[redacted]

From: [redacted]
Sent: 12 August 2022 14:53
To: SEA Gateway
Cc: [redacted]

Subject: SUBMISSION FOR CAs: SEA Screening: Agriculture Bill Proposals/ Enabling Powers

SEA gateway,

Many thanks for your assistance with this screening. Please accept this email as formally submitting our screening on the agriculture bill consultation proposals:

Click on the link to open 'FOR CONSULTATION AUTHORITIES - SEA Screening - Agriculture Bill Proposals- 12 August 2022' - https://erdm.scotland.gov.uk:8443/documents/A38864691/details

Many thanks,
[redacted]

[redacted] | Agriculture Policy Division| Scottish Government| Saughton House | EDINBURGH |EH11 3XD
[redacted] [redacted]

[redacted]

From: [redacted]
Sent: 15 August 2022 17:21
To: 'SEA_GATEWAY@nature.scot'; 'sea.gateway@hes.scot'; 'sea.gateway@sepa.org.uk'
Cc: [redacted]
Subject: 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - Issued to CA and confirmation to RA - 15 August 2022
Attachments: 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - Screening Report - 12 August 2022.docx

Dear all,

Please see attached a Screening Report received in the Gateway 12th August 2022.

The deadline for responses is 9th September 2022.

Kind regards,

[redacted] | Planning, Architecture and Regeneration Division | Scottish Government

[redacted]

From: [redacted]
Sent: 09 September 2022 11:26
To: [redacted]
Subject: 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - Screening responses issued to RA - 9 September 2022
Attachments: 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - HES response - 8 September 2022.docx; 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - NatureScot response - 8 September 2022.pdf; 01753 - Screening - The Scottish Government - New Agriculture Bill for Scotland - SEPA response - 8 September 2022.pdf

Good morning,

Please find attached responses for screening received in gateway 12th August 2022.

Thanks,
[redacted]

[redacted] | Planning & Architecture | Scottish Government | [redacted]

3.4 Description of Options

This is a complex programme with a wide-ranging set of objectives. This section describes a long list of 6 options, or 14 when including sub-options, and the baseline in terms of their scope, approach and budget. The advantages and disadvantages of these options are described in the next section.

Option 0 – Minimal changes: This option is in effect a business-as-usual option, whereby no changes are made to the mechanisms and policy in place at present and all schemes and payment structures continue as they are under the current level of funding. It is presented here as a primary comparator to assess VfM for the options below. In practice, legislation would be required to continue payments and tweaks to what and how payments are made would still be needed given the required move away from EU policies. This option requires being clear on the minimum viable product, requires funding at the current level in real terms, and forms the baseline against which other options will be assessed in terms of their contribution towards the four investment objectives.

Option 0a~~1~~ – No support: This option is effectively a 'do nothing' approach that results in the cessation of all agricultural support payments. It is presented here as an alternative comparator and baseline for assessing VfM for the options below. As a result of withdrawal from the EU, a 'do nothing' approach would require changes to legislation, operational refocus as well as stakeholder management. Sensitivity analysis at the OBC stage may include the possibility of added regulation, and private sector drivers policy, in this option.

~~**Option 1a – No support with added regulation:** This option builds on option 1 - removal of support – and includes an approach by Government to deliver environmental outcomes via increased regulation.~~

~~**Option 1b – No support with private sector drivers policy:** This option builds on option 1 - removal of support – and includes an approach by Government to underpin and develop voluntary private markets. The private sector would pay for ecosystem services, for example by contracting farmers who supply them to implement environmentally beneficial management practices.~~

Options 1-3~~2~~ – 4-Tier model with varying levels of funding~~New Policy with current levels of funding~~: This option considers payments under the developing policy model and is broken down into a series of sub-options. Figure 2 summarises the development of a new CAP framework aimed at delivering the four investment objectives, with more detail in Annex A.

