# Agriculture and Rural Communities (Scotland) Bill

Fairer Scotland Duty Assessment - Summary



## Agriculture and Rural Communities (Scotland) Bill Fairer Scotland Duty assessment record

#### Introduction

The Scottish Government's <u>Vision for Agriculture</u>, published in March 2022, outlines our long term vision to transform how we support farming and food production in Scotland to become a global leader in sustainable and regenerative agriculture.

After the UK withdrawal from the EU on 31 January 2020, our priority for agriculture and rural development was to provide stability and security for producers, land managers, and business. In 2020, the <u>Agriculture (Retained EU Law and Data)</u> (Scotland) Act was enacted to allow the Scottish Ministers to ensure that EU CAP (Common Agricultural Policy) payments and schemes could continue to be effective for a period of stability and simplicity after EU-exit.

In August 2022, the Scottish Government ran a public consultation titled '<u>Delivering our Vision for Scottish Agriculture: Proposals for a new Agriculture Bill</u>'. This consultation set out proposals to deliver the Scottish Government's Vision for Agriculture. The Agriculture and Rural Communities (Scotland) Bill will aim to provide Scotland with a framework to deliver high quality food production, climate mitigation and adaptation, nature protection and restoration, and wider rural development.

The new Agriculture and Rural Communities (Scotland) Bill aims to provide the legal framework to deliver:

- the Scottish Government's Vision for Agriculture;
- the National Performance Framework outcomes;
- Programme for Government and Bute House draft shared policy programme priorities;
- emissions and nature restoration targets;
- building on minimum regulatory standards;
- Just Transition which supports agriculture, land integration and land use change in a way that follows the Just Transition principles;
- value for money; and
- broad alignment to EU CAP objectives.

The primary purpose of this Bill is to (i) provide the Scottish Ministers with the necessary powers to manage and in due course replace the current retained EU law Common Agricultural Policy framework for agriculture and land use support;

and (ii) provide Scottish Ministers with the powers to deliver the Scottish Government's Vision for Agriculture. It also provides the Scottish Ministers with powers to make provision for continuing professional development (CPD) for farmers, crofters, land managers and other persons, and to continue support for wider rural development.

#### Step 1 – Policy objectives

In 2018 the Scottish Government <u>published a consultation</u> setting out options to simplify and ensure the stability of support for farmers, crofters and land managers in Scotland in the period immediately after the UK leaves the EU. The proposals set out a transition period, with an initial period of "stability" for 2019 – 2020, during which no changes would be made to the Common Agriculture Policy (CAP), followed by a period of "simplicity" from 2021 to around 2024, during which the general structure and schemes of the CAP would be maintained.

After the UK withdrawal from the EU on 31 January 2020, our priority for agriculture and rural development was to provide stability and security for producers, land managers, and business. In 2020, legislation was enacted to allow the Scottish Ministers to ensure that EU CAP (Common Agricultural Policy) payments and schemes would continue for a period of stability and simplicity after EU-exit.

The powers in the Agriculture and Rural Communities (Scotland) Bill aim to deliver the Scottish Government's Vision for Agriculture, which outlines the intention to transform how we support farming and food production in Scotland to become a global leader in sustainable and regenerative agriculture. The powers also aim to enable delivery of wider rural development activity / support, such as support for rural communities or rural networking.

Congruent to specific commitments of the Bute House Agreement commitment, the Vision sets-out that "The Bill will be introduced in 2023 to deliver:

- a new support framework that will include delivering climate mitigation and adaptation, nature restoration and high-quality food production;
- integration of enhanced conditionality against public benefits, with targeted outcomes for biodiversity gain and low emissions production; and
- increased equality of opportunity, improving business resilience, efficiency and profitability."

Whilst in development, core elements of the Vision informed 2021 Programme for Government commitments, specifically that:

- ◆ "We will...consult on a future agriculture bill, setting out our vision for a new, post-Common Agricultural Policy support payment system in 2025-26";
- ♦ "legislation planned for 2023 to underpin: a new support framework that will include delivering climate mitigation and adaptation, nature restoration and

high-quality food production; and, increased equality of opportunity, improving business resilience, efficiency and profitability."

