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Rt Honourable Mr Pete Wishart MP
Chair, Scottish Affairs Committee
House of Commons, Westminster
London
SW1A 0AA

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The Future of Scottish Agriculture Post-Brexit Inquiry

Dear Mr Wishart,

1. The Royal Society of Edinburgh (RSE), Scotland's national academy, welcomes the opportunity to respond to the Scottish Affairs Committee's inquiry on the future of Scottish agriculture post Brexit.¹ Through its EU Strategy Group, the RSE continues to consider the implications of the UK's withdrawal from the EU, with a particular focus on the following areas: Constitutional Law and Government; Research and Innovation; Economy and Public Finance; Migration²; and the Environment³. As part of its work programme, the EU Strategy Group convened a roundtable discussion in July 2018 on agriculture and rural development. This mapped key interrelationships in agriculture and rural development policy including food production, trade, tourism, access to labour, governance and regulation, and societal impacts on rural communities. This work helped inform RSE responses to the Scottish Government's consultation on proposals for a rural funding transition period⁴ and to the Scottish Parliament Finance and Constitution Committee's inquiry on UK common frameworks.⁵

Future Priorities & Funding

2. Future arrangements for supporting agriculture and rural development in Scotland will be significantly influenced by decisions taken by the UK Government as the UK withdraws from the EU. Decisions are also likely to be influenced by the design of the future support mechanisms for agriculture and rural development in England since there may be some pressure to secure a level of harmonisation to maintain the integrity of the UK internal

¹ The Future of Scottish Agriculture Post-Brexit; House of Commons Scottish Affairs Committee <https://www.parliament.uk/business/committees/committees-a-z/commons-select/scottish-affairs-committee/inquiries/parliament-2017/agriculture-post-brexit-17-19/>

² The initial suite of Brexit advice papers is available at: <https://www.rse.org.uk/rse-publishes-advice-brexit-challenges-opportunities/>

³ RSE, (2018). 'Brexit and the Environment' <https://www.rse.org.uk/advice-papers/scotlands-natural-assets/>

⁴ RSE, (2018) 'RSE Response to Proposals for a Rural Funding Transition Period'. <https://www.rse.org.uk/advice-papers/rse-response-to-proposals-for-a-rural-funding-transition-period/>

⁵ RSE, (2018) 'Common UK Frameworks'. <https://www.rse.org.uk/advice-papers/common-uk-frameworks/>



market.⁶ The Agriculture Bill recently introduced in the UK Parliament, but which does not currently contain provisions for Scotland, indicates that future financial support in England will be underpinned by the principle of payment of public money for the provision of public goods.

3. The basis upon which, and at what level, financial support post-Brexit for agriculture and rural development programmes will be allocated by the UK Government to Scotland is currently unclear. However, financial support for agriculture in the UK post-Brexit is expected to be lower than at present since successive UK Governments have called for reductions in CAP support. It should be noted that 85% of Scotland's agricultural land is designated as Less Favoured Area because of its lower productivity compared to only 17% in England, and CAP payments account for 74% of farm income in Scotland compared to 55% in England.⁷ The average Scottish farm has an annual business income of £26,400, but without EU subsidies this would become a loss of £14,900.⁸
4. Working with the devolved administrations, the UK Government needs to develop and articulate a fair and transparent funding arrangement and settlement at the earliest opportunity which takes account of the distinctive regional and local needs of Scotland. The UK Government recently announced the establishment of an independent advisory panel which contains Scottish representation that will look at what factors should underpin the distribution of agriculture funding across the four nations following the UK's withdrawal from the EU. We refer to the importance of agreeing UK common frameworks and strengthening intergovernmental relations in paragraph 16 of this response.
5. Additionally, once the UK leaves the EU the UK will no longer be able to access EU structural funds which have supported rural development in Scotland. The UK Government has pledged to replace this funding with a 'shared prosperity fund', but there remains a lack of clarity on how this will operate. The RSE intends to work with the Learned Society of Wales and the Royal Irish Academy to explore the implications of these developments on policy and financial support in the devolved nations.