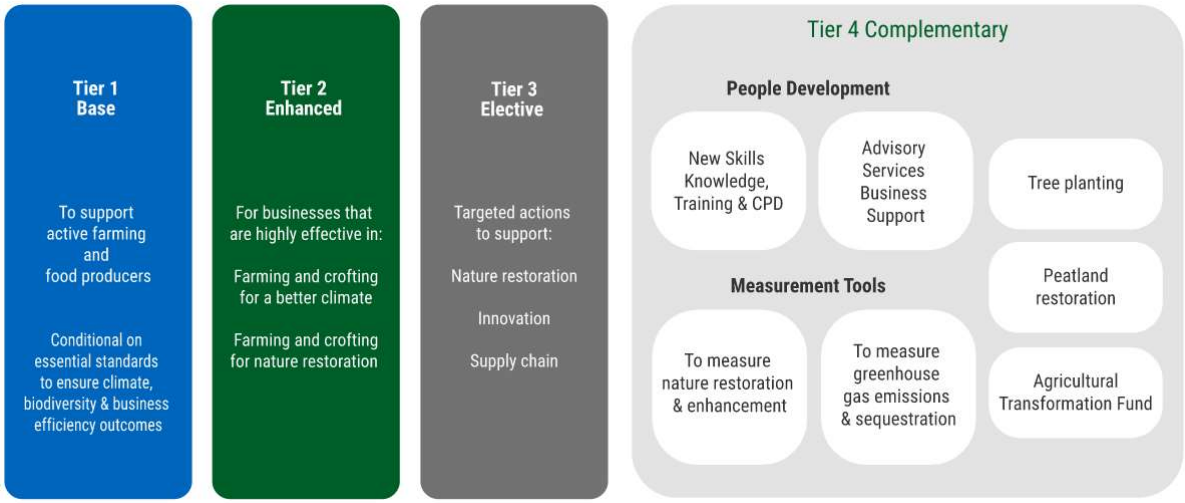

Figure 1~~2~~ - Four Tier Model

It sets out a 4-tier model[1] aimed at increasing the conditions farmers must meet to receive payments and deliver against newer environmental outcomes. This 4-tier model is presented as option variants with different levels of funding. These are:

- Option 1: Low level of funding £298m. Approximately 50% of the funding identified in Section 3.2 above as being in scope for the programme.
- Option 2: Current level of funding, £596m, as identified in Section 3.2 above as being in scope for the programme.
- Option 3: High level of funding, £894m, approximately 50% higher than the current budget as identified in Section 3.2 above. It is possible in the future that Scottish agriculture may qualify for such as an independent EU member state and this approach has also been advocated via a number of reports that demonstrate greater funding will be required for Scotland to deliver on its challenging climate change and biodiversity targets for agriculture and land use.

[1] This model continues to be based on "area-based payments" where land owners receive a payment for each hectare of land in their business. There are other ways to deliver these payments such as per unit of activity or labour in the business that are not being explored here. They may be prudent to explore at a later stage.

Theseis options can further be split into a series of sub-options assessing different budget splits of the potential budgets of £596m, against the 4 tiers as shown in value and percentage terms in Tables 5 and 6. A table showing values against each of the sub-options can be found in Annex F.

Option	Tier 1	Tier 2	Tier 3	Tier 4
2a	£ 0m	£ 536.5m	£ 46.3m	£ 13.5m
2b	£ 134m	£ 402.5m	£ 46.3m	£ 13.5m
2c	£ 268.25m	£ 268.25m	£ 46.3m	£ 13.5m
2d	£ 134m	£ 134m	£ 260.9m	£ 67.15m

Table 5 – Potential budget by value

	Sub-Option	Tier 1	Tier 2	Tier 3	Tier 4
Option 1: Low Funding	1a	0%	90%	8%	2%
	1b	22.5%	67.5%	8%	2%
	1c	45%	45%	8%	2%
	1d	22.50%	22.50%	44%	11%
Option 2: Current Funding	2a	0%	90%	8%	2%
	2b	22.5%	67.5%	8%	2%
	2c	45%	45%	8%	2%
	2d	22.50%	22.50%	44%	11%
Option 3: High Funding	3a	0%	90%	8%	2%
	3b	22.5%	67.5%	8%	2%
	3c	45%	45%	8%	2%
	3d	22.50%	22.50%	44%	11%

