

# CABINET SECRETARY FOR RURAL AFFAIRS & ISLANDS

## RAI Committee Appearance

Wednesday, 27<sup>th</sup> September 2023

<b>What</b>	Evidence session with the Rural Affairs Islands (RAI) Committee
<b>When</b>	Wednesday, 27 <sup>th</sup> September, 9am until 10.30am
<b>Who</b>	RAI Committee: Finlay Carson, Convener – Scottish Conservative and Unionist Party Beatrice Wishart, Deputy Convener - Scottish Liberal Democrats Karen Adam, Member – Scottish National Party Ariane Burgess, Member – Scottish Green Party Kate Forbes, Member – Scottish National Party Alasdair Allan, Member – Scottish National Party Jim Fairlie, Member – Scottish National Party Rhoda Grant – Scottish Labour Rachael Hamilton, Member – Scottish Conservative and Unionist Party
<b>Why</b>	You have been invited to give evidence to the Committee pre-budget 2024-25.  <i>The Committee's pre-budget scrutiny will include the overall rural affairs and islands portfolio budget, with a specific focus on the funding commitments associated with the implementation of the national islands plan and the islands programme budget.</i>
<b>Supporting official</b>	<b>George Burgess</b> , Director of Agriculture and Rural Economy  <b>Rebecca Hackett</b> , Deputy Director and Head of Portfolio Corporate, Strategy and Digital for Marine Directorate  <b>Craig Stewart</b> , Head of ARE Financial Management and Controls  <b>Erica Clarkson</b> , Head of Islands Policy (virtually) [Redacted]
<b>Briefing contents</b>	<b>Section A:</b> Letter from RAI Committee and Response <b>Section B:</b> Hot Topics <b>Section C:</b> [Redacted] <b>Section D:</b> Briefing Annexes <b>Section E:</b> SVS PQs <b>Section F:</b> [Redacted] <b>Section G:</b> Ferries FMQ

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## **SECTION A – LETTER FROM RAI COMMITTEE AND RESPONSES**

### **Letter from committee Letter (Islands) – 11 July 2023**

Link to this document can be found here: [budget-scrutiny-202425.pdf \(parliament.scot\)](#)

### **Response – 31 August 2023**

Link to this document can be found here: [Letter template for Mairi Gougeon \(parliament.scot\)](#)

### **Letter from Committee - 12 June 2023**

Link to this document can be found here: [rural-affairs-and-islands-remit-evidence-session-12-june-2023.pdf \(parliament.scot\)](#)

### **Response – 1<sup>st</sup> August 2023**

Link to this document can be found here: [Cabinet Secretary for Rural Affairs and Islands \(parliament.scot\)](#)

## **SECTION B – LINES TO TAKE / HOT TOPICS**

### **General Lines from Scottish Exchequer/Central Finance**

#### **Medium Term Financial Strategy (MTFS)**

- The 2023 Medium-Term Financial Strategy (MTFS) was published on 25<sup>th</sup> May, setting the fiscal context the guides the spending plans of the Scottish Government and sets out the overall approach to ensuring the finances are on a sustainable path.
- As the MTFS shows, we are facing significant challenges to our finances as a result of sustained high inflation caused by the economic shocks Scotland has faced.
- To be clear, the challenge to Scotland's finances is the fault of the UK Government, through Brexit, the calamitous mini-budget, and failing to invest in public services. They have shown they won't take action and act responsibly, but this Government will.
- This MTFS is an important part of our efforts to build on our commitment to fiscal transparency and parliamentary accountability by clearly outlining the challenges, risks and opportunities we will face as a country, in the years to come.
- The Scottish Government cannot rely on the UK Government to take action on the public finances to meet these challenges and is committed to doing all it can to ensure that the finances remain on a sustainable trajectory.
- Whilst the MTFS does not set out detailed policies, it sets out a strategy and credible approach to delivery fiscal sustainability over time
- The difference between projected funding and spending illustrates the need for tough and decisive action to ensure our finances are on a sustainable path, with the MTFS laying important ground for the difficult choices that need to be made going forwards.
- The Government's strategy for managing the public finances will be anchored around three pillars:
  - Strengthening how we manage public spending to ensure public money is fully focused on delivering government objectives, underpinned by necessary reform and prioritisation to maximise the impact of our available resources and capital investment.
  - Increasing focus on economic policies and actions with the greatest potential to grow and strengthen Scotland's economy and to grow the tax base to support funding our vital public services.
  - Ensuring a strategic approach to tax policy which considers the longer term impacts of our tax choices on individuals and our competitiveness, and which has been developed through clear engagement with stakeholders.

#### **2024-25 Scottish Budget**

- Work on the 2024-25 Scottish Budget has commenced.
- The discussion between Deputy First Minister and Finance and Public Administration Committee regarding the 2024-25 Scottish Budget date is ongoing and no date has yet been agreed.

- The economic conditions are set to remain challenging as inflationary pressures continue on households, businesses and public services.
- The fiscal outlook for the Scottish Government is expected to remain similarly challenging with the medium-term funding outlook also being subject to considerable volatility with the two main components of funding - the Block Grant and Income tax net position - being uncertain.
- The UK Government's Autumn Statement must take more substantive action to increase the Scottish Government's budget so we can better align spending and deliver for people and organisations right across Scotland.
- DFM has called for the Autumn Statement to focus on growing the economy and providing additional targeted support for the most vulnerable in society to cope with the ongoing cost of living crisis.
- Inflation is eroding the Scottish Government's spending power and additional funding for the Devolved Administrations is therefore essential to support people, provide fair public sector pay uplifts and protect public services.
- It is important to better understand the UK Government's autumn budget plans before we finalise the Scottish Budget arrangements. We would welcome any early indication from HMT on any likely funding movements to support the effective management of our budget challenge.

### **Resource Spending Review published May 2022**

- The Resource Spending Review was published using the best estimates and forecasts available at the time.
- The publication of the RSR and the refresh of the Capital Spending Review provides the Scottish Government and partners with multi-year spending parameters for the first time in over a decade.
- It is not a budget and does not replace the annual Budget process
- This will support more detailed budget planning over the remainder of this parliamentary term.

### **Emergency Budget Review (EBR) - October 2022**

- The Scottish Government undertook an emergency budget review to assess any and all opportunities to:
  - redirect additional resources to those most in need;
  - reduce the burdens on business; and
  - stimulate the Scottish economy.
- This was a significant challenge given the majority of our spend, at the stage of the year was legally committed.
- Our budget was worth around £1.7 billion less than when it was published in December 2021

- This is due to ongoing cost of living crisis, high inflation and the forecast recession increasing demand for government support eroding the purchasing power of available funding.
- The outcome of the EBR was set out to Parliament in October 2022 by the Deputy First Minister.
- DFM outlined a range of savings that were made to enable us to make increased pay offers to public sector workers.
- Our largely fixed budgets and limited fiscal powers means we needed the UK Government to take urgent action to support those in need.
- The EBR was informed by a panel of experts, including economists who studied the impact on Scotland of the UK Chancellor's fiscal approach.

Contact: Public Spending Division



[Redacted]

Contact: [Redacted]

## **SECTION B (CONT) – LINES TO TAKE / HOT TOPICS - RAI SPECIFIC LINES**

### **RAI Specific Lines – General**

#### Programme for Government (PfG) / Mandate Letters / Policy Prospectus

- With the commitments in this Programme for Government, alongside those in the mandate letters, we set out the steps we will take, and are taking, to increase the wealth and prosperity of Scotland in our rural, remote coastal and islands areas, while also respecting the key role this government plays in protecting and enhancing our natural environment.
- The Programme for Government details the commitments that will be delivered over the Parliamentary year.
- The Policy Prospectus sets out what the government will deliver for Scotland over the next three years.
- The mandate letters set out the outcomes to be achieved by each Cabinet Secretary in the year ahead.
- [Redacted]
- Through them the Scottish Government has set out the series of significant measures we will take towards tackling the challenges of addressing, mitigating and adapting to climate change, protecting and restoring nature and our work to grow and support Scotland's rural and blue economies.

#### **£33m ring-fenced funding deferred (from 2022-23 Emergency Budget Review)**

- The cost of living crisis created an unprecedented challenge. The Scottish Government had to explore all financial options to support the emergency response and help people and businesses through the crisis.
- The fact is that the Scottish Government saw an overall reduction of £1.7 billion at a time when demand for spend is at a high, meant we have had to make difficult decisions.
- Deferring this spend had no impact on existing commitments or schemes, or on the National Test Programme.
- “Scottish Ministers have been clear that the £33 million deferred from the agricultural budget in the last financial year was uncommitted spend which will come back to the portfolio in future years and this will be discussed further, as part of the 2024-25 Budget process.
- On 15 June the Deputy First Minister met with the President of the NFUS and reiterated this.
- Future budgets are set through the annual parliamentary Budget Bill process and the appropriate profile for returning this funding will be considered as part of that.
- The Scottish Government remains committed to spending this funding in full on the right agricultural priorities and will return this funding to the Rural Affairs, Land Reform and Islands portfolio at the appropriate time.

## Agriculture Bill

The Scottish Government has been working in partnership with farmers, land managers and environmental organisations for two years now on designing future rural support. Real progress is being made and we are on schedule to imminently introduce the new Agriculture Bill to Parliament, and published the analysis of the consultation responses.

- We are on track to introduce a new Agriculture bill as committed to this year.
- We have published an analysis of the consultation responses on our draft bill proposals – there is broad support and agreement for what we are planning to do in the bill.
- At the Royal Highland Show, I announced changes to current payments from 2025 so that farm payments contribute more to carbon and financial efficiency, and to protecting and restoring nature which include:
  - the maintenance of existing **cross compliance** requirements as a minimum and the introduction of new protections for **Peatlands and Wetlands** as a new condition ;
  - the foundations of a **Whole Farm Plan**, including soil testing, animal health and welfare declaration, carbon audits, biodiversity audits and supported business planning;
  - the introduction of new conditions to the **Scottish Suckler Beef Support Scheme linked to calving intervals** to encourage livestock keepers to reduce the emissions intensity of their cattle production systems.

As per previous commitments under the Bute House Agreement, and the Programme for Government 2021, it is intended that a new Agriculture Bill will be introduced in 2023.

In keeping with the Ministerial code, Ministers are unable to provide a specific date for the bill's introduction at this time or provide further detail of the bill, beyond that which have been consulted on, prior to Parliamentary scrutiny.

On 22 June 2023, the Scottish Government published an [independent analysis of the Agriculture Bill consultation](#) responses.

The majority of respondents to the consultation agreed with the proposals set out in relation to the proposed four-tier approach. Feedback includes, but not limited to:

- **Future Framework** - Calls for more detail on the specifics of the Future Payment Framework.
- **Whole Farm Plan** - There were concerns raised regarding the Whole Farm Plan and its potential to further complicate an already complex system. Others felt that a Whole Farm Plan was a positive proposal due to the potential for achieving planning for nature restoration, while being productive.
- **Nature Protection and Restoration** - Specific points raised were in relation to a recognition of work already done in this space which should

be supported further, and that such mechanisms would be vital in the face of a perceived nature and climate emergency.

The commitment in the First Minister's vision for Scotland aims that by 2026 we will ensure that, through the publicly committed Route Map to transition, agriculture support is delivering increased conditions on Direct Payments to better incentivise sustainable and regenerative practice, on-farm nature restoration and climate mitigation and adaptation efforts, while supporting our producers in high-quality food production. The Bill is an important step in seeking to realise that vision.

### **Agricultural Payments**

- We recognise the impact inflationary pressures are having on farmers and crofters – it is important we give them as much financial certainty as possible to help with cashflow and investment decisions.
- Over £560 million is paid to farmers, crofters and land managers through Direct Payments and support via the Scottish Rural Development Plan (SRDP) to help them to continue.
- Unlike the UK Government, we remain committed to providing direct payments to support farmers and crofters to meet more of our food needs sustainably.
- We have again committed to making farm payments as early as possible – with basic and Greening payments from early September this year.

### **Lack of Future Funding Guarantees**

- EU Exit means we no longer have long-term certainty of funding. HM Treasury have provided yearly allocations for the current UK Parliamentary term. There is no funding commitment from 2025:
- Agriculture requires future funding certainty due to its multi-annual funding commitments and long lead-in time for farmers, crofters and land managers.
- The UK Government accepted the Bew Review recommendation for collective engagement to agree the principles of future intra-UK allocations but these discussions have, to date, not taken place.
  - *QUOTE: "The government will work with the devolved administrations to develop an approach to future funding allocations. Engagement between the government (HM Treasury, Defra and the Territorial Offices) and the devolved administrations will set out to agree funding after 2022, recognising that agriculture policy is and will remain devolved" (UKG response to the Bew Review)*

[Redacted]

### **Islands**

#### **Islands Forum**

- The UK Government established the Islands Forum to provide regular, sustained engagement between the UK Government, devolved governments and island communities across the UK.

- We note the creation of the UK Government's Islands Forum as part of their Levelling-Up agenda, but it's absolutely critical that it respects and works in line with devolved competence, and devolved policies.
- The Forum provides an opportunity to bring together island representatives to discuss shared opportunities, risks, and cross-cutting challenges.
- The inaugural meeting took place on Orkney, attended by the then Minister for Just Transition, Employment and Fair Work, Richard Lochhead and the second meeting took place on the Isle of Wight in May, attended by the Minister for Higher and Further Education and Minister for Veterans, Mr Dey.
- The vision is to enable island communities to better collaborate with the UK Government, and devolved governments as necessary, on longer-term solutions to shared challenges and ensure island perspectives are reflected in central policy development and decision making for the Levelling Up agenda and wider UK Government priorities.
- The next meeting will be held on the on the Isle of Lewis on the 9-10 October with a focus on both physical and digital connectivity. The Minister for Transport has confirmed her attendance.

## **The Islands Programme**

- The Islands Programme is investing £4 million of capital funding in the current financial year to ensure delivery of the National Islands Plan, by supporting a range of areas, including tourism, infrastructure, innovation, energy transition and skills.
- We will continue to work with local government and other island partners, as well as across government, to ensure that this capital resource aligns with local and national priorities.

## **Marine**

### **Enhance Marine Protection (formerly Highly Protected Marine Areas)**

We will no longer seek to implement HPMA's across 10% of our seas by 2026, but will instead develop a new pathway to enhancing marine protection, while recognising alignment with the EU biodiversity strategy to 2030.

- We remain firmly committed to the outcome of enhanced marine protection. It is an unavoidable truth that we are in the midst of a climate and nature crisis and we must take action commensurate with the scale of that challenge.
- However, this must be done in a way that is fair, just and which empowers communities and shares in the benefits of a green economy.

We will work closely with all affected communities and sectors to identify how they think we should take forward enhanced marine protection.

- Our seas must remain a source of prosperity for the nation, especially in remote, coastal and island communities and it is vital that these communities help shape the creation of any areas with enhanced marine protection.
- In addition to coastal communities, we are committed to working with fishers, aquaculture, tourism and all affected sectors to enhance marine protection for the benefit of all.

### **Marine Fund Scotland**

The Scottish Government has a strong record of supporting our marine sectors through the European Maritime and Fisheries Fund and, since EU Exit, our Marine Fund Scotland.

- In the first two years of the Marine Fund Scotland (2021-22 and 2022-23), we have awarded grants totalling over £26m to more than 150 projects.
- Specifically, last year (2022-23) we made grant awards totalling just over £13m to 60 projects.
- Projects supported by the Marine Fund Scotland are in line with our Blue Economy Vision, delivering innovation and sustainable practices in our marine sectors, supporting our rural economy and our coastal communities, and protecting the marine environment.
- We launched the third year of the Marine Fund Scotland in March this year (23-24).
- £8 million has been awarded to date in 23/24, the second round of applications are currently being assessed for the balance of the £14 million fund and awards will be made soon.

## SECTION C – [REDACTED]

## SECTION D – BRIEFING ANNEXES

### Annex A: rSR –Top level RAI Resource/Capital Summary – PUBLISHED

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Resource*	880.8	878.9	878.9	883.8	884.8	3,526.4
Capital	75.9	72.5	64.0	82.9	N/A	219.4
Financial Transactions	-	-	-	-	-	-
Total	956.7	951.4	942.9	966.7	884.8	3,745.8

\*Includes portfolio share of corporate running costs totalling c.£55m per year

#### Top lines:

- The Resource Spending Review set out high level spending for the period 2023-24 to 2026-27
- It balanced spending plans against the available funding, using best estimates based on available forecasts and constitutional settlements
- The financial parameters set out in the spending review are just that
- It is recognised that change to the fiscal position is inevitable over the next few years
- The basis for the spending plans were set out in the Bute House Agreement and Programme for Government
- The long term ambitions for Scotland at the time included: tackling child poverty, addressing the climate and nature crises, growing a stronger economy, and improving public services
- To these priorities actions to help people struggling with the cost crisis were added
- A number of changes have occurred since the Spending Review was published – the cost crisis / emergency budget review and we have a new First Minister
- The Spending Review was published before the new areas of the portfolio were included – as these were updated in April 2023

#### What did this spending framework aim to deliver?

- the long-term challenges and opportunities for Scotland’s rural areas and islands, support and strengthen the resilience of local rural, coastal and island communities - this includes rural businesses, the third sector, food and drink industries, alongside fisheries, farming and crofting sectors by reducing poverty and aiding economic recovery through investment.
- A commitment to investment in the transformation of agriculture and farming, to ensure we support and prepare a thriving sector that will fully contribute to our net zero and environmental ambitions.
- This is alongside delivery of a strategic approach to the management of our marine resource which supports ecosystem health, improved livelihoods, economic prosperity, social inclusion and wellbeing.

- Overall - ongoing support to maintain stability whilst building critical green and blue economic, sectoral and community transformation to meet the 2045 emissions reductions targets and supporting action to reverse biodiversity loss, restore nature and protect our future.



## **Annex B: Programme for Government (PfG)**

**Issue:** With the commitments in this year's Programme for Government, we set out the steps we will take, and are taking, to increase the wealth and prosperity of Scotland in our rural, remote coastal and islands areas, while also respecting the key role this government plays in protecting and enhancing our natural environment. It sets out the series of significant measures we will take towards tackling the challenges of addressing, mitigating and adapting to climate change, protecting and restoring nature and our work to grow and support Scotland's rural and blue economies.

### **Ensure comprehensive compliance with the Register of Persons with a Controlled Interest in Land:**

- We have listened to the concerns raised by some stakeholders at this difficult time, and we recognise the challenges caused by Brexit, the pandemic, and the current economic pressures.
- Regulations to extend the transitional period in respect of the offence provisions by 12 months from the 1 April 2023 to 1 April 2024 were passed unanimously by Parliament on 16 March 2023.
- We hope that extending the transitional period by 12 months will ease the burden on those in scope of the RCI, by giving them more time to prepare their submissions before the offence provisions take effect.

[Redacted]

### **Publish and begin implementing the local food strategy:**

- In August 2021 we published the consultation "Local Food for Everyone: A Discussion" which set out a draft strategy outlining the wide range of activities being undertaken by the Scottish Government and agencies relating to local food.
- We conducted and published a full consultation analysis in July 2022, and a steering group was formed in December to oversee and drive the local food agenda.
- "Local Food for Everyone: Our Journey" has been updated in line with the consultation findings and takes the opportunity to further integrate new policy developments since the time of the original publication.
- The new food and drink industry-led strategy "Sustaining Scotland, Supplying the World" was published in June 2023. [Redacted]

### **Scottish Veterinary Service**

Progress plans to create a Scottish Veterinary Service to provide a more efficient and cohesive approach to animal welfare support, including career opportunities in public sector veterinary practice.

[Redacted]

**[Redacted]**

[Redacted]

Contact: [Redacted]

## **Annex C: 2023 Payment Strategy**

**Issue:** The Payment Strategy 2023 was approved by the Cabinet Secretary on 6 February 2023 and announced at the NFUS AGM/Conference on 10 February 2023. Taking into account the improved performance for 2022, the 2023 payments strategy aims to maintain the 2022 payment timings for Direct Payments and Scottish Rural Development Plan (SRDP) funding.

### **Top Lines:**

- The Payment Strategy sets out our high level approach to delivering payments including how we communicate our intentions to our customers.
- The 2023 Payment Strategy was approved by the Cabinet Secretary on 6 March 2023 and announced in her speech at the NFUS AGM/Conference on 10 February 2023.
- A link to the 2023 Payment Strategy timetable is here: [2023 Payments Strategy timetable published \(ruralpayments.org\)](#)

[Redacted]

Contact: [Redacted]

## Annex D: CAP Funding Guarantees

**Issue:** EU Exit means we no longer have long-term certainty of funding. HM Treasury have provided yearly allocations for the current UK Parliamentary term. ***There is no funding commitment from 2025.***

### Top Lines:

- This has direct implications on the management of the current Common Agricultural Programme (CAP), including the Scottish Rural Development Programme (SRDP), and the work underway on the Agriculture Reform Programme.
- Agriculture requires future funding certainty due to its multi-annual funding commitments and long lead-in time for farmers, crofters and land managers.
- The Scottish Government shares the frustration expressed by stakeholders over the lack of future budget clarity and the impact this has on the development of future policy.

[Redacted]

Contact: [Redacted]

## Annex E: Agriculture Reform Programme (ARP) overview

**Issue:** The [Agriculture Reform Programme](#) (ARP) will deliver the Vision for Agriculture and brings together work including the Route Map, Scottish Agriculture Bill, Future Support Framework, Agriculture Reform Implementation Oversight Board (ARIOB), and the National Test Programme (NTP).

### Top Lines:

**The [Agriculture Reform Programme](#) (ARP) will deliver the Scottish Government's Vision for Agriculture, transforming how we support farming and food production in Scotland to become a global leader in sustainable and regenerative agriculture.**

- The [Vision](#) was published in March 2022 and whilst remaining aligned to the [key objectives](#) of the EU CAP, we will have a robust and coherent framework to underpin Scotland's future agricultural support regime from 2025 onwards, that delivers climate mitigation and adaptation, nature restoration and high quality food production.
- It is important to ensure that we can produce high quality food in a way that delivers for climate and nature.

**A Route Map and list of draft measures has been published which provides further clarity on how we intend to deliver the ambitions set out in the Vision.**

- The [Route Map](#) was revised in June 2023 and outlines what information and guidance the sector can expect from 2023-2025 and when it will be available.
- Following discussions with industry partners, there is a focus on preparing for the first steps towards conditionality from 2025, which include:
  - the maintenance of existing **cross compliance** requirements as a minimum and the introduction of new protections for **Peatlands and Wetlands** as a new condition ;
  - the foundations of a **Whole Farm Plan**, including soil testing, animal health and welfare declaration, carbon audits, biodiversity audits and supported business planning;
  - the introduction of new conditions to the **Scottish Suckler Beef Support Scheme linked to calving intervals** to encourage livestock keepers to reduce the emissions intensity of their cattle production systems.

**The Scottish Government is committed to a service design approach to policy making involving user-centred co-development.**

- The [Agriculture Reform Implementation Oversight Board](#) (ARIOB) was established to develop new proposals for sustainable farming support and is co-chaired by the Cabinet Secretary for RALRI and NFU Scotland President Martin Kennedy.

- We are supporting and encouraging farmers and crofters to learn about how their work impacts on climate and nature, including offering financial support to carry out carbon audits, soil testing and nutrient management planning, establishing a clear baseline and options for action for all who participate.
- A public consultation “[Delivering our Vision for Scottish Agriculture. Proposals for a new Agriculture Bill](#)” set out our vision for a new, post-EU CAP support payment system from 2025-26 and a new Scottish Agriculture Bill will be brought forward in 2023.

[Redacted]

### **Background/context**

- EU CAP is over 60 years old, is the largest part of the EU’s multiannual budget and operated in the UK for almost 50 years. Under CAP each part of the UK designed their own rural development programme for their own circumstances.
- The Scottish Government committed to a period of stability and simplicity and to support active farming and food production with direct payments. The Scottish Parliament unanimously passed the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 to deliver this commitment.
- The 2020 Act enabled the continuation of CAP payments and schemes from 2021, while future agriculture policy is co-developed. The powers are limited to simplifications and improvements to the operation of CAP legislation.
- A new Agriculture Bill is required for substantive change.
- Agriculture is devolved and it is crucial our policies are unhindered by the threats posed by the UK Internal Market Act, Subsidy Control Regime and lack of replacement EU funding.

Contact: [Redacted]

## Annex F: The National Test Programme

**Issue:** The National Test Programme will support and encourage farmers and crofters to learn about how their work impacts on climate and nature, including offering financial support to carry out carbon audits, soil testing and nutrient management planning, establishing a clear baseline and options for action for all who participate.

### Top Lines:

The National Test Programme supports farmers and crofters to play their part in Scotland becoming a global leader in sustainable and regenerative agriculture and to learn about how their work impacts on climate and nature.

- The National Test Programme builds on the work of the Farmer Led Groups, and with the input and oversight of ARIOB, is based on the principles of collaboration and co-creation that are the foundation of a Just Transition.
- It includes offering financial support to carry out carbon audits, soil testing and nutrient management planning, establishing a clear baseline and options for action for all who participate.
- It will also provide national data and insights from the sector that will help inform future conditionality.

The first track of the National Test Programme 'Preparing for Sustainable Farming' began in April with funding for conducting Carbon Audits and Soil Sampling.

- This was followed in December 2022 with the launch of MyHerdStats and in February 2023 with support for Animal Health and Welfare activity.
- It is designed to help farmers and crofters future proof their farms, to create environmental and economically resilient businesses and to start to prepare now for future conditionality.