A New Rural Policy Framework for Scotland

6. It is important that the need to provide funding stability to farmers and land managers in the short term is balanced with the requirement to set a longer-term reform agenda for the future of land use and rural development in Scotland. The Scottish Government's proposed transition period of up to five years following the UK's withdrawal from the EU must therefore aim to provide the continuity and stability needed while advancing a programme of more fundamental reform.
7. Recognising the need to integrate agriculture into the broader rural economy, the RSE welcomed the Scottish Government's longer-term intention to develop and implement a new rural policy framework for Scotland. This needs to extend beyond the rural economy to embrace rural environments and the stewardship of natural capital assets as well as other

⁶ Professor Michael Keating; The Repatriation of Competencies in Agriculture after Brexit; Centre on Constitutional Change (January 2018)

<https://www.centreonconstitutionalchange.ac.uk/sites/default/files/papers/Keating%20Agriculture%20Report.pdf>

⁷ Gravey, V., Brown, I., Farstad, F., Hartley, S.E., Heinowicz, A. P., Hicks, K., and Burns C. (2017) 'Post-Brexit Policy in the UK: A New Dawn? Agri-environment'

⁸ Estimates of average Farm Business Income (FBI) 2016-17, Scottish Government
<https://www2.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/Publications/FBI>



social outcomes. It also needs to be connected to the development of an Environment Strategy in Scotland.⁹

8. The report¹⁰ from the Scottish Government's Agriculture Champions set out the strategic ambitions for the development of a coordinated and cohesive strategy for rural development and agriculture in Scotland. Key recommendations made by the Agriculture Champions echo those made by the RSE a decade ago in its report on the *Future of Scotland's Hills and Islands (2008)*¹¹, especially in relation to the need to integrate social, economic and environmental measures for rural areas, and to realise maximum public benefits from multiple uses of land (which includes food production, biosecurity, biodiversity and landscape conservation, climate change adaptation and mitigation, water management and recreational access).
9. The achievement of these ambitions will necessitate the establishment of an effective framework for addressing multi-dimensional land use competition and conflicts. This places an emphasis on the need to develop integrated approaches that look beyond sectoral horizons. In our 2008 Report, we presented the case for what we termed a *Strategic Land Use Policy Framework* to provide for an integrated, national strategic approach, for addressing competing uses of the land. Allied to this, our report recommended the development of a *Land Stewardship Proofing Test* to ensure that the maximum public benefits are gained from land use decisions. In this context, there may be a case for Scottish Government to revisit its Land Use Strategy, published in 2016, once there is more clarity about the post-Brexit arrangements that will influence agriculture and rural development policy in Scotland.
10. Serious consideration also needs to be given to how transformative change can be achieved within complex systems. This calls for careful attention to be paid to developing processes for bringing about strategic change. We welcome the fact that the Agriculture Champions have identified as a high priority the need for culture change and support for building resilience within the farming community to adapt to future changes and challenges. Access to advice and support, including that relating to knowledge and skills development, from Scottish Government and its agencies in association with other public and private providers will be essential to help farmers (including crofters) and land managers make the transition to a new integrated rural policy framework. We consider it essential to involve not only farmers, land managers and rural communities but also other sectors with a significant interest in the use of land or its outputs such as conservation bodies and the food and drink sectors.
11. The Scottish Government's proposed transition period up to 2024 should be used to pilot new practices and schemes targeting the delivery of integrated agriculture, environmental and social outcomes, and others aimed at attracting new entrants and women into farming. In framing new pilots, the knowledge, understanding and experiences garnered from the Regional Land Use Framework Pilots in Aberdeenshire and the Scottish Borders should be drawn upon.¹² As part of this, pilot schemes that aim to enhance cooperation and collaboration between farmers, land managers and rural communities should be introduced

⁹ Developing an Environment Strategy for Scotland: Discussion Paper; Scottish Government (June 2018) <https://www.gov.scot/Publications/2018/06/4147>