The proposed new Agriculture and Rural Communities (Scotland) Bill for Scotland along with other legislation such as the Good Food Nation Bill, and the proposed Land Reform, Natural Environment and Crofting Bills, and the Climate Change Plan, Scottish National Adaptation Plan and Biodiversity Strategy will aim to coherently support the change in land use necessitated by the twin biodiversity and climate crisis. The proposed new Agriculture and Rural Communities (Scotland) Bill for Scotland will seek to ensure that all farmers, crofters, and land managers can capitalise on the benefits that come with the change in land use, and that a Just Transition is achieved.

With some provisions expiring and having published the Scottish Government's Vision for Agriculture, additional powers are required to ensure the delivery of the Vision.

#### **Payments Framework**

Currently Scottish government utilises rolled-over powers under assimilated law (formerly retained EU Law or 'REUL') to make support payments of the extended CAP schemes. In order to continue to be able to make appropriate support payments it is intended to take new powers under the Bill to make relevant support payments that will remain broadly aligned with the new EU CAP.

The main objective of the Bill is to take powers which will allow for the delivery of a payment framework broadly. The bill introduces enabling powers to provide support for a range of specified purposes including exceptional or unforeseen circumstances.

This will have a positive impact on the businesses who may benefit from support and in turn will have a positive impact on the wider community through the potential for economic stability and growth, and jobs.

The specifics of this will be elaborated in (for example) secondary legislation, and separate FSD impact assessments will be carried out during that period as appropriate.

#### **Food and Drink**

The Bill introduces modern, specific and flexible enabling powers to provide financial support to food and drink businesses for a range of specified purposes including in response to exceptional or unforeseen circumstances in the sector. This will have a positive impact on the businesses who may benefit from support and in turn will have a positive impact on the wider community through the potential for economic stability and growth, and jobs.

#### **Climate and Nature**

Through the support framework, the Bill enables the Scottish Government to deliver towards the outcomes of climate mitigation, adaptation and nature restoration and

ensure farming in Scotland can continue to produce our food more sustainably and that the land is managed more sustainably. This in turn will increase the resilience of our food production, farming and crofting and rural communities more widely This will support delivery of outcomes and strategies, including the Climate Change Plan, Scottish National Adaptation Plan, Good Food Nation Act, and Biodiversity Strategy.

#### **Payments Administration & Data**

The broadly framed enabling powers set out in the Bill allow for the Scottish Ministers to make regulations about (1) accountability for and audit of new support payments and (2) the provision for the collection, processing and or sharing of data in respect of such payments.

These regulations and powers will enable the Scottish Ministers to enforce, monitor and evaluate progress to achieving the objectives of the bill and the Vision.

Successful achievement of bill and Vision objectives should have a positive impact on the businesses who may benefit from support and in turn will have a positive impact on the wider community through the potential for economic stability and growth, and jobs. The impact on the wider community has the potential to include the reduction of socio-economic disadvantage.

#### **Support for Rural Communities and Rural Networking**

The broadly framed enabling powers set out in the Bill will allow for continuation of support for rural communities and rural networking, and will allow flexibility for future changes to that support to meet future need.

#### **Plant Genetic Resources**

By providing support for plant genetic resources, the bill will support another tool to help Scottish domestic supply of food. Which has an equally beneficial impact on everyone.

#### Access

The powers in the bill enable Scottish Ministers to provide support to assist with the provision of public access over land. Where support is given, it will be based on the needs of that particular area with a view to ensuring improved public access and the ability of the public to exercise the right of responsible access as set out in the Land Reform (Scotland) Act 2003.

#### **Forestry**

The purpose of the powers under this Act are to allow, in the short term, the continuation of the Forestry Grant Scheme ("FGS") in its current form, so far as possible. In the medium to long term these powers, and subsequent regulations, will provide the flexibility to change and enhance future forestry grant support.

