

# **2024 Scottish Additional Quota Consultation**

**Business and Regulatory Impact Assessment**

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### 1. Title of Proposal

Allocation of Additional Quota fishing opportunities from 2024.

### 2. Purpose and Intended Effect

This BRIA accompanies the consultation outcome report and relates to the way that Additional Quota (AQ) should be distributed from 2024. AQ is the share of fishing quota, apportioned to Scotland, which the UK secures as an independent Coastal State above the Existing Quota (EQ). EQ is the share of the TAC received by the UK whilst in membership of the EU and as described in the UK Quota Management Rules<sup>1</sup>.

#### Summary of Outcome

Following consideration of responses to the consultation, objectives for the use of quota as set out in the [Fisheries Act 2020](#) and other relevant information, the Scottish Government will allocate Additional Quota in the following way:

- Through the Historic Track Record (HTR) of active fishing vessels<sup>2</sup>, based on an annually updated reference period, beginning in 2025.
- Through special allocations to non-sector vessels with an immediate uplift in the quota retained for the following stocks: North Sea saithe, North East Atlantic mackerel<sup>3</sup>, North Sea cod and West of Scotland cod.
- From 2025, West of Scotland cod will be allocated to sectoral vessels following an application process.
- Retaining the option to allocate quota on an equal basis between eligible vessels resulting from swaps of fishing quotas with other coastal states.

While not intending to introduce in the short term (and therefore not subjects of this BRIA), the Scottish Government will additionally:

- Investigate the potential development of Community Quota Initiatives, with this allocation methodology potentially being adopted in future years.
- Explore whether non-compliance with fishing regulations could be used as a basis for withholding access to AQ as part of the body of work to review the penalties system.

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<sup>1</sup> [UK Quota Management Rules - July 2023.pdf \(publishing.service.gov.uk\)](#)

<sup>2</sup> An active vessel, is a vessel which holds an associated, active fishing licence, administered by Scotland as of 1 January in the calendar year for which the quota is being distributed.

<sup>3</sup> North East Atlantic mackerel includes the West of Scotland mackerel and the North Sea mackerel. Due to the migratory nature of mackerel the West of Scotland mackerel can be fished in the North Sea.

## 2.1 Background

The Marine Directorate of the Scottish Government consulted on amending the policy approach to the allocation of Scotland's share of AQ. This is a change in the administrative processes for the allocation of fish quotas (as set out in the [Scottish Quota Management Rules](#)).

From 2021 to 2023, allocations of AQ were made on the basis of historic track record (HTR) of fishing activity in the period 2015-2019 by vessels in sectoral groups (Fish Producer's Organisations and Scottish Government recognised Quota Management Groups). Special Allocations of AQ were also allocated to our non-sector fleets - focusing on the 10 metre and under segment. This segment mainly represents inshore fishing vessels, and contains the vast majority of the Scottish fishing fleet by vessel numbers, but not by landings.

Scotland gained AQ for a range of fish stocks. The makeup of the resulting quota for 2022 is summarised for HTR in Table 1 and Special Allocations in Table 2.

**Table 1: Top 10 AQ allocations through the HTR method in 2022.**

Stock	EQ allocation (tonnes)	AQ allocation (tonnes)	Landings (tonnes)	Uptake of EQ and AQ quota
North East Atlantic Mackerel	139,336.8	20,005.8	155,688	98%
North Sea Herring	42,465.3	11,733	62,419	115%
Atlanto-Scandian Herring	8,348	3,109.3	9,620	84%
Northern Blue Whiting	51,833.3	2,188.3	42,660	79%
North Sea Saithe	1,967.5	882.7	4,148	146%
North Sea Cod	3,216.8	618.7	5,226	136%
Faroes Saithe	400.3	548.4	746	76%
West Of Scotland Megrin	1,134.6	492.2	591	36%
North Sea Whiting	11,509.8	466.2	8,335	70%
North Sea Hake	357.4	465.6	3,560	433%

Note: uptake in excess of allocated quota occurs due to quota being acquired from non-Scottish (but UK) vessels and other Coastal States. Full breakdown is in annex A.