¹⁰ A Future Strategy for Scottish Agriculture; Final Report by the Scottish Government's Agriculture Champions (May 2018) <https://www.gov.scot/Publications/2018/05/4376>

¹¹ Royal Society of Edinburgh Inquiry Report; The Future of Scotland's Hills and Islands (2008) <http://www.rse.org.uk/wp-content/uploads/2016/09/The-Future-of-Scotlands-Hills-and-Islands.pdf>

¹² Evaluation of the Regional Land Use Framework Pilots; Scottish Government (2016) <https://www.gov.scot/Publications/2016/01/9321/0>



to help develop a more holistic approach to rural development and strengthen the delivery of public benefits while minimising silo or piecemeal approaches. Trialling new schemes from the start of the transition period would contribute to capacity building and culture change as well as enabling successful schemes to be rolled out at the earliest opportunity. It will be important to ensure that monitoring and evaluation are built in to the pilots from the outset to develop a full understanding of how they have worked.

12. The RSE's Hills and Islands report recognised the need to empower rural communities so that they are able to deploy their own initiatives to best effect within an overall national rural policy framework. It is therefore important that future rural development policy can accommodate differentiated approaches and support, taking account of regional and sectoral variability, and recognising the distinctive needs and priorities of Scotland's Less Favoured Areas, including recognition of the specific needs of island communities. It should be acknowledged that schemes tailored to local priorities and needs may be front-loaded in terms of the resource, support and monitoring they will need before their effectiveness in delivering public benefits can be assessed. Differentiated approaches and tailoring of schemes could be piloted during the transition period.
13. With a view to ensuring a focus on integrated land use and enhancing the provision of public benefits, we agree with the Agriculture Champions that during the transition period direct payments should be capped with the released funds used to pilot new schemes and approaches. While retaining Pillar 1 and Pillar 2 support broadly as they are now will help provide stability in the short term, looking beyond the transition phase, consideration needs to be given to merging the pillars to develop a system that is better able to support the ambition for a more integrated land use system while also providing targeted schemes that support local needs.
14. Developing a longer-term vision for rural development in Scotland will require the Scottish Government to provide the necessary policy and financial certainty to land managers. However, until there is clarity and certainty about the arrangements and financial allocations for supporting agriculture and rural development in the UK post-Brexit, it will be extremely challenging for Scotland to plan ahead. Despite this, the Scottish Government has stated its intention to introduce to the Scottish Parliament an Agriculture Bill to provide the framework for future agriculture policy in Scotland post-Brexit, although the timeframe for this is currently unclear. Nevertheless, close cooperation between the UK and Scottish Governments on future agriculture policy will remain important and we comment on development of common frameworks in paragraph 16.
15. Irrespective of the post-Brexit arrangements for agriculture and rural development support in Scotland, future arrangements will continue to require accountability for use of public funds. To support good practice in the delivery of public benefits, the rules and standards governing the receipt and use of public funds need to be transparent, thereby providing clarity and certainty to all those concerned. The RSE is, in principle, supportive of using the proposed transition period to explore and trial new ways of streamlining and simplifying regulatory and inspection approaches. However, any regulatory changes must not compromise the standards relating to the safety and security of our food, the welfare of our animals and the protection and enhancement of the environment.

UK Common Frameworks and Intergovernmental Relations

16. The need to agree the future financial arrangements for supporting agriculture across the UK and to accommodate divergent policy implementation in the four nations reinforces the importance of agreeing common frameworks for managing intergovernmental relations between the UK Government and the devolved administrations. It is crucially important to



ensure that Scotland and the other devolved nations have a central role in shaping future policies for agriculture and land use across the UK where they are likely to have consequences for the devolved nations. The RSE agrees with the House of Commons Public Administration and Constitutional Affairs Committee that the current arrangements for intergovernmental relations in the UK are not fit for purpose. The RSE is of the view that an independent secretariat comprising input from all governments in the UK, should be created to oversee the development and operation of common frameworks, including dispute resolution.¹³