Table 16 - Potential budget by percentage

- Sub-option Option 2a – This option continues support for agriculture but with all of the current Income Support budget (Pillar 1 + LFASS (£536.5m) targeted at the new enhanced tier 2 and the current Pillar II (minus LFASS) (£59.8m) budget allocated to tiers 3 and 4 in line with existing policy.
- Sub-option Option 2b – This option would reduce direct payments to 25% of their current levels with 75% of funding going towards the enhanced tier. Like 2a, it allocates the remaining budget to tier 3 and 4 in line with current policy.
- Sub-option Option 2c – This option has a 50:50 split between tiers 1 and 2 drawing on the Pillar I + LFASS budget. Like 2a and 2b allocates the remaining budget to tier 3 and 4 in line with current policy.

- Sub-option ~~Option 2~~d – This option has a 50:50 split of tiers 1 and 2 based on a reduced Pillar I + LFASS budget by 50%. This option has a 4:1 split for tiers 3 and 4 based on an increased budget from budget shift from Pillar 1 + LFASS.

~~**Option 3 – New policy with increased levels of funding**: This option sets out an approach based on an increased level of funding. It is possible in the future that Scottish agriculture may qualify for such as an independent EU member state and this approach has also been advocated via a number of reports that demonstrate greater funding will be required for Scotland to deliver on its challenging climate change and biodiversity targets for agriculture and land use.~~

~~**Option 3a – New policy with increased levels of funding and phasing out approach**: This option sets out an approach based on a higher level of funding the same as option 3 above but with higher funding levels then phased out after an initial transition.~~

Options for alternative sources of funding:

The options below could be considered depending on the choices around the agricultural payment options above.

Option 4 – Environmental taxation mechanism: This market-based approach is in line with the 'polluter pays' principle and uses a pricing mechanism effectively as a tax. A similar approach is being considered in New Zealand for carbon and potentially could be developed for biodiversity.

The tax revenue can then be re-invested into the industry to finance research and development, new incentives, etc. This approach means the industry, as opposed to the general taxpayer, is directly funding its own support and reductions.

Option 5 – Integration into UK ETS & biodiversity net gain mechanisms: This is another market-based approach, also known as 'cap and trade.' Permits are issued and traded between polluting firms, and the cap on the number of permits is lowered over time to ensure either emissions are reduced, or biodiversity is not reduced.

Option 6 – Replacing direct payments with insurance payments: This option involves replacing base payments with a dynamic support mechanism that is a form

of insurance, where support payments adjust to changing prices and margins. This could include price and/or margin trigger points (relative to an agreed benchmark) for certain products where support only kicks in if the trigger level is reached due to adverse weather or global shocks, for example.

These options will be further refined in the OBC once the short-list has been approved.

3.5 Critical Success Factors (CSFs)

The key CSFs for the ARP are based on HMT Green Book guidance, and are as follows:

- Strategic fit – this is the capacity for the option to deliver on the four key investment objectives.
- Supplier side capacity & capability – this is the capacity for industry to deliver what it necessary for the policy to succeed. For the climate change and biodiversity objectives this includes considerations of farmers current capabilities and intermediaries, like advisors, to support this.
- Affordability – this refers to Scottish Government (taxpayer) funding availability.
- Deliverability – this is the capacity, including staffing, for Scottish Government to develop the necessary operational (business and technical) mechanisms to support the policy.

Value for money (VfM) for the taxpayer is also a key CSF however, the complexities and trade-offs of the objectives have meant that VfM was not possible to assess at this stage as there is a strong likelihood that actions to address one objective could hinder progress against another. For example, poorly targeted policies to increase the efficiency of food production could increase rather than decrease GHG emissions.

Therefore, VfM will be assessed at OBC stage based on more detailed modelling of the short-list of options against the four key investment objectives using Social Cost Benefit Analysis (CBA)[2]. Decisions will also be taken at that time on the appropriate metrics, such as Net Present Value or Multi-Criteria Analysis, with which to measure and compare outcomes delivered by each option.

[2] CBA is the recommended approach for comparing a shortlist where different levels of impact are anticipated. It is distinct from cost-effectiveness analysis which compares the costs of different ways of delivering the same outcome.