**Table 2: Allocation and uptake of Special Allocations to the non-sector group in 2022.**

Stock	EQ Special Allocation (tonnes)	AQ Special Allocation (tonnes)	Landings (tonnes)	Uptake of EQ and AQ quota
North Sea Cod	67.7	52.3	155.4	130%

<b>North Sea Saithe</b>	11.2	48.8	39.6	66%
<b>North Sea Anglerfish</b>	0.7	29.3	10.9	36.3%
<b>North Sea Lemon Sole/Witch</b>	0.4	14.6	3.2	21%
<b>North Sea Skate/Rays</b>	1.6	8.4	6.3	63%
<b>West Of Scotland Anglerfish</b>	1.6	13.4	0	0%
<b>West Of Scotland Skate/Rays</b>	5.3	19.7	0.2	0.8%
<b>North Sea Ling</b>	0.7	14.3	2.2	15%
<b>Northeast Atlantic Mackerel</b>	1116	250	1366	83%

Note: uptake in excess of allocated quota occurs due to acquisition of quota through 'swap' exchanges.

## 2.2 Objective

The Marine Directorate is required to allocate fishing opportunities using criteria that are transparent and objective and utilise criteria relating to environmental, social and economic factors, as set out in the Fisheries Act 2020. The consultation presented seven options for allocation and officials sought views with specific reference to Section 25 of the Fisheries Act 2020 and the Joint Fisheries Statement (JFS). This BRIA assesses the impacts on Businesses of the options presented. This BRIA does not assess the potential impacts of the options to be brought forward out of the 'Call to Evidence' section of the Consultation document as these are to be developed further.

## 2.3 Rationale for Government Intervention

Fish stocks are a public resource and a national asset. The economic and social benefits that flow from fishing should be shared across the nation (in line with the national benefit objective set out in the Fisheries Act 2020 and as discussed in the JFS).

Section 2.2 of the JFS sets out how the objectives of the Fisheries Act 2020 should be applied. Section 2.3 of the JFS, sets out the Objectives of the Fisheries Act 2020 that are engaged in the distribution of fishing opportunities.

Of most direct relevance for how sea fish quota should be distributed are the provisions within section 25 of the Fisheries Act 2020 and the JFS (in particular sections 4.2.1.27 - 4.2.1.30). In line with the Fisheries Act 2020, AQ will be distributed based on criteria that:

- Are transparent and objective; and

- Include criteria relating to environmental, social and economic factors.

Additionally, national fisheries authorities must also seek to incentivise the use of selective fishing gear, and the use of techniques that have a reduced impact on the environment.

The following National Performance Framework outcomes are supported by the allocation of AQ:

- Economy
- Communities
- Fair Work and Business
- Poverty
- Environment

### **3. Consultation within Government**

There have been discussions with various officials across the Marine Directorate.

### **4. Public Consultation**

A consultation was held between 19 October 2023 and 11 January 2024. To inform our impact assessments and raise awareness of the consultation, a number of sessions were held virtually during the consultation period between sectoral groups, fishing representative bodies, non-sector fishing interests and environmental NGOs.

The consultation sought views on seven options for allocation of additional quota, stressing that the most likely outcome would be a combination of methods. 91 responses were received from a wide range of interests including the above, but additionally receiving responses from local authorities, port authorities, onshore businesses related to fishing and private individuals.

Having considered consultation responses and Ministers obligations under section 25 of the Fisheries Act 2020, we will:

- Allocate the majority of AQ based on the historic track record of vessels, based on an annually updated reference period, beginning in 2025.
- Continue to make ‘Special Allocations’ to non-sector vessels with immediate increases for three species with good uptake: North Sea Cod, North Sea Saithe and Mackerel.
- Retain the option to allocate quota on an equal basis between eligible vessels resulting from swaps of fishing quotas with other coastal states.
- Require bids from sectoral vessels to access the West of Scotland Cod AQ, principally on environmental grounds (from 2025 as this requires developing an application, evaluation and monitoring framework).