The power to provide support under section 4 of the Bill, in relation to the purposes

set out in schedule 1, will allow the continued delivery of forestry grants. Forestry grants are available nationally and affect various land managers such as farmers, crofters, and estate managers, covering a range of forestry interests and rural development from forest nurseries to forest management and timber processing.

Forestry grants play a significant role in contributing to a wide range of Scottish Government policies, including policies relating to: reducing net emissions as a contribution to climate change mitigation; tackling the biodiversity (habitats and species) crisis; deer management; peatland restoration; Atlantic rainforests; rural development; community development; public access; and, ensuring future timber supplies.

Forestry grants also support the sustainable management and restoration of Scotland's forests, in line with Scottish Ministers' duties under the Forestry and Land Management (Scotland) Act 2018 ("the 2018 Act").

The FGS is a strategic rural support package that often runs within a broader rural support programme, however the powers within this Bill are intended, in the short term, to provide continuity to the existing FGS and it is therefore unlikely to have any impact on inequalities. Further consideration will be given, when developing secondary legislation, to determine where changes might be possible to reduce inequalities.

#### Knowledge, innovation, education and training

The Vision for Agriculture sets out that it will ensure that farmers, crofters, and land managers have the right support to identify and develop the skills needed for regenerative and sustainable farming, changes of land use and adaption to the changing climate.

To provide this support the Bill includes new powers in respect of courses of training and personal development relating to agricultural, forestry, land management or related sectors and other forms of learning and sharing information as well as the provision and obtaining of advice. It also includes new powers relating to innovation and other research and development activities which may improve or support rural communities, rural land or land use. There is also power to support these activities through the development and maintaining of resources, digital tools or databases.

The Bill also provides the Scottish Ministers with powers to make provision for continuing professional development (CPD) for farmers, crofters, land managers and other persons.

#### **Existing evidence**

The Bill aims to provide a series of powers which will help the Scottish agricultural sector. Furthermore, these powers will ensure farming in Scotland can continue to produce our food more sustainably and that the land is managed more sustainably.

Rural areas vary across the categories of <u>SIMD</u> (<u>Scottish Index of Multiple</u> <u>Depravation</u>), in some cases between neighbouring areas (though this is also the

case in cities). However, land used for agriculture is not always in rural heartlands but can be adjacent to cities. The <u>Rural Scotland Data Dashboard</u> which presents data on a range of issues that impact rural Scotland. The report synthesises the data included in the dashboard into a broader picture of successes, challenges and trends in rural Scotland.

The lack of detail in the data on specific industries was raised by the Commission for the Land-Based Learning Review, and they have recommended improving data collection to inform skills needs more effectively. They noted there are career opportunities across the sector, but that the perception that the sector is poorly paid, is not unfounded. They concluded that increasing training opportunities, attracting more entrants to the sector and widening the workforce pool is needed for the sector to continue its role in producing food and to contribute to addressing the nature and climate crises.

The <u>Scottish farm business income (–BI) - gov.scot (www.gov.scot)</u> provides estimates of average incomes from commercial farms in Scotland. The income of all farms will vary depending on what is produced, the land use, local, national, and international circumstances, level of grant support, or if they achieve additional income through wider diversification activity. Some may therefore make higher profits year on year, others could break-even, fluctuate form profit to loss year on year or make losses. The <u>Scottish Agriculture Census</u> provides an overview land use, crop areas, livestock and the number of people working on agricultural holdings.

There is therefore limited bespoke direct evidence of inequalities of outcome caused by socio-economic disadvantage in farming and rural communities, given the way statistical information have been gathered.

It is, however, acknowledged that specific policies empowered through this Bill could generate land based and broader rural employment opportunities as well as providing opportunities to learn new skills. This Bill could enable specialist training to support the transition to new and more sustainable and regenerative practices.

At this stage it is not possible to quantify this potential and specifics of support would, of course, to be co-developed alongside those likely to be affected. It can be said though that such opportunities would arise in areas presently deemed deprived. This could further enable tenants, small-holders and crofters, who are more likely to be on lower incomes, to be provided with further opportunities to diversify said income streams.