The CSFs have been scored for each option on a red, amber, green basis by officials working on the programme. Table 7 summarises these scores and the decision for each option. The subsequent section provides further detail by option. The options have been scored on the following basis:

✓	Likely to progress towards objective
?	Needs further analysis
X	Unlikely to progress towards objective

Table 27 – Critical Success Factors

Options	Summary	Critical Success Factors						
		Strategic fit				Supplier capacity and capability	Affordability	Deliverability
		Investment objective 1: Climate Change	Investment objective 2: Biodiversity and Nature	Investment objective 3: Just Transition	Investment objective 4: Food Production			
Option 0: minimal change	Carry forward as baseline	X	X	X	✓	✓	✓	✓
Option 0a: no subsidies	Carry forward as alternative baseline	?	?	X	X	✓	✓	✓
Option 1: 4-Tier model with low levels of funding	Carry forward for further analysis	?	?	?	?	?	✓	?
Option 2: 4-Tier model with current levels of funding	Carry forward for further analysis	?	?	?	?	?	✓	?
Option 3: 4-Tier model with high levels of funding	Carry forward for further analysis	✓	✓	✓	✓	?	?/X	?

Option 4: Environmental taxation mechanism	Reject - deliverability unachievable	✓	X	?	?	?	✓	X
Option 5: Integrate agriculture into UK ETS & biodiversity net gain mechanisms	Reject - deliverability unachievable	✓	✓	?	?	?	✓	X
Option 6: Replacing direct payments with insurance payments	Reject - unlikely to achieve any objectives	X	X	X	?	?	?	?

3.6 Option analysis

This range of options is within the broad scope outlined in the SOC, the following main options have been considered:

Option 0: Minimal changes

Description

This option is in effect a BAU option, whereby no changes are made to the mechanisms and policy in place at present and all schemes and payment structures continue as they are under the current level of funding. It is presented here as a primary comparator and baseline to assess VfM for the options below. In practice, legislation would be required to continue payments and tweaks to what and how payments are made, would still be needed given the required move away from EU policies. This option requires being clear on the minimum viable product, requires funding at the current level in real terms, and forms the baseline against which other options will be assessed in terms of their contribution towards the four investment objectives.

Advantages

The advantage of this option is that minimal changes would be required, and the current model would deliver on some of the critical success factors, specifically affordability, deliverability, and supplier capacity.

Disadvantages

Continuing with the current model would deliver only one of the investment objectives, food production, and is therefore not a strategic fit. Particularly critical is this option delivers no specific mechanism to address climate change emissions or biodiversity and nature. It would also greatly increase risks and dependency on older digital services.

Conclusion

This option does not achieve all the investment objectives. It is not viewed as a realistic way forward, but it will be carried forward as the baseline through which to measure any potential or actual changes resulting from the other short-listed options.

Option 0a~~1~~: No support

Description

Option 1 is effectively a 'do nothing' approach that results in the cessation of all agricultural support payments. It is presented here as an alternative comparator and baseline for assessing VfM for the options below. As a result of withdrawal from the EU, a 'do nothing' approach would require changes to legislation.

Advantages

The key advantage of option ~~1~~0a is that no budget would be required, and it is therefore affordable and deliverable. Removing support payments would result in substantial changes to businesses and reduced farming activity. These changes would result in reduced emissions and potentially limit impacts on biodiversity.

Disadvantages

Option 1 would severely impact the ability to deliver on Scottish Government's policy targets. Removing payments could result in greater inequalities, and thus does not contribute to a Just Transition for our rural communities or objectives for food production.

Conclusion

Option 0a~~1~~ does not achieve the investment objectives and has limited advantages. As such, it is not considered a realistic option ~~and is rejected from further analysis~~. However, it will be taken forward as an alternative baseline for assessing VfM for the other options taken forward. In addition, sensitivity analysis to be conducted at the OBC stage may include the possibility of added regulation, and private sector drivers policy.