'Testing Actions for Sustainable Farming' (TSF) will design, test, improve and standardise the tools, support and process necessary to reward farmers, crofters and land managers for the climate and biodiversity outcomes they deliver.

- [Redacted]

[Redacted]

Contact: [Redacted]

[Redacted]

Contact: [Redacted]

## **Annex G: Vision for Scottish Agriculture**

**Issue:** Our [Vision for Agriculture](#) was published in March 2022 and outlines our aim to transform how we support farming and food production in Scotland to become a global leader in sustainable and regenerative agriculture.

### **Top Lines:**

- The [Vision](#) was published in March 2022.
- Whilst remaining aligned to the [key objectives](#) of the EU CAP; we will have a robust and coherent framework to underpin Scotland's future agricultural support regime from 2025 onwards, that delivers climate mitigation and adaptation, nature restoration and high quality food production.

**Scotland will have a support framework that delivers high quality food production, climate mitigation and adaptation, and nature restoration.**

High quality, nutritious food locally and sustainably produced is key to our wellbeing – in economic, environmental, social and health terms. We will support and work with farmers and crofters to meet more of our own food needs sustainably and to farm and croft with nature.

Farming, crofting and land management will continue to play an important role in maintaining thriving rural and island communities. Land management in Scotland will change as we tackle the twin biodiversity and climate crises which will present challenges and opportunities for farmers and crofters, building on their traditional leadership role in land management and stewardship.

In acknowledgement of the reliance that urban Scotland will have on rural communities and businesses to help deliver our climate change targets and net zero ambitions, we will support farmers, crofters and local communities to ensure they can capitalise on the benefits and that there is a Just Transition.

**There is no contradiction between high quality food production and producing it in a way that delivers for climate and nature.**

The principles on supporting farming were a clear point of agreement when the Scottish Government signed the historic co-operation agreement (“the Bute House Agreement”) with the Scottish Green Party.

The vision had been shared with the Agriculture Reform Implementation Oversight Board (ARIOB), which has been established to co-develop new proposals for sustainable farming support.



A new Scottish Agriculture Bill will be brought forward in 2023 to replace the Common Agricultural Policy (CAP) and deliver on the vision.

[Redacted]

Contact: [Redacted]

## **Annex H: Scottish Agriculture Bill: Delivering the Agriculture Vision Consultation**

**Issue:** A new Scottish Agriculture Bill will be brought forward in 2023 to provide a replacement for the Common Agricultural Policy (CAP) and deliver our Vision for Agriculture. On 22 June 2023, the Scottish Government published the “[Agriculture Bill - Analysis of Consultation Responses](#)”.

### **Top lines:**

- The Scottish Government is sincerely thankful to all those who took the time to respond to this consultation and to those who have worked with the Scottish Government, including the Agricultural Reform Implementation Oversight Board (ARIOB), to support and inform the development of this consultation.
- It is great to see a wide range of views provided from across Scotland in response to the consultation, including those often less heard voices, along with industry representatives.
- We are grateful for these varied responses, which have helped to inform our thinking as we develop the Agriculture Bill. Similarly, views provided on future schemes and policy are being taken into account to inform our future thinking.

### **Background - consultation analysis**

- A public consultation on proposals for a new Bill, “Delivering our Vision for Scottish Agriculture. Proposals for a new Agriculture Bill” was open from 29 August until 5 December 2022.
- A total of 392 valid responses were received to the consultation from a range of stakeholders and from members of the public across Scotland, in addition to feedback from approximately 600 attendees at the 9 in-person and 5 online consultation events. These responses will inform a new Agriculture Bill, which is expected to be introduced in 2023.
- Where permission to publish consultation responses has been provided, the responses have been published on [Citizen Space](#).
- The Scottish Government commissioned an independent research company to undertake an independent analysis of all responses and feedback received to the online consultation and during the consultation events.
- The consultation analysis report presents the findings from the public consultation and explains the methodology that was used to analyse the responses.

**A public consultation on proposals for a new Bill, “Delivering our Vision for Scottish Agriculture. Proposals for a new Agriculture Bill” was launched on 29 August and closed on 5 December 2022.**

- This consultation sought views on proposals which aim to deliver the Vision for Agriculture and transform how we support farming and food production in Scotland to become a global leader in sustainable and regenerative agriculture.

- We worked with the sector and stakeholders to bring forward a consultation on the options for future agriculture and wider land use support through a Bill to replace the current Common Agricultural Policy framework.
- The Agricultural Reform Implementation Oversight Board (ARIOB) have supported and informed the development of this consultation and the proposals for a new Agriculture Bill to replace the current Common Agricultural Policy framework for agriculture and land use support.
- We received a good response to the consultation, from a range of stakeholders and from members of the public across Scotland, including wide-ranging attendance at the 14 public consultation events held.

[Redacted]

**A new Agriculture Bill will be brought forward in 2023 to enable the delivery of the Scottish Government's Vision for Agriculture (published in March 2022).**

- The new Agriculture Bill will aim to provide Scotland with a framework to support and work with farmers and crofters to meet more of our food needs sustainably and to farm and croft with nature.
- Scotland's farmers, crofters and land managers are vital to our ambition to make our nation fairer and greener, and to enable us to produce more of our own food more sustainably.
- To ensure that Scotland's people are able to live and work sustainably on our land, this framework will deliver high quality food production, climate mitigation and adaptation, nature protection and restoration, and wider rural development.

## Q&A

### **Q. When was the consultation analysis published?**

**A.** On 22 June 2023, the Scottish Government published the "[Agriculture Bill - Analysis of Consultation Responses](#)".

A public consultation on proposals for a new Bill, "Delivering our Vision for Scottish Agriculture. Proposals for a new Agriculture Bill" was open from 29 August until 5 December 2022.

### **Q. What were the consultation findings? Are you considering the views expressed by the respondents?**

**A.** The Scottish Government is sincerely thankful to all those who took the time to take part in this consultation and to those who have worked with the Scottish Government, including the Agricultural Reform Implementation Oversight Board, in supporting and informing the development of this consultation.

The responses and the consultation analysis report have informed the development of the new Agriculture Bill. We have been using the responses to the consultation to help inform the new Agriculture Bill. The wide range of answers and evidence, which relate to future schemes and policy, are being taken into account to inform future policy development.

We are committed to introducing the new Agriculture Bill to Parliament in 2023, as per previous commitments under the Bute House Agreement, and the Programme for Government 2021. However, until the Bill is formally introduced to Parliament, we can't discuss its details.

### **Q. Now that the analysis has been published, what are the next steps?**

**A.** We are committed to introducing the new Agriculture Bill to Parliament in 2023, as per previous commitments under the Bute House Agreement, and the Programme for Government 2021.

Co-development and co-design with rural partners will be the foundational approach to the development of future support structures and delivery. The Agriculture Reform Implementation Oversight Board have supported and informed the development of this consultation and the proposals for a new Agriculture Bill to replace the current CAP framework for agriculture and land use support.

### **Q. What is the timeline to introduce this new Bill, what powers is the Scottish Government planning to introduce in this bill, and what timeframe will these powers cover?**

**A.** As per the Bute House agreement, the Bill is to be introduced to Parliament in 2023.

In keeping with the Ministerial code, Ministers are unable to provide a specific date for the bill's introduction at this time or provide further detail of the draft bill, beyond that which have been consulted on, prior to Parliamentary scrutiny.

[Redacted]

Contact: [Redacted]

## Annex I: Future Support Framework

**Issue:** To deliver the ambitions set out in the Scottish Government's Vision for Agriculture, published in March 2022, Scotland will have a [support framework](#) that delivers high quality food production, climate mitigation and adaptation, and nature restoration.

### Top lines:

- The Framework proposes mechanisms should be incorporated into the new Agriculture Bill to enable conditional payments under 4 tiers: Base, Enhanced, Elective, and Complementary.
- The Framework diagrams were first published as part of the Agriculture Bill [Consultation](#) 'Delivering our vision for Scottish agriculture – proposals for a new Agriculture Bill' in August 2022.
- A phased transition approach to the new Future Support Framework is outlined in the [Route Map](#).
- We will work with the sector to adapt and improve this framework over time to maximise the benefit we can achieve. We will incorporate what we learn into future versions of the framework, such as new best practice, improvements in technology, evidence on climate impacts and how well the industry is performing against targets so Scotland's farmers, crofters and land managers continue to be supported.

[Redacted]

[Redacted]

Contact: [Redacted]

## **Annex J: Agricultural Reform Route Map**

**Issue:** The [Agricultural Reform Route Map](#) was published in February 2023 and updated on 23 June 2023. The Route Map outlines what information and guidance the sector can expect from 2023-2025 and when it will be available.

### **Top Lines:**

- The Agricultural Reform Route Map was published in February 2023 setting out the timescales for information and interaction with the agricultural industry.
- On 23 June 2023 at the Royal Highland Show, the publication of the second edition of the Route map was announced
- This follows on from the Parliamentary Statement on “Pathway to Reform – a Phased Transition for Implementation of Reformed Rural Support” in November 2022.
- The existing framework of support will continue in 2023 and 2024 to provide security and stability to farmers and crofters. Changes will begin in 2025, with a phased approach to bringing in the new support framework from 2026.
- The second edition sets out the process for changing to a new agricultural support framework. It includes information on important dates, the measures being considered now, when current schemes will transition or end and the support available now.
- More information about the actions farmers and crofters will need to take in 2026 will be announced in June 2024
- We will continue to work on the Future Support Framework and engagement with the sector through representative bodies and a cohort of individual farmers.
- To deliver the new model, empowered by the Agriculture Bill, and to initiate these payments from 2025-26, Scottish Ministers will sign through a package of SSIs in due course.

### **What support is already available?**

- The work we are doing now to help farmers and crofters to prepare for changes is called [Preparing for Sustainable Farming \(PSF\)](#). Support includes:
- Financial support for farmers and crofters towards the cost of soil analysis;
- £500 towards having a Carbon Audit performed for farming businesses
- Up to a maximum of £1,250 over two years to deliver a list of animal health and welfare measures;
- Access to herd data for cattle keepers through [MyHerdStats](#) to provide consistent and accurate insight into herd performance.

[Redacted]

Contact: [Redacted]

## **Annex K: List of Measures as part of future agricultural support in Scotland**

**Issue:** Officials are examining potential Future Support Framework measures that best address climate mitigation, adaption and nature restoration, with priority on sectors with the highest emissions, including livestock production.

- **[Redacted]**
- The Scottish Government will work with industry expertise to further develop detailed actions in each of these areas.

[Redacted]



## **Annex L: The Agriculture Reform Implementation Oversight Board (ARIOB)**

**Issue:** The Agriculture Reform Implementation Oversight Board (ARIOB), co-chaired by Cabinet Secretary RALRI and NFU Scotland President Martin Kennedy, provides advice to the Scottish Government on actions that will assist the sector in addressing the climate and biodiversity crises at pace, and enable it to make targeted investment for longer-term benefits and outcomes.

**The ARIOB was established in 2021 as a PfG commitment to support the implementation of policy reform, incorporating the relevant recommendations from the farmer-led groups to cut emissions across agriculture, support the production of sustainable, high quality food, address the twin crises of climate and nature/loss of biodiversity and design a new system and approach.**

- The Board places farmers and crofters at the heart of a future support framework to help Scottish agriculture become more economically and environmentally sustainable.
- ARIOB meets regularly and its current priority is helping the Scottish Government deliver its Vision for Agriculture. It is based on and informed by the work and recommendations of the Farmer-led Groups, particularly to ensure we are beginning to tackle the most urgent needs and creating a base upon which to build a whole-farm low carbon approach.

**The Scottish Government is committed to supporting farmers and crofters to produce more of our food more sustainably, but we also acknowledge the need for change and to make sure that farming plays its part in cutting emissions, mitigating climate change and restoring and enhancing nature and biodiversity.**

- In addition to hearing from experts in their field as required, the Board is supported by an expanded Scottish Government Academic Advisory panel that will draw on the best available science, knowledge and expertise, and grow the evidence base as well as a small Policy Development Group of experts.
- In the longer term, the Board will continue to offer insight on important issues. In particular, the work of the Board supported the development of a consultation to shape a Scottish Agriculture Bill in 2023 and continue to feedback on the development of future agriculture policy.
- The Scottish Government is committed to a service design approach to policy making involving user-centred co-development, and the Board provides assistance in that context of wider direct engagement with farmers, crofters and land managers.
- Further information on the Board, its Terms of Reference and Minutes of meetings can be also found on the Scottish Government [website](#).

[Redacted]

## **Annex M: Agriculture and Climate Change**

**Issue:** Agriculture is an emitter of greenhouse gases (GHG) and must play its role in Scotland meeting the net zero target, while also delivering wider environmental outcomes.

### **Top lines:**

- Scotland's climate targets are, rightly, highly ambitious and it is better that this Parliament has stretching goals rather than easy ones.
- We recognise reaching net zero will require all our farmers and crofters to be ambitious and change how they do things. It is important that we recognise that reaching net zero will require ambitious action from every sector.
- We value Scotland's farmers and crofters for their part in cutting emissions and addressing climate change in ways that actively benefit both the climate and nature, and many are already taking positive action to produce food sustainably and contributing towards climate change.
- We firmly believe there is no contradiction between high quality food production and producing it in a way that delivers for the climate and nature. We must build a sustainable food production sector for future generations, whilst reducing greenhouse gas emissions, increasing carbon sequestration, and helping to improve biodiversity, air, soil, and water quality.
- To deliver the ambitions set out in the Scottish Government's Vision for Agriculture, published in March 2022, Scotland will have a support framework that delivers high quality food production, climate mitigation and adaptation, and nature restoration.
- We are committed to integrating enhanced conditionality of at least half of all funding by 2025, then from 2026 we intend to introduce a new mechanism which will see future support payments linked to the contribution farmers and crofters make in delivering our climate and nature objectives. This will ensure the right tools and support are in place when, from 2025, the climate and biodiversity performance of businesses will determine the level of agricultural support.
- We continue to work collaboratively with our agricultural industry, environmental bodies, and renowned scientific partners to consider the complex issues around multi-faceted land use and decisions that impact on them.

[Redacted]

**Contact:** [Redacted]

## **Annex N: Agri-Environment and Wider Biodiversity Support**

**Issue:** The Agri-Environment Climate Scheme (AECS) is affected by the significant cuts resulting from the UK Government reneging on public commitments, and a lack of future certainty due to the EU Exit. As a result, there are reluctantly suspensions and restrictions on some options within the scheme. In contrast with the 2023 round, a number of previously suspended options will be reintroduced for the 2024 round.

### **Top Lines:**

- It was announced in the 2023-24 Programme for Government published on 5 September, that a new round of AECS will open in 2024 to support actions to tackle climate change, cut emissions, and restore nature.
- The scheme is expected to continue to 2026 to deliver elements of Tier 3 and 4 of the new framework until the new Elective and Complementary Support is implemented. Details of all future rounds of AECS are subject to future budgetary decisions.
- AECS supports the Programme for Government (PfG) commitment to double the area of organic land by 2026. The area cap was suspended for AECS 2023 applications for the conversion to and maintenance of organic farmland. Businesses were able to apply to support land exceeding the previous cap of 1,000 Ha.
- We approved all eligible environmental management applications from the AECS 2022 round, committing a further £31.9 million over the next 5 years.
- Applications to the 2023 round are being assessed and approvals are due to be issued in late 2023 after conclusion of the 2024-25 budget process.

### **Background**

#### ***Agri-Environment Climate Scheme Overview***

- AECS is the Scottish Government's single largest funding mechanism and is a key part of support to farmers, crofters, and land managers in delivering nature restoration, addressing the twin challenges of climate change and biodiversity loss and supporting the ambition to double the amount of organic land in Scotland.
- To date £285 million has been committed to over 3,000 businesses to fund a range of activities that help to maintain and enhance our rich and varied natural environment.

#### ***AECS 2024***

- [Redacted]

[Redacted]

#### ***Organics***

- The decision to lift the area cap for organic support has seen more Scottish businesses supported to move their full organic area into AECS management,

creating longer term funding certainty in support of our ambition to double the amount of organic farmland in Scotland by 2026.

- As announced in June 2023, approval letters for all eligible organic conversion applications will be issued earlier, advancing the ability to start conversion. This supports our commitment to seek to double the amount of land farmed organically in Scotland by 2026.
- In 2023, AECS funding has seen around 259,000 Ha of land managed to support Scotland's biodiversity and climate change targets, of which over 30,000 Ha of land is under organic management.

### ***Farming with Nature (FwN) Programme***

- NatureScot are working in partnership with SG to ensure that the programme supports the realisation of our ambition to deliver a new agricultural support framework as set out in the Vision for Agriculture.
- The programme is piloting new approaches to support farmers to deliver for nature, which can inform our future approach to agricultural support and is a key element of the Scottish Government's response to the twin crises of climate change and biodiversity loss.
- This programme supports positive management for climate and biodiversity, and collaborative action across landholdings at a field, farm and landscape level.

[Redacted]

**Contact:** [Redacted]

## **Annex O: Capping/tapering**

**Issue:** Capping and tapering of Basic Payment Scheme payments is a mechanism within CAP regulations to release money allocated to those recipients in receipt of higher value payments with the money released directly reinvested into Pillar 2 (Scottish Rural Development Programme).

**[Redacted]**

## **Annex P: Croft House Grant (CHG)**

**Issue:** To provide grants for crofters to improve and maintain the standards of crofter housing, with the aim of attracting and retaining people within the crofting areas of Scotland, allowing them to achieve the full potential of their crofts while generating economic activity.

### **Top Lines**

- In March 2023, I announced an increase to the grant rate for the house improvement option under the Croft House Grant.
- In July 2023, the Minister for Energy and the Environment announced the introduction of energy efficiency measures to the scheme.
- In July this year we introduced energy efficiency measures to the Croft House Grant, allowing crofters to apply for 80% grants of up to £38k to improve the energy performance of their property, and contribute towards energy cost savings.
- [Redacted]

### **Background/context**

- The CHG scheme part funds new builds and home improvements.
- The CHG is a demand led scheme and has four application windows each year. Once an application has been approved, applicants have up to three years in which to complete their build and improvements and submit their claim which can be made in up to three stages.
- Therefore, funding committed in any financial year can be claimed in the current and/or future financial years.

### **Q&A**

#### **Q. Why do you have a grant scheme for croft houses?**

**A.** Due to the nature of crofting and the predominance of self-build as a means to provide housing in rural and remote rural areas, it can be challenging for crofters to access conventional forms of housing finance.

The CHG helps support rural and island housing needs by providing grants for crofters to build their own home. Through the CHG, the standards of croft housing is improved and maintained, with the aim of attracting and retaining people in crofting areas, and helping to sustain crofting under traditional land tenure.

#### **Q. Why should crofters receive this support, what about other people living in rural areas?**

**A.** Unlike other forms of land tenure, crofters are subject to a number of statutory duties, including the requirement to be resident within 32km of their croft. If a crofter fails to comply

with these duties it can result in them losing their croft. In almost every case the croft house must be provided by the crofter themselves.

[Redacted]

## **Annex Q: Crofting Agricultural Grant Scheme (CAGS)**

**Issue:** Crofting exists in areas where agricultural production and investment costs are traditionally high. The Crofting Agricultural Grant Scheme is designed to aid and develop agricultural production on crofting businesses, thereby sustaining the economic basis of crofting and helping retain people in rural communities. In the National Development Plan for Crofting, published in March 2021, we committed to continue to invest in croft businesses and to explore further improvements and changes to the scheme. The SNP 2021 manifesto contained a commitment to "... develop crofting to create more active crofts".

### **Top Lines**

- The Crofting Agricultural Grant Scheme (CAGS) supports crofters in carrying out individual or collective investments that reduce production costs; improve quality; food production; preserve and improve the natural environment, and maintain animal welfare standards.
- CAGS is a very popular scheme and attracts approximately 900 applications each year.
- From 2015 to 2023, over £25.1m in CAGS funding has been approved, helping over 4,000 crofters with their businesses.

### **Background/context**

- The CAGS is a demand led scheme that is open all-year round. Once an application has been approved, applicants have 12 months in which to complete their project and submit a claim. Therefore, funding committed in any financial year can be claimed in the current and/or future financial year.
- [Redacted]
- The maximum grant available to an individual is limited to £25k in a rolling two-year period. For group applications the limit is £125k.
- For those individuals who meet the young crofter eligibility criteria, the grant rate is 80% of the approved costs in less favoured areas. The grant rate is set at 60% for all other crofters in the same areas.
- The National Islands Plan contains a commitment to continue to support island crofters to make improvements to their crofts and help to sustain their croft businesses through the CHG and Crofting Agricultural Grant Scheme.

### **Q&A**

#### **Q. Why is the grant scheme only available for croft businesses?**

**A.** Crofters are required to be resident within 32km of their croft and to meet other legal duties, such as cultivating and maintaining their croft. Failure to comply with these duties can result in them losing their croft.



## **Annex R: Crofting Commission**

**Issue:** The Crofting Commission (“the Commission”) is a NDPB responsible for regulating, reorganising and promoting the interests of crofting. In September 2021, an independent workforce review was commissioned by the Commission. The review highlighted that the Commission needed more staff resource and support. The Commission regulates crofting in a way that balances the rights of existing crofters, the interests of crofting communities, and the aspirations of individuals who may wish to take up crofting.

### **Top Lines**

- The Programme for Government 2023-24, commits to creating opportunities for new entrants, encouraging the active management and use of crofts and common grazings. The work of the Commission is key to achieving this.
- In 21/22, prior to the Business Case, the Commission’s annual budget was £3.2m. The additional funding brought the budget to £3.9m in 22/23 and £4.17m in 23/24.
- In April 2022, the Commission received an increase to its budget to enable it to increase its staff resource.
- The additional funding enabled the Commission to expand its crofting development activities and its Development team, based in the Western Isles. The team works with crofters, crofting communities, grazings committees, landlords and others to encourage and address croft occupancy, croft use and the management of common grazings.
- The Scottish Government recognises the importance of crofting to Scotland’s rural and remote rural mainland and island communities, and the need for crofting to be regulated in an efficient and effective manner. The performance of the Commission is key to achieving this.
- [Redacted]The Commission has reported that there are over 500 new entrants into crofting each year. Each of these represents a new or continuing member of the local community.

### **Background/context**

- The Commission’s principal function is to regulate crofting, reorganise crofting, and promote the interests of crofting.
- The Commission seeks to protect the crofting system for future generations so that the crofting areas will continue to benefit for the economic, social, cultural and environmental activity that comes from having a sustained population base rooted in these rural and remote rural areas.
- In exercising their function, the Commission supports population retention in our rural and island areas.
- The Scottish Government’s Programme for Government 2023-2024, commits to “Develop and consult on proposals to reform crofting law, create new opportunities for new entrants, encourage the active management and use of crofts and common grazings, and support rural population retention through action on non-residency.”

## **Q&A/Hot topics**

### **Q. What improvements will the Commission deliver with its increase in budget?**

**A.** The 2022 increase in budget enabled the Commission to increase its staff resource which will:

- allow it to improve delivery of its regulatory functions and increase its crofting development work;
- create opportunities for new entrants; and
- support and encourage active management of common grazings and more active use of crofts.

[Redacted]

### **Q. What is the Commission delivering in terms of crofting development and supporting the future of crofting?**

**A.** The Commission announced on 7 August 2023, the introduction of the Scottish Land Matching Service Crofting Resource. This service was a collaborative effort between the Commission's Development Team and the Scottish Land Matching Service (SLMS). It enables those interested in becoming involved in crofting or those who have a crofting opportunity to offer, to register their interest free of charge with the SLMS database.

This month [September], the Commission is launching a project to encourage succession planning, developed with the Scottish Government, in two pilot areas (Uist/Barra and north-west Sutherland) to encourage both 'living succession' and succession planning within a will.

As a result of the increase to the Commission's budget, resources within the Residence and Land Use team have been increased, which has enabled the work carried out by the team to be extended. [Redacted]

Contact: [Redacted]

## **Annex S: Crofting Law Reform**

**Issue:** The 2021 SNP Manifesto made a commitment to reform the law and develop crofting to create more active crofts. The Scottish Policy Prospectus states that we will reform the law, subject to agreement by parliament, to support the future of crofting.

The Scottish Government's Programme for Government 2023-2024, commits to "Develop and consult on proposals to reform crofting law, create new opportunities for new entrants, encourage the active management and use of crofts and common grazings, and support rural population retention through action on non-residency."

### **Top Lines**

- As stated in the Scottish Policy Prospectus, I am committed to modernising crofting law in this parliamentary term, subject to agreement by Parliament. The crofting Bill will serve to simplify and clarify existing legislation, allowing the Commission to better regulate crofting.
- A decision on the timing of a Crofting Bill will be taken in the context of the Scottish Government's other legislative priorities and will be announced through the Programme for Government in the usual way.
- Through the Crofting Bill Group, officials and stakeholders require time to consider the proposals that have been identified as forming an important part of future law reform.
- The next stages in this process are to consult and analyse these proposals. This will take place over the next 12 months – hence the commitment in the latest Programme for Government.
- The purpose of the Crofting Bill is to make crofting regulation less onerous for active crofters and the Crofting Commission. It will provide clarity in law and introduce some immediate positive outcomes for crofters and their communities. In addition, it will allow the Crofting Commission to better regulate crofting.
- In May 2022, the Crofting Bill Group was reinstated to consider crofting legislation, and it is currently looking at approximately 50 separate issues and proposals.
- Twelve meetings of the Bill Group have taken place since June 2022, with further meetings planned throughout the remainder of 2023, and I understand good progress has been made.