We do acknowledge there is likely be positive indirect impacts in addressing inequality, but this would be considered as part of the ongoing implantation of these policies through the Agriculture Reform Programme (ARP). Further research could be commissioned later once powers are enacted to see if they are having any impact on inequality (both in the sector or any wider society wide) and consider if anything further could be done following any results.

However, the ongoing uncertainty surrounding the consequences of Brexit means that the future environment in which long term rural policy and support (including for

agriculture) will need to operate in, is still relatively unknown, even in broad terms. Until there is greater clarity around issues which could constrain or affect future Scottish rural policy, such as the UK Government plans for future funding, and the future trading relationship with the EU (and beyond) etc., any development of long term future policy with agriculture would either need to be very general, or would need to be heavily caveated, either of which would negate the advantage of trying to address any issues of indirect inequality.

In addition, there is general agreement between stakeholders, industry and government that change to the agriculture sector is required to contribute towards climate and biodiversity outcomes through a Just Transition. Working with farmers, crofters, land managers and those impacted by the legislation is critical to delivering a Just Transition and a future rural and agriculture policy that works for all.

We know the constraints of the current uncertainty mentioned above, the complexity, cost and risks involved, including the present challenge of lead in times. Improvements in addressing inequality will be a shared responsibility of all policy areas but short, medium and longer term evidence of the impact of change for all parties will be important in the years ahead.

#### Stage 2 - Evidence

The second stage involves working closely with analysts, making use of relevant data and commissioning other evidence to inform options for improvement. This stage is likely to involve a number of discussions between teams:

- to understand the inequalities of outcomes associated with the programme/policy/decision,
- to scope out how the programme/policy/decision could be strengthened to reduce the inequalities further, based on evidence,
- where necessary, to commission new data collections, for example from community consultation/participation, or new secondary analysis of existing data.

The Scottish Government has access to a wide range of relevant data, both quantitative and qualitative. This includes administrative data, and data about local neighbourhoods (for example the Scottish Index of Multiple Deprivation).

New experimental statistics on combined low income and material deprivation (now available at a local level), and health, education and employment data. Analytical teams will be able to advise on the evidence is most useful.

Evidence can also be sought from communities and groups directly, particularly when there are evidence gaps – for example, where a significant new policy is being developed. Engagement processes should reflect the principles of the National Standards for Community Engagement.

Another source – particularly in terms of integrating equality and socio-economic considerations – is the Scottish Government <u>Equality Evidence Finder</u>. This is an updated web resource providing equality evidence by subject and protected characteristic.

We intend to expand this over the next year to include socio-economic disadvantage as a new category, including child poverty considerations. You may also find the data sources in the Fairer Scotland Duty Guidance useful.

### What does the evidence suggest about possible impacts of the policy/programme/decision, as planned, on those inequalities of outcome?

The Bill includes climate and nature as purposes of support. Policies falling under this – for example under the Climate Change Plan and Biodiversity Strategy, are not specifically designed to reduce inequalities or impact in relation to people on low income, people in deprived areas, low wealth, debt, material deprivation or social classes, but are to help the agriculture sector reduce its GHG emissions, restore nature and to ensure farming in Scotland can continue reducing its emissions and continue to produce our food more sustainably and ensure the land is managed more sustainably. Any inequality impact broader on Scotland will be as result of it being indirect as result of the policies.

The Bill includes enabling powers to allow the Scottish Government to continue supporting rural development, including for example supporting rural communities and rural networking. There is potential for continued delivery of this support to help reduce inequalities, although any such positive impact will come from future policy decisions relating to which activity to support, and we judge that there will be no direct impact resulting from the enabling powers set out in the Bill.

The Bill includes enabling powers in respect of skills, knowledge, and innovation. This will help provide courses of training and personal development and other forms of learning and sharing information as well as the provision and obtaining of advice and the provision for continuing professional development (CPD) for farmers, crofters, land managers and other persons. There is potential that the skills and knowledge gained from participating in these activities could contribute indirectly to improve their earning capacity and improve their career prospects.

