. However, the risk, increasingly understood among rural communities, is that investment could lead to an unwelcome change whereby people are secondary to large, often corporate, projects which are remote from communities, imposed on them and from which they do not benefit. This is contrary to our vision for the future of Scotland's land and its communities and to the principles of a just transition. It is why the Scottish Government has committed to the development of a values-led, high integrity market for responsible investment in natural capital in Scotland, as set out in the [National Strategy for Economic Transformation \(NSET\)](#) that was published in March 2022.

These principles are an important early action to support delivery of the commitment on natural capital markets. However, we understand that we must continue to ensure our communities, as well as specific groups such as tenant farmers, are engaged in and benefit from these markets and nature-based developments.

Agriculture

Alongside the other most significant sectors in employment terms, (public sector, financial and other activities, and tourism), agriculture is an important part of the rural economy and most of Scotland's land area is used for this activity. Figures from 2018 demonstrate agricultural total output being worth £3.18 billion¹⁰, with our food and drink industry being the largest user of this domestically (with Scotland's food and drink industry being an important generator of wealth and employment in its own right). However, this output is highly dependent on land capability with large areas of Scotland having limited arable growing conditions or consisting of hilly or rocky land more suitable for livestock. It contributes around 0.8% of Scotland's total Gross Value Added (GVA) economic output, with this making up a larger proportion of the rural economic output. It employs around 2.5% of the total working population of Scotland, with rates varying across the country.

Farm income estimates 2021 – 22 ¹¹

Contributors to total average farm income can be broken down into income from agricultural activity, contracting activity, diversified activity, and support payments.

In 2021-22, farms on average made a loss from agricultural activity of £5,500. This was a smaller loss than in 2020-21, when the average loss from agricultural activity was £12,600.

10 [Introduction - Farm Business Survey 2018-2019: profitability of Scottish farming - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/farm-business-survey-2018-2019/pages/introduction.aspx)

11 [Scottish farm business income: annual estimates 2021-2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/farm-business-survey-2021-2022/pages/scottish-farm-business-income.aspx)

Some farm types typically make a profit on average while others make a loss. For example, in 2021-22, most livestock farm types made a loss from agricultural activity, while cereal, general cropping, dairy and mixed farms made a profit. LFA sheep farms made the largest average loss from agricultural activity in 2021-22, of around £38,000. This is against a backdrop of farm workers commonly working long hours each week.

Average incomes from support payments, contracting and diversified activities vary less than agricultural activity income by farm type. The average farm in 2021-22 received income of £44,600 from support payments and grants, £5,000 from contract farming and £6,000 from diversified activities.

Agricultural workforce¹²

The total agricultural workforce is estimated to be around 67,400 workers. This estimate may not include some family members who also provide some labour. The majority of this workforce are owner-occupiers, made up of people who own or rent the farm and work on it. Of all working occupiers (occupier and spouse), 60 per cent are male and 40 per cent are female.

Statistics show that working occupiers are getting increasingly older. In June 2021, only 10 per cent of the total working occupiers were under 41 with male occupiers being generally older than female occupiers.

Within the total workforce, as of June 2021, there were 29,100 regular and seasonal employees working in agriculture. This is an increase of one per cent compared to 2020. However, the number of casual and seasonal workers decreased by three per cent compared to the previous year, to 8,000.

12 [June Agricultural Census 2021 \(www.gov.scot\)](https://www.gov.scot)

Wider impacts/benefits of Scottish agriculture

The contribution made by agriculture to Scottish society and the environment is broader than the measures captured in traditional economic indicators.

Agriculture plays an important role in rural communities, and, along with tourism and hospitality, contributes to the ‘Scottish’ brand, for example through the Scotch Beef or Scotch Lamb Protected Geographic Indication (PGI), from the Quality Meat Scotland Cattle & Sheep Assurance Scheme.

Most of Scotland’s land area is used for agriculture. Agriculture impacts the environment, climate change and biodiversity in both positive and negative ways. Some farm practices can contribute positively to natural flood management, carbon capture, soil management and biodiversity. However, some farm practices also have negative impacts on soil and water quality, biodiversity, erosion, and greenhouse gas emissions.