### **Background**

- In 2016 the previous work on the Crofting Bill was suspended due to Brexit preparations and other legislative priorities.
- On Tuesday 5 September in the First Minister's statement to the Scottish Parliament, he stated "we will continue to develop proposals for crofting law reform."
- The mandate letter from the First Minister to the Cabinet Secretary for Rural Affairs, Land Reform and Islands, published on 5 September, contains the following commitments for 2023/24:
  - consult on the reform of crofting law and increase the rate of turnover of crofts and the number of new entrants to crofting;
  - continue to support crofters through the Crofting Agricultural Grant Scheme and the Croft House Grant;
  - implement improvements to the Croft House Grant to make croft houses more energy efficient.

## **Q&A/Hot topics**

### **Q: Can the Cabinet Secretary provide an update on progress in developing a Crofting Bill during this parliamentary session?**

**A:** As stated in the Scottish Policy Prospectus, I am committed to modernising crofting law in this parliamentary term, however, the decision on the timing of a Crofting Bill will be taken by Cabinet in the context of setting the content of future legislative programmes in the normal way.

My officials reinstated the Crofting Bill Group in May 2022, to consider crofting legislation, including those issues raised by the Crofting Bill Group in 2016-2018. To date, twelve meetings have taken place with further meetings planned, and good progress is being made.

### **Q: Why did the Programme for Government 2023-24, not commit to introducing a Crofting Bill.**

**A:** The Programme for Government 2023-24, commits the Scottish Government to developing and consulting on proposals to reform crofting law. That is a key and necessary part of the process to develop and introduce a Bill.

Through the Crofting Bill Group, officials and stakeholders require time to consider the proposals that have been identified as forming an important part of future law reform. The next stages in this process are to consult and analyse these proposals. This will take place over the next 12 months – hence the commitment in the latest Programme for Government.

Contact: [Redacted]

## **Annex T: Rural Delivery Plan**

**Issue:** The Rural Delivery Plan is an opportunity to set out the actions that government is taking which impact rural, island and rural coastal communities, placing a new focus on rural delivery with the intention of identifying gaps in investment and reprioritising resources to address these gaps where needed.

### **Top lines**

- We are developing a Rural Delivery Plan to set out the actions that government and public bodies are taking to improve outcomes and resilience across rural, island and rural coastal communities.
- The Plan will cover a range of priority areas such as agriculture, marine, land reform, islands, transport, housing, social justice, repopulation, digital connectivity, and economic development.
- At this stage of its development, the Plan itself does not encompass new spend however, work being developed through the Plan will enable us to identify where there are any gaps in investment, allowing us to reprioritise resources where needed.
- The Rural Delivery Plan is an opportunity for the Scottish Government to prioritise and progress existing work, to seize opportunities and address the challenges faced by rural Scotland, as well as driving greater rural mainstreaming and reprioritising action to support our rural communities.

### **Background information:**

- The Policy Prospectus 'Equality, opportunity, community: New Leadership - A Fresh Start', committed to publishing a Rural Delivery Plan within the lifetime of this parliament.
- We know that remote, rural and islands communities face significant and unique challenges, such as access to reliable digital infrastructure, availability of affordable, local housing, access to regular and reliable public transport, coupled with demographic challenges.
- We will ensure that the Rural Delivery Plan will build on previous work, such as the National Council of Rural Advisors recommendations, the work of the Scottish Rural Parliament in 2021 and the National Islands Plan.

[Redacted]

## Annex U: Rural Economy

**Issue:** There is a long-standing view amongst stakeholders of under investment in our rural economies, particularly investment in infrastructure across sectors such as transport, housing, and digital.

### Top lines

- The Scottish Government is committed to building a vibrant, sustainable, and inclusive rural economy that meets the goals of achieving a nature-positive and wellbeing economy for future generations.
- [Redacted]
- Rural economic policy is mainstreamed, so all Scotland-wide commitments contribute directly to supporting our rural economy. The Scottish Government's delivery in the rural economy is much wider than that delivered from within the rural portfolio alone.
- Key investment is also pulled in from other portfolios, for example:
  - We are committed to delivering 110,000 affordable homes by 2032. 10% will be in our remote, rural and island communities and are making available £3.5 billion this Parliament for affordable housing across Scotland.
  - Up to £25 million over a 5-year period (2023-2028) through the Rural affordable homes for key workers fund to help local authorities and Registered Social Landlord's acquire homes for key workers.
  - Our £600 million Reaching 100% (R100) broadband contracts are expected to connect over 114,000 premises with the majority being gigabit capable connections - over 30 times faster than the original superfast commitment.
  - Our Scottish 4G Infill mobile programme is investing £28.75 million to deliver future-proofed, 4G mobile infrastructure and services at 55 mobile "notspots" across Scotland.
- Our enterprise agencies have a critical role to play in supporting Scotland's rural economy and communities. Over £97 million has been allocated to HIE and SOSE in 2023-24 to support their work and help them unlock the full economic potential of their regions.

### Background information:

1. Scotland's rural economy is a major source of growth. Rural Scotland accounts for 17% of the population, but in 2021 the rural economy made an economic contribution worth £39.075 billion in GVA, which was 26% of the Scottish total.
2. There is strong agreement across the Final Report of the National Council of Rural Advisers (2018), the priorities of the National Islands Plan (2019) and the outputs of the Scottish Rural Parliament (2021) on where the priorities for investment in rural Scotland lie and these, by-and-large, map onto the policy areas detailed in the commitment for a Rural Delivery Plan.
3. Rural economic policy is mainstreamed and as such funding for the rural economy comes from a range of portfolio budgets. Whilst considerable activity and investment

in rural Scotland is taking place across the full range of SG policy areas, monitoring progress has focused on outputs rather than determining transformational impacts. Work being taken forward under the Rural Delivery Plan aims at redressing this issue and will aid identification of where additional investments may be needed.

4. [Redacted]

## **Q&A**

### **Q: How much of the R100 programme will support rural areas?**

**A:** Around 70% of the premises to be connected through the R100 contracts are classified as rural, despite only 19% of all premises in Scotland being located in rural areas. Around 12,000 of these premises are located in our island communities.

### **Q: How is R100 reaching island communities?**

**A:** The R100 contracts include delivery of 16 new subsea fibre optic cables to 15 Scottish islands including:

- Colonsay, Iona and Lismore in Argyll and Bute Council
- Eigg in the Highland Council area
- Eday, Flotta, Hoy, Rousay, Sanday, Shapinsay and Stronsay in Orkney Islands Council
- Fair Isle, Unst, Whalsay and Yell in Shetland Islands Council.

### **Q: How are you improving mobile connectivity in rural and island areas?**

**A:** Our Scottish 4G Infill mobile programme is investing £28.75 million to deliver future-proofed, 4G mobile infrastructure and services at 55 mobile “notspots” across Scotland. This is providing connectivity in rural and island areas stretching from the Scottish Borders to Shetland.

53 S4GI masts are now live, and the final two masts are scheduled for activation this Autumn. All of the 55 sites are located on islands or in rural Scotland.

### **Q: What are you doing to address the housing challenges faced by rural Scotland?**

**A:** Our ambition is for rural and island communities to have access to the high quality, affordable and market housing options planned alongside the economic and physical infrastructure to support communities to live, work and thrive, stemming population decline, retaining young people and, over time, attracting new residents.

Between 2016-17 and 2022/23 we have supported the delivery of over 10,000 affordable homes in rural and island areas.

### **Q: How much is being spent on rural enterprise support?**

**A:** Our enterprise agencies have a critical role to play in supporting the rural economy and communities. Our rural enterprise agencies in particular - Highlands and Islands Enterprise and South of Scotland Enterprise - have a key role to play in addressing the challenges faced by our rural, islands and rural coastal communities.

Over £97 million has been allocated to HIE and SOSE in 2023-24 to support their work and help them unlock the full economic potential of their regions. We also support Growbiz who takes a community-based approach to develop competitive, entrepreneurial, inclusive, and sustainable rural economy through the provision of tailored business support to new and existing rural businesses.



## **Annex V: Land Reform**

[Redacted]

### **Top lines – Land Reform Bill**

- The Bute House Agreement, the Policy Prospectus and the current Programme for Government set out our commitment to the introduction of a further land reform Bill.
- The Bill will build on existing land reform mechanisms to further improve transparency of land ownership, help ensure large scale land holdings deliver in the public interest and empower communities by providing more opportunities to own land and have more say in how land in their area is used.

### **Scottish Land Commission (SLC)**

- The Cabinet Secretary for the Rural Economy, Land Reform and Islands took the decision to extend Andrew Thin's appointment by 3 months, from 19 December 2023 to 18 March 2024, in order to ensure continuity and allow for an effective handover.

### **Register of Persons with a Controlled Interest in Land (RCI)**

- We understand that some charities and religious bodies were not able to prioritise compliance with the RCI during the recent cost crisis, that is why we extended the transitional period by a year.
- Scottish Government and Registers of Scotland officials are working together to deliver an extensive engagement plan to raise awareness of the RCI and support stakeholders through the process.

## **Q&A**

### **Q. Can you say more about what will be in the Bill and when will it be introduced?**

A. We remain committed to the introduction of a further land reform Bill by the end of 2023 as set out in the Bute House Agreement, Policy Prospectus and as the First Minister highlighted earlier this month in the Programme of Government.

We consulted on three key measures that will apply to large-scale landholdings:

- The introduction of compulsory land management plans;
- The strengthening of obligations on owners to comply with the Land Rights and Responsibilities Statement (LRRS);
- New measures to regulate the market in large-scale landholdings, including the introduction of a Public Interest Test, and requirements for community bodies to receive prior notification of impending sales or transfers.

As we also announced at the Programme for Government, agricultural holdings proposals, which had originally been identified for the Agriculture Bill, will now be included in the Bill.

[Redacted]

## **Annex W: Scottish Land Fund (SLF)**

**Issue:** The Scottish Land Fund is funded by SG and delivered in partnership with the National Lottery Community Fund and Highlands and Islands Enterprise. It offers grants of up to £1 million (although higher awards can be made in exceptional circumstances) to help communities take ownership of the land and buildings that matter to them, as well as practical support to develop projects. The Scottish Land Fund is open to organisations in both urban and rural Scotland which are community-led, community-controlled and defined by a geographic area.

### **Top lines:**

- From 2016 to date the Scottish Land Fund has approved 300 awards of funding for the acquisition of land and land assets, totalling over £50m, bringing over 24,500 acres into community ownership
- The Scottish Land Fund is providing £11m to support communities in the current financial year and, under the Bute House agreement, we are committed to doubling the Land Fund budget to £20m by 2026.
- So far, since the latest fund opened in 2021, the committee has awarded a total of £14.8m to 83 community groups
- Over 1 million people across Scotland now live in communities where assets have been acquired with funding from the Scottish Land Fund.
- The Scottish Land Fund Committee themselves report that the Scottish Land Fund is in a “healthy position with new referrals and projects in the pipeline and a good reach across Scotland” (minutes of May 2023 meeting)

### **Recommendations:**

The fund is highly valued and seen as a vital tool for community groups who wish to transform land and buildings in their local areas. However, an evaluation of the fund from 2016-2021, which was published in March 2021, highlighted a range of feedback from applicants and stakeholders which are aimed at improving the administration and functioning of the fund.

The recommendations are grouped below; within each grouping recommendations are set out in order of priority to groups and stakeholders :

Application process • to consider adding and funding an additional stage, before stage 1, to help organisations make early decisions about the viability of their application, • to provide more financial support to community groups to learn about governance and provide advice and guidance, • do more to promote the fund, including updating promotional material and other literature, possibly including case studies, • rework the forms used at stages 1 and 2 so that they are supported by OS Mac systems as well as MS Word,

Fund criteria • to provide more detailed written guidance on eligibility criteria to help inform organisations about whether to apply, ensuring that guidance is written in plain, accessible language, • to consider changing the geographic criteria as current guidance is seen as a deterrent, particularly for urban-based community organisations, and could be changed to

include 'communities of interest', • to consider publishing a clear set of criteria for judging future applications, particularly in a period of increased demand for the SLF,

Finances and Funding • concentrate any new money for stage 1 revenue funding to support applications, • to consider reviewing and altering the current capital to revenue funding ratios which would benefit a number of organisations, • to consider combining alternative sources of funding with the SLF, particularly in view of increased demand for SLF funds, • to consider ways in which funds can be released more swiftly in cases where an application to buy a building may be lost at an auction.

A number of these recommendations have already been taken forward with the 2023-24 fund

[Redacted]

## **Annex X: Regional Land Use Partnerships**

**Issue:** Regional Land Use Partnerships (RLUPs) are being piloted across 5 areas of Scotland with the aim to facilitate collaboration between local and national government, communities, landowners, land managers and wider stakeholders. Although responsibility for the RLUPs falls within your remit as Cabinet Secretary for Rural Affairs, Land Reform and Islands, SG funding support is currently provided through the Net Zero, Energy and Just Transition portfolio. RLUPs are a Bute House Agreement commitment (further detail below).

### **Top lines:**

- In early 2021 Five Regional Land Use Partnerships (RLUPs) pilots were established to test approaches to partnership governance that best suit the local situation and priorities, with the aim of facilitating collaboration between local and national government, communities, landowners, land managers and wider stakeholders.
- The Scottish Government (SG) continues to support with the pilot regions as they work towards the development of Regional Land Use Frameworks which will set out a strategic overview of regional land use opportunities, challenges, and priorities. The pilots are aiming to produce these in draft by end of 2023.

### **Background information:**

- The RLUP pilot areas are: Cairngorms National Park; Highlands Council Region; Loch Lomond and the Trossachs National Park; NorthEast Region (Aberdeenshire and Aberdeen City Councils); and South of Scotland Region (Dumfries and Galloway and Scottish Borders Councils).
- Pilots are working across their respective regions to enable natural capital-led consideration of how to maximise the contribution that our land can make to addressing the climate and environmental crises. Community engagement and benefit is key to this. RLUPs will not challenge ownership of land or the rights of landowners and managers.
- For the pilots to be successful, they must show how they deliver a local, democratic approach, maximise engagement with stakeholders and help to meet national outcomes on the environment and climate change.
- The Bute House Agreement brought forward an additional commitment that if the five pilots established in 2021 meet expectations and show that they have taken a democratic, local approach and inclusive approach to governance and decision making the SG will:
  - I. Begin developing plans for a second phase from 2023 building on learning from the five pilots, aiming for further roll out across the country before the future rural support scheme is established.
  - II. Ensure that RLUPs take into consideration the delivery of statutory climate and nature targets on a regional basis.
  - III. Consider how RLUPs can influence public funding streams.
- Throughout the summer of 2023 the SG has been working with the pilot regions to gather information and evaluate progress against the criteria set out within the BHA.
- [Redacted]

[Redacted]

Contact: [Redacted]

## Annex Y: Land Based Learning Review

**Issue:** Rural Scotland has an ageing and sparse population, therefore there is a need to attract people to, and retain people in, rural areas and ensure that they have the necessary skills to take advantage of employment opportunities and contribute to population retention.

### Top lines

- Developing a more skilled workforce in rural areas directly contributes to the First Minister’s mission: “Opportunity: A fair, green, growing economy”, and specifically the commitment to promote our rural and coastal economy and communities by contributing to green skills development and creating employment opportunities in our land-based, aquaculture and environmental conservation sectors.
- Skills development is at the heart of our National Strategy for Economic Transformation and the vision for the transition to a fairer, greener wellbeing economy. A highly skilled workforce is critical to this ambition.
- Our land-based sectors have an important role to play in the transition to net zero. NatureScot reported that between now and 2030, growth in nature-based sectors such as peatland restoration, green infrastructure, woodland creation and restoration, and blue carbon is expected to be significant, particularly given the increased recognition of nature-based solutions in the Climate Change Plan Update.
- Our support for green skills includes funding for Lantra Scotland (**£515,000** in 2023/24), the skills body for land-based and aquaculture, to deliver their annual workplan.
- Scotland already has many of the skills required to facilitate the transition to a low carbon economy. Our National Strategy for Economic Transformation is clear that we must adapt our education and skills system to become more responsive and agile so that it can deliver on our key priorities. We must adapt the education and skills system to make it more responsive to our economic needs and ambitions. Similar comments were made regarding the need for reforming the system in both the Land-based Learning review and James Withers’ review of the skills delivery landscape.
- In August 2021, the Scottish Government set up an independent Commission to review learning pathways in our land-based and aquaculture sectors. The Commission reported to Scottish Ministers in January 2023 with 22 recommendations on how to attract and equip more people with the skills and knowledge needed to work in our land-based and aquaculture sectors.
- [Redacted]
- We have also committed **£130,000** this financial year (2023/24) to take forward agreed recommendations, working in partnership with SG policy teams, public bodies and rural stakeholders.

### Background

- As committed to in the Policy Prospectus ‘Equality, opportunity, community: New Leadership’, and in the First Minister’s mandate letter, in 2023 the Scottish Government will publish our response to the report and recommendations from the Commission to review land-based learning, aiming to help create employment opportunities in land-based and aquaculture sectors to promote rural development and sustainable communities.

- The 2023/24 Programme for Government confirms that the Cabinet Secretary for Rural Affairs, Land Reform and Islands will be working closely with the Cabinet Secretary for Education and Skills, we will continue to support rural skills, acting on recommendations from the Land-Based Learning Review and taking account of the wider reforms of the education and skills system that the Scottish Government will be implementing.

### Education and Skills Reform

- The Programme for Government sets out our plans for implementing reform of our education and skills bodies and putting the voices of children, young people and adult learners at their core
- We have been clear that we want to take forward reform of our lifelong education and skills system and won't shy away from decisions which will deliver better services for individuals and employers.

### What the independent review of the Skills Delivery Landscape 'Withers Report' says on Skills Planning

- Given that Withers identified that there were challenges with skills planning processes including skills alignment, labour market intelligence and prioritisation it recommends that responsibility for skills planning to be brought into the Scottish Government and new needs-based planning processes to be established which prioritise nationally critical skills (Recommendation 3).
- Withers indicated that there is a lack of clarity about roles and responsibilities in regional and national skills planning and recommends that a regional template to be established for regional skills planning which builds on what is good, but puts regional partners (including colleges) at the heart of the process and empowers and gives autonomy to them, aligned to regional economic strategy (Recommendation 4).

### Purpose and Principles

- In Purpose and Principles (Scottish Government's initial response) we say about government "taking a much greater leadership role in setting the agenda for national skills planning - and convening a breadth of industry and education system engagement to ensure the approach in areas of national importance like skills for the green economy and the public sector workforce is robust".
- This needs to be complemented by collaborative regional arrangements, linked to regional economic partnerships and city and region deals to inform provision planning and curriculum development at that level; and enabling the right levels of autonomy to deliver against those regional priorities.

The first steps the Scottish Government will take are:

- To take responsibility for skills planning – developing an approach at a national level that works with partners to set clear priorities.
- Enhance and embed the role of employers in shaping system planning priorities, pathways and provision.
- This will be supported by a regional approach that builds on existing regional economic partnerships and has employers and local providers, in particular colleges, at the centre.

[Redacted]



## **Annex Z: The Islands Programme 2023-2024**

**Issue:** On 31 January 2023, the Scottish Government announced a further investment of £4 million through the Islands Programme for financial year 2023/24 to ensure delivery of the National Islands Plan. This investment is supporting a range of areas across the islands including tourism, infrastructure, innovation, energy transition and skills.

A key area of criticism will likely focus on the lack of capital funding (as set out in the CSR) to support the Islands Programme next year. However, the Scottish Government's commitment to the Islands is reflected in investments across portfolios, not only RALRI.

There may also be criticism regarding the competitive bidding model which the Committee have consistently raised as an issue, as well as a perceived lack of progress against the National Islands Plan.

### **Top Lines:**

- The Scottish Government remains fully committed to the delivery of the National Islands Plan, and I engage regularly with my colleagues across portfolios to ensure that we are working collaboratively on delivery of all thirteen strategic objectives.
- The Islands Programme is just one of many funding opportunities available to Island Local Authorities. Funding is not restricted to my portfolio, but reaches across government to transport, housing, health, digital connectivity and beyond.
- I'm well aware that there is currently no capital allocated to the Islands Programme in the 2024/25 budget. As I've said previously, the budgetary pressures are clear and the financial constraints the Islands Team and wider Government are working within are well known.
- Since it was launched in 2021, the Islands Programme has supported 61 projects across 44 islands. It has helped deliver many critical and transformational projects for island communities, some of which would never have happened without this investment. The Islands Programme has and continues to support communities and delivery of the National Islands Plan.
- I fully understand the process of applying for funding can be challenging and requires resource. To help support local authorities deliver the Islands Programme, my officials and their colleagues at SFT listened carefully to feedback from this Committee and have streamlined the 2023/24 application process in order to reduce the burden placed on our partners.

## Background

- Islands Programme Budget overview 2021/22 – 2025/26:

Year	Capital (£)	Resource (£)
2021/22	9.5	1
2022/23	4	1
2023/24	4	1.5
2024/25	0	2
2025/26	6	3

- The **2023/24 Islands Programme** was launched on 31 January 2023, with an application deadline of 21 April 2023. It is being delivered in partnership with local government via a competitive bid process with the six island authorities as lead applicants.
- The funding is part of the £25.8 million Islands Programme, established to support the implementation of the National Islands Plan.
- Support and feedback to applicants is being provided by Scottish Futures Trust. This includes advice on how unsuccessful projects might be supported to apply for funding in future years, by adjustments to elements of the applications, improving detail in their applications, or whether an application to other programmes would be more appropriate.
- Applications to the Islands Programme have been subject to scrutiny and assessment by the Investment Panel which has made recommendations on projects to be funded. The panel is selected from Scottish Government and a range of partner organisations who have experience of panel assessments and/or infrastructure spending. The Young Islanders Network is also represented on the Panel.
- Applications were assessed against the eligibility criteria, the aims and objectives of the Islands Programme, and within the broader context of strategic priorities, evidence of ability to be delivered using grant offered in 2023/24, and anticipated outcomes from the project.
- The following table provides a breakdown of the geographic allocation of the IP funding for the current financial year:

Local Authority	Island(s)	Project Name	Amount
Highland Council	Canna	Canna Hub	£298,900
Argyll and Bute Council	Mull	Enabling Infrastructure for Worker Accommodation	£700,000
Argyll and Bute Council	Tiree	Tiree Community Care Hub	£450,000
Shetland Islands Council	Shetland Mainland	Shetland Home Co Expansion Project	£653,613
Shetland Islands Council	Shetland Mainland	Growing Space Nesting	£75,202
Shetland Islands Council	Shetland Mainland	Hymhus – The Bigton Regeneration Hub Phase 1	£71,005

North Ayrshire Council	Cumbræ	Garrison House Regeneration Scheme	£730,998
North Ayrshire Council	Arran	Dyemill Bike Park	£220,625
Orkney Island Council	Orkney Mainland	Kirkwall Bridge Street Regeneration	£200,000
Orkney Island Council	Papa Westray & Stronsay	New Airfield Terminal Buildings at Papa Westray and Stronsay	£216,307
Comhairle nan Eilean Siar	Lewis	Stornoway Campus	£250,000
Comhairle nan Eilean Siar	Lewis	An Taigh Mor	£78,350
Comhairle nan Eilean Siar	Harris	Seallam! Hebrides People Visitor Centre	£55,000
<b>Total</b>			<b>£4,000,000</b>

#### **Details of approved Islands Programme Projects – FY 2023/24**

**£298,900 – Canna Hub, Canna – Highland Council.** This project will redevelop a former coal store beside Canna pier to create a reception hub and accessible facilities to support the sustainable growth of the island's economy. The building will help support the increasing number of visitors that form a major part of the island's economy. The building will also act as a consultation and treatment room for use by NHS health workers so that residents can attend appointments in private.

**£700,000 – Infrastructure for Worker Accommodation – Mull, Argyll and Bute Council.** This application is for phase one site infrastructure to enable delivery of accommodation for workers and will meet clearly evidenced community need for worker accommodation with essential positions currently being left unfilled. The project makes a significant contribution in delivering on the place-based priorities of the Isle of Mull community to meet housing need, that will in turn accelerate local growth and resilience.

**£75,202 – Growing Space Nesting Shetland Mainland – Shetland Islands Council.** This project, run by Community Development Company Nesting, aims to transition a section of its vacant land into a community growing space and park for skills building, food growing and volunteering. It will address the identified local demand for a community growing space and increase regular access to affordable, fresh produce, featuring options for shared, publicly accessible outdoor and undercover growing to allow the production of fruit and vegetables. Based on local priority, Growing Space focusses on increasing community empowerment and resilience, promotes sustainable socio economic and environmental growth in Shetland, and is an example of working to achieve the Scottish Government's Net Zero Ambitions.