~~Option 1a: No support with added regulation~~

~~Description~~

~~Option 1a builds on option 1 - removal of support – and includes an approach by Scottish Government to deliver environmental outcomes via increased regulation.~~

~~Advantages~~

Given the tailored approach on regulation, which would require compliance by the sector option 1a would result in meeting the objectives for climate change, and biodiversity and nature. This is a significant advantage, along with affordability and deliverability.

Disadvantages

However, as with option 1, option 1a would not deliver on the investment objectives around Just Transition and Food Production, therefore not achieving the full complement of Scottish Government's strategic ambitions.

Conclusion

See option 1b below.

Option 1b: No support with private sector drivers policy

Description

Option 1b builds on option 1 – removal of support – and includes the existing SG commitment to develop a values-led high integrity market for responsible investment in natural capital. This commitment to increasing private investment is a relevant mitigating action for all the public sector budget options.

Advantages

As with option 1, a key advantage of option 1b is that no budget would be required, and it is therefore affordable. It would similarly deliver towards climate change, and potentially biodiversity, objectives with the underpinning of private sector markets increasing the potential to avoid or reduce impacts on Just Transition or food production.

Disadvantages

There is considerably uncertainty around option 1b. It is unclear if private sector markets could be underpinned to cover sufficient scope of the ARP, and therefore uncertainty if this option could contribute to all the investment objectives. Additionally, supplier capacity and capability and deliverability of mechanisms to underpin the private sector are unclear. These market development challenges are being

addressed by the public sector partnership programme on natural capital markets established by the National Strategy for Economic Transformation (NSET).

Conclusion

Option 1b would likely be affordable, but assessing the progress of the investment objectives as a result of this option is complex because of the unpredictability of the private sector which remains outside of government control. Further analysis and engagement with the NSET natural capital market programme is therefore required to understand both 1a and 1b's combined deliverability and feasibility in terms of their strategic fit. As such, options 1a and 1b will be carried forward in combination for further analysis.

Option 1: 4-Tier model with low levels of funding

Description

This option sets out a 4-tier model aimed at increasing the conditions farmers must meet to receive payments and deliver against newer environmental outcomes. This option can be split into a series of sub-options assessing different budget splits of the potential budget of £298m, against the 4 tiers as shown in percentage terms in the Table 5.

Advantages

The key advantage of this option is that less budget would be required, and it is therefore more affordable. The retention of income support under Tier 1 also addresses the other objectives of ensuring a Just Transition (although this is not targeted at the most vulnerable businesses/communities).

Disadvantages

Climate and biodiversity objectives are extremely challenging and delivering on both, via greater conditionality which may come at a cost to farmers, whilst simultaneously delivering on food production and Just Transition objectives may not be feasible under current budgets. Ensuring sufficient funding for Tier 4 is particularly significant to supporting a Just Transition. In particular, the scale of GHG reductions required may be insufficient without some regulation.

Conclusion

It is likely that different allocations of budget within the proposed new system will be able to deliver on individual objectives but unclear if a particular allocation could deliver on all of them simultaneously, or what any shortfall would be. Option 1 is also less likely to deliver on the objectives simultaneously than the other 4-tier model options 2 and 3. However, as an affordable option, option 1 will be carried forward as a potential option. Different budget splits, as specified as sub-options in the description of options section, will be carried forward to the next stage to assess these in further detail against the investment objectives.

Option 2: ~~New Policy~~4-Tier model with current levels of funding:

Description

Option 2 considers payments under the presently developing policy model and is later broken down into a series of sub-options. Figure 2 in the options section summarised the development of a new CAP framework aimed at delivering the four investment objectives, with more detail in Annex E.

~~This option sets out a 4-tier model aimed at increasing the conditions farmers must meet to receive payments and deliver against newer environmental outcomes. This~~As with options 1 and 3, this option can be split into a series of sub-options assessing different budget splits of the ~~proposed~~ potential budget of £596m, against the 4 tiers as shown in ~~value and~~ percentage terms in the Table~~s~~ 5 ~~and 6~~.

Advantages

As with option 1, ~~O~~option 2 includes the development of specific new mechanisms with which to target climate change and biodiversity objectives via greater conditionality of payments. The retention of income support under Tier 1 also addresses the other objectives of ensuring a Just Transition (although this is not targeted at the most vulnerable businesses/communities).