Labour needs

17. Access to labour post-Brexit is a very important consideration, with the agriculture sector being highly reliant on migrant labour, particularly from the EEA. The horticulture (including soft fruit) and potato sectors, which account for 17% of Scottish agricultural output are especially dependent on migrant labour, where a large scale seasonal migrant workforce is concentrated on a small number of intensive horticulture units. Notwithstanding the existing access to EEA migrants, it is estimated that the UK's agriculture industry is facing a shortfall of workers of between 10-20%. With immigration policy a reserved matter, developments in this area will be determined by UK legislature. The UK Government's Immigration White Paper¹⁴ proposes the creation of a transitional 12-month visa to enable lower-skilled migrants to come to the UK to work. While this may help to address worker shortages in the near term, the short duration of the visa may deter potential applicants. Given that agricultural businesses are struggling to fill vacancies under the present free movement arrangements, it is unlikely to be a sustainable solution to labour shortages in the sector. While the UK Government has stated its intention not to allow sectoral labour schemes, an exception may be made for seasonal agriculture work, with the UK Government having indicated that it will run a small pilot scheme this year. The Scottish Affairs Committee could urge the UK Government to ensure that the pilot has a Scottish component. The RSE has consistently argued that it is crucially important that future immigration arrangements in the UK provide for flexibility, taking full account of Scotland's distinctive demographic circumstances and both its short term and longer term labour market needs. The setting of arbitrary migration targets and salary thresholds should be avoided. The RSE intends to undertake more detailed analysis of the UK Government's immigration proposals and the implications for Scotland. We would be pleased to keep the Committee updated on our work in this area.

Innovation and technology developments

18. Scotland has a world-class reputation for its agricultural research and its universities and research institutes have been very successful in winning EU funded projects in the agriculture and environment sector. These, usually large scale, collaborative projects not only bring research funds to Scottish institutions (and companies) but they also provide unique opportunities to focus on undertaking excellent science, in collaboration with industrial leadership and tackling societal challenges.

19. Recognising the need to increase the linkage between research and practitioners, the EU has sought to increase support for innovation. In 2013, the European Commission set up a range of sectoral European Innovation Partnerships (EIPs). The EIP in Agricultural

¹³ See RSE response to Scottish Parliament Finance and Constitution Committee on Common Frameworks (August 2018) <https://www.rse.org.uk/wp-content/uploads/2018/10/AP18-15.pdf> and our response to the Scottish Affairs Committee on Intergovernmental Relations (November 2018) <https://www.rse.org.uk/wp-content/uploads/2018/11/AP18-21.pdf>

¹⁴ UK Government, (2018). 'The UK's Future Skills-Based Immigration System'.



Productivity and Sustainability¹⁵ works to foster competitive and sustainable farming and forestry that 'achieves more and better from less'. Maintaining access not only to research funds but also support for innovation is vital for the UK farming industry to enhance its sustainability and competitiveness.

20. In its Future Partnership Paper on collaboration in science and innovation, the UK Government refers to the importance of working across Europe on some key challenges of relevance to UK and Scottish agriculture including *dealing with climate change, tackling infectious diseases in people, animals and plants* and *maintaining growth and security in the face of threats and natural hazards*.¹⁶ The RSE is clear that UK-based researchers and innovators must continue to be able to participate in EU research collaborations. Securing direct and full participation in Horizon 2020 and Horizon Europe, its successor, should be a key priority for UK Government. The RSE has published extensive commentary in this area that we should be pleased to share with the Committee should it like to see it.

Yours sincerely,



Dr Alison Elliot,
General Secretary, RSE.

¹⁵ <https://ec.europa.eu/eip/agriculture/en/european-innovation-partnership-agricultural>

¹⁶ Collaboration on science and innovation – a future partnership paper, UK Government (September 2017) <https://www.gov.uk/government/publications/collaboration-on-science-and-innovation-a-future-partnership-paper>