**£450,000 – Tiree Community Care Hub – Tiree, Argyll and Bute Council.** This project centres on the modernisation and reconfiguration of the Tigh a Rudha care home. It acts as a catalyst to better meet the current and anticipated future care needs of the island community and will support Tiree's population retention and growth plans. Tigh a Rudha, a critical part of the island community and currently providing essential care and support to elderly residents, will be transformed into a modern and flexible Community Care Hub

<p>which will also provide onsite key worker accommodation, and intermediate, end of life and respite care facilities and GP beds.</p>
<p><b>£730,998 – Garrison House Regeneration Scheme, Cumbrae – North Ayrshire Council.</b> The Garrison House Regeneration Scheme seeks to restore, re-purpose and enhance the Garrison House complex in Millport, Isle of Cumbrae. Garrison House is a significant asset to the island and an important hub for both residents and visitors. The project will secure the building fabric for future generations, improve accessibility, improve the availability of and access to services, and increase its energy efficiency and resilience to climate change. Work will include a comprehensive conservation scheme, a new gym accessible to all and provision of a changing places facility to address the lack of both on the island.</p>
<p><b>£220,625 – Dyemill Bike Park, Arran – North Ayrshire Council.</b> Arran High School Mountain Bike Club propose to build, manage, and maintain an accessible, inclusive, and safe, all-weather environment to grow and develop the Island’s cycling community, inspiring Arran to cycle. The facility will provide the opportunity for residents and visitors to engage in cycling in many forms. With this new facility the Island’s cycling community will benefit from being able to grow and develop local competition and event opportunities in addition to providing a safe and accessible area for coaching and skills development.</p>
<p><b>£695,000 – COPE Ltd – Shetland Home Co Expansion Project, Mainland Shetland – Shetland Islands Council.</b> This project is designed to grow the reach and impact of COPE’s Shetland Home Co, a re-use centre that sells furniture, electrical goods, and homeware among other items. The participants who work at the Shetland Home Co are breaking down barriers and stigmatisation and show that people with a learning disability can sustain employment. Electrical goods that cannot be sold are processed and stripped down to components for recycling. The project will support the circular economy, Scotland’s Net Zero ambitions and positively impact on individuals with learning disabilities - one of the most disadvantaged groups in the labour market.</p>
<p><b>£71,005 – Hymhus, The Bigton Regeneration Hub Phase 1, Mainland Shetland. Shetland Islands Council.</b> This application is for Phase 1 of the renovation of Hymhus to provide an inspirational hub for arts and health. The measures will improve sustainability and meantime use, allow for a more flexible renovation plan and a continued income stream for a key community asset which provides a warm space, works to address social isolation and hosts therapeutic services. It will secure the future of the community asset and ensure the longer-term sustainability of the building.</p>
<p><b>£250,000 – Stornoway Campus, Lewis – Comhairle nan Eilean Siar.</b> The planned works are to redevelop UHI Outer Hebrides to enhance the high-quality learning and training facilities and enable innovative approaches to digital and distance learning. This will involve transforming Stornoway campus to increase the attractiveness of the campus and, through the integration of new technologies, enable a greater degree of outreach to more remote learners and island businesses. A range of mobile facilities and equipment will further support equality of opportunity and enable outreach capability in Uist and Barra. The Islands Programme funding will support Mobile Equipment and Facilities and Immersive Classroom Technology.</p>
<p><b>£200,000 – Kirkwall Bridge Street Development – Mainland Orkney, Orkney Islands Council.</b> The focus of this application is a rapid first phase to establish new activity within The Bridge Street Development Project in Kirkwall which occupies a prime location in one of the most historic parts of the town but is vacant brownfield site with derelict warehouse buildings. The project responds to the urgent pressures and risks of decline, ensuring that Kirkwall town centre does not fall into a self-perpetuating state of decline. Plans are to create a reusable steel framed multioccupancy food and drink hospitality and leisure</p>

business environment. With an estimated project cost of £4,650,000 the Phase One Project represents a significant investment in the regeneration of Kirkwall's town centre.

**£216,307 – New Airfield Terminal Buildings at Papa Westray and Stronsay – Orkney Islands Council.** The project will physically deliver new fit-for-purpose, more energy efficient, airfield buildings at Papa Westray and Stronsay with improved access, separate public waiting room to the Airfield Rescue and Fire Fighting Service (RFFS) watch room, modern accessible toilet facilities, digital connectivity (corporate and public Wi-Fi), and increased car-parking provisions for residents and visitors, with electric charge points for electrical vehicles and electric bicycles, with the latter possibly available for hire managed by the communities.

**£78,350 – An Taigh Mor, Lewis – Comhairle nan Eilean Siar.** This application is to progress the design of An Taigh Mòr, a Grade 2 listed building, to RIBA 4 and building warrant stages, planning interpretation in detail and for preparing tender documents to renovate, extend and fit out the building for future use. The preservation and redevelopment work will ultimately enable the local community to deliver the project aims of successfully interpreting its links to the Flannan Isles, providing space for community use of a size and nature not available elsewhere locally and increase opportunities for the community to engage with its history, language, and culture in an appropriate setting. Focussing on community needs as well as visitor demand, the provision of rural facilities for heritage and wellbeing activities will increase employment opportunities and participation in community projects.

**£55,000 – Seallam! Hebrides People Visitor Centre, Harris – Comhairle nan Eilean Siar.** This application is to complete RIBA Stage 3 and 4 work to enable the refurbishment and extension of the existing facilities at the Seallam! Hebrides People Visitor Centre to be upgraded to provide a much-needed quality attraction in South Harris, which is community owned and run. The facility is already creating and sustaining local jobs, building partnerships across islands and once complete will kick start the economic regeneration of Northton township, creating transformational and critical infrastructure for South Harris.

### Barriers to delivering capital projects on Scotland's islands

- All of Scotland's inhabited islands have their own characteristics and challenges when it comes to delivering capital projects, not least because of their varying geographies, populations and weather. General barriers to successful delivery of capital projects on Scotland's islands include, but are not limited to:
  - Higher costs
  - Logistics And Transport Connections
  - Weather and Seasons
  - Geography And Terrain
  - Lack Of Availability And Reduced Supply Chains
  - People And Skills
  - Land Ownership And Planning
  - Building Standards
  - Housing
  - Service Infrastructure
  - Finance And Funding
- When reporting on progress against the 2021/22 and 2022/23 Islands Programme projects, our local authority partners have specifically noted that issues with planning,

availability of contractors, lead times for specific items, legal issues with site lease, weather, electricity connection, surveys, illness, procurement, ferry availability and further consultation with local communities regarding final site location have all negatively impacted on the delivery of projects.

### Examples of Cross Government Spend on Islands

#### Housing:

- Over the lifetime of the previous Parliament, we delivered over 6,000 affordable homes in rural and island communities. In that time, over £86 million has been invested in the islands alone to provide affordable homes on a range of islands including Islay, Orkney, Shetland, the Outer Hebrides, Mull, Raasay and Barra, among others.
- £3.6 billion funding is being made available in this Parliamentary term towards the delivery of affordable homes. Our planned investment in this parliamentary term includes support of up to £30 million for the continuation of the demand-led Rural and Island Housing Fund, offering support to community groups and other eligible organisations in the provision of additional affordable housing and supplementing the delivery through registered social landlords and local authorities in our mainstream programme.
- A Stronger More Resilient Scotland: Programme for Government 2022/23 reaffirms our commitment to deliver 110,000 affordable homes across Scotland by 2032, with at least 70% in the social rented sector, and 10% in our remote, rural and island communities.

#### Digital Spend:

- Despite telecoms legislation being wholly reserved to Westminster, the Scottish Government has invested £600 million through the R100 contracts. The R100 programme is now delivering at pace to Scotland's homes and businesses – over 10,900 connections through the R100 contracts and over 2,300 connections through the R100 Scottish Broadband Voucher Scheme so far.
- On 19 August 2022, we announced an additional £20.2 million investment in the R100 contracts, alongside £16 million from the UK Government, to deliver gigabit-capable broadband access to an additional 2,637 rural and island properties in Scotland.
- Through the R100 North contract, 16 new subsea cables are being laid, providing future-proofed, resilient connections to those island communities for decades to come.

#### Fuel Poverty:

- Area Based Schemes (ABS) are designed and delivered by local councils, in conjunction with utility companies and local delivery partners. Local schemes target communities facing high levels of fuel poverty to provide energy efficiency measures to a large number of Scottish households.
- Over the last three years we have provided funding to enable over 3,000 fuel poor households in Island council areas to benefit from energy efficiency improvements. This year ABS funding allocated to the six 'island local authorities' was just under £11.4 million. This compares with £12.2 million in 21-22; £10.9 million in 20-21; £9.6 million in 19/20; and in 2018/19, we awarded £9.5 million in grant to these authorities.

#### Islands Growth Deal:

- This Deal is about investing in local people, projects and priorities in partnership with the island authorities and UK Government to spread the benefits of inclusive economic growth across the three island groups, increasing opportunities for all.
- The Heads of Terms for the Islands Deal was signed on 17 March 2021 and secures investment of up to £50 million from both the Scottish and UK Governments over a 10-year period. The £100 million investment will result in a total of £33.3 million of SG and UKG funds being invested in Orkney and Shetland, with £33.4 million to Comhairle nan Eilean Siar.

#### School-age Childcare:

- In our published 2023-24 Draft budget we committed to invest £15 million to continue to design an all-year-round system of school-age childcare, which will be funded for those families on the lowest incomes.
- We recognise the specific challenges for rural and island communities and that the provision of childcare is a key factor to support more people to enter and sustain training, employment and starting a business.
- That's why in 2020 we awarded The Mull and Iona Community Trust £180,000 to develop and deliver School Age Childcare services on Mull. The project explored ways to provide childcare with the flexibility required in island communities.
- The project, which was funded jointly by the Islands, Women in Agriculture and Early Learning and Childcare Teams delivered a mix of term-time and holiday childcare and organised children's activities, targeted at the six-priority family types as set out in our Tackling Child Poverty Delivery Plan.
- While many families benefitted from access to affordable childcare, the project found real challenges associated with the availability, recruitment and retention of suitably qualified workers. These specific learnings from the MICT project will be reflected in the forthcoming Strategic Framework for Scotland's Childcare Professionals.

[Redacted]

Contact: [Redacted]

## **Annex AA: Carbon Neutral Islands (CNI)**

**Issue:** The Carbon Neutral Islands (CNI) project is a SG programme for government commitment that is supporting six islands (Yell, Hoy, Raasay, Barra, Islay and Great Cumbrae) to progress towards becoming fully carbon neutral by 2040. The project has carried out in depth carbon audits for the six islands leading to the development of six Community Climate Change Action Plans. Officials are now developing climate change investment strategies and taking action to decarbonise the islands. The CNI project will start to support specific concrete decarbonisation projects informed by the island's community climate change action plans.

### **Top Lines:**

- The Carbon Neutral Islands project is supporting six islands in Scotland (Yell, Hoy, Barra, Raasay, Islay and Great Cumbrae) to become carbon neutral in a just way.
- We are supporting the six islands to carry out a carbon audit, which will provide the baseline they need to build their Community Climate Change Action Plans. This will be accompanied by a Climate Change Investment Strategy, which will have three finance drivers: existing public funding, public-private partnerships and private investment.
- We have committed £820,000 to support the work related to these audits, plans and investment strategies.
- Our delivery partner Community Energy Scotland is working locally to deliver the audits and plans, which will be done in a bottom-up way, working with communities.
- Each island has a steering group and employs someone directly within a local anchor organisation to support this process.
- The project is intended to benefit all Scottish islands, not only those included directly as part of the project. This will be through knowledge exchange and sharing of good practices stemming from implementation.
- This year we are also map net zero related skills with a view of working with partners to strengthen training and programme delivery in these fields.
- We published a progress report setting out the steps taken so far on 19 January 2023.

### **Background:**

- Small low-lying islands are under threat from climate change and predicted sea-level rise. Climate change is expected to increase instances of flooding and coastal erosion, whilst simultaneously negatively affecting water supply, food production, health, tourism, and accelerating habitat depletion. Additionally, the majority of island economies are highly dependent on outside sources for food, fuel, and even employment, which together increase the economic fragility of many islands.
- Scotland has declared a climate emergency and has stepped up its climate action and commitments. These are amongst some of the most ambitious in the world, calling for net – zero greenhouse gas emissions by 2045.
- Within this wider context the Carbon Neutral Islands project is an ongoing Programme for Government commitment that aims to support six islands in their journey towards net zero by 2040. The Carbon Neutral Islands project will embrace the opportunity for island communities to lead the way in realising Scotland's climate change ambitions. Directly supporting 6 islands in their journey towards carbon neutrality by 2040, this will not only benefit the environment but support local economies, facilities and general wellbeing through investment in communities.



- We have worked with our External Technical Working Group to co-produce criteria, informing the selection of islands. Following this an island matching exercise took place to select an appropriate mix of islands as part of the project.
- By 'carbon neutral', we mean an island where the greenhouse gas emissions, captured as CO2 equivalent, are in balance with the carbon sinks.
- We have already carried out an extensive mapping exercise that will contribute to the knowledge of carbon accounting and emissions reductions on our islands.

[Redacted]

## **Annex AB: Islands Cost Crisis Emergency Fund 2023-24**

**Issue:** Whilst island communities can access a wide range of existing funding from the Scottish Government, the continuation of the Island Cost Crisis Emergency Fund represents an additional £1 million investment in 2023-24 which has been developed to specifically recognise and tackle the challenges faced by island communities. This funding builds on the 2022/23 £1.4 million Island Cost Crisis Emergency Fund.

### **Top lines:**

- Rural and island communities already face the highest levels of fuel poverty. I am very aware that the cost of living in rural and island communities is higher than ever as a result of the current cost crisis.
- Scottish Government has provided an additional £1 million in the current financial year to be delivered through the Islands Cost Crisis Emergency Fund to support islanders facing high fuel, food and energy costs in order to help meet cost of living pressures.
- This funding builds on the very successful 2022/23 £1.4 million Island Cost Crisis Emergency Fund, which was developed specifically to recognise and tackle the challenges faced by island communities.
- The new funding will help mitigate against some of the unique challenges faced by people living on Scotland's islands. This includes a colder climate, higher fuel and energy costs and reduced consumer choice. The fund criteria have also been extended to potentially include struggling local businesses.
- The additional funding has been distributed by the six island local authorities, with support targeted where they feel it will be most effective and towards people, communities and businesses who are struggling the most.
- Previous initiatives funded by the Islands Cost Crisis Emergency Fund include food bank grants, Love Local food voucher cards and free school breakfasts.

### **Background:**

- This £1 million of funding is intended to help local authorities support islanders most impacted by the cost crisis. Local authority decisions on where funding will be directed should be based on their local knowledge and understanding of the impacts of the cost crisis on their islands. The fund should be used to target island areas only, by providing immediate help to those who are struggling most, either through existing schemes and/or other new support where need is greatest.
- The fund will continue to be managed by the Scottish Futures Trust on our behalf as part of the overall Islands Programme. Local authorities are asked to submit a short report by 31 March 2024, setting out:

- How the funding was used to tackle the challenges faced by our island communities due to the current cost crisis;
  - The impact the funding has had within the communities;
  - Any challenges they encountered whilst delivering the funding.
- Funds have distributed on a 100% population basis, as recommended by the joint Scottish Government/COSLA Settlement Distribution Group and approved by COSLA political Leaders.
  - [Redacted] This funding has been allocated to spend in the 2023-24 financial year. A breakdown of the funding per local authority can be found below:

<b>Local Authority</b>	<b>Resource (£000)</b>
Argyll & Bute	141
Highland	105
Na h-Eileanan Siar	257
North Ayrshire	57
Orkney	218
Shetland	222

- The 2022/23 Island Cost Crisis Emergency Fund represented a £1.4 million investment (£1.1 million resource and £300k capital) announced in December 2022. This was developed specifically to tackle the challenges faced by island communities.
- Islands already experience higher costs of living (around 20-65 per cent higher than the UK average, according to some estimates). High fuel costs, a colder climate and the lack of consumer choice is also intensifying the impact of the cost crisis.
- This fund was provided directly to island Local Authorities on a 100% population basis, as approved by COSLA, in order to support them to take urgent action to help households through the cost-of-living crisis. The criteria and reporting processes required were minimal to lessen the impact on the workloads of Local Authorities colleagues.
- In order to respond to the specific needs of islands communities and acting in the spirit of the Islands (Scotland) Act 2018, the Island Cost Crisis Emergency Fund aimed to complement action carried out by Local Authorities within their respective geographical areas.
- In developing the Fund, we engaged widely with our island stakeholders, from civil society organisations to local authorities themselves and our own colleagues in government.
- This fund was directly allocated to Local Authorities, through a 100% population formula as approved by the COSLA Settlement Distribution Group and COSLA Leaders.

- Allocations for each local authority were:

<b>Local Authority</b>	<b>Resource (£'000)</b>	<b>Capital (£'000)</b>	<b>TOTAL (£'000)</b>
<b>Argyll &amp; Bute</b>	155	42	197
<b>Highland</b>	115	32	147
<b>Na h-Eileanan Siar</b>	283	77	360
<b>North Ayrshire</b>	63	17	80
<b>Orkney</b>	240	65	305
<b>Shetland</b>	244	67	311
<b>TOTAL</b>	<b>1,100</b>	<b>300</b>	<b>1,400</b>

The main objectives/expected outcomes of the Grant were for island Local Authorities to:

- Use this funding to target island areas only;
  - Use the funding to target immediate need and help those who are struggling due to the cost crisis; and
  - Use the funding for existing schemes and/or other new support where they feel the need is greatest.
- Local authority decisions on where funding was to be directed were based on their local knowledge and understanding of the impacts of the cost crisis in their area. Local authorities had discretion to identify and support those most vulnerable and in need.
  - A brief assessment of the impact of the funded activities/schemes and the extent to which the activity is meeting or partially meeting identified need has been reported as well as any challenges so far in delivering these activities or reaching the intended groups.

### **Overview of use of the Islands Emergency Fund**

- Cost crisis support measures which are being delivered by the local authorities through this funding include additional direct payments to low income households; provision of food or fuel vouchers; direct support of vital third sector organisations; additional food provision for school children; additional support for out of school study and activities under cost pressures; support of warm spaces for people to meet; investment in equipment to provide additional resilience and cost savings; and grants to third sector organisations working with those in need. In all cases the Local Authorities have built on existing frameworks and worked with schools, community, voluntary or charitable groups to deliver the support for island communities, young people and households.

### **Specific details from local authorities**

- Shetland Islands Council is using its allocation for a wide range of support including additional contributions to the Winter Activities Fund; doubled payments to the Scottish Welfare Fund – Crisis grants; purchase of items to keep people warm and reduce bills;

further support of the Emergency Household Energy Scheme with a payment of £400 to 200 households through the CAB; emergency food provision/ breakfasts for secondary school children until the end of the Easter holidays which will be available to more than 1,400 pupils in its islands; and grants to third sector organisations working with those in need.

- Orkney Islands Council is using its allocation to work with Voluntary Action Orkney to support Third Sector organisations with the impact of the higher electricity costs through its Third Sector Cost of Living Crisis Fund. Third sector groups are critical to supporting families and individuals through the winter and are themselves facing existential threats in the cost crisis. 30 charitable or voluntary organisations have submitted applications which are capped at £15,000. Applicants must show a critical need for the funding solely related to the challenges caused by the increase in energy and overhead costs. Capital items funded include upgraded heating equipment to reduce future bills.
- Comhairle nan Eilean Siar has added its allocation to already identified funding to support community groups' work to assist with the current cost-of living pressures. Whilst some of this support was by way of direct payments to low-income households and those in receipt of Council Tax Reductions, other initiatives were delivered by community organisations which provide valuable support within communities. These include support for foodbanks; provision of fuel and food vouchers; and provision of warm spaces for people to meet up, meals and equipment.
- Argyll and Bute Council agreed a wide range of measures including distribution of "Love Local" cards to low-income households in its islands (in excess of 1,000 households) which can be used for local shopping, additional school meals or local ferry travel; free school meal top ups; and additional support to island foodbanks.
- Highland Council has allocated funding to over 700 cost of living awards to island residents. It has also made payments towards the replacement of a community shop's storage shed, an electricity connection and freezer storage to enable bulk purchasing at more competitive pricing which will be passed onto local residents in Canna; the replacement of a backup generator to offer continued affordable electricity in Muck; and a village hall flood defence upgrade and maintenance to enable provision of warm spaces for the community in Glendale, Skye.
- North Ayrshire Council undertook two mini enquiries to listen directly to residents to identify key island challenges. The Council is working with Arran CVS, the third sector interface, to deliver local mitigations using local third sector and voluntary groups. Plans include the allocation of further funding to extend/scale up/innovate in relation to ongoing activity to support access to food, energy support and transport costs, including existing breakfasts/grab bags for school pupils, and further investment in its Energy Smart scheme to support households with energy costs and measures. Specific resources have been allocated to six primary schools in Arran and one in Cumbrae to provide remote on-line after-school support for pupils unable to attend in person due to costs and availability of transport; the introduction of laundry and other family support initiatives in schools; and the introduction of visiting specialists to broaden the experience of children due to unaffordability of transport for visits to mainland facilities and experiences.

## **Q&A**

### **Q. How does your current spend support the cost crisis?**

**A.** Rural and island communities already face the highest levels of fuel poverty. I am very aware that the cost of living in rural and island communities is higher than ever as a result

of the current cost crisis. We have limited powers in this arena and must continue to press the UKG to take further action.

In the current financial year, the £1 million Islands Cost Crisis Emergency Fund is being delivered to support those on islands facing even more significant cost of living challenges. This fund is being provided directly to island Local Authorities on a 100% population basis, as approved by COSLA, in order to support them to take urgent action to help households through the cost-of-living crisis. The criteria and reporting processes required are minimal to lessen the impact on the workloads of Local Authority colleagues.

In developing the Fund, my officials have engaged widely with island stakeholders, from civil society organisations to local authorities themselves and our own colleagues in government.

Contact: [Redacted]

## Annex AC: The National Islands Plan Review

**Issue:** Scotland's first ever [National Islands Plan](#) was published in 2019. It is now being reviewed as required by the Islands (Scotland) Act 2018, which may lead to the publication of a new National Islands Plan.

### Top Lines:

- The Act requires a review of the Plan within 5 years of initial publication. This review is therefore timely and provides the Scottish Government and their partners with an opportunity to reflect on changes in circumstance for island communities since 2019.
- The aim of this review is twofold. Firstly, it will provide a detailed overview of the impact of the current National Islands Plan since its publication. Secondly, it will inform (if the review tells us we need one) a new National Islands Plan.
- The Islands (Scotland) Act 2018 requires that a consultation must take place as part of this review. This will provide us with information on what may need to be revised before any new Plan is laid before parliament.
- The Scottish Government wants to work together with local authorities, island communities and relevant sectors and partners to ensure this process is as thorough and effective as possible, providing us with vital feedback from those most impacted by the National Islands Plan.
- The online consultation was launched on the 18 July with a deadline of the 7 November. The results of this will be combined with quantitative and more qualitative data gathered through a series of meetings with key partners across the islands and direct engagement through both face to face and virtual consultation events with island communities.
- This consultation provides everyone with an interest in Scotland's islands the chance to provide us with their views and, if required, to shape the next iteration of the National Islands Plan.

An overview of the events currently planned can be found below:

Date	Island	Venue
Thurs 21 Sept	Eigg	Am Laimhrig
Tues 26 Sept	Grimsay	Ceann na h-Airigh
Weds 27 Sept	Lewis	The Bridge Centre, Stornoway
Thurs 28 Sept	Cumbræ	Garrison House
Thurs 28 Sept	<b>All</b>	<b>Online event</b>
Fri 29 Sept	Arran	Brodick Hall
Mon 2 Oct	Brae, Shetland	Brae Community Hall
Mon 2 Oct	Bressay, Shetland	Bressay Public Hall
Fri 6 Oct	Stromness, Orkney	Stromness Community Centre

Sat 7 Oct	Westray, Orkney	Westray Community Hall
Wed 11 Oct	<b>All</b>	<b>Online event</b>
Thurs 19 Oct	Skye	Portree Community Centre
Tues 24 Oct	<b>All</b>	<b>Online event</b>
Tues 24 Oct	Colonsay	Colonsay Village Hall
Thurs 26 Oct	Mull	<i>TBC</i>

Contact: [Redacted]

## Annex AD: Food and Drink

**Issue:** Food & Drink resource allocation for 2023-24 is £8.4m which provides for and maintains vital support to the industry as we emerge from the Pandemic and meet ongoing costs crisis. The costs crisis, coupled with the ongoing war in Ukraine, increased energy costs, transport and raw input costs are also hitting the Food and Sector hard which will require Government to consider how to best support businesses and consumers.

### Top lines:

- Scottish Government funding acts as a vital stimulant for growth in this key sector, particularly in facilitating industry development work undertaken by bodies such as Scotland Food and Drink, Seafood Scotland, SAOS, and the Dairy Growth Board – all of which receive core funding from this budget.
- Food and drink is a critical sector for the Scottish economy, and we will continue to support it through the costs crisis, as we have supported it through the Covid-19 pandemic and Brexit.
- In 2023/24, despite operating within an extremely constrained budgetary context, we have continued to maintain our resource spending on food and drink.
- Scottish Government funding acts as a vital stimulant for growth in this key sector, particularly in facilitating industry development work undertaken by the many and various industry and third sector bodies who will receive funding from this budget.
- We were proud to provide £15m of support to the sector recovery plan over the past 3 years, and in keeping up our long standing commitment, announced £5m to support year 1 delivery of **Scotland's new national food and drink industry led strategy – “Sustaining Scotland, Supplying the World”** – a 10-year plan to safeguard and grow the £15bn food and drink industry. The strategy sets out short, medium and long-term goals developed in collaboration with food and drink producers with a focus on stability amidst turbulence from global events including the war in Ukraine. Our funding will help support activity in a number of programme areas to ‘move the dial’ on food and drink sector growth in Scotland.
- We have provided £17.5m funding to food & drink businesses through the **Food Processing Marketing and Cooperation grant scheme over 2021-2023** to enable businesses to make capital and non-capital investments. FPMC also supports the development of local supply chains and the transition to Net Zero. The scheme is being reviewed in 2023/24 to look at how best to support industry, with a view to a new round being potentially launched for applications later in 2023/24, subject to financial situation.
- We are providing £2.7m funding over 2019-24 towards the **Scotland Food & Drink Export Plan** – this £4.5m SDI-led plan harnesses public (60% SG, 20% SDI) and private sector (20%) resources to help the industry exploit the most significant opportunities for Scotland with a team of food & drink specialists situated in our key markets around the globe. An SDI/SG review is currently underway to determine post March 2024 activity.
- We have provided more than £700k over 2020 – 2024 to the **Scottish Grocers Federation** for their **“Go Local” programme** which is helping transform convenience stores with dedicated display space for Scottish produce.
- Through the **Food For Life Programme** we are providing a further £490k funding in 2023/24 to the Soil Association to target accreditation for more local authorities to support the provision of more locally sourced, healthier food being served throughout schools.