Disadvantages

Climate and biodiversity objectives are extremely challenging and delivering on both, via greater conditionality which may come at a cost to farmers, whilst simultaneously delivering on food production and Just Transition objectives may not be feasible under current budgets. Ensuring sufficient funding for Tier 4 is particularly significant to supporting a Just Transition. In particular, the scale of GHG reductions required may be insufficient without some regulation.

Conclusion

It is likely that different allocations of budget within the proposed new system will be able to deliver on individual objectives but unclear if a particular allocation could deliver on all of them simultaneously, or what any shortfall would be. However, as an ~~the most~~ affordable option, ~~and~~ most likely to be deliverable, and more likely to deliver on the objectives simultaneously than the model option 1, option 2 will be carried forward as the preferred option. Different budget splits, as specified as sub-options in the description of options section, will be carried forward to the next stage to assess these in further detail against the investment objectives.

Option 3: ~~New policy~~4-Tier model with ~~increased~~ high levels of funding

Description

Option 3 sets out an approach based on an increased level of funding to £894m. It is possible in the future that Scottish agriculture may qualify for such funding as an independent EU member state. This approach has also been advocated via a number of reports that demonstrate greater funding will be required for Scotland to deliver on its challenging climate change and biodiversity targets for agriculture and land use. As with options 1 and 2, this option can be split into a series of sub-options assessing different budget splits of the potential budget of £894m, against the 4 tiers as shown in percentage in the Table 5.

Further sensitivity analysis of this option may include a phased out approach after an initial transition.

Advantages

As with options 1 and 2, option 3 includes the development of specific new mechanisms with which to target climate change and biodiversity investment

objectives via greater conditionality of payments. The retention of income support under tier 1 also addresses the other investment objectives. Option 3 also enables greater scope to deliver on each of the investment objectives.

Disadvantages

Affordability may be a significant barrier to option 3.

Conclusion

Whilst affordability may be a barrier to option 3, given the uncertainty over options 1 and 2 ability to deliver on all the investment objectives, this option will be taken forward for further analysis as the only one identified with the potential to deliver on all of the investment objectives.

~~Option 3a: New policy with increased levels of funding and phasing out approach~~

~~Description~~

~~Option 3a sets out an approach based on a higher level of funding the same as option 3 but with higher funding levels which are then phased out after an initial transition.~~

~~Advantages~~

~~As with options 2 and 3, option 3a includes the development of specific new mechanisms with which to target climate change and biodiversity investment objectives via greater conditionality of payments. The retention of income support under tier 1 also addresses the other investment objectives. Option 3a also enables greater scope to deliver on each of the investment objectives.~~

~~Disadvantages~~

~~Phasing out some funding to increase the affordability may not be entirely consistent with achieving food production and just transition objectives, though it will depend on the detail.~~

~~Conclusion~~

~~Option 3a is unlikely to achieve the investment objectives, and crucially is not affordable. As such, it is not considered a realistic option and is rejected from further analysis.~~

Option 4: Environmental taxation mechanism

Description

Option 4 is a market-based approach in line with the 'polluter pays' principle and uses a pricing mechanism effectively as a tax. A similar approach is being considered in New Zealand for carbon and potentially could be developed for biodiversity.

The tax revenue can then be re-invested into the industry to finance R&D, new incentives, etc. This approach means the industry, as opposed to the general taxpayer, is directly funding its own support and reductions.

Advantages

Option 4 is likely to be effective in reducing GHG emissions. The other main advantage is affordability to Scottish Government, as the cost of emissions reduction falls on the producers instead of the government. Putting a price on emissions also has an element of efficiency as the market (and different producers) can choose if/how much to reduce their emissions in relation to their own costs.

Disadvantages

Aside from emission reductions, option 4 is unlikely to achieve any of the other investment objectives. Delivering outcomes for biodiversity and nature would be particularly challenging here as there are currently no established taxation mechanisms which could result in substantial regeneration in biodiversity, ecosystem and soil health.