## Is there evidence that suggests alternative approaches to the policy/programme/decision? For example, evidence from the UK or international evidence?

There are a wide range of farm support policies internationally, from very low levels of support as in New Zealand, through to very high rates as in Switzerland and Norway. However, these are tied up in wider trade deals and agricultural policies more widely. It is not clear what the aggregate impact is of these options and whether they would lead to greater equality.

A framework approach is very flexible, and will enable Ministers to adapt support in response to new information. The UK Government followed a similar enabling approach in their Agriculture Act 2020.

What gaps are there in key evidence? Is it possible to collect new evidence quickly in other areas? For example, through consultation meetings, focus groups or surveys?

The evidence gaps are primarily around scheme impacts, so it doesn't make sense to look at them at this stage. Where secondary legislation is introduced in terms of the bill, there will be an opportunity depending on the SSI proposals to prepare EQIA and FSD statements, and so then detail will be given on both what is known about impacts and what could reasonably be added.

How could you involve communities of interest (including those with lived experience of poverty and disadvantage) in this process? The voices of people and communities are likely to be important for identifying potential improvements to the programme/policy/decision.

The Bill itself is based on a public consultation which was held in 2022. It is the intention of the Scottish Government to engage further with stakeholders during the development of secondary legislation in terms of the bill, and so there will be the opportunity to involve communities of interest at this stage (where appropriate).

There is potential for this engagement to be used to test out schemes which would have a positive impact on inequalities and socio-economic disadvantage, but further consideration and engagement will be required to determine what form this might take, hence little detail about this is being released into the public domain at the moment.

#### **Further evidence**

The Bill is a framework Bill. It provides for a suite of powers which will enable Scottish Ministers to give assistance for specified purposes. One of these purposes is forestry. These powers will enable Scottish Ministers to, in the short term, provide continuity to operate the current Forestry Grant Scheme. In order to apply for forestry grants under the current scheme you must first either own a woodland or land that could be planted into a new woodland (afforestation).

The land ownership patterns in Scotland mean that 68% of Scotland's forests and woodlands are under private ownership<sup>1</sup>. Carbon offsetting has been of particular interest to companies willing to invest large amounts of money into woodland creation schemes. This has increased demand and competition, particularly with agriculture, for private land suitable for afforestation and therefore has resulted in increased land prices. High land prices limit the number of people who can afford to buy land, favour those who own land and provide an incentive for them to continue to hold on to their land, reducing the supply to market<sup>2</sup>.

The majority of new woodland creation is taking place in rural areas, where incomes tend to be lower: (1 in 8 individuals) living in rural Scotland are living in income poverty<sup>3</sup>. Therefore, inflated land prices may exacerbate the issue of exclusive land

<sup>&</sup>lt;sup>1</sup> Forest Research, 2022, 'Forestry Facts & Figures 2022' (forestresearch.gov.uk)

<sup>&</sup>lt;sup>2</sup> John Hollingdale, 2022, 'Green finance, land reform and a just transition to net zero 2022'

<sup>&</sup>lt;sup>3</sup> Communities Analysis Division, Scottish Government, 2016, 'Rural Deprivation Evidence Summary'

ownership by wealthy individuals or businesses and may have implications for tenants where landlords could increase rents or sell to others.

This issue is largely driven by forces outside of the control of this policy area, such the interests of the investment market, but changes to the Woodland Carbon Code (WCC) additionality rules<sup>4</sup> have already gone some way to reducing the financial attractiveness of afforestation in some cases, although it is too early to determine the long-term effect this will have on demand for land. Most recently other macroeconomic factors, such as high interest rates and low timber prices, have also led to lower forestry land prices and less forestry land being sold<sup>5</sup>.

Forestry grants are not limited to afforestation, but also focus on the improvement of existing woodlands ('Woodland Improvement Grants') which, among other things, provides grant funding toward improving Woodlands In and Around Towns (WIAT).