## Background



It is important to recognise that the food and drink industry has been through significant turmoil in recent years. Supply chain issues stemming from the invasion of Ukraine and the cost crisis continue to cause particular issues for this sector, with food security becoming a key focus of Ministers as a result. Scottish Government support has been vital in ensuring the industry has been as resilient as possible during these difficult times.

This support runs across numerous high profile areas such as a refreshed Food and Drink Industry Strategy, Good Food Nation Act Implementation, establishment of the Food Commission, Tied Pub Act implementation and associated adjudicator costs, continued development of a Scottish brand mark and follow up work on the back of the PfG commitment to deliver a local food strategy.

In addition we provide lower level funding to a range of community and voluntary organisations to support food education, community growing and smaller scale and local producers.

### **Hot topics:**

#### **Food Processing, Marketing and Co-operation (FPMC) Grant Scheme**

The FPMC scheme was paused in 2023-24 due to pressures on the Scottish budget brought about by global inflationary pressures and exacerbated by UK Government decisions.

- However, we took the opportunity during this time, to carry out an independent review of the scheme through Scotland Food and Drink to identify how it can best meet the needs of Scotland's food processing sector, within the new reality of single year funding.
- [Redacted]

[Redacted]

#### **Good Food Nation Plan – Timescales**

[Redacted] [Redacted] The draft of the national Good Food Nation Plan will be published for public consultation later in 2023.

- Our intention is that the draft national Good Food Nation Plan will be laid before Parliament in 2024, with the final version published in later that year.
- The **Food Commission's** functions are directly linked to the Good Food Nation Plans. We will therefore establish it in late 2024 to coincide with the publication of the final version of the Scottish Government's Good Food Nation Plan

#### **Food Security**

Recent and ongoing global events show the fragility of food security and we are taking action to improve Scotland's food resilience and strengthen our supply chains.

- We know that there are increasing risks to Scotland's food security, including from climate change and events such as the invasion of Ukraine.
- Brexit has damaged Scotland's food sector and we are having to adapt to increased vulnerability caused by being outwith the EU single market. Trade has been

hampered, export barriers have pushed up costs, new trade deals will intensify these harms, and labour and skills shortages have been created or exacerbated in farming and food production.

- The Scottish Government has created a Food Security Unit, following the 23 June 2022 recommendation of the Short-life Food Security and Supply Taskforce which I [the Cabinet Secretary for Rural Affairs, Land Reform, and Islands] set up together with industry to monitor possible supply chain disruption including as a result of the ongoing conflict in Ukraine.
- The Food Security Unit will oversee the outcomes of the taskforce, monitor food system resilience, and engage widely so that Government and industry are on the front foot and able to react as quickly as possible to any future shocks, as these arise.

### **Food Security Unit - next steps**

The Food Security Unit's initial focus will be to develop evidence-based systems to monitor risks or threats to the supply chain to help mitigate future shocks and impacts on food security.

- The Unit is currently considering a monitoring system with three strands: immediate supply chain disruption, global food security, and Scotland-specific measures. While it is not possible to predict all impacts, enhanced monitoring enables the development of greater long-term insight into local and global supply chain performance. This will improve responsiveness to potential crises and help identify areas where Government, industry, and the wider public can improve resilience.
- The Unit is building relationships with key policy areas across the Scottish Government including food production and resilience, farming, trade, critical infrastructure and preparedness, diet, and financial wellbeing to be able to bring a food security lens to policy development in those areas.
- It is important to be systematic and evidence-based to ensure a balance between short-term and long-term considerations for Scotland's food security.

[Redacted]

- [Redacted]

## **Annex AF: Forestry Grant Scheme**

**Issue:** PfG Commitment: Continue to invest through the Forestry Grant Scheme to support woodland creation and sustainable forest management, including supporting specific training development in forestry skills for front line staff to support woodland creation.

### **Top Lines**

**Scotland has significant woodland creation ambitions, and we are taking decisive action to meet our future targets.**

- The Scottish Government is working on an Action Plan to expedite the woodland creation application process and drive up planting rates. We also recently published guidance to strengthen community engagement in new woodland creation proposals.
- A Forestry Summit – to be Chaired by the Cabinet Secretary for Rural Affairs Land Reform and Islands – is planned for the Autumn. It will bring together key rural leaders with the goal of initiating a sector-wide effort to bring woodland creation to the next level.
- In June, Cabinet Secretary for Rural Affairs Land Reform and Islands announced a raft of new measures which are being implemented by Scottish Forestry to boost tree planting in Scotland, including a £1 million investment to develop its front-line staff to increase the pace of woodland creation proposals
- [Redacted]
- Woodland creation is a vital part of tackling the twin crisis of climate change biodiversity loss.
- Scotland's forests and woodlands soak up 7.6 million tonnes of CO2 each year, which is 14% of Scotland's gross emissions.
- Forestry also makes a significant contribution to the rural economy of over £1bn Gross Value Added and 25,000 jobs.
- We have enhanced the Forestry Grant Scheme to deliver greater public value and support community wealth building, as well as to deliver greater value for money.

**Mandate letter issue: 'to 'Deliver at least 12,000 hectares of trees planted from approved schemes in 2023/24'.**

**Response:** [Redacted] Scotland plants around 60% of all new woodlands in the UK and over the past five has planted 51,000 hectares of new forest, equivalent to over 102M trees. This point in the mandate letter is not a watering down of the target and the incremental targets will continue to rise to 18,000 hectares a year by 24/25.

### **Woodland planting by large corporate investors**

High standards of sustainable forest management apply to all woodlands funded through the Forestry Grant Scheme. The Woodland Carbon Code provides assurance that any carbon credits generated from new woodland schemes are genuine and represent additional action towards our climate change targets.

## **Woodland planting and agricultural land**

Forestry and farming can - and do - co-exist, and Scottish Forestry promotes the principle of the right tree in the right place and helps farmers and crofters realise the benefits of growing trees and supporting their farming business.

Forestry should not be competing for good quality agricultural land, and the Scottish Government can achieve its woodland creation targets without planting on agricultural sites.

**PfG Commitment:** Further restore and expand our iconic Atlantic rainforest and ancient Caledonian pinewoods, encouraging action and investment to improve their condition and that of other ancient woodlands, planting at least 900 hectares of new trees on Scotland's national forest estate and set out our plans to make the newly acquired Glenprosen Estate an exemplar of integrated land management.

### **Top lines:**

#### **Atlantic Rainforest / Ancient Caledonian Pinewoods**

The Scottish Government is committed to restoring, regenerating and expanding Scotland's rainforest to tackle the challenges of fragmentation, overgrazing, and invasive non native species, particularly Rhododendron. This year we will produce a strategic plan, which will refocus our funding and support to tackle the challenges facing these iconic woodlands at a landscape scale.

#### **Glenprosen**

Forestry and Land Scotland (FLS) recently completed the purchase on the 3,434 hectare Glenprosen Estate in the Angus Glens.

The immediate adjacency of Scotland's national forests and land, and that of other public bodies will result in Scottish Ministers owning a 10,400 hectare block of land, much within the Cairngorm National Park. Providing landscape scale land management / restoration opportunities.

The estate has the potential for the creation of approximately 2000 hectares of woodland, making a significant contribution to the SG's woodland creation target and/or the target for native woodland creation as set out in the Bute House Agreement. In addition, it has the potential for peatland restoration and/or significant habitat restoration opportunities.

[Redacted]

Contact: [Redacted]

## **Annex AG: Forestry and Land Scotland (FLS)**

**Issue:** Around 80% of FLS funding is raised through trading activity. In a typical year, FLS secures some £80M of trading income: £60M from timber sales, £10M from Estate Development activities including renewables, and £10M from other sources such as venison sales, visitor services income and sale of surplus buildings.

### **Top Lines:**

Around 20% of FLS funding comes from the Scottish Government and is focused on delivering additional activities over and above the standard sustainable land management activities.

FLS's current financial position is highly dependent on timber income which varies over time based on market-led demand / price levels. To mitigate the risk of requiring additional SG funding FLS must build up significant reserves during the period when timber markets are buoyant to cover the comparatively inelastic expenditure during the less buoyant markets.

[Redacted]

In the next five years it is important to maintain SG Resource Funding to mitigate and balance part of this drop in trading income and increase in costs otherwise the cash reserves are likely to fall into a negative position in the next two years which will necessitate an unplanned cash injection.

FLS' goal is to achieve financial sustainability and remove the need for the Resource Annual Subsidy Limit by the end of FY 27/28. This will be achieved through the implementation of a Business Review to improve FLS' effectiveness and efficiency while also exploring the diversification of trading income through renewable sources.

[Redacted]

Contact: [Redacted]

## **Annex AH: Fruit and Vegetables Aid scheme / Horticulture**

**Issue:** The Cabinet Secretary approved a 2 year, multi-year-funding programme for two Scottish horticulture Producer Organisations (POs) starting 1 January 2024. The remaining Scottish PO had previously received approval for 3 year, multi-year-funding programme starting 1 January 2023. This aligns the duration of multi-year-funding for all 3 Scottish horticulture POs under the long-standing Fruit and Vegetables Aid Scheme.

### **Top lines:**

- The Fruit and Vegetables Aid Scheme encourages the farmer members to work together, share facilities, and combine production to access markets which might have previously only been available for the larger, more established producers, and to become more efficient and increase uptake of environmental friendly practices.
- Continuing support for this sector, in line with the Scottish Government's position of stability and simplicity, is particularly important at the moment. The soft fruit and edible horticultural industries have been hard hit by labour shortages, Brexit, Ukraine War, water shortages and the cost of living crisis.
- The stability provided by multi-year support has allowed the POs to invest in modern growing systems and labour-saving machinery, such as efficient indoor irrigation and feeding systems to reduce the use of water and fertilisers as well as automation for planting and harvest to reduce labour requirements.
- Growing fruit and vegetables economically in Scottish conditions is a skilled and difficult task. Investment from the scheme helps Scottish growers to remain committed to growing food, supporting our domestic production. It provides support for investment towards climate change mitigation and biodiversity goals.
- Without the scheme, there is less attraction for producers to work together with particularly the smaller producers losing out. This could see some of the producers struggle and the Scottish market share of edible horticulture decline.

### **Background:**

- The Fruit and Vegetables Aid Scheme stems from the EU Common Market Organisation (CMO) which has roots in the original Common Agricultural Policy (CAP).
- There are three POs recognised under this scheme in Scotland, Angus Growers, East of Scotland Growers and Scottish Borders Produce, with a combined estimated level of financial assistance approximately £2.8 million for 2022/23. We should also expect to see increases annually in line with the intention of the scheme with an estimated £3 million budget allocated for the scheme for 2023/2024.
- The scheme is administered throughout the UK by the Rural Payments Agency (RPA). Horticulture is devolved; however the Scottish Government has been content for the RPA to administer this on our behalf through a service level agreement.
- There are provisions in the Agriculture (Retained EU Law and Data) (Scotland) Act to enable simplification or improvement of the Scheme. Longer term policy on the Fruit and Vegetables Aid Scheme may be influenced following any recommendations from the Farming and Food Production – Future Policy Group (FFP-FPG). However there is broad agreement that the PO model works well and support from the sector that it should continue.
- Defra have offered an extension to English POs, of two or one year, to align the end dates of all F&V programmes to 31 December 2025.

- Beyond 2025 Defra plan to introduce a new form of support to replace the Fruit and Vegetables Aid Scheme in England. We are not aware, as yet, of what that may look like.
- At a recent farm visit by officials, farmers and the National Farmers Union for Scotland continue to reiterated how turbulent the last few years have been for Fruit and Vegetable growers. It is very difficult for them to transmit cost down the supply chain as supermarkets press to keep prices low.

[Redacted]

Contact: [Redacted]



## **Annex AI: Animal Health and Welfare Division**

**Issue:** The Animal Health and Welfare Division budgets fund key statutory work, mitigating risk to both animal and human health, and supporting the ability to trade in animals and their products.

### **Top Lines:**

- This budget encompasses a number of smaller budget lines, the most significant of which (£15.1m) relates to payments made to the Animal and Plant Health Agency (APHA), which is an agency of the Department for Environment Food and Rural Affairs (DEFRA) working on behalf of DEFRA, and both Scottish and Welsh Governments.
- A further significant portion of this budget (£1.9m) supports a multispecies livestock identification, registration and movement (IRM) database. The requirement for livestock IRM is set out in EU and Scottish legislation.
- The Scottish Government needs to have information on the current health/disease status of farmed livestock.
- To assist in this it has participated in the development of a UK veterinary surveillance strategy (£4.7m) which recognises the importance of strengthening links between those involved in the delivery of surveillance and prioritises horizon scanning for new or changing disease threats.

### **Background**

The Animal Health and Welfare Division develops and implements legislation to improve the welfare and health of domestic animals in Scotland, protect public health, and facilitate trade.

We contribute to the national outcomes of Health and Environment through our work to protect human health by controlling animal diseases that may affect people.

We protect domestic animal health, as well as maintaining and improving tuberculosis free status in Scotland's cattle herds. By ensuring affordable veterinary treatment is available for animals owned by crofters, we support Scotland's economy while also promoting fair work and business and contributing to tackling poverty.

### **Mitigations**

If there is an uncontrolled outbreak of animal disease, then this can result in disruption to the supply chain, death of humans and/or international reputational damage resulting in:

- a significant budget pressure, as disease outbreaks are unbudgeted and must be met by the Scottish Government (the Scottish Government was previously able to claim back up to 50% of eligible costs from the EU);
- detrimental impacts to resources and budgets across the Scottish Government, Enforcement and Operational Partners.

Veterinary surveillance delivers a number of public goods:

- protecting public health from zoonotic disease (those diseases passed between humans and animals, e.g. Covid 19);
- upholding the health and welfare of Scotland's kept animals;
- underpinning our ability to internationally-trade animals and their products; and recognising new, emerging or exotic disease promptly, so that outbreaks can be tackled quickly and efficiently;
- helps develop our understanding and measure the impact of animal disease on climate change.

[Redacted]

## **Wider Benefits**

### *Climate Change:*

Our work in Animal Health and Welfare Division keeps livestock healthy.

We do this by supporting veterinary surveillance in order to detect new and emerging infections together with promoting biosecurity to prevent infections arriving in Scotland and from spreading between farms.

Overall improvements in animal health reduces hidden losses, supporting efficiency of food production in the livestock sector. Efficient production reduces the GHG emissions per kilo/litre of meat/milk produced.

### *Transformation in the Sector:*

A new multi-species livestock data system – ScotEID has been developed and implemented by Animal Health and Welfare Division. The data in the system is available to industry, it can be added to through data collection on farm, in marts and abattoirs; this information can be used to improve production efficiency.

Animal Health and Welfare Division are working to deliver a pilot through the Agricultural Transformation Fund which will use Electronic livestock identification ear tags to gather data to improve efficiency through the supply chain. This use of innovative technology can reduce costs and decrease GHG emissions per kg/litre product.

UK are consulting on banning cages for laying hens which will be in line with the views of the EU, consideration is being given to the financial support of businesses who convert from cage egg production to free range, organic or barn.

### *Green Economic Recovery:*

Animal Health and Welfare Division are working with the aquaculture sector to promote more sustainable disposal routes of Salmon waste which will support the circular economy.

### *Covid Recovery:*

Animal Health and Welfare Division supported development of an online ferret register by Scottish Agricultural Organisation Society (SAOS)/ScotEID - because ferrets are a potential transmission risk for Covid-19.

*EU Exit Impacts:*

We represent the interests of the division by briefing ministers for participation in XO (now GB(O)) meetings and other contacts with UKG on development of the UK's future borders, post-EU exit, with a view to ensuring that burdens imposed on Scottish interests (both sector and local authorities) are minimised to the extent possible, whilst maintaining bio-security.

*Cost of Living:*

The Highlands and Islands Veterinary Services Scheme activity is relevant to economy and communities outcomes as it supports the agricultural sector in disadvantaged remote rural communities by ensuring equitable access to essential veterinary services.

[Redacted]

Contact: [Redacted]

## **Annex AJ: Avian Influenza**

**Issue:** Since 1<sup>st</sup> October 2022, [Redacted] infected with HPAI H5N1. Over the same period, the GB Dead Wild Bird Surveillance Scheme has identified [Redacted] All poultry gatherings remain prohibited. This includes local shows. The Scottish Government has a statutory obligation to humanely cull and safely dispose of all birds on an infected premises, and to pay compensation for healthy birds culled.

### **Top Lines**

**Active Response – We continue to act swiftly in relation to outbreaks of avian influenza in poultry and other captive birds, including game birds.**

- The Scottish Government and partner agency Animal and Plant Health Agency have continued to act swiftly to put in place a 3 km Protection Zone and 10 km Surveillance Zone around infected premises where appropriate.
- Following risk assessments, less stringent measures have been applied to infected premises in a minority of cases, with the aim of minimising the impact on keepers, where this is safe to do so.
- Appropriate humane culling has also been carried out at all premises for disease control and welfare reasons.

**Financial Support – We continue to provide financial support to those whose businesses are affected by avian influenza.**

[Redacted]

**Wild Bird Response – Scottish Government Wild Bird HPAI Response Plan published**

- The Scottish Government Wild Bird HPAI Response Plan was launched on 11<sup>th</sup> August, and sets out the approach taken by the Scottish Government and its agencies in responding to the outbreak in wild birds. It provides guidance on reporting mortalities, carcase handling and disposal, recommended PPE, and research and monitoring priorities. It is a live document and will be subject to ongoing review.
- Findings of highly pathogenic avian influenza in wild birds, particularly certain species of seabird, have reduced in recent weeks, but as per the response plan, the situation continues to be closely monitored by a range of agencies working collaboratively.

**Culling of birds – Key principles apply in the humane culling of birds for disease control purposes, including:**

- Human health and welfare considerations are paramount.
- Birds to be culled to control disease spread must be culled as soon as possible.
- Birds must be culled in such a way as to minimise the risk of the onward spread of disease.
- In very limited circumstances and subject to a veterinary risk assessment, birds may be moved from the premises (e.g. to a slaughterhouse) to be culled.
- Samples may be taken as directed by expert epidemiological opinion.

- Welfare of birds to be culled is an important consideration and is subject to strict legal controls.

**Compensation** – In line with the Animal Health Act 1981 (as amended), government’s policy on compensation for avian influenza is as follows:

- For poultry or other captive birds not diseased at the time of killing, compensation is payable at the value of the birds immediately before killing.
- For poultry or other captive birds dead or diseased at the time of killing, no compensation is payable.

**The following principles also apply:**

- Only poultry or other captive birds killed under orders from government can be compensated for.
- The Animal and Plant Health Agency (APHA) makes an assessment of the disease status of the poultry (including game birds and poultry kept as pets) or other captive birds, based on clinical inspection and veterinary judgment of the number of birds considered to be affected with the disease for which they are being killed. The assessment is made shortly before the killing of birds at the infected premises (IP) begins.
- Compensation will be paid for other things that have to be seized by government (for example eggs that have not originated from the IP but may have been subsequently exposed to the virus in a hatchery), because they pose a risk of transmitting disease and cannot be cleansed and disinfected. This will be at the value of the item at the time of seizure (and could mean that the item has very little or even no value if it is considered contaminated following a veterinary risk assessment).
- Compensation is not paid for eggs or poultry meat that are required to be disposed of at the IP or following trace investigations from an IP (as they are from affected birds). This also applies to any carcasses of birds that have died before culling has commenced.
- Compensation is not paid for consequential losses, including business interruption caused by control measures, for example losses due to movement bans or lost sales opportunities.
- [Redacted]

**Valuation** – Determination of the value of poultry (including game birds and poultry kept as pets) and other captive birds will be carried out by one of the following methods:

- Valuation by APHA using a valuation rate card – this is the default option where this is available for the species and type of bird to be killed. These rate cards are updated periodically. If a rate card is not available, APHA may commission a new generic rate card. The new cards are added to our library and if still relevant, can be used in future outbreaks.
- Exceptionally, APHA may consider a request by a keeper to use a bespoke valuation commissioned by the keeper, where they feel the birds are not commercial and are particularly rare. This option would also apply to primary breeding stock. This valuation will need to be accompanied by full details (including photographs) of the age and breed of poultry. APHA may appoint an independent valuer who is suitably qualified and experienced to review this valuation

- Specialist poultry consultants / valuers – these are used when no other method of valuation is possible.

[Redacted]

## **Annex AK: Highlands and Islands Veterinary Services Scheme (HIVSS)**

**Issue:** It is necessary to support large animal veterinary practices in some remote areas of the Scottish highlands and islands, because without them, crofters and their animals would be completely without practical veterinary cover. It is important to ensure these practices continue to provide cover for remote areas as they play a vital role in prevention and identification of animal/zoonotic disease.

The Highlands & Islands Veterinary Services Scheme has been established for over 100 years and is designed to permit crofters and other eligible persons in remote areas of the Highlands and Islands to arrange a visit by a participating veterinary surgeon for a modest maximum client visit fee, no matter how far or how long the veterinary surgeon has to travel.

### **Top lines:**

- With an annual budget of £760k, HIVSS supports 24 veterinary practices in the Highlands and Islands region along with their eligible clients: crofters, small farmers, and their farm workers.
- The grant and expenses payments made to these vet practices enables veterinary cover to be ensured for the livestock, and working dogs and equines used for agricultural purposes in these remote areas.
- By subsidising the time and expenses incurred by vets visiting eligible clients in remote areas of Scotland, HIVSS provides access to veterinary care without the very high veterinary travel expenses involved and provides support for vet practices that provide an essential service but might not otherwise be financially viable.
- This support helps increase the efficiency of livestock farming in these regions and minimise impact on the environment, and ensures surveillance for animal disease and zoonoses threats to Scotland, protecting the safety of both animals and people in remote areas.
- The scheme promotes inclusivity of people, businesses and communities in remote areas of Scotland and supports thriving businesses and quality jobs as crofters, small farmers, farm workers and in vet practices in these areas.
- It helps ensure that the communities in these remote areas remain viable and resilient and supports people in these remote areas to take part in traditional crofting/farming activities that have helped shape Scotland's landscape for hundreds of years

### **Background information**

The Highlands & Islands Veterinary Services Scheme has been established for over 100 years and is designed to permit crofters and other eligible persons in remote areas of the Highlands and Islands to arrange a visit by a participating veterinary surgeon for a modest maximum client visit fee, no matter how far or how long the veterinary surgeon has to travel.

The HIVSS was established under both the Congested Districts (Scotland) Act 1897 and the Small Landholders (Scotland) Act 1911. The scheme as a whole is currently considered a legacy scheme under the UK Subsidy Control Act 2022.

The scheme covers the crofting counties designated under the Crofters (Scotland) Act 1993 but not including areas designated on or after the commencement of the Crofting Reform etc. Act 2007;

To be eligible for support a veterinary client must: live within the geographic confines of the Scheme; be a crofter or small farmer of similar economic status or a farm worker of similar economic status employed by a crofter/small farmer; and have animals that are eligible for veterinary treatment under the Scheme. Animals eligible to attract a supported visit are livestock, dogs, horses and ponies kept for agricultural purposes (not companion animals).

The visit fee payable to the veterinary practice by eligible clients covers the initial on-site consultation regarding the animals concerned, then the client is responsible for the cost of any clinical examination and treatment at normal rates. Funding is provided to veterinary practices in the scheme in the form of grants based on the number of visits made and the mileage covered, and the actual travel expenses accrued, including the ferry/boat, air travel and accommodation costs associated with island visits. A legal agreement with the Scottish Government outlining the requirements and payments associated with the scheme is signed by each participating veterinary practice.

As well as subsidising travel costs for vet visits to crofters and small farmers, part of the scheme provides direct support to vet practices in particularly difficult areas where there are not sufficient numbers of other clients for them to remain viable otherwise, and to very small practices who may need to pay for locum cover to ensure that a veterinary service is always available. Vet practices in receipt of direct support in the form of the Difficult Area Practice Grant and the Locum Grant are provided with this funding as Minimal Financial Assistance under the UK Subsidy Control Act 2022.