If a carbon tax was implemented alongside support payments it could undermine objectives as the system would be supporting farmers (via support payments) whilst simultaneously penalising them (via taxation) resulting in inefficient use of public funds.

Conclusion

Option 4 would be unlikely to achieve 3 out of 4 of the investment objectives and challenging to deliver. As such, it is not considered a realistic option and is rejected from further analysis.

Option 5: Integration in UK ETS and biodiversity net gain mechanisms

Description

Option 5 is another market-based approach, also known as 'cap and trade.' Permits are issued and traded between polluting firms, and the cap on the number of permits is lowered over time to ensure either emissions are reduced, or biodiversity is not reduced.

Advantages

Option 5 has the potential to contribute towards investment objectives 1 (Climate Change) and 2 (Biodiversity and Nature) in an affordable way, although further analysis is required to determine the extent to which these objectives would be achieved.

Disadvantages

Delivery of option 5 by Scottish Government is considered not possible since the ETS is UK-wide. Consideration of integrating agriculture into the UK ETS is in the early stages only. A consultation closed last year, which included consideration of the monitoring, recording and verification (MRV) that would be required to bring agriculture under the ETS. Stakeholders responded with significant caution around bringing agriculture into the ETS until there is much more robust MRV and a clear framework and safeguards and standardisation of approach that looks across land use and Nature Based Solutions, not narrowly focussing on agriculture.

There is also concern about potential implications that need to be understood and addressed, including on food production, carbon leakage, increased land values, unintended consequences for biodiversity and wider supply chains such as UK fertiliser production and agricultural tenancies.

Conclusion

Option 5 would be unlikely to achieve investment objectives on Just Transition and food security, and there remain significant uncertainties around the extent to which it would achieve investment objectives on climate change and biodiversity. There are also significant uncertainties around deliverability. As such, it is not considered a realistic option and is rejected from further analysis.

Option 6: Replacing direct payments with insurance payments

Description

Option 6 involves replacing direct payments with a dynamic support mechanism that is a form of insurance, where support payments adjust to changing prices and margins. This could include price and/or margin trigger points (relative to an agreed benchmark) for certain products where support only kicks in if the trigger level is reached due to adverse weather or global shocks, for example.

Advantages

There are efficiency arguments for focusing on agricultural support as a mechanism for income stabilisation. Direct support payments which are paid on land area are largely untargeted and therefore have the potential to undermine efficiency and productivity growth incentives. A shift towards more targeted support could arguably foster a more competitive environment, where farm businesses have greater incentives to adopt best practice and optimise their performance.

Disadvantages

Option 6 is unlikely to achieve the investment objectives on climate change and biodiversity. There is significant uncertainty around the extent to which this option would impact on Just Transition or food production. Significant further analysis would also be required to determine whether this option would achieve any of the other CSFs around supplier capacity and capability, affordability and deliverability.

Conclusion

Option 6 does not achieve the investment objectives or other CSFs. As such, it is not considered a realistic option and is rejected from further analysis.

3.7 Overall Conclusion: Options to be taken forward

The recommended options at this stage to be carried forwards to OBC stage are presented in Table 8. These options will undergo further detailed analysis at OBC stage against their potential to deliver against the investment objectives, and in terms of their potential value for taxpayers' money as outlined previously in section 3.5. Sensitivity analysis will also be carried out at OBC stage on different attributing and weightings to the investment objectives, which are implicitly weighted equally at the moment.

Option	**Conclusion**
Option 0: minimal change	Carry forward as baseline
Option ~~1a and b: Option 1 with required environmental outcomes via regulation and private sector drivers~~0a: No support	Carry forward ~~for further analysis - a combination of 1a and 1b~~as alternative baseline
Option 1: 4-Tier model with low levels of funding	Carry forward for further analysis of sub-options 1a – 1d
Option 2: ~~New policy~~4-Tier model with current levels of funding	Carry forward for further analysis of sub-options 2a – 2d
Option 3: ~~New policy with increased levels of funding for delivering national environmental objectives~~4-Tier model with high levels of funding	Carry forward for further analysis of sub-options 3a – 3d

Table 3~~8~~ - Recommended options