## 5. Business

Both Scottish sectoral groups and sectoral groups from the rest of the UK were engaged with, and the consultation attracted several detailed responses from these groups. Officials also engaged with individual fishing businesses from both sectoral and non-sector vessels (Table 3).

**Table 3: Businesses and representative bodies engaged in the course of the AQ consultation.**

<b>Organisation</b>	<b>Size</b>	<b>Sector</b>	<b>Location</b>	<b>Form of Engagement</b>
Scottish Fishermens Organisation	132 vessels	Sectoral fleet	Scotland-wide	Meeting, response to consultation
Shetland Fish Producers Organisation	33 vessels	Sectoral fleet	Shetland	Meeting, response to consultation
Shetland Fishermen's Association	116 vessels	Sectoral and non-sector fleet	Shetland	Meeting, response to consultation
West of Scotland Fish Producers Organisation	40 vessels	Sectoral fleet	West of Scotland	Meeting, response to consultation
Orkney Fish Producers Organisation	23 vessels	Sectoral fleet	Scotland-wide	Meeting, response to consultation
Anglo Scottish Fish Producers Organisation	19 vessels	Sectoral fleet	Southeast Scotland & Northeast Scotland	Meeting, response to consultation
Aberdeen Fish Producers Organisation	18 vessels	Sectoral fleet	Northeast Scotland	Meeting, response to consultation
Interfish Producers Organisation	2 vessels	Sectoral fleet	Northeast Scotland & Shetland	Meeting, response to consultation
Klondyke Quota Management Group	3 vessels	Sectoral fleet	Northeast Scotland	Meeting, response to consultation
Lunar Quota Management Group	4 vessels	Sectoral fleet	Northeast Scotland	Meeting, response to consultation
North East of Scotland Fish Producers Organisation	16 vessels	Sectoral fleet	Northeast Scotland	Meeting, response to consultation

East of England Fish Producers Organisation	3 vessels	Sectoral fleet	Northeast Scotland	Meeting, response to consultation
Wales and West Coast Fish Producers Organisation	1 Scottish vessel	Sectoral fleet	West of Scotland	Meeting, response to consultation
Western Isles Fishermen's Association	152 vessels	Non-sector fleet	Na h-Eileanan Siar	Meeting, response to consultation
Clyde Ffish	40 vessels	Non-sector fleet	West of Scotland	Meeting
Communities Inshore Fisheries Alliance	6 fishers associations	Non-sector fleet	Scotland-wide	Response to consultation
Orkney Fisheries Association	49 vessels	Non-sector fleet	Orkney	Meeting, response to consultation
Scottish Creel Fishermen's Federation	10 fishers associations	Non-sector fleet	Scotland-wide	Meeting, response to consultation
Regional Inshore Fisheries Groups	5 RIFGs	Non-sector fleet	Scotland-wide	Meeting, response to consultation
Onshore fishing businesses	9 businesses	Fish merchants & retail	Scotland-wide	Public consultation
Individual Fishing Vessels	49 vessels	48 sectoral vessels, 1 non-sector vessel	Scotland-wide	Public consultation

Note: some vessels are members of more than one organisation so there will be a small amount of duplication in numbers presented.

## 6. Options Considered

Following analysis of consultation responses, two options are considered in this BRIA. These are:

### 6.1 Option 1 – A Combination of A) Historic Track Record (HTR) (Of Landings), and B) Special Allocation for the Non-Sector Groups

This is the 'Do Minimum' Option as it is a continuation of the methodology used to distribute AQ in 2021-23.

**A)** The HTR method allocates fishing quota based on what a vessel landed previously for each fish stock. Under this option, the share of AQ each vessel receives would be based on the vessel's share of all landings (across active vessels in that year) for stock for which there is AQ during the identified reference period – in

the consultation we proposed to maintain the use of the period 2015-19 under Option 1.

Distribution of AQ, based on the HTR of vessels over a recent reference period, would increase allocations to vessels which have landed those quota species in the recent past. This would take account of in-year quota adaptations, where vessels have acquired additional fishing opportunities (such as through swaps of quota) and landed that fish product.

**B)** The HTR method restricts access to AQ primarily to vessels in Fish Producers' Organisations and Quota Management Groups. The Scottish Government recognises that this restricts the ability of new sector entrants and smaller vessels in the non-sector to access AQ. To help mitigate against this, Special Allocations reserve a portion of AQ to the fleet of non-sector vessels. The previous allocation of quota under this system can be seen in Tables 1 and 2.

## **6.2 Option 2 – A Combination of A) Historic Track Record (revised), B) Equal share of in-year swaps, C) Special Allocations, and D) Application by vessels to access West of Scotland cod quota on environmental criteria**

Following analysis of consultation responses, Marine Directorate has developed Option 2. Option 2 represents a combination of a modification of Option 1, with the equal share of in-year swaps and the introduction of retaining West of Scotland cod AQ for application by vessels on environmental criteria.

The key differences between Option 1 and Option 2 are:

- Historic Track Record allocations will be based on an annually updated reference period (from 2025) rather than 2015-19.
- Additional Quota that is received as a result of in-year swaps with other coastal states may be distributed on an equal basis between eligible vessels.
- Special Allocations to the non-sector will increase for three species: North Sea saithe, North East Atlantic mackerel, and North Sea cod. Special allocations for other species will not be increased.
- The introduction of an application process on environmental criteria to access West of Scotland cod quota (from 2025). This will potentially extend to other stocks from 2026.

**A)** Revising the HTR reference period to an annually updated window ensures quota allocation is matched to more recent fishing activity and allows new entrants to build a track record through the leasing of quota from others. Landings from leased quota will count to the track record of the vessel that landed it. The reference period will be a rolling 5 year reference period.

**B)** Where we get transfers of quota from other Coastal States, this can happen at short notice and the fishing opportunity needs to be utilised in the year the swap takes place – meaning that any additional administrative delay in allocating the quota could result in lost fishing opportunity. By referencing in the quota management rules, it provides businesses with some certainty about how stocks may be allocated in these circumstances.



**C)** Raising Special Allocations on saithe, mackerel and cod recognises the high utilisation of quota of these species by non-sector vessels as seen in Table 2: Saithe with a 66% uptake, North East Atlantic mackerel with an 83% uptake and cod with a 130% uptake Other stock allocations will be in line with levels in recent years. We may reallocate Special Allocations to the sectoral groups if certain landing milestones are not met by the non-sector by a certain period in-year, or exchange these for other quota.

**D)** It is proposed that all West of Scotland Cod AQ is retained for applications from Scottish registered sectoral vessels. Sectoral Groups are bodies recognised by a UK fisheries authority<sup>4</sup>. They have devolved quota management responsibilities under the UK and national rules of the fisheries authority that recognises them. It should be noted that Scottish licensed fishing vessels can be in membership of a Sectoral Group recognised and operating under the rules of a fisheries authority in another part of the UK. So, we envisage that Sectoral Groups outside of Scotland would be able to apply for this quota on behalf of their Scottish administered vessels.

Applicants would need to demonstrate how the utilisation of this quota would deliver on both of the environmental criteria below:

- the use of selective fishing gear; and
- the use of fishing techniques that have a reduced impact on the environment (for example that use less energy or cause less damage to habitats)

Other criteria may also be utilised and will be developed in time for allocation in 2025.

### **6.3 Sectors and Groups Affected**

The sectors and groups affected by a change to the Scottish Quota Management Rules in relation to the allocation of AQ are:

- UK Fish Producers' Organisations and associated vessels,
- Scottish recognised Quota Management Groups and associated vessels, and
- fishing vessels not associated with either of the above (the 'non-sector' group).

### **6.4 Benefits**

#### **6.4.1 Option 1**

This is the 'Do Minimum' option so no additional benefits are realised. Without further intervention, Option 1 will continue and so the impacts of other options are compared against Option 1.

#### **6.4.2 Option 2**

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<sup>4</sup> [Regulation \(EU\) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations \(EC\) No 1184/2006 and \(EC\) No 1224/2009 and repealing Council Regulation \(EC\) No 104/2000 \(legislation.gov.uk\)](https://www.legislation.gov.uk/eur-lex/act/dir/2013/1379/2013/1379)

Under Option 2, there is no change in the level of AQ being allocated, but there is a proposed change to the method by which it is allocated. AQ increases or decreases from one year to the next according to the outcome of international negotiations and the subsequent quota apportionment by the UK Government to the Scottish Ministers. Therefore, a change to the economic activity stemming from the catching of AQ at the national scale is not expected.

The proposed changes in allocation method introduced as a direct result of this consultation, would result in a transfer of a modest amount of demersal and pelagic allocation from sectoral recipients in order to increase the level of AQ for the 10 metre and under non-sector group of vessels. However, as we expect that any quota transferred between fleets will have a similar uptake of quota, there is expected to be no net difference to the economy. The expected impacts on sectoral groups is found in the Scottish Firms Impact section of the BRIA.

Option 2 is expected to have higher social and environmental benefits compared to Option 1. Due to the difficulty in valuing these benefits they have not been monetised.

A) Changing the reference period to a rolling reference period will better ensure that the fishing benefits go to those actively fishing in the industry rather than giving access to quota to vessels even when their fishing pattern or activity has changed. This will also make it easier for new fishers to access quota reducing one of the significant barriers to those entering the industry, potentially increasing competition and therefore innovation in the market.

B) There is expected to be no additional benefit from maintaining the method of allocating pelagic quota equally across eligible vessels.

C) The increase in Special Allocation is expected to benefit in particular the 10 metre and under group of vessels, balanced against the cost to the sectoral vessels losing access to AQ.

D) The criteria relating to allocation of West of Scotland cod is principally intended to seek to incentivise fishing with more selective gear and with a reduced impact on the environment. The exact benefits of this criteria will depend on the final method utilised, however, it is expected that changes in fishing operation could decrease the impact on the benthic environment while increases in mesh size would result in decreased numbers of juvenile and undersized demersal fish being caught. Due to the value of this stock it is expected that fishing vessels may be incentivised to change their fishing method to access this extra quota. However, as the volume of quota is small relative to the demersal fishery this will likely only have a small economic benefit in terms of estimated landed value.

## **6.5 Costs**

### **6.5.1 Option 1**

This is the 'Do Minimum' option so has no additional costs.

## 6.5.2 Option 2

As noted in section 6.4, the Scottish share of quota is not changing, notwithstanding there being normal year-to-year variations in the level to be allocated, so there should be no negative impact to the Scottish economy as result of the change in allocation method. There will be a modest reallocation of fishing opportunities from sectoral allocations to the 10 metre and under non-sector group, however the quantities involved relate to fractions of 1% of revenue of either the pelagic or demersal sectoral groups. As we expect that any quota transferred between fleets will have a similar uptake of quota, there is expected to be no net difference to the economy.

**A)** There is expected to be no additional costs due to changing the reference years for HTR.

**B)** The impact on achieved landed value from increasing quota of saithe, cod, and mackerel was examined, in particular for the highly seasonal mackerel allocation and landings into Lerwick market, to understand if greater landings would result in lower prices. We propose special allocation quota is increased by 200T. Analysis of the prices achieved for mackerel landed into Lerwick market<sup>5</sup> in 2023 when a similar increase was seen suggests that the market could absorb these extra landings without anticipating a downward pressure on achieved landed price. The large increase in mackerel landed by small vessels in 2023 saw no decrease in year-on-year price, as such this is not expected to result in additional costs, or lower than expected benefits, to the non-sector group of vessels.

The Marine Directorate intends to retain the ability to reallocate or exchange unused quota by a certain point in year to ensure high utilisation of quota. Stakeholder feedback from non-sector interests has indicated that being required to use quota in-year harms their ability to finance conversion of vessels to take greater advantage of available quota, due to less predictable future revenue. This is in contrast to for example sectoral vessels with Fixed Quota Allocations for Existing Quota, where they have certainty on the share of quota in future that they can use to raise finance for example for vessel upgrades. Calls were made to retain allocations even if unused to underpin business cases when seeking finance to diversify fishing gear and vessel capability. Nonetheless, we intend to continue operating in this way and monitor performance.

**C)** There is expected to be no additional costs due to continuing to allocate pelagic quota transfers equally between eligible vessels

**D)** There will be a cost to the Scottish Government in establishing an assessment framework for the West of Scotland cod environmental criteria, and an ongoing annual cost to assess applications that are made. Salary costs of £29,599.03 for initial setup and £3,751.28<sup>6</sup> for ongoing administration are expected. There will also be costs to applicants in commissioning or making applications themselves but these

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<sup>5</sup> [SSA Today | Shetland Seafood Auctions \(shetlandauction.com\)](https://www.shetlandauction.com)

<sup>6</sup> Public Pay Grades [Pay grades and working hours within Scottish Government: FOI release - gov.scot \(www.gov.scot\)](https://www.gov.scot)

have not been monetised. Any extra compliance requirements would be met within existing compliance budgeting, through risk-based targeting.

There is also the possible cost of purchasing specific gear or equipment which meets the criteria required. However, it is expected that vessels would only do this where the commercial benefits outweigh the costs and the data available indicate there are many vessels currently operating more selective gear than the legal minimum indicating there are vessels which would not have to take on any further costs in order to take advantage of this quota. The possible cost of additional gear is dependent on the individual configuration of the vessel and the level of catching necessary to make fishing economical. For a 10 metre and under vessel, costs are estimated to be approximately £2,700 per vessel to invest in deep water hook and line jigging gear<sup>7</sup>. For a large demersal trawler, purchase and installation of a selective or energy-efficient net can cost £15-32,000<sup>7</sup>. It is expected the uptake would initially be utilised by vessels who already have the more selective gear due to their experience deploying these gears.

## **7. Regulatory and EU Alignment Impacts**

### **7.1 Intra-UK Trade**

No options are expected to impact upon provisions of the United Kingdom Internal Market Act 2020.

### **7.2 International Trade**

The proposed criteria do not have the potential to affect imports or exports of a specific good or service, or groups of goods or services.

The proposed consultation criteria do not have the potential to affect trade flows with one or more countries.

The proposed consultation criteria do not include different requirements for domestic and foreign businesses.

### **7.3 EU Alignment**

The Fisheries Act 2020 revoked the EU Common Fisheries Policy. EU Member states have the power to allocate received quota as they see fit in an analogous manner to the UK. As such this policy should see no change to alignment with the EU.

## **8. Scottish Firms Impact Test**

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<sup>7</sup> Marine Fund Scotland Grant Award Data [Marine Fund Scotland: grants awarded - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/marine-fund-scotland-grants-awarded/pages/20)

The following Standard Industrial Classification<sup>8</sup> sectors are likely to be impacted by this policy:

- 03110 – Marine Fishing
- 10200 – Processing and preserving of fish, crustaceans and molluscs
- 46380 – Wholesale of other food, including fish, crustaceans and molluscs

We do not expect any impact on the competitiveness of Scottish companies as a result of the change in HTR method.

The expected impacts are summarised for each element of the allocation method of Option 2.

### **8.1 A) Historic Track Record**

The overall economic value will remain tied to the landed value of the total allocation, which will vary according to the outcome of international negotiations and subsequent quota apportionment by the UK Government to the Scottish Ministers. Annually updating HTR better reflects the activity of the fishing fleet compared to a fixed period, ensuring AQ is fished by active vessels. It also reduces the barrier to new entrants, as it will be possible, albeit for the cost of leasing quota, to build up a track record. However, it is possible that the price of leased quota increases to account for the additional quota it may generate negating some of this benefit. Costs for leasing quota are commercially sensitive so these have not been published here, however the Scottish Government does have an understanding of the indicative costs to lease quota. After 5 years this catch-generated HTR would be the basis for receiving AQ (and generating onward HTR).

The requirement to be active on 1 January of each year in order to be eligible for HTR-linked AQ will remain unchanged. Moving to a rolling reference period means that periods of inactivity of member vessels represents a risk of losing HTR allocations. To estimate the impact of this change, the number of inactive vessels was examined in the 2022 Sea Fisheries Statistics. Between 2018 to 2022, the number of non-fishing over 10 metre vessels varied between 21 and 37 vessels<sup>9</sup>. Assuming that 20% of these were sectoral vessels targeting demersal species, a rolling reference period will potentially reduce eligibility for AQ by between 4% and 8% of the sectoral fleet in a given year, depending on levels of inactivity. This would however mean an increase in allocation for other active vessels in sectoral groups, and once a vessel returned to activity it could use its previous track record to access some AQ.

### **8.2 B) Special Allocations to the non-sector group**

Adjusting quantities of AQ made available to the non-sector fleet through Special Allocations, and increasing AQ for three species with recent high utilisation, generates an expected benefit of approximately £570,000 above Option 1, i.e. current arrangements (Table 4). This assumes a similar allocation as seen in 2022,

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<sup>8</sup> [Nature of business: Standard Industrial Classification \(SIC\) codes \(companieshouse.gov.uk\)](https://companieshouse.gov.uk)

<sup>9</sup> Scottish Sea Fisheries Statistics Table 41 [Scottish Sea Fisheries Statistics 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot)

as noted previously the AQ allocation changes year on year based on the total allocated catch of species and so will vary in future years.

**Table 4: Estimated uplift for 3 stocks identified for increased Special Allocations.**

Stock	Estimated Minimum Allocation (tonnes)	Estimated Uplift vs 2022 Allocation (tonnes)	Estimated 2022 Landed Value	Estimated increase
NS cod	200	80	£747,684	£299,073
NS saithe	80	20	£117,056	£29,264
NE Atlantic mackerel	450	200	£542,009	£240,893
Total	730	300	£1,406,749	£569,230

Source: Values estimated from 2022 Scottish Sea Fisheries Statistics<sup>12</sup>.

Note: these are estimates based on 2022 figures. Quota varies between years, as does realised landed value, so this will not be an accurate reflection of value in future years.

The expectation is that greater focus on a smaller number of species will increase uptake, noting that we will retain the option to reallocate or exchange quota if indications are that it will not be fully utilised by the non-sector group in-year.

Of course, making this special allocation takes the equivalent landed value away from sectoral group allocations. Estimating this in terms of landed value, looking at uptake of this opportunity in 2022, we expect the uplift in North Sea cod allocation to be fully utilised, i.e. cost to the sectoral group to be 100% of the landed value of the cod special allocation; approximately 70% of North Sea saithe to be landed. The allocation of North East Atlantic mackerel will be within ICES zone 4a.

As we intend to retain the ability to reallocate or exchange unused quota by a certain point in-year, there are potential costs to the non-sector as well. These are expected to be the landed value of 30% of the North Sea saithe special allocation and 10% of the North East Atlantic mackerel special allocation based on previous experience of uptake. It is possible that quota could be exchanged for other stocks that could be more readily fished, offsetting the impact to the non-sector.

Special Allocations spread the benefit of AQ to a larger number of vessels. The majority of non-sector vessels have tended to land a small quantity of fish over the year (Tables 5 and 6). While there are expected to be costs from lost quota to the sectoral groups