[Redacted]

Contact: [Redacted]



## **Annex AL: Scottish Veterinary Service (SVS)**

**Issue:** We are creating a Scottish Veterinary Service for the benefit of the animals and people of Scotland. The model for the Service will be decided based on what is, on balance, best for all. [Redacted]

### **Top lines:**

- The 2021 SNP Manifesto contained a commitment to create a new Scottish Veterinary Service (SVS). This became a PfG commitment in 2021 to be “Alongside the highest environmental standards in our marine and rural economies, we will ensure the highest standards of animal health and welfare, including the creation of a new dedicated Scottish Veterinary Service within this Parliament, to ensure there are highly trained staff to provide Scotland with good animal health and food safety to meet all our needs across the public and private sector for animal health issues.”
- The Animal and Plant Health Agency (APHA) is an executive agency sponsored by Defra. On behalf of Scottish Ministers they are the lead operation partner responsible for
  - identifying and controlling notifiable endemic and exotic diseases in animals and aspects of surveillance for new and emerging pests and diseases
  - scientific research in areas such as bacterial, viral, prion and parasitic diseases and vaccines; they act as an international reference laboratory for many farm animal diseases
  - facilitating international trade in animals and products of animal origin
  - regulating the safe disposal of animal by-products to reduce the risk of potentially dangerous substances entering the food chain
- The budget to support the delivery of those activities was devolved to Scottish Government in April 2011 with a condition that that money was transferred directly back to the Agency for a period of three years. However, since the devolution of the budget it has allowed Scottish Government to redirect the available resource towards Scotland’s priorities.
- The cost of field services in Scotland delivered by APHA in 2022/23 was £6.8 million supporting a total complement of 128 full time equivalent staff comprising of veterinary officers, technical grade Animal Health Officers and administrative support.
- The remainder of the devolved animal health welfare budget (£10.2 M) is spent on specialist centralised services based in centres across GB, covering subjects such as tracings, export and imports, licencing, and laboratory services (including surveillance, research and diagnostic testing) and associated core costs.
- An independent review of the current field services delivered by the Animal and Plant Health Agency (APHA) was commissioned by Scottish Ministers in 2019. Following its conclusions Scottish Ministers have committed to create a new SVS to ensure that we have enough people with the right qualifications in veterinary services, animal health and food safety to meet all our needs across public and private sector for land and marine based animal health issues.

- Food Standards Scotland (FSS) also delivers veterinary-led field services as the Competent Authority for Official Controls in meat establishments, and employs c.45 veterinarians. To ensure that a future SVS has the critical mass and resilience to succeed in Scotland separately from the Defra Agency it must include all vets from APHA and FSS.
- A Programme Board consisting of senior staff from the organisations involved in operational delivery and enforcement of animal health and welfare services has been established to manage the programme of work required to establish an SVS. Membership of the Board includes SG ARE Directorate, the Animal and Plant Health Agency (APHA), and Food Standards Scotland (FSS).
- In summary, the functions being proposed for the SVS are:
  - All services delivered by APHA Scotland Field Delivery
  - Most other APHA services delivered for Scotland from within the Centralised Service Centres with the exception of laboratory and scientific functions and International Trade Services.
  - The Official Controls in approved meat establishments delivered by FSS (and other associated functions such as charging policy) including associated veterinary services.
- The Programme Board continues to gather evidence to support the appraisal of options on a potential new SVS based on quality, efficiency, resilience, value for money and cost, and also considering the potential risks. The approach adopted has progressively narrowed the range of options for detailed consideration and appraisal, from a longlist including a large number of functions and services related to animal health and welfare to a shortlist of realistic models.

[Redacted]

Contact: [Redacted]

## **Annex AM: Sheep Scab – Lewis and Harris Pilot Project**

**Issue:** The industry led Scottish Sheep Scab Working Group created a proposal for a 2 and a half year pilot project with an estimated total project cost of just over £480K. The project is a proposal for the control of sheep scab through the use of serological testing to guide targeted treatments on the Islands of Lewis & Harris.

### **Top lines:**

- We are pleased to be funding Year 2 of an industry led Sheep Scab control strategy pilot on Lewis and Harris by utilising recent developments in serological testing to guide targeted treatments to reduce the incidence of scab in hot spot areas.
- The project aims to demonstrate how an approach with farmers and others in the agricultural industry working together effectively can lead to solutions that improve animal health.
- It also aims to reduce the pressure on the use of existing medicines by decreased selection for resistance, making farm and croft businesses more financially efficient, as well as reducing residues in the environment in the long term and ultimately the risks to animal health, welfare and the food chain.
- The project participants are also helping to raise awareness across Scottish farming of the risks posed by sheep scab and what other farmers and crofters can do to prevent and treat it.
- We welcome the commitment of all the participants in the pilot project, the role that the Moredun Research Institute is playing and private sector support for key elements.
- If the outputs of the pilots are successful, the approach can be used as an exemplar industry led framework for the control of scab in other hot spot areas of Scotland.
- The framework for co-ordination of testing and treatment has been utilised following an outbreak of scab in Glenshee. The National Test Programme was used for scab interventions to improve the health and welfare of the affected flocks.
- We are keen to fund a further year of the project.

### **Background information:** [Redacted]

#### General Lines:

Sheep scab is estimated to cost industry between £78-202 million per annum in the UK. The incidence of scab dramatically increased following the deregulation of compulsory preventative dipping in 1992, with the number of outbreaks rising from <100 per year to an estimated 8-10k per year currently. Sheep scab was recently identified as a top priority endemic disease in the Ruminant Health and Welfare Group national survey. Unlike the rest of the UK, sheep scab is a notifiable disease in Scotland under the Sheep Scab Order (Scotland) 2010, as well as additional controls in Shetland, under the Sheep Scab (Shetland Isles) Order 2003, to help stop this disease from spreading.

It is already being shown how a coordinated approach can help tackle the disease in specific areas following a significant outbreak in the valley of Glenshee. Coordination between farmers, vet practices and APHA has allowed a plan to be made on how to deal with the outbreak. Farmers utilised the National Test Programme which provided funding of £250 to

be claimed for scab interventions to improve the health and welfare of sheep. This payment went towards the testing and treatment of the affected flocks.

[Redacted]

## **Annex AN: ARE Workforce**

**Issue:** Scottish Government is committed to ensuring Public services are efficient and effective in order to deliver the best possible outcomes for the people of Scotland.

### **Top Lines:**

- ARE is a diverse portfolio which includes farming and food production, animal health and welfare, rural and island communities, food and drink and crofting.
- ARE is actively managing its resource and budget pressures, through its Workforce Planning Board.
- This maintains the ARE Resourcing Strategy, supporting a strategic approach to considering resource requests in the context of wellbeing, staffing pressures and priorities across the Directorate.
- Enhanced recruitment and vacancy controls support how best we deploy people to deliver on our main priorities, it requires a sharper focus on how we prioritise our work and how we work.
- It is about carefully considering how we recruit, when we recruit, which posts and roles we go ahead with and the skills that we need now versus those that we will need later.

### **Background Information**

- [Redacted]
- We have established a short-term working group to take forward wider Organisational Development and Design work within the Directorate.
- This work will consider how we can use design principles to ensure the Directorate is fit for purpose to meet ministerial priorities, including how it is structured.
- We are working closely with staff as we develop our thinking on this, seeking to engage them in the process and manage the change effectively whilst continuing to deliver our services to our customers.

[Redacted]

Contact: [Redacted]

## **Annex AO: Enhance Marine Protection (formerly Highly Protected Marine Areas)**

**Issue:** On 29 June the Cabinet Secretary for Transport, Net Zero and Just Transition announced that we would not be progressing with our proposals for Highly Protected Marine Areas as consulted on.

### **Top Lines**

**We will no longer seek to implement HPMAs across 10% of our seas by 2026, but will instead develop a new pathway to enhancing marine protection, while recognising alignment with the EU biodiversity strategy to 2030.**

- We remain firmly committed to the outcome of enhanced marine protection. It is an unavoidable truth that we are in the midst of a climate and nature crisis and we must take action commensurate with the scale of that challenge.
- However, this must be done in a way that is fair, just and which empowers communities and shares in the benefits of a green economy.

**We will work closely with all affected communities and sectors to identify how they think we should take forward enhanced marine protection.**

- Our seas must remain a source of prosperity for the nation, especially in remote, coastal and island communities and it is vital that these communities help shape the creation of any areas with enhanced marine protection.
- In addition to coastal communities, we are committed to working with fishers, aquaculture, tourism and all affected sectors to enhance marine protection for the benefit of all.

**In the meantime, government remains committed to support groups that wish to pursue community-led marine protection in their local area.**

- We have already seen successful initiatives in Arran and St Abbs & Eyemouth. We will do everything we can in this session of parliament to support those communities who want to swiftly follow their example.

**We are currently finalising our response to the consultation and my colleague, the Cabinet Secretary for Transport, Net Zero and Just Transition, will make further announcements on our priorities for marine protection shortly.**

- We appreciate the time and effort from all respondents to our consultation and are taking into account the suggestions and views expressed as we consider our next steps.

**Despite the significant progress we have made to improve the state of our marine environment the evidence tells us we need to do more.**

- The Scottish Marine Assessment 2020 showed that a number of marine species were in decline. Additionally, the most recent assessment under the UK Marine Strategy showed that, across the UK, 11 out of the 15 ecosystem components failed to achieve Good Environmental Status.

**Scotland is not alone in recognising the need for providing higher levels of protection for the marine environment.**

- The EU is working towards a minimum of 30% of the sea protected, with a minimum of one third of that being strictly protected.
- The UK Government has recently designated three pilot HPMA sites in English waters.

[Redacted]

Contact: [Redacted]

## **Annex AP: Marine Protected Areas And Priority Marine Features**

**Issue:** We have a legal requirement to put in place fisheries management measures for existing Marine Protected Areas (MPAs) where these are not already in place, as well as key coastal biodiversity locations outside of these sites, directly following the conclusion of the required statutory consultation processes. These measures will give protection for MPA features, as well as those priority marine features identified as most at risk from bottom-contact gear out with MPAs. We have committed to delivering these measures by 2024, which sets an ambitious timeline to complete work to apply protections within the Scottish MPA network.

### **Top Lines:**

- The Scottish MPA Network protects and enhances our marine environment, supporting ecosystem health, improved livelihoods, economic prosperity, social inclusion and wellbeing.
- MPAs support sustainable marine industries by enhancing the natural capital on which they rely.
- 37% of our seas are now designated as MPAs, exceeding the global biodiversity target to achieve MPA coverage of 30% of global seas by 2030.
- The MPA network helps deliver a range of national and international obligations which include the Scottish Biodiversity Strategy, National Marine Plan, the UK Marine Strategy and OSPAR.
- Putting in place the remaining fisheries management measures to protect marine features in MPAs will help deliver on our commitment to achieve and maintain good environmental status for our waters.
- Fisheries measures are also being developed for the 11 Priority Marine Features (PMFs) most at risk from bottom trawling outside MPAs, in line with our Marine Plan, providing additional protection to our inshore waters.
- Regulatory bodies (e.g. local authorities) must already consider the impact of other licensable activities (such as aquaculture, marine construction and depositing material on the seabed) on MPAs when making decisions.
- Many of the habitats protected in the MPA network capture and store blue carbon, enhancing their value as natural assets.
- Spillover effects from well managed MPAs can lead to higher and more profitable catches of commercial species in the surrounding areas.
- All proposals to manage the MPA network and PMFs are evidence-led, based on Sustainability Appraisals and underpinned by stakeholder engagement at all stages.

### **MPAs support sustainable marine industries by enhancing the natural capital on which they rely.**

- It is not possible to have sustainable and profitable marine industries in the long term without a healthy marine environment.
- MPAs protect key habitats that can act as nursery areas for commercial species and store blue carbon.
- MPAs can improve the resilience on the marine environment, including commercial species to climate change.

- Spillover effects from well managed MPAs can lead to higher and more profitable catches of commercial species in the surrounding areas.

**MPAs are managed according to the needs of the protected features and their conservation objectives.**

- Our aim is to manage sites in the MPA network to achieve the conservation objectives for their protected features, whilst still allowing sustainable use.
- The Marine Acts allows Scottish Ministers to further the conservation objectives of the MPA by prohibiting, restricting or regulating activities within the site.
- We have taken an evidence-based approach to developing fisheries management measures for MPAs. Management measures for the most vulnerable sites were implemented in 2016 and management measures for the next phase of sites are being finalised.
- There are duties on all public authorities to ensure that there is no significant risk to protected MPA features from their decision-making in consenting and licensing human activities.

**Implementing site-based management measures for fisheries activity will help us achieve our aim of a well-managed MPA Network**

- Fisheries activity is managed at the sector level and management measures for sites are developed using NatureScot's (inshore waters) and JNCC's (offshore waters) evidence-based scientific advice, where this recommends that fishing may impact on features.
- Implementing the fisheries management measures in remaining sites will ensure we have a well-managed MPA network that can achieve its conservation objectives.
- Fisheries management measures are being developed under two processes for the Scottish inshore marine region (0-12 nautical miles) and the offshore marine region (12-200 nautical miles).
- There are 74 sites within the inshore marine region and 21 sites within the offshore marine region that fisheries management measures are being developed through engagement with stakeholders.
- Additionally over 90 discrete sites for protection of Priority Marine Features from mobile bottom contacting fishing gear are being considered.

Contact: [Redacted]



## **Annex AQ: Brexit Impact –**

### **Inshore Fisheries and how the Inflationary Crisis is making things very challenging (e.g. interest payments on vessels)**

**Issue:** Scotland's inshore fisheries make an important contribution to the economic and cultural fabric of our coastal communities. Around 80% of Scotland's 2,000+ registered fishing vessels operate in our inshore waters. We consider 'inshore vessels' to be under 12m fishing vessels, the majority of which work with one or two crew members and fish daily from local ports. These microbusinesses comprise a mix of Nephrops trawlers, scallop dredgers, creelers, hand-liners and divers. These vessels fish primarily for high quality shellfish, largely destined for export markets.

While anecdotal evidence suggests that inshore businesses are struggling as a result of rising energy costs, challenges accessing some markets, the Scottish Government does not currently hold information on specific inshore aspects of Brexit or inflationary shifts and their impacts on loan repayments.

#### **Top Lines**

- Stubbornly high inflation, repeated interest rate rises, and the ongoing cost of living crisis are having a significant impact on our seafood sector – and, indeed, families, communities, and businesses across Scotland.
- Analysis by Seafish, using preliminary estimates for 2022, shows that the UK fishing fleet made 13% less profit than in 2021, and 17% less than in 2019. This was driven in large part by rapid increases in fuel prices and living costs.
- While some aspects and causes of these – such as Russia's illegal invasion of Ukraine - have been beyond the control of governments here and elsewhere, it is clear that UK Government also bears responsibility for many of the pressures that are being felt.
- Nowhere is that more stark than in relation to EU Exit, where the hard Brexit imposed on Scotland against its will, and the UK Government's ongoing mismanagement of relations with the EU is continuing to have real and lasting impacts on our inshore fleet, coastal communities and wider economy and society.
- The funding awarded to us by the UK Government from 2022- 2025 for marine and fisheries support, is vastly insufficient given the size and importance of the Scottish marine sectors. This issue is further exacerbated by the £100 million which the UK Government awarded itself to deliver the UK Seafood Fund, which is causing confusion for stakeholders and, duplication with our Marine Fund Scotland and encroaching into devolved areas of policy.

#### **Background – responding to covid and Brexit emergencies**

- In 2021, £7.75 million funding package was made available to support fishermen, seafood businesses and ports and harbours threatened by the effects of COVID and EU Exit. The package included:
  - £6.45 million for the Seafood Producers Resilience Fund to provide support to eligible shellfish catchers and producers.

- £1 million was made available to support the investment plans of ports and harbours faced with a loss of income through reduced landing fee income.
- Up to £300,000 to assist the welfare and emergency support activities of the Fishermen's Mission.
- In 2020, £23.5m in financial support was made available to the seafood industry to safeguard the future of Scotland's fishing businesses and the social fabric of Scotland's fishing communities from the impact of COVID, prioritising the most vulnerable – including the inshore fleet. Payments were made rapidly which consisted of:
  - Up to £3.5m to the over-12m shellfish sector.
  - Up to £6m to the under-12m shellfish sector.
  - Up to £10m to the onshore fish processing sector.

## Q&A

### **Q. What is the Scottish Government doing to alleviate financial pressures on fishing businesses?**

A. The Scottish Government is taking whatever action it can to support the sector – such as the funds we are investing through Marine Fund Scotland – but the onus is clearly on the UK Government where relevant competence is reserved, and for them to take responsibility for mitigating the impacts its own actions have had on the Scottish fishing industry and our coastal communities.

The UK Government was elected on manifesto commitments (2019 Conservative manifesto) to replace EU structural funds and “at a minimum match the size of those funds in each nation”.

The funding awarded to us by the UK Government from 2022- 2025 for marine and fisheries support, is vastly insufficient given the size and importance of our marine sectors. This issue is further exacerbated by the £100 million which the UK Government awarded itself to deliver the UK Seafood Fund, which is causing confusion for stakeholders and, duplication with our Marine Fund Scotland.

Denmark – which has a similar population to Scotland but both a smaller sea area and marine sector – will receive an average annual funding settlement of €28.7 million through the EU's European Maritime, Fisheries and Aquaculture Fund (EMFAF).

In comparison, Scotland currently receives £14m per annum for the Marine Fund Scotland, for the 3 year period of the current UK Spending Review (2022-25).

The approach being taken by the UK Government not only fails to meet its commitments on post-Brexit fisheries funding but continues a pattern of de-prioritisation and lack of funding for Scotland to invest in its marine sectors.

It is unacceptable for clear commitments to Scotland's marine sectors to be broken in this way, and we will continue to press for this to be remedied in any future funding settlements.

[Redacted]

Contact: [Redacted]

## **Annex AR: Inshore Fisheries**

**Issue:** Scotland's inshore fisheries make an important contribution to the economic and cultural fabric of our coastal communities. Around 80% of Scotland's 2,000+ registered fishing vessels operate in our inshore waters. Many are small businesses, comprising a mix of *Nephrops* trawlers, scallop dredgers, creelers, hand-liners, and divers. These vessels fish primarily for high quality shellfish, largely destined for export markets. Our inshore marine space is increasingly busy, with different sectors competing for access.

The Bute House Agreement (BHA) committed to consulting *as soon as practicable* on three inshore fishing vessel management proposals: Applying a cap to fishing activity within three nautical miles; reviewing the status of any unused scallop dredging entitlements; and extending vessel tracking to all commercial vessels under 12 metres in length.

[Redacted]

### **Top Lines:**

- The Scottish Government is committed to the sustainable management of our inshore fishing fleet.
- We acknowledge the widespread support for improved vessel tracking and will be prioritising this workstream, launching a consultation this summer.
- [Redacted]
- Observing our co-management approach, we will progress these policies through our Regional Inshore Fisheries Group (RIFG) network and reconvened Fisheries Management And Conservation (FMAC) group.

### **We are committed to improving monitoring and collection of data from the inshore fishing fleet using technology.**

- Using on-board electronic technology on our inshore vessels will greatly improve understanding of the spatial distribution of fishing activity in Scottish waters, as well as improving the evidence base on which we make management decisions.
- We are mindful of proportionality and appropriateness and will learn from projects such as the trial of inshore tracking devices in the Outer Hebrides Pilot to inform our approach to rolling out vessel tracking devices.
- Unlike the UK Government's blanket use of inshore tracking systems, our preferred approach is to tailor the use of onboard technology, recognising the breadth of our inshore fishing businesses.
- We believe that using Remote Electronic Monitoring (REM) on a small percentage of inshore vessels can deliver additional science and/or compliance benefits.
- We are currently testing different vessel tracking devices to inform wider rollout for vessels under 12 metres in length.
- Almost all our active over 10 metre scallop dredge fleet carry REM, with good progress being made on installations on the under 10 metre fleet.

### **We reconvened our FMAC group in February 2023 to provide strategic support for the delivery of our Fisheries Management Strategy**

- The FMAC group provides a forum for the full spectrum of our marine stakeholders to help shape the development and implementation of key policies and work as part of a co-management approach to develop solutions to fisheries management and conservation challenges in the shared marine space.
- FMAC covers both inshore and offshore fisheries issues, and utilising a ‘hub and spoke’ model has established sub groups covering key issues, including inshore fisheries.
- The group meets 3 times per year and membership is agreed by the Scottish Government and open to individuals or representative groups who have a material interest and knowledge of fisheries management and conservation in Scotland.

[Redacted]

**We recently refreshed our RIFG Network, ensuring it provides a strong voice for inshore commercial fishers.**

- Our RIFG network is our main vehicle for delivering stakeholder-led fisheries management projects, as well as offering fishers a strong voice in matters that affect them.
- The network was refreshed in early 2023, recruiting six new Chairs to ensure widest possible stakeholder engagement and better alignment with the Scottish Government’s strategic direction of travel. The network will be reviewed again in Summer 2024.
- RIFG successes such as the Inshore Fisheries Pilots in Mull and the Outer Hebrides are being used to inform development of key policy under our Fisheries Management Strategy.

**Inshore Fisheries Pilots have proven the value of the RIFGs, helping test new management measures and encouraging fishers to address local issues.**

- **Outer Hebrides Inshore Fisheries Pilot.**
  - Began in November 2020, testing a co management approach to creel limitation and vessel tracking.
  - Year 1 Report Published in 2022 to overwhelmingly positive response.
  - We will publish a final research and evaluation report in August 2023.
- **Mull Crab Box – temporal spatial pilot**
  - Excludes mobile gear from an area to the West of Mull for four months from 1<sup>st</sup> October to 31<sup>st</sup> January (beginning in 2018).
  - Mobile gear has access to this area for the other eight months of the year.
  - Initial findings report positive impacts on gear conflict in the area. The pilot has been extended until 2024.

[Redacted]

Contact: [Redacted]

## Annex AS: Future Catching Policy (FCP)

**Issue:** Scotland's Future Catching Policy (FCP) is a key component of our Fisheries Management Strategy. It will address long-running operational issues with the landing obligation, which bans the discarding of fish, and will develop new and existing technical rules to increase selectivity across the fleet to reduce unwanted catches of fish and bycatch of sensitive marine species; whilst dealing with difficult discarding issues by simplifying the over-complicated exemption system.

On 14<sup>th</sup> August, FCP and REM consultation analyses and government response reports were published and are available to read online.

We have recently established the FCP Subgroup as part of the wider FMAC group. This subgroup is intended to drive technical conversations moving forward into the next stage of the FCP delivery. As a first priority we will look to increase selectivity through additional technical and spatial measures. [Redacted]

### Top Lines:

- The Future Catching Policy will take concrete action to support fishers to avoid catching fish and other sensitive marine species which they don't want to land or catch in the first place – the aim is to reduce waste and increase the sustainability of the Scottish fishing fleet.
- **As a first priority, we will take firm measures to increase selectivity by introducing additional technical (e.g. changes to mesh size) and spatial measures (e.g. move on rules) to reduce unwanted catch, working with stakeholders to explore and deliver solutions.**
- There are limited financial considerations at this stage of the FCP with the focus on developing a baseline level of technical and spatial fisheries management measures.
- **We will also take steps to account for discards that will still occur due to the mixed fishery nature of Scottish waters but will enable us to account for these in a more robust manner increasing accountability and transparency.**
- Through the FCP, Scottish Ministers will also be delivering on their obligations under the by-catch and sustainability objectives of the Fisheries Act (2020) and the Joint Fisheries Statement (JFS), primarily by avoiding or reducing the catching of fish below minimum conservation reference size and reducing accidental bycatch of sensitive marine species.
- As I have stated this is a complex and technical policy area, as we enter into the next phase of the FCP we need continued involvement from stakeholders so together we can find pragmatic solutions.
- We consulted on several management proposals for the fleet to reduce gear conflict (specifically among Gillnet/Longline vessels and mobile whitefish vessels), reduce spatial pressure and reduce bycatch of sensitive marine species.
- Discussions with industry representatives have begun and they will be instrumental in developing a suite of safe and reasonable standards to adhere to when sharing marine space in such instances.
- The FCP is a key policy to deliver sustainable fishing. However, its success relies on appropriate monitoring and enforcement tools being in place, such as Remote Electronic Monitoring (REM).

- REM should be seen as a complimentary support tool helping to collect scientific data as well as helping to support compliance.
- As we develop the FCP we intend to consider monitoring alongside this and how we best consider further rollout, beyond the current mandatory introduction of REM onboard the pelagic and scallop dredge fleets, to other parts of the fishing fleet but that we need to do further scoping work.
- Going forward, our Fisheries Management and Conversation Group (FMAC) and FCP Subgroup will play a pivotal role in development and implementing specific measures under this policy.

[Redacted]

Contact: [Redacted]

## **Annex AT: Fisheries Management Plans (FMPs)**

**Issue:** Fisheries Management Plans (FMPs) are legislated for in the Fisheries Act, and require the stock, or stocks in question, to be covered by a plan which includes: the types of fisheries covered, the geographical area to be covered, and an indicator, or indicators, to be used for monitoring the effectiveness of the plan. Further, the plan must specify if there is sufficient evidence to make an assessment of the stocks' maximum sustainable yield (MSY) and, if so, the policies for restoring or maintaining the stock(s) at that level; or, if not, what steps, if any will be taken to assess the stocks (MSY). FMPs will oblige the Fisheries administrations to comply with the details set out within it, but will not, in themselves require additional legislation should they impose requirements on fishing vessels or others.

### **Top Lines**

- The Fisheries Act (2020) places a requirement on the Fisheries Policy authorities to prepare and publish fisheries Management Plans (FMPs).
- The Joint Fisheries Statement (JFS) sets out a list of FMPs we will publish, as well as the lead authority for drafting them. The 21 FMPs led by Scottish Government are being taken forward, developed, and will be delivered by the 2024 deadline set out in the Joint Fisheries Statement. Defra are currently consulting on 6 frontrunner FMPs.
- FMPs are documents that set out policies and measures to help manage fishing activity to restore and/or maintain fish stocks at sustainable levels. The plans, together with the JFS and other policies taken forward by the Scottish Government and other fisheries administrations, will help us achieve or contribute to the achievement of the fisheries objectives set out in the Fisheries Act.
- The Scottish Government will take the lead in drafting FMPs for many of the stocks of greatest interest to us, including pelagic stocks and demersal stocks.
- For those stocks we will seek to establish the fMSY value for the stock and develop a harvest control rule which will help manage TACs at fMSY or move TACs towards fMSY.
- Marine Directorate is preparing its approach for the 21 FMPs it will be taking forward and is in the process of establishing a stakeholder sub group through FMAC.