Through these wider economic and environmental impacts, the sector also has an impact on many other businesses and supply chains in Scotland, such as leisure and tourism, food and drink, veterinary services, the haulage industry and forestry.

Forestry ¹³

Forestry makes a substantial contribution to the economy at both national and local levels. In 2015, forestry’s economic contribution to Scotland was worth almost £1 billion in gross value added per year. It employed over 25 000 people (full time equivalent posts), of whom over 19 500 were in forestry and timber processing, and over 6300 in forest recreation and tourism.¹⁴ The key economic activities are production of timber

13 [Scotland’s Forestry Strategy 2019-2029 \(www.gov.scot\)](http://www.gov.scot)

14 [Scottish Forestry - Forestry’s economic contribution](#)

and other wood fibre, and the provision of recreation and tourism assets. The majority of economic activities associated with woodland creation, management, harvesting and transportation, as well as a significant part of the processing of wood products, takes place in rural areas. Businesses range in scale from artisan furniture-makers, family-owned contracting micro-businesses and community-based biomass enterprises to UK-wide woodland management companies and multi-million-pound panel, pulp, paper and sawmills operating internationally. The forestry sector is therefore particularly important for these communities.¹⁵

The forestry sector, is growing and thereby increasing its demand for ‘forest floor’ jobs, as well as diversifying and requiring more varied skills.

At the same time, in common with other land-based industries, forestry has an ageing workforce and is experiencing challenges in attracting and retaining young people.

Scotland has good growing conditions for productive timber species, and a highly efficient timber-processing sector. Most of the wood produced in Scotland for downstream processing and manufacture is softwood from fast-growing conifer species. Hardwood from slower growing broadleaved species makes up a much smaller proportion of the overall harvest but provides an important resource for the wood fuel market and high value artisan and niche construction sector products.

15 [Scotland's Forestry Strategy 2019-2029 \(www.gov.scot\)](https://www.gov.scot)

Peatlands ¹⁶

Although many will rightly associate peat, peatland habitats and products with the Highlands and Islands, most of us, even in our major towns and cities are never far from a peatland.

Healthy peat plays a vital role in carbon storage and combating the effects of climate change as well as providing a wider range of benefits to areas including:

- Nature - uniquely adapted groups of birds, plants, fungi, invertebrates and micro-organisms, some not found together anywhere else in the world, with some birds nesting at the highest densities yet recorded
- Water supply – much of our drinking water comes from peatland areas and many of our important salmon rivers depend on peaty catchments. Maintaining peatlands in good condition, or restoring them, makes for cleaner water and lower costs to society
- Flood management – intact peat bogs store water and help to maintain steady flow rates on salmon rivers.

Natural and restored peatlands provide reduced downstream flood risks compared to damaged peatlands

- Livestock grazing – many peatland areas support grazing livestock, mostly sheep, but also cattle. On some sites these can be used to control scrub and tree regeneration
- Sporting management – sustaining much of our deer stalking, grouse shooting and fishing enterprises

16 [Scotland's National Peatland Plan: Working for our future | NatureScot](#)

- Recreation – whether its hill walking, birdwatching or gazing from a lonely road, these remote, rolling peatlands provide an unrivalled and distinctly Scottish experience
- Cultural enrichment – peatlands provide a sense of place for many and have been an inspiration for art, song, poetry and literature down the ages and this remains the case today. Their colours are also captured in some tweeds and tartans
- Health – walking for its own sake, to reach distant mountains or a remote loch or stream brings the benefits of physical exercise, refreshes the senses and can encourage calm reflection in otherwise busy and crowded lives

Of course, it is only when our peatlands are in a healthy state that all these benefits flow. Much of our peatland is in poor condition and requires suitable management or even restoration. It is estimated that 70% of our blanket bog and 90% of our raised bog area has been damaged to some degree. Damaged bogs are a source of climate-warming greenhouse gases, reduced water quality and deliver a diminished range of other services. We need to take action to reverse this trend, and to restore and improve our peatlands.

At the heart of this we want to encourage partnerships with and between private land interests, industry, public bodies and environmental NGOs.

Scotland's Climate Change Plan and emissions pathways

The Scottish Government publishes a statutory strategic delivery plan for meeting our greenhouse emissions reduction targets at least every 5 years. This plan sets out bold actions, including the direction of changes which are needed in our wider economy and society to capitalise on the opportunities presented by net zero, which in turn sets our pathway to our emissions reduction targets.