Research suggests that, across Europe, social inequality can determine access to green spaces, with green spaces tending to be more accessible in affluent areas<sup>6</sup>, so by investing forestry grant support in WIAT in deprived areas, increasing their accessibility, creates more, equal opportunities to access green spaces.

There is also evidence to suggest that improving woodland condition and access to woodlands in deprived areas has a positive effect on people's perceptions of the environment, their activity levels, and their quality of life<sup>7</sup>.

A study has also highlighted the beneficial role of greenness and access to green spaces in reducing socioeconomic-related inequalities in mental health<sup>8</sup>. The powers in this Bill will allow for a continuation of financial support and enable continued investment in WIAT.

The current Forestry Grant Scheme (FGS) was co-designed with industry stakeholders and has been purposefully created to meet the needs and demands of forestry in a Scottish context. During the current scheme's lifetime some grant options have been reviewed and updated in line with changes to policy or best practice from across Scotland, the UK or internationally, where applicable. The FGS has been a successful delivery mechanism for forestry grants, seeing some of the highest tree planting rates in decades. It is therefore deemed broadly fit for purpose and is desired to continue in its current form, so far as possible.

The specifics of the FGS have been developed in the context of Scottish regulatory frameworks and to move away from the principles of co-design and Scottish-centricity would risk creating forestry grants that are not fit-for-purpose and may hinder the delivery of Scotland's Forestry Strategy and the Climate Change Plan. However further assessment of alternative approaches to forestry support will be

<sup>&</sup>lt;sup>4</sup> Changes to the Woodland Carbon Code (WCC) additionality rules

<sup>&</sup>lt;sup>5</sup> Commercial forestry transactions shrink, but values holding - Strutt & Parker (struttandparker.com)

<sup>&</sup>lt;sup>6</sup> Improving access to urban green spaces to reduce health inequalities - IEEP AISBL

<sup>&</sup>lt;sup>7</sup> Ward Thompson, C, Roe, J & Aspinall, 2013, 'Woodland improvements in deprived urban communities: what impact do they have on people's activities and quality of life?'

<sup>&</sup>lt;sup>8</sup> Rebecca S Geary et al, 2023, 'Ambient greenness, access to local green spaces, and subsequent mental health: a 10-year longitudinal dynamic panel study of 2-3 million adults in Wales'

undertaken when developing secondary legislation.

As the Bill is a framework Bill, providing a suite of powers for Ministers to provide support for various purposes, once secondary legislation is developed, there will be sufficient detail to make a robust assessment. Each set of regulations will be assessed and independent impact assessments carried out at that time.

Additionally, we are committed to introducing Land Reform legislation 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.

Agricultural holdings proposals, which had originally been identified for the Agriculture Bill, will now be included in the Bill along with proposals for a Land Use Tenancy and small landholdings.

#### **Stage 3 – Assessment and improvement**

The obvious benefit for a Bill covering longer term proposals would be the potential opportunity to address issues of inequalities and socio-economic disadvantage at an earlier stage.

However, the ongoing uncertainty surrounding the UK exit from the EU means that the future environment in which long term rural policy will need to operate is still relatively unknown, even in broad terms. Until there is greater clarity around issues which could constrain or affect future Scottish rural policy, such as the UK Government plans for future funding, and the future trading relationship with the EU (and beyond), etc., any development of long term future policy would either need to be very general, or would need to be heavily caveated, either of which would negate the advantage of trying to address issues of inequality more quickly.

In addition, while there is general agreement between stakeholders, industry and government that change to the current system of support is inevitable as a result of leaving the EU, the pace of this change must be manageable for all involved to ensure a fair and effective transition to future support schemes. Further, there must also be sufficient consultation and engagement with stakeholders including those with lived experience of poverty in order to establish a direction of travel for future rural policy that works for all.

As noted, the approach for climate and nature are not designed to address any inequality, they are designed to help the agriculture sector reduce its emissions and become more sustainable while also taking into account land use changes and that any impact because of these policies to reduce inequality are indirect.