Contact: [Redacted]



## **Annex AU: International Fisheries Negotiations setting 2024 fishing opportunities**

**Issue:** Fishing opportunities for the majority of key stocks for the Scottish fishing industry are negotiated annually through a variety of multiparty and bilateral forums. The UK's Exit from the EU has had a devastating impact on the Seafood sector overall with the Trade and Co-operation Agreement (TCA) not delivering on the promises, particularly on the uplifts in all quota shares, made by the UK Government. The UK is now an independent Coastal State and has conducted negotiations on this footing since 2021. Whilst the negotiations are reserved to the UK Government, Scottish officials play a key role in the UK delegation. Our key priority is to protect Scottish fishing interests.

Negotiations on fishing opportunities for 2024 will start this autumn. Officials have consulted with stakeholders over the summer. Our negotiating strategy and priorities are influenced by high quality science and consider wider policy objectives, including socio-economic implications while working within environmental limits to ensure fish stocks are managed sustainably for future generations.

In addition to the annual negotiations, Coastal State consultations to agree new sharing arrangements for mackerel, blue whiting, and Atlanto-Scandian herring (ASH) are ongoing, with Parties continuing to meet during autumn 2023.

### **Top Lines**

- Our key priority throughout negotiations is always to protect Scottish interests by securing sustainable catching opportunities.
- I recognise the significant pressures the Scottish fishing industry is currently facing, including recovery from the pandemic, the effects of Brexit, and the impacts of the cost-of-living crisis on fuel and other essentials for industry.
- As always, the views of all our stakeholders are critical in forming our negotiating positions.
- I am pleased that Scottish stakeholders and my officials were able to work together so constructively throughout the negotiations last year, and I look forward to this continuing in the coming months as we look towards negotiations for 2024 fishing opportunities.
- Scotland will continue to play an active role in the UK delegation throughout the negotiations, striving to be a constructive partner, and seeking balanced agreements to protect Scottish interests.

### *Coastal States sharing consultations*

- Agreeing comprehensive, evidence-based sharing arrangements for the Coastal State stocks remains a top priority for Scotland. It is imperative that everything is done to ensure the appropriate management of these important stocks, to protect the sustainability of ecosystems and fisheries in the long term.
- Scotland will continue to put our full energy behind these talks. We will continue to drive for agreement on shares which are fair, and based on robust evidence, reflecting the distribution of the stocks.
- Scotland has taken a strong stance on engagement with the Russian Federation in fisheries negotiations since their unlawful invasion of Ukraine. We will continue to

advocate for their exclusion from discussions where mechanisms allowed for this to happen, and in consultations where the Russian Federation is also present, we will actively work to ensure that they see no benefit from these negotiations.

Contact: [Redacted]

## **Annex AV: Remote Electronic Monitoring (REM)**

**Issue / Background:** Our Fisheries Management Strategy commits to rolling out REM to key parts of the fishing fleet, and prioritises making REM (including Global Positioning Systems (“GPS”), sensors and cameras) mandatory on scallop dredge vessels and pelagic vessels. Further rollout of REM beyond these fleet segments is also being considered, although we are still in earlier stages of policy development. This is a substantial change programme and one that will significantly improve data, and our abilities to monitor activity and fish stocks. There is some resistance from the fishing industry, mainly because of the concept of their activities at sea being monitored for compliance purposes, although a growing acceptance of the direction of travel. Our REM policy raises the bar over and above current EU requirements. The consultation on REM closed on 7 June 2022 with 46 responses. The consultation reports have now been published and we are preparing legislation for the Scottish Parliament for introduction in 2023.

### **Top Lines**

- The Scottish Government’s Fisheries Management Strategy sets out a clear vision for delivering accountability and confidence in our sea fishing activities, and in ensuring that we have the right data and knowledge available on which to base management decisions.
- Our approach to sea fisheries compliance and science is already world-class. The introduction of Remote Electronic Monitoring (REM) to key fishing fleet segments will enhance our capabilities, building on the solid foundation we already have in place.
- We want to work with stakeholders to develop and deliver REM in partnership. For the vast majority of fishers, who seek to comply with the rules that are in place and fish responsibly and sustainably, there is nothing to fear from REM and everything to gain.
- Consumers and retailers are increasingly focussed on accessing products which are sustainable. The use of REM will help satisfy this demand. Scotland’s seafood will not only be amongst the best in the world in terms of quality but also in terms of sustainability.
- We have consulted on the mandatory rollout of REM to the scallop and pelagic sectors along with consideration of further rollout to other fleet segments using a proportionate and risk-based approach.
- Feedback from the consultation is being used in the further development of our REM policy, which we will be introducing to the Scottish Parliament in 2023.

**We want to demonstrate our role as a leading fishing nation, and part of that is to ensure our fishing fleet, and others fishing in our waters, are compliant with our management measures. REM will play a key role in this.**

- REM will supplement our existing approach and resources, such as using our Marine Protection Vessels (MPVs) to undertake inspections at sea, using drones and RIBs to monitor our inshore waters, and using our coastal inspectors to verify catches in port.
- We wholly recognise that if REM is to deliver real benefit, and be a game changing tool for the fishing industry, then we need to deliver a level playing field for all vessels fishing alongside each other in Scottish waters.

- We have committed to introducing legislation to make REM on scallop dredge vessels and pelagic vessels a mandatory requirement and as part of that will deliver equivalence for all vessels operating in Scottish waters.

**Our Fisheries Management Strategy sets out a clear vision for delivering accountability and confidence in our fishing activities, and in ensuring that we have the right data and knowledge available on which to base our management decisions:**

- The introduction of REM will enhance our confidence in fishing operations and, particularly in the case of pelagic vessels enhance compliance with legislation such as the landing obligation, preventing a situation where high volumes of fish can be discarded, dead, back into the sea. In relation to scallop dredge vessels, REM delivers confidence that gear restrictions are respected and that fishers are complying with marine protection measures.
- REM will offer enhanced scientific benefits, enabling us to boost the data and knowledge we have which in turn will help deliver an improved evidence base. This can be of significant benefit to the fishing industry and fisheries managers.
- Consumers expect high standards of behaviour and compliance from fishing vessels, and REM will be an important tool in demonstrating the good behaviour of vessels operating in our waters.

**Our Modernisation of the Inshore Fishing Fleet Programme (a £1.5 million PfG commitment) will equip our commercial inshore fleet with appropriate and proportionate vessel tracking and REM solutions.**

- There are considerable challenges in managing marine resources in the inshore area where space is at a premium. The Modernisation Programme is helping to address these challenges by enhancing the inshore fisheries evidence base; addressing compliance issues; and enabling improved interaction between the fishing industry and other marine users.
- Scotland's Scallop dredge fleet have been prioritised as part of the modernisation programme – to help improve fisheries management and activity in Marine Protected Areas, whilst also aiding interaction and planning within our shared marine waters. Significant progress has been made with voluntary REM installations on our scallop dredge vessels since the Covid-19 restrictions eased. Over 95% of our active over 10 metre scallop dredge fleet now carry REM, including cameras.
- Under the next phase of the Programme, we will roll out tracking and monitoring solutions to the wider inshore vessels (predominantly creel vessels). We are currently testing potential equipment for this purpose and launched a consultation on this issue on 14 August 2023.

Contact: [Redacted]

## **Annex AW: Marine Fund Scotland (MFS)**

**Issue:** The annual MFS replaces the previous scheme we administered when we were members of the EU, the European Maritime and Fisheries Fund (EMFF). The MFS is designed around Scotland's Blue Economy Vision outcomes. The MFS comprises two strands of grant funding. The first strand is a competitive grant funding scheme and the second strand consists of direct grant funding to projects that are of strategic importance/directly deliver SG priorities and which deliver collective benefits to the marine sectors.

### **Top Lines:**

**The Scottish Government has a strong record of supporting our marine sectors through the European Maritime and Fisheries Fund and, since EU Exit, our Marine Fund Scotland.**

- In the first two years of the Marine Fund Scotland (2021-22 and 2022-23), we have awarded grants totalling over £26m to more than 150 projects.
- Specifically, last year (2022-23) we made grant awards totalling just over £13m to 60 projects.
- Projects supported by the Marine Fund Scotland are delivering innovation and sustainable practices in our marine sectors, supporting our rural economy and our coastal communities, and protecting the marine environment.
- We launched the third year of the Marine Fund Scotland in March this year.
- In this third year we will award a further up to £14m grant funding to support projects to deliver improved social, environmental and economic outcomes in line with our Blue Economy Vision.
- £8 million has been awarded to date in 23/24, the second round of applications are currently being assessed for the balance of the £14 million fund and awards will be made soon.

### **Project supported by Marine Fund Scotland (MFS)**

Since its launch in 2021 the Marine Fund Scotland has made 227 awards totalling £34.4m grant assistance. A further 60 projects are presently under consideration for the remaining funding in 23/24. This funding has;

- Supported the delivery of sustainability and innovation in aquaculture, including the development of shellfish co-operatives and seaweed growing and processing.
- Delivered investment in science and innovation in sea fisheries, investigating alternative fuels for fishing vessels, data collection and selectivity improvements.
- Assisted young fisheries to own their first vessel or take a share in a vessel, and improved health & safety in the Scottish fleet.
- Promoted the high quality seafood we produce in domestic and international markets, supporting recovery of this valuable industry from the impacts of Brexit.
- Funded key marine litter projects as well as supporting wider protection and enhancement of our marine environment and it's bio diversity.

- Supported coastal communities through improvements to harbour infrastructure, marine litter education & recycling projects and increase access and marketing of local seafood produce.
- Delivered key supply chain projects, ensuring that the necessary processing & marketing capacity exists for the quality Scottish seafood we catch and harvest.

Contact: [Redacted]

## **Annex AX: EU replacement fisheries funding and UK Seafood Fund**

**Issue:** Through the £100 million UK Seafood Fund, the UK Government is spending in an area devolved to the Scottish Government and an area of crucial importance for Scotland, using its powers in the UK Internal Market Act to do so. Due to partly overlapping priorities with the Marine Fund Scotland, the UK Seafood Fund is causing confusion for stakeholders and has resulted in a significant resource requirement to develop steps to avoid duplication between the schemes.

### **Top Lines**

**We are clear that the funding currently allocated to the Scottish Government by the UK Government for marine and fisheries support is vastly insufficient, given the size and importance of the Scottish marine sectors.**

- This issue is further exacerbated by the £100m which the UK Government awarded itself to deliver the UK Seafood Fund.
- The UK Seafood Fund is spending directly in Scotland in an area that is clearly devolved, and is causing confusion for stakeholders and duplication with our Marine Fund Scotland.
- Fisheries funding and management in Scotland is devolved, and it should be for Scottish Ministers, accountable to the Scottish Parliament – not the UK Government – to make appropriate spending decisions in line with our priorities.

**If we were still in the EU, we would have the certainty and flexibility of a 7-year funding programme, rather than the 3 years of the UK Spending Review.**

- This would allow for greater long-term planning and investment in marine and fisheries in Scotland.

**The approach being taken by the UK Government fails to meet its commitments on post-Brexit fisheries funding and continues a pattern of de-prioritisation and lack of funding available for Scotland's marine sectors.**

- The UK Government was elected on manifesto commitments (2019 Conservative manifesto) to replace EU structural funds and “at a minimum match the size of those funds in each nation”.
- Denmark – which has a similar population to Scotland but both a smaller sea area and marine sector – will receive an average annual funding settlement of €28.7m through the EU's new European Maritime, Fisheries and Aquaculture Fund (EMFAF).
- In comparison, Scotland currently receives £14m per annum for the Marine Fund Scotland, for the 3 year period of the current UK Spending Review (2022-25).
- It is unacceptable for clear commitments to Scotland's marine sectors to be broken in this way, and we will continue to press for this to be remedied in any future funding settlements.

### **Q&A**

**Q. What is the Scottish Government doing to increase funding support going to Scotland's marine and fisheries sectors?**

A. In March 2020 we made available up to £23 million to the seafood industry, maintaining local supply chains and protecting jobs in fragile Scottish coastal communities.

We have also awarded over £26 million in grant funding through the Marine Fund Scotland (MFS) since its launch in 2021, supporting projects that are delivering innovation and sustainable practices in our marine sectors, supporting our rural economy and our coastal communities, and protecting the marine environment.

The funding for marine and fisheries that the UK Government has offered to the Scottish Government since Brexit is paltry compared to the real costs of Brexit. The UK Government must take responsibility for those, as well as honouring its promise to replace lost EU funding in full.

Denmark – which has a similar population to Scotland but both a smaller sea area and marine sector – will receive an average annual funding settlement of €28.7m through the EU's new European Maritime, Fisheries and Aquaculture Fund (EMFAF).

The EMFAF also provides EU member states with the certainty and flexibility of a 7-year funding programme, which enables long-term planning and investment in marine and fisheries.

In comparison, Scotland currently receives £14m per annum for the Marine Fund Scotland, for the 3-year period of the current UK Spending Review (2022-25).

The UK Government has so far provided no certainty around funding that we will receive for marine and fisheries funding in Scotland beyond that point, i.e. beyond 2024-25.

It is unacceptable for clear commitments by the UK Government to Scotland's marine sectors on EU replacement funding to be broken in this way, and we will continue to press for this to be remedied in any future funding settlements.

We continue to engage with Defra on the issue of the £100 million that the UK Government awarded itself to deliver the UK Seafood Fund, which is spending directly in Scotland in an area that is clearly devolved

We will also continue to undertake detailed engagement leading up to the UK Government's next Spending Review period to push the UK Government to take responsibility for the full costs of Brexit for our marine sectors and replace lost EU funding in full.

### **Letter from Mark Spencer and UK Seafood Fund**

- The UK Seafood Fund is spending directly in Scotland in an area that is clearly devolved, and is causing confusion for stakeholders and duplication with our Marine Fund Scotland.
- Fisheries funding and management in Scotland is devolved, and it should be for Scottish Ministers, accountable to the Scottish Parliament – not the UK Government – to make appropriate spending decisions in line with our priorities.
- The constant references by UK Ministers, in respect of the UK Seafood Fund, to the fact that the UK seafood supply chain is geographically dispersed and complex, fails to recognise that we are fully engaged with all elements of the supply chain in Scotland, and are therefore best placed to take the right funding decisions for Scotland, based on local knowledge and tailored to our own needs and circumstances.



- The £29m awarded under the UK Seafood Fund does not replace the past underfunding, or reflect the significant impacts and true cost of Brexit, on the sectors. Even if we take the example of Denmark, who have a smaller marine sector than Scotland, this funding still leaves Scotland significantly short changed compared to the benefits of being an EU member.
- And not only is the quantum of funding insufficient, the UK Government's approach does not provide the same long term funding certainty and stability that EU member states will enjoy through the equivalent EU funding programme - EMFAF.

**An embedded letter has been deleted from here and instead released in full to you as item 3.**

Contact: [Redacted]

## **Annex AY: Aquaculture**

**Issue:** PfG 2023/24: Pilot a new aquaculture consenting process in two local authority areas to help deliver a more streamlined regime across Scotland, and reduce the risk of escapes from fish farms with a new Technical Standard for Scottish Finfish Aquaculture, helping to realise our recently published Vision for Sustainable Aquaculture.

**Policy Prospectus outcome:** Improved our policy and regulatory framework for sustainable aquaculture in Scotland, protecting the environment and supporting a global export worth more than £1 billion to the Scottish economy.

### **Top Lines:**

- Aquaculture is a significant contributor to our economy, providing well-paid jobs in some of Scotland's most fragile communities and will be an essential part of our transition to net zero.
- We recognise that as the sector develops it must do so sustainably and with appropriate regulatory frameworks which minimise and address environmental impacts.
- As set out in the Bute House Agreement we believe Scotland should have an aquaculture industry which is sustainable, diverse, competitive, and economically viable.
- The aquaculture regulatory review sits alongside ongoing work to strengthen environmental protection and community benefit as committed to in the Bute House Agreement.
- We are committed to make progress to deliver both a streamlined consenting regime for businesses and deliver commitments on sea lice interactions.
- We are committed to high standards of fish health and welfare and are clear in our expectations of producers to drive mortality to the lowest possible levels.

[Redacted]

## **Annex AZ: Vision for Sustainable Aquaculture**

**Issue: 24 August 2023** – Daily mail publishes a letter sent to Scottish Ministers from Animal charity Onekind stating that “We have urgent and ongoing concerns for salmon welfare, and the Vision for Aquaculture has not alleviated those concerns”

### **Top Lines:**

- Our Vision, published in July, sets out our support for the development of a sustainable aquaculture sector, operating within environmental limits, and which recognises the considerable social and economic benefits the sector delivers today, and can deliver in the future.
- There are challenges and opportunities to be taken in achieving this bright future. We will work collectively to respond and adapt to the nature and climate crises and to ensure the continued success of Scottish aquaculture.
- The sector will be a key partner for success, building upon their sustainability initiatives and the great work that is already taking place across the supply chain.
- The pace and scale of innovation in the sector is already clear to see – we expect science, research and development to play a leading role in ensuring the sustainable development of aquaculture in Scotland.
- Aquaculture will continue to flourish, attracting investment, while helping to support food security by providing healthy good quality produce at home and abroad.
- Delivery of the Vision will see communities share in the success of aquaculture and protect and improve the opportunity for communities to meaningfully contribute to aquaculture planning and consenting.
- We will protect and restore Scotland’s natural capital, upon which the sector and others rely, and work to improve fish health and welfare.
- Scotland has a unique opportunity as a coastal nation to ensure our seas work for the benefit of all. This Vision will enable us to seize those opportunities and I look forward to further progress.

[Redacted]

## **Annex BA: Regulatory Review and Consenting Task Group**

**Issue:** The Bute House Agreement includes commitments to reform the regulatory and planning framework for aquaculture, which began with an independent review to consider the effectiveness and efficiency of the current regime. Furthermore, the Programme for Government 2023/24 contains a commitment to pilot a new aquaculture consenting process in two local authority areas to help deliver a more streamlined regime across Scotland.

### **Top Lines:**

- We welcomed and accepted the recommendations of last year's independent review of aquaculture consenting in principle.
- The regulatory review called for an ambitious 12-month timescale for implementation. I welcomed that call to pace, but it will take some time for full exploration and implementation of the wide-ranging recommendations.
- The Scottish Aquaculture Council (SAC) is providing strategic advice on delivery to Ministers. The SAC includes representation from the aquaculture sector alongside key organisations with interests in the industry and its environmental and community impacts. The next meeting of the SAC will be on 16 November 2023.
- A new Consenting Task Group (CTG) has been formed to take forward and pilot key recommendations and develop a streamlined process for finfish farming consenting, while maintaining high environmental standards.
- A CTG technical workshop was held on 19 September to refine the draft management framework for the trial process. Those involved included regulators, statutory consultees, and industry members.
- Good progress is being made and the CTG is working towards a trial process which will be deployed later this year.
- We will consider the advice from the Scottish Science Advisory Council [published in April 2023] on the use and communication of science carefully, taking steps to ensure the right mechanisms are in place to support sustainable development of the sector in discussion with stakeholders.

[Redacted]

## Annex BB: Finfish Mortality Events and Reporting

**Issue:** Increased mortality on salmon farms has led to increased lobbying against fish farms on fish health and welfare grounds.

### Top Lines:

- We remain committed to maintaining the highest standards of fish health and welfare and are clear in our expectations of producers to drive mortality to the lowest possible level.
- We recognise a recent increase in mortality, but it would be premature to say if it is a trend.
- Increases in mortality should be considered in the context of the trend seen since 2002, which indicates stable average mortality levels with peaks and troughs in different years.
- Mortality numbers alone do not allow for direct comparisons between years because year classes (i.e. the fish grown to harvest within a production cycle) varies between years. The survival to harvest within a year class provides a better comparison and this is what we use in our published production survey.
- We do not support a moratorium on the expansion of fish farming. As set out in the Bute House Agreement, we agree that Scotland should have an aquaculture industry which is sustainable, diverse, competitive, and economically viable.
- Fish farming companies in Scotland are not complacent regarding mortalities – they have legal obligations with regards to welfare and high levels of mortality can have a significant impact on economic performance.
- Monthly site-specific figures for mortality (as a percentage) are published by Salmon Scotland and are available on their website. While these statistics relate to the marine environment only, mortality in any stage of the production cycle is reported on a voluntary basis to the Fish Health Inspectorate when a certain threshold is reached.
- A number of industry Codes of Practice exist, including that produced by the finfish sector and adopted by salmon producers and others. In addition, almost all salmon farms in Scotland are members of the RSPCA assurance scheme and are regularly inspected to check compliance with their requirements.

[Redacted]

## **Annex BC: Environment and Sea Lice Risk Assessment Framework**

**Issue: 15 Sept:** The Scottish Environment Protection Agency (SEPA) closed its second consultation on a risk-based framework for managing the interaction between sea lice from marine finfish farm developments and wild salmonids in Scotland [launched 31 May].

- The consultation followed an initial consultation on the main elements of the new Sea Lice Risk Assessment Framework, which was issued in December 2021.

[Redacted]

Our Programme for Government 2023/24 commits to reduce the risk of escapes from fish farms with a new Technical Standard for Scottish Finfish Aquaculture.

### **Top Lines:**

- We are committed to supporting the sustainable growth of the aquaculture sector, through streamlining the consenting regime and through delivering in relation to sea lice interactions.
- We have delivered the Scottish Government's response to the recommendations of the Salmon Interactions Working Group which was established to examine the identified pressures facing wild salmon, including fish farming.
- Our response (published in October 2021) identified the Scottish Environment Protection Agency (SEPA) as the lead body responsible for managing the risk to wild fish from sea lice from fish farms.
- SEPA is making progress on a new sea lice risk assessment framework which will see advice and regulation of the interactions of sea lice being led by SEPA, rather than through the planning system.
- SEPA is committed to ensuring that the new framework is not over-precautionary and is transparent and protects the environment, whilst supporting social and economic development.
- SEPA recently completed a consultation exercise on detailed proposals for the new sea lice risk assessment framework and will consider all responses received before finalising and commencing a phased implementation of the framework from the end of this year.
- The framework is designed to be adaptive, and SEPA will continue to refine it based on feedback and advances in scientific understanding.

[Redacted]

Contact: [Redacted]

## **Annex BD: Science and Innovation Strategy – RALRI Programme for Government commitment**

**Issue:** PfG 23/24 included a commitment to Publish a Science and Innovation Strategy for Scotland's Marine and Freshwater environments that sets out how science and innovation will contribute to the delivery of our Blue Economy ambition and commitments as well as emerging opportunities and challenges.

### **Top lines:**

Scottish Government's vision for our marine space is to improve nature and the lives of the people of Scotland through evidence-informed management of the Marine Environment.

- Our new Science and Innovation Strategy will provide a plan and the evidence to meet our aspirations in the Blue Economy Vision and deliver our commitment to protect the waters and rivers of Scotland on which our communities depend.
- Building on Scotland's rich maritime heritage, this new strategy will present a 'whole-of-Scotland' approach to delivering the science, evidence and data Scotland needs through collaborative partnerships with our world class industries, institutes and academia.
- It will also illustrate how together we can optimise the use of technology and data to meet our commitments in stewarding the marine and river environment for Scotland and its maritime neighbours.

### **Scottish Government Investment in Scientific Research**

- We invest significantly in research each year through the Marine Directorate's work, and other programmes such as CivTech, ScotMER and the Marine Fund Scotland.

Contact: [Redacted]

## **Annex BE: Environment, Natural Resources and Agriculture (ENRA) research programme**

**Issue:** [Redacted] The budget for the programme is now around 25% smaller in real terms since 2018.

### **Top Lines**

- The ENRA programme has been reducing by 25% since 2018. [Redacted] However it remains at around £49 million in 2023/4, and as such is the SG's largest single research programme.
- The ENRA programme provides science and evidence to support policymakers within Scottish Government and its delivery partners on issues related to the environment, farming and climate change.
- It also funds applied solutions to real world challenges with direct benefits to industry such as the development of prototype vaccines and diagnostic tests for key animal diseases and the development of new varieties of fruit, barley and potatoes that are resilient to changing climatic conditions.
- The programme also directly supports Scotland's academic research base and provides a platform from which research institutes can leverage in additional funding from other UK and international funders.
- The ENRA Programme is the Scottish Government's only major science research funding programme which has been recurring over many years.