Although within the Plan Land Use, Land Use Change and Forestry and Agriculture are seen as two separate chapters, these sectors are intrinsically linked and, as highlighted in the introduction of this document, pressures and actions in one can have impacts and benefits across the other. The structure of the plan is in keeping with the greenhouse gas inventory which estimates greenhouse gas emissions by sources and removals within internationally agreed sectors.

Scotland's [Securing a green recovery on a path to net zero: climate change plan 2018–2032 - update](#) is the current Climate Change Plan and sets out the emissions reduction pathways and actions to deliver for both Land Use, Land use Change and Forestry as well as Agriculture out until 2032. It should be noted however that work on the development of Scotland's next Climate Change Plan is underway and the plan is due to published in draft in November 2023; this may see variations in the emissions pathways and actions set out in the current Climate Change Plan.

Greenhouse gas statistics

[Scottish Greenhouse Gas Emissions 2020](#), show that land use, land use change and forestry and agriculture were both emitting sectors, with emissions of 0.5 MtCO₂e and 7.4 MtCO₂e respectively.

Scotland's wider environment and land use

As highlighted in the recently published [Biodiversity strategy to 2045: tackling the nature emergency In Scotland](#), the evidence around the scale and nature of the biodiversity crisis is strong and continues to mount. The evidence points to a natural environment that has been heavily degraded, with continued declines across much of our land.

The Biodiversity Intactness Indicator shows that Scotland has lost almost half of its historic land-based biodiversity. That is slightly less than other parts of the UK, but Scotland still ranks in the bottom 25% of nations.

Measurements of natural capital indicate it has declined by over 15% since 1950. For example, The Natural Capital Asset Index finds that only around 64% of Scotland's protected woodlands are in a favourable or recovering condition despite being the habitat with the greatest ecosystem services potential in Scotland.

Scotland has seen a 24% decline in average abundance of 352 terrestrial and freshwater species since 1994, (noting that 1994 was not a high point), and a 14% decline in range for 2,970 terrestrial and freshwater species since 1970.

National parks, Natura 2000, Sites of Special Scientific Interest and Ramsar sites and nature reserves

Scotland currently has two National Parks:

- Loch Lomond and the Trossachs National Park, established in 2002.
- Cairngorms National Park, established in 2003 and extended in 2010.

Both serve as models of sustainable development and with that are central to rural economic development and recreation, sustainability, and conservation efforts.

Park Authorities are required to prepare a five-year National Park Partnership Plan to serve as an overarching management plan. These plans set out how all those with a responsibility in each park, across public, private and voluntary organisations, will co-ordinate their work to address the most important issues in relation to conservation, visitor experience and rural development.

Natura 2000 ¹⁷

This is the Europe-wide network of protected areas developed under the European Commission's Habitats Directive and Birds Directive. It forms the cornerstone of the European Union's biodiversity policy. The Natura 2000 Network is made up of:

- Special Areas of Conservation (SAC): these support rare, endangered or vulnerable natural habitats and species of plants or animals (other than birds) of European importance, and are designated by Scottish Ministers under the Habitats Directive
- Special Protection Areas (SPA): these support significant numbers of wild birds and their habitats and are designated by Scottish Ministers under the Birds Directive.

Scotland provides the largest part of the UK contribution to the Natura 2000 network, with 15% of its land designated under the Birds and Habitats Directives. The UK figure is 8.5%. and the average across the EU is 18%.

17 [Natura 2000 - Biodiversity - gov.scot \(www.gov.scot\)](http://www.gov.scot)

As of July 2018, Scotland has 394 protected Natura 2000 sites, comprising 241 SACs and 153 SPAs. These sites protect 79 bird species, including golden eagle and capercaillie; 18 other types of animal species, including seal, dolphin and wild Atlantic salmon; and 56 types of habitats, including reefs, uplands and machair.

Sites of Special Scientific Interest (SSSIs)¹⁸

These form a set of nationally important natural areas in the UK. SSSIs in Scotland are notified by NatureScot for a range of habitats and species under powers granted by the Nature Conservation (Scotland) Act 2004, using UK-wide selection criteria. There are currently 1,440 SSSIs in Scotland. You can find more information on SSSIs on the [nature.scot website](#).

Ramsar sites¹⁹

These are wetlands of international importance designated under the Ramsar Convention on wetlands, an intergovernmental treaty that aims to conserve wetlands through local and national action and international cooperation. There are 51 Ramsar sites in Scotland, covering around 4% of Scotland's land area.

While there is no dedicated legislation for the protection of Ramsar sites in the UK, all Scottish Ramsar sites are either Special Protection Areas (SPAs), Special Areas of Conservation (SACs) or Sites of Special Scientific Interest (SSSIs) and are protected under the relevant statutory regimes.

18 [Sites of Special Scientific Interest - Biodiversity - gov.scot \(www.gov.scot\)](#)

19 [Ramsar sites and nature reserves - Biodiversity - gov.scot \(www.gov.scot\)](#)

National Nature Reserves (NNRs)

NNRs are areas of land set aside for nature and signify Scotland's best wildlife sites.

The Agriculture Reform Programme

This first just transition plan will be published before the finalisation of plans for the [Agriculture Reform Programme](#). However, this plan will be strategic in nature, allowing us to move and flex with the ongoing development of the Agriculture Reform Programme.

Throughout the development of the Programme, the Scottish Government will continue to work with the agriculture industry through the Agriculture Reform Implementation Oversight Board (ARIOB) and other industry stakeholder groups, building on the excellent work completed by our successful Farmer-Led Groups (FLGs) initiative. In line with the principles of a just transition we remain committed to ensuring that tenant farmers, smallholders, crofters, new entrants, and new land managers are given equality of opportunity, to allow them to play a key role in making our vision for agriculture a reality.

In February 2023 the Cabinet Secretary for Rural Affairs, Land Reform and Islands published the [Agriculture Reform Route Map](#), setting out the timescales for information and interaction with the agricultural industry. This route map provides Scotland's farming and food production industry with clarity and confidence on key dates, expectations, the various measures being proposed, and support that will be available to prepare for implementing change.

A phased approach

The existing framework of support will continue in 2023 and 2024 to provide stability to farmers and crofters. From 2025, new conditionality will be delivered under existing powers. From 2026, with the approval Parliament, new powers from the new Agriculture Bill will be used to launch the new Enhanced Payment. Co-development of this element is being prioritised through 'Preparing for Sustainable Farming', under the National Test Programme which launched in Spring 2022 (see Figure 2). In the shorter term (until 2025) the National Test Programme will invest up to £51 million to help farmers and crofters undertake the essential first steps towards more sustainable farming.

Figure 2

Future support framework: a phased approach

<p>2025 New Conditionality Introduced</p>	<p>New conditionality will be introduced for the 2025 Single Application Form calendar year, delivering upon our commitment to integrate enhanced conditionality on half of all funding by 2025</p> <p>Consideration will be given to where further conditions can be applied to existing schemes</p>
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<p>2026 New Enhanced Support Launched</p>	<p>Powers from the new Agriculture Bills will be used to launch the new Enhanced Support</p> <p>The Enhanced Support (Tier 2 of the new framework) will directly link the enhanced support to the contribution farmers and crofters make in delivering our climate and nature objectives and allows for those pioneering best practice now to be recognised and rewarded.</p> <p>Co-development of this element will be prioritised through Testing for Sustainable Farming'</p>
<p>2027 Additional Support Elements Added</p>	<p>Once the Enhanced mechanism is in place, further elements of the Future Support Framework will be introduced - including Elective and Complementary support such as future incarnations of agri-environment and Farm Advisory Services</p>
<p>The present payment regions will be kept as they are in the early part of the transition. The current three region model will be reviewed to ensure the Tier One 'Base' payment is fit for purpose for the future.</p>	

Monitoring and evaluation

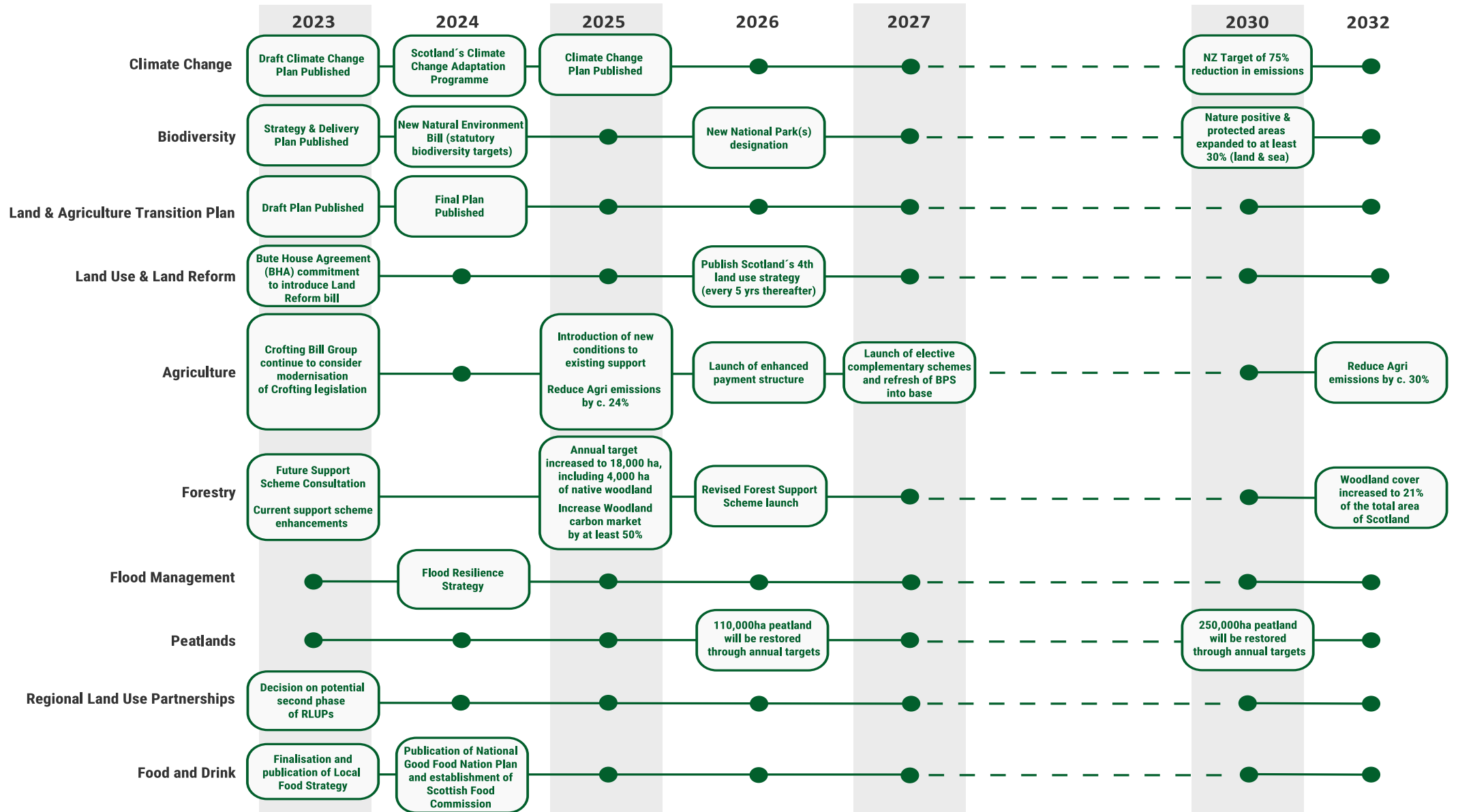
In order to establish a baseline on which future iterations can be built and to monitor and assess progress of this first plan it is anticipated that the monitoring and evaluation will be drawn from existing frameworks, for example but not limited to: The National Performance Framework

- Scotland's Forestry Strategy 2019 to 2029
- Scotland's new Biodiversity Strategy
- Scottish Natural Capital Accounts
- The Scottish Agricultural Census
- Rural Scotland Key Facts
- Scottish Household Survey
- The Community Ownership in Scotland annual publication

Discussion point - We would appreciate feedback on:

- Are you/your organisation aware of specific monitoring and evaluation frameworks, indicators or data sets that should be considered?

The wider land and agriculture change plan for Scotland





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