This approach seeks to ensure farming delivers a fair transition, so will include knowledge and skill support to the sector to upskill and financial support.

 how could the programme/policy/decision be adjusted to address inequalities associated with particular groups? Communities of interest or of place who are more at risk of inequalities of the outcome? The evidence of the impact of the current CAP in terms of inequalities and socioeconomic disadvantage is not particularly extensive, especially in relation to particular groups. At this stage, given the enabling nature of the powers in the Bill, it would not be appropriate to adjust it in order to make specific policy changes to address those inequalities that have been evidenced, and there is the potential during the secondary legislation stage introduced in terms of the bill to engage further with stakeholders regarding how current inequalities might be reduced. The fact that due consideration must be given to the Fairer Scotland Duty during this implementation phase will, at a minimum, guard against these current inequalities getting worse.

#### **Further assessment**

The analysis of the responses to consultation on proposals for a new Agriculture and Rural Communities (Scotland) Bill noted that the main areas identified in relation to socioeconomic advantage were:

- impacts of potential increased costs for food resulting from proposals for those struggling with the cost of living,
- impact on farmers who are struggling with potential additional costs associated with proposals in this consultation,
- certain low-paid workers may benefit from the proposals set out in this consultation document,
- more analysis of these impacts is needed.

The broadly framed enabling powers set out in the Bill are not in and of themselves anticipated to have an impact. Any effect would be indirect, arising from the positive advantages to the broader community resulting from the support provided to businesses, contributing to economic stability, growth, and employment opportunities. The proposals would not adversely affect communities, including those groups or regions facing socioeconomic challenges.

There is no expected direct impact, but under the payments framework, farmers, crofters, and land managers will be obligated to take measures to restore nature and decrease emissions. The expenses associated with these requirements will be taken into account during the scheme design and in secondary legislation.

As the proposed powers within the Bill are to enable continuity of the existing Forestry Grant Scheme, so far as possible, it is not perceived to have a likely impact on the groups or areas experiencing socio-economic impact. Should significant changes to the existing grant scheme take place in future, appropriate impact assessments will be carried out to assess the potential impacts at that stage.

#### Stage 4 - Decision

What changes, if any, will be made to the proposal as a result of the assessment? Why are these changes being made and what are the expected outcomes?

As result of this assessment there will be no changes made to the proposal.

The Bill does not go into definitions, schemes, or budgetary allocations (as these key policy elements will be determined during the implementation phase. It will not have any impact (either positive or negative) on existing inequalities or socioeconomic disadvantages. There will where appropriate be engagement with stakeholders and consideration of the detail of those particular changes in light of the Fairer Scotland Duty.

This engagement could therefore be an opportunity to test out ways in which current inequalities could be addressed, however further consideration will be required to determine what form engagement might take, hence little detail about this is being released into the public domain at the moment.

Overall, it is not anticipated that any changes will be made as a result of this assessment in relation to the relevant policy areas listed in Step 1.

The Bill introduces empowering provisions to offer financial support to businesses for various specified purposes, including responding to exceptional or unforeseen circumstances in the sector. These powers already encompass benefits to the broader community by supporting businesses that contribute to economic stability, growth, and job creation.

The powers in the Bill will enable the Scottish Ministers to enforce, monitor, and evaluate progress toward achieving the objectives of the bill and the Vision.

Successful attainment of the bill and Vision objectives is expected to positively impact businesses eligible for support, subsequently benefiting the broader community through potential economic stability, growth, and job opportunities. The impact on the broader community may also include alleviating socio-economic disadvantages. These powers should facilitate the realization of benefits to the broader community by supporting businesses that contribute to economic stability, growth, and job creation.

The powers related to relevant policy areas are broad enabling powers that, on their own, will not have either a negative or positive impact. The bill comprises broadly framed empowering provisions that do not have specific impacts themselves. Appropriate assessments will be conducted for secondary legislation.

#### Sign off of the Fairer Scotland Assessment

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