### **Background information: any other specific information / context**

- The ENRA programme primarily funds core work at five research institutes in Scotland. Most of the funding is received by five research institutions in Scotland. These are collectively referred to as the Main Research Providers (MRPs). These bodies are independent, but they are significantly dependent on Scottish Government funding. These institutes collectively employ 470 staff to work on our research programme. The annual grant funding received via this programme accounts for between 10% and 70% of their income:
- **The James Hutton Institute (JHI):** provides focused research into crops, soils and land use, food, energy and environmental research. JHI receives the greatest proportion of funding from the ENRA portfolio, in 2023-24 they received £19.4m
- **Biomathematics and Statistics Scotland (BioSS):** is a subsidiary of the James Hutton Institute and specialises in the development and application of the quantitative methods needed to enhance scientific knowledge and impact. In 2023-24 they received £2m
- **Scotland's Rural College (SRUC):** provides a broad spectrum of research activities from animal behaviour, genetics and epidemiology to soils, agricultural systems and environmental factors. In 2023-24 they received £5.6m
- **Moredun Research Institute:** provides focused research into livestock health and welfare. Moredun undertakes internationally-recognised research into infectious diseases of livestock, and develops new diagnostic tests and vaccines to improve the detection of and prevention of diseases. In 2023-24 they received £5.7m
- **The Rowett Institute:** provides focused research on food, drink, and human nutrition. In 2023-24 they received £5m



- Separately under this budget we fund five **Centres of Expertise** – the Centres are virtual expert teams who draw upon a wide network of researchers at different institutions across the country to meet policy needs. They provide a direct route for policy teams to design and commission research. The five centres are listed below:
  - **Centre of Expertise on Animal Disease Outbreaks (EPIC)**: brings together Scottish-based expertise to best prepare Scotland's livestock industry and stakeholders for disease outbreaks.
  - **Centre of Expertise on Water (CREW)**: delivers advice and evidence on a wider range of topics including flooding, catchment management, and protecting drinking water.
  - **Centre of Expertise on Climate Change (CXC)**: delivers research to support policies on adapting to the changing climate and transitioning to net zero. This centre's remit is wide-ranging, including reducing GHG emissions and adaptation to future climate challenges.
  - **Plant Health Centre**: delivers scientific evidence to support decisions about pests and pathogens that threaten Scotland's plants from agriculture and horticulture through to forests.
  - **Knowledge Exchange (SEFARI Gateway)**: Gateway actively engages across the research providers to promote knowledge exchange, maximise research impact and improve research communication.

[Redacted]

## **Annex BF: Facility for Investment Ready Nature Scotland (FIRNS)**

**Issue:** given the scale of the challenges we face, public investment alone will not be sufficient to meet our climate change targets, biodiversity and wider land use policy objectives. That is why both public and responsible private investment in Scotland’s natural capital will be essential.

### **Top Lines:**

- The Scottish Government has set ambitious targets for climate change and biodiversity alongside wider goals for land use transformation policy. This includes halting biodiversity loss by 2030 and achieving net zero emissions and restoring and regenerating biodiversity by 2045.
- Both public and responsible private investment in Scotland’s nature will be essential for meeting these targets.
- The Facility for Investment Ready Nature In Scotland (FIRNS) is delivered by NatureScot in partnership with National Lottery Heritage Fund. It presents a unique opportunity to learn, encourage the market and inform the market framework (committed to in PfG 2023-24), while also delivering on the ground.

### **Background information:**

- In March 2022, the Scottish Government published its [Interim Principles for Responsible Investment in Natural Capital](#). These set out its ambitions and expectations for a values-led, high integrity market for responsible private investment in natural capital to communities, investors, land managers, land owners, public bodies and other market stakeholders.
- [Redacted]FIRNS is a key vehicle required in the delivery of NSET commitment no. 31, which pledges to “establish a values-led, high-integrity market for responsible private investment in natural capital....supported by a national project pipeline for nature-based solutions”.
- FIRNS will help create a pipeline of investible nature-based projects that can meet demand from responsible buyers and investors.
- FIRNS aims to support communities and boosts local economies by funding projects that engage communities in the development of ethical and values-led natural capital investment propositions.
- FIRNS will also ensure that we can influence projects under development so that they’re designed in line with SG’s principles for high-integrity, values-led, responsible natural capital market – ensuring robust outcomes for nature and maximising benefits for local communities. SG’s involvement will also enable us to learn about the existing market failures to inform our programme of work.
- The first tranche of projects to be supported through FIRNS will be announced on 20 September 2023.

[Redacted]

## **Annex BG: Royal Botanic Gardens Edinburgh (RBGE)**

**Issue:** Edinburgh Biomes – RBGE continue to make progress across the programme of works to restore the Victorian Palm House, and replace life expired glasshouses that protect the national plant collection, with associated low carbon heating infrastructure. However, achieving the programme outputs against the original Biomes budget forecast continues to be challenging due to inflationary pressures, as seen across the UK construction sector.

### **Top Lines:**

- RBGE operates at the forefront on national and international horticulture science, research and education with the overall aim of exploring, conserving and explaining the world of plants for a better future. Its 2021 – 2026 strategy ‘Responding to the Biodiversity Crisis and Climate Emergency’ plays an important part in delivering Scottish Government environmental objectives towards Net Zero.
- The Edinburgh Biomes will deliver a state of the art carbon neutral energy centre in order to safeguard Scotland’s national living plant collection for generations to come – the collection includes an internationally significant collection of over 13,000 living plants.
- Edinburgh Biomes is a complex/significant capital infrastructure project with multiple interdependencies and specialist requirements (for example, the Victorian Grade A listed Palm House and over 13,000 species of living plants).

### **Background information: any other specific information / context**

Funding in 2023-24 focuses on three strategic priorities:

1. Unlocking knowledge and understanding of plants and fungi for the benefit of society. Science delivery is undertaken through a variety of multi-year programmes and 2023/24 activities will be focused on the continuation and building on work conducted in 2022/23.
2. Conserving and developing botanical collections as a global resource. A major focus for Horticulture in 2023/24 will be the development of strategic master plans for the four gardens providing strategic direction for the next five years, a review of the RBGE Collections Policy to improve outcomes for protecting threatened species in our gardens, and commencement of a five year programme to improve presentation standards of the Edinburgh Garden.
3. Enriching and empowering individuals and communities through learning and engagement with plants and fungi. Focussed on improving accessibility and developing a new Education Strategy, and delivery of the events and exhibition programme aimed at enhancing the public understanding of plants, fungi and environmental sustainability.

The Edinburgh Biomes Project - a major infrastructure project (with multiple interdependencies) to refurbish aging plant, research and energy infrastructure. The SG has provided **£58 million** towards the project over 5 years - £50 million from the Low Carbon Fund and £8 million SG capital allocation.

- The Edinburgh Biomes Programme for 2023/24 includes part delivery of the Victorian Palm House project, completion of Decant Glasshouse and Infrastructure construction projects and commencement of the Energy Centre project.
- This is a high profile, transformative programme which will significantly reduce energy costs, make carbon emissions savings, and deliver an enhanced contribution to Scotland's success as a major tourist destination through increased visitor numbers.
- Work started in October 2021 and while progressing the programme some delays have occurred as a result of the specialist nature of some aspects (glass for example) and uncertainties/increasing costs in the construction market.
- Re-profiling of SG capital-spend between years has been required necessary to match some slippage in programme timelines with annual capital budget profiles.
- Final costs are predicted to rise due to inflationary pressures in the construction market. Scottish Government regularly liaise with RBGE on progress made across the programme, and will continue to help it explore additional funding streams to ensure the programmes successful conclusion, expected by 2028.

Founded in 1670, RBGE is the second oldest botanic garden in the UK (after Oxford) and one of Scotland's oldest public bodies. Its statutory functions are set out in the National Heritage (Scotland) Act 1985. RBGE is also a registered charity under the Charities and Trustee Investment (Scotland) Act 2005.

RBGE is a NDPB with charitable status created by the National Heritage (Scotland) Act 1985.

[Redacted]

## **Annex BH: Peatland**

**Issue:** We are investing £27 million for peatland restoration – around a 12% increase on 2023-23 – as part of our ten-year programme to restore 250,000 hectares of degraded peatlands across Scotland - a key nature-based solution addressing the twin challenges of the climate emergency and biodiversity loss

### **Top Lines:**

- Scottish Government has committed £250 million over 10 years to restoring 250,000 hectares of degraded peatlands by 2030. Through supporting good, green jobs in the rural economy, this investment will also play a part in Scotland’s Just Transition to net zero by 2045.
- The First Minister’s policy prospectus ‘New Leadership - A Fresh Start’, published 18 April 2023, promises to deliver up to 110,000 hectares of restored peatland by 2026.
- From 1990 to 2020 the average annual restoration was 1,500 ha. However, since 2020 this annual average has risen four-fold to 6,000 ha. In 22-23 we restored 7,500 ha. This was a 35% increase over the previous year. In 23-24 we plan to restore 10,700 ha.
- The 10,700 ha target for 2023-24 represents a 40% increase over the 7,500 ha restored last year (22-23), which itself was a 35% increase over the 5,400 ha restored in 21-22.

### **Background information: any other specific information / context**

- Peatlands cover over 2.5 million hectares (or one third) of Scotland and are of national and global significance.
- In good condition, they provide multiple benefits: storing carbon, supporting nature, reducing flood risk, cleaning water bodies, and providing places that can support physical and mental wellbeing.
- But 75% of our peatlands are degraded through drainage, extraction, overgrazing, burning, afforestation and development. They offer fewer benefits and now account for around 15% of Scotland’s total net emissions.
- Reversing degradation through peatland restoration is central to mitigating and adapting to the linked climate change and nature crises.
- The Peatland Programme’s Delivery Plan will drive action on many fronts to significantly upscale peatland restoration rates going forward. Actions are grouped under four pillars: Delivery, Policy Shaping, Finance, Monitoring and Evidence.
- We have delivered around 64,000 hectares to date at an annual rate of around 6,000 hectares in recent years. This falls short of our annual target of 20,000 hectares.
- We recognise the need to increase capacity of contractors, and skills, to support the government ambition for peatland restoration, and are working hard to deliver this.
- We are working with our delivery partners through Peatland ACTION – NatureScot, Forestry and Land Scotland, Cairngorms National Park Authority, Loch Lomond and The Trossachs National Park Authority and Scottish Water – to identify skill shortages and actively increase contractor capacity.
- We expect to publish the Scottish Government response to the Climate Change Committee’s Progress in reducing emissions in Scotland: 2022 Report to Parliament by the end of 2023.

### **Programme for Government Commitments**

- Restore 10,700 hectares of degraded peatland
- Scottish Government has committed £250 million over 10 years to restoring 250,000 hectares of degraded peatlands by 2030. Through supporting good, green jobs in the rural economy, this investment will also play a part in Scotland's Just Transition to net zero by 2045.
- The First Minister's policy prospectus 'New Leadership - A Fresh Start', published 18 April 2023, promises to deliver up to 110,000 hectares of restored peatland by 2026.
- From 1990 to 2020 the average annual restoration was 1,500 ha. However, since 2020 this annual average has risen four-fold to 6,000 ha. In 22-23 we restored 7,500 ha. This was a 35% increase over the previous year. In 23-24 we plan to restore 10,700 ha.
- The 10,700 ha target for 2023-24 represents a 40% increase over the 7,500 ha restored last year (22-23), which itself was a 35% increase over the 5,400 ha restored in 21-22.
- Progress action with crofters to support more peatland restoration on crofting land, including the Scottish Ministers Crofting estates.
- We also want to work with crofters to achieve our peatland goals.
- The Scottish Government is currently reviewing the condition of peatland on the Scottish Ministers' crofting estate to identify suitable locations for conducting a pilot restoration project on common grazing land.
- Where there are opportunities for restoration, we are working with the croft tenants and grazing committees and Peatland Action to develop and progress restoration works and understand the barriers and opportunities to this.
- Commence the process to ban the sale of horticultural peat for domestic use.
- Alongside restoration we are also working to protect our peatlands from the damage caused by commercial extraction, development and other pressures.
- Our public consultation on "Ending the Sale of Peat in Scotland" closed in May 2023. We received over 500 responses which will inform the scope and pace of a sales ban that is right for Scotland.
- Ban likely to be implemented through NE Bill but also exploring UK legislation to resolve potential issues around IMA and international trade.
- Although our focus is on peat in horticulture, we are also considering other uses of peat that drive its commercial extraction, taking a proportionate approach to banning the sale of peat with realistic, yet ambitious, timescales.
- [Redacted]

[Redacted]

## Annex BI: Natural Resources

**Issue:** The Natural Resources budget funds work on wildlife management, including the legislative programme and investment in Atlantic Rainforest Restoration

### Top Lines:

- The Natural Resources budget funds work on wildlife management, including the legislative programme and investment in Atlantic Rainforest Restoration.
- Protecting and restoring Scotland's Atlantic Rainforest is a manifesto, PfG (21/22 and 23/24) and Bute House commitment, and was also a specific pledge made by then Minister for Forestry & Environment at Cop26.

### Background information: any other specific information / context

Programme for Government Commitments:

- Implement the recommendations of the Werritty Review to license grouse moor management and muirburn, require training on muirburn, tackle illegal raptor persecution, and ensure management of grouse moors and related activities are undertaken in an environmentally sustainable manner – subject to the passage of the Wildlife Management and Muirburn (Scotland) Bill.
- Ban snaring through the Wildlife Management and Muirburn (Scotland) Bill.
- Further restore and expand our iconic Atlantic rainforest and ancient Caledonian pinewoods, encouraging action and investment to improve their condition and that of other ancient woodlands, planting at least 900 hectares of new trees on Scotland's national forest estate, and set out our plans to make the newly acquired Glenprosen Estate an exemplar of integrated land management.
- **Grouse/Snaring:** The Wildlife Management and Muirburn Bill (WMMB) was introduced on 21 March and we are currently waiting for the Stage 1 report from the RAI Committee.
- A ban on the use of snares was announced on 22 August, and a consultation on the issue was launched on the same day.
- **Deer:** We laid two pieces of secondary legislation in June to implement changes to close seasons, non-lead ammunition and permit the use of night sights.
- Deer will be included in the Natural Environment Bill and changes to wider deer legislation will be taken forward via that.
- Established a strategic deer board responsible for setting priorities for deer management outwith legislative change.
- **SSPCA Powers:** Review has been completed, and we announced some additional powers for SSPCA officers on 27 June. This is included in the Wildlife Management and Muirburn (Scotland) Bill.
- **Beavers:** Latest report showed that proportion of beavers removed by trapping as opposed to lethal control had increased from 28% (2021) to 42% (2022).

## Atlantic Rainforest Restoration

- Protecting and restoring Scotland's Atlantic Rainforest is a manifesto, PfG (21/22 and 23/24) and Bute House commitment, and was also a specific pledge made by then Minister for Forestry & Environment at Cop26.
- The rainforest consists of ancient oak, birch, ash, native pine and hazel woodlands. The high levels of rainfall and relatively mild year-round temperatures gives the woodlands their unique characteristics.
- The main threats to the rainforest comes from invasive non-native plants such as rhododendron, and from the damaging effects of deer browsing.
- Funding this year is being used to protect and restore some of the priority areas of Scotland's Atlantic rainforest located on Scotland's National Forests and Land and managed by Forestry and Land Scotland (FLS).
- The funding will be used to halt the loss of Scotland's rainforest habitat and biodiversity value through the control of invasive non-native species on priority rainforest sites, the restoration of Plantations on Ancient Woodland Sites (PAWS), and the development of deer management plans and control activity for key rainforest sites.
- These projects will be delivered at a landscape scale often in collaboration or partnership with members of the Alliance for Scotland's Rainforest, will bring investment and skills to rural west coast communities and build capacity within the contractor sector.

[Redacted]



## **Annex BJ: Gene-editing/Precision Breeding/GM**

**Issue:** SG is facing calls to change its position on gene-editing, to remove gene-edited crops and produce from the scope of GM regulations, in line with the approach taken by UKG in its Genetic Technology (Precision Breeding) Act 2023, and the regulatory proposals published by the European Commission in July 2023.

### **Top Lines:**

- We want to ensure that Scotland operates to the highest environmental standards, and that we protect the strengths of Scottish agriculture and food production.
- Regulation of genetic modification is a devolved area of responsibility. We will decide on whether or not to allow GM crops to be grown or food using gene editing techniques to be produced here, based on what is in the best interests and needs of Scotland.
- Currently our position is clear – we are opposed to the cultivation of GM crops in Scotland. We are aware of the European Commission’s consideration of new genomic techniques such as gene editing and how these relate to existing GM legislation, and are looking carefully at the implications of the legislative proposals the Commission published in July.
- The views of stakeholders in Scotland – scientists, farmers, food producers and manufacturers, but especially, consumers and the public as a whole – will inform what we do in relation to new genetic technologies such as gene editing.

### **Background information: any other specific information / context**

- Gene editing is one of many ‘new genomic techniques’ (NGTs) or ‘precision breeding techniques’ developed since the main GMO legislation was made in 2001. NGTs were ruled to be in scope of this legislation by the European Court of Justice (ECJ) in 2018, effectively preventing their use outside a laboratory. This was controversial since NGTs are different, more precise techniques and can bring about changes which could have occurred naturally, while early GM techniques inserted untargeted foreign DNA.
- On 5 July 2023, and as part of a package of legislative proposals to support the EU’s Farm to Fork and Biodiversity strategies, the European Commission adopted a proposal for a new Regulation on plants produced by certain NGTs. This will now proceed for European Parliament and Council consideration, with timescales until it becomes law likely to be at least 24 months. The Commission proposes that NGT-produced plants that are comparable to conventionally occurring variations will no longer be subject to existing GMO regulations and will instead require notification and central registration. The EU has proposed that seeds and other plant reproductive material of plants produced by these NGTs must be labelled as such. Meanwhile, NGT plants which could not be produced by similar conventional breeding methods will continue to be regulated by the existing GMO legislation and authorisation process.
- The UKG Genetic Technology (Precision Breeding) Act, introduced as a Bill in May 2022 and passed into law in March 2023, relaxes the regulations in England

for precision-bred (broadly meaning gene-edited) plants and animals. There are likely to be a number of impacts on Scotland, including as a result of the UK Internal Market Act. In a letter published in the media the day before the Bill was introduced, the UKG invited the DAs to join the Bill and shared the text of the Bill for the first time later that day. SG declined the invitation in a letter similarly published to the media and, like Wales, criticised that the Bill had not been discussed in relevant Common Frameworks prior to introduction. These discussions are now taking place.

- An LCM was lodged in Scot Parl on 12 Dec 2022, setting out that SG does not recommend giving consent to the UK Genetic Technology (Precision Breeding) Bill in relation specifically to Clause 42 of the Bill. This was on the grounds that Clause 42 undermines devolution and presents a risk to policy outcomes, because it would allow UK Ministers to legislate in devolved areas without the consent of Scottish Ministers. The motion refusing consent was passed on 25 Jan following a debate in Scot Parl. UKG did not respond to the LCM, as they did not consider an LCM to be required.
- Stakeholders such as NFUS, James Hutton Institute and the Roslin Institute have publicly expressed support for the UKG Act and for the same approach being taken in Scotland. Others, including the Soil Association and RSPCA, opposed the Bill and have expressed serious concerns with the Act.
- [Redacted]

[Redacted]

Contact: [Redacted]

## SECTION D - SCOTTISH VETERINARY SERVICE PQS

Text of PQs redacted as publicly available at following links:

[S6W-20663](#)

[S6W-20077](#)

[S6W-20076](#)

[S6W-20080](#)

[S6W-20081](#)

[S6W-20079](#)

[S6W-20082](#)

[S6W-20073](#)

[S6W-20075](#)

[S6W-20078](#)

[S6W-20074](#)

**SECTION F – [REDACTED]**

## SECTION G – FERRIES FMQ – 19<sup>TH</sup> SEPTEMBER 2023

**29 Aug:** The Scotsman reported: “Creating ferries agency to replace CMAL to be considered: Scotland's ferry procurement body could be scrapped and merged with Transport Scotland to create a new 'Ferries Scotland' agency.”

**26 June:** NZET Committee Report states that “Leadership, long-term strategic-thinking and investment is needed”. Report highlights:

“churn” in the role of Transport Minister, 10 year direct award to CalMac to ensure continuity. Consider bringing CMAL functions into TS. Islands Connectivity Plan “chance for a genuinely fresh start “.

**15 September:** FOI response issued to BBC Orkney providing a partially redacted (under ‘commercial interests’ and ‘free and frank advice/exchange of views’ exemptions) copy of CMAL’s report on Orkney Islands Council’s inter-island ferry fleet.

### TOP LINES

#### **Since re-election, this government has:**

- Bought and deployed an additional vessel in the MV Loch Frisa;
- Chartered the MV Arrow to provide additional resilience and capacity;
- Commissioned two new vessels for Islay;
- Commissioned two new vessels for the Little Minch routes;
- Funded the charter of the MV Alfred to provide additional resilience;
- Progressed investment in key ports and harbours; and
- Confirmed additional revenue funding for the operation of Local Authority ferry services.

### FERRY DISRUPTION

#### **I recognise the impact that delays and disruption have regrettably had on our island communities and this government is committed to investing in our ferry services.**

- Delivering six new major vessels to serve Scotland’s ferry network by 2026 is a priority for this government.

- We recognise that every cancelled sailing can have a significant impact and continue to work with operators and CMAL to improve reliability and resilience across our networks.
- Regrettably there are communities who have been more impacted than others and we fully recognise the need to improve reliability and confidence in services.
- Statistics show that in 2022 of the 171,403 scheduled sailings across the CHFS network 11,301 (6.6%) were cancelled. Of these, 1,830 (1.1%) were cancelled due to technical issues.

## **NEW VESSELS**

### **We are accelerating replacement of major vessels in the ferry fleet.**

- We have provided funding for CMAL to procure four new major vessels for Islay and the Little Minch routes. These are now under construction and are covered by builders refund guarantees.
- Progress on the first Islay vessel (MV Isle of Islay) is well underway, with a number of blocks now assembled on the slipway. The second vessel (MV Loch Indaal) had its keel also laid in May 2023.
- The planned delivery dates for the vessels to CMAL are October 2024 and February 2025, respectively.
- The new vessels set to serve on the Little Minch routes, NB1100 and NB1101, are also on track. Steel cutting commenced on NB1100 in May 2023 with keel laying commencing in September [20 September]. Steel cutting on NB1101 also commenced in September 2023 [20 September].
- The planned delivery dates for the first and second Little Minch vessels to CMAL are June 2025 and October 2025 respectively.

## **NZET REPORT**

### **I thank the Committee for its detailed work, we have considered its recommendations in detail and responded in full on 28 August. I absolutely endorse the Committee's emphasis on hearing from the communities who use these essential services.**

- Much of the evidence and many of the conclusions are consistent with what we have been hearing from our own regular engagement with communities and stakeholders, and consistent with how we want these ferry services to be delivered in the future.
- Many of the actions to respond to the Committee's recommendations will be taken forward through three initiatives to secure improvements to ferry

services: structural and governance reform (following Project Neptune), the next Clyde and Hebrides Ferry Services Contract (CHFS3) and the Islands Connectivity Plan (ICP). We have already acknowledged in our draft Long term Plan for Vessels and Ports that an ageing fleet, lack of resilience and increased usage are root causes of the current problems. A pre-consultation draft plan was published at the end of 2022.

## **ISLANDS CONNECTIVITY PLAN – FARES REVIEW**

**Ferry fares policy is being reviewed through the Islands Connectivity Plan, alongside our wider Fair Fares Review, and will consider issues raised by stakeholders such as dynamic pricing and demand management.**

- Any new measures considered would need to take account of the needs of islanders.
- There are no immediate plans to change Road Equivalent Tariff and its principles of a single, consistent fare.
- The Islands Connectivity Plan will be subject to stakeholder engagement and consultation before any decisions are taken on future ferry fares policy.
- Long term ferry fares policy is being reviewed as part of the Islands Connectivity Plan.

## **CHFS2 EXTENSION and POTENTIAL DIRECT AWARD OPTION**

### **The Scottish Ministers remain committed to ensure the most efficient and best value arrangement to deliver our key lifeline ferry services.**

- The current Clyde and Hebrides Ferries Services (CHFS2) contract is due to expire in September 2024 and preparatory work by Transport Scotland to consider the appropriate approach and content of future contracts underway.
- As is routine on complex high-value projects such as this one, this will include support from specialist external advisers to help ensure that the contract meets its needs and delivers value for money.
- All options are currently being explored, with no final decision on the detailed requirements of the contract has been taken at this point, but the views of communities and other key stakeholders will inform the approach taken.
- We will work with all key stakeholders, including the trade unions, to ensure the most efficient and best value arrangement to deliver our key lifeline ferry services.

## **LOCAL AUTHORITY FERRIES - GENERAL**

### **We recognise the challenge for local authorities that have responsibility for ferries, and have provided more than £178m since 2018/19 to support the running of these services.**

- We are aware of the growing need for local authorities to replace ageing ferry fleets and infrastructure, and while responsibility for funding replacement infrastructure does remain wholly with the councils, we are committed to continuing engagement.
- Further work, initiated by the former Deputy First Minister, is ongoing to support both Shetland and Orkney in developing their fleet replacement plans, recognising the challenges these islands face.
- The potential for fixed links were discussed at the Ministerial Task Force meetings with Shetland Islands Council on 14 March and most recently on the 16 August.
- The consideration of fixed links as a replacement for existing internal ferries within the Shetland Islands, remains the responsibility of Shetland Islands Council (SIC) to develop a robust business case.



## CMAL REPORT ON ORKNEY FERRIES

**A summary report was prepared by CMAL to help Orkney Islands Council with an assessment of replacing its ferry infrastructure. This was a commitment from the Orkney Internal Ferries Taskforce and we thank CMAL for its assistance.**

- The estimated cost of over £700m was highlighted in a previous report, commissioned by Orkney Islands Council. CMAL has not reviewed the robustness of that figure, but has indicated that inflation should be considered in future plans given the estimate dates from several years ago.
- As with any major programme, Orkney Islands Council would need to develop detailed proposals and a formal business case to establish costs if it were to progress. This remains a matter for the Council itself to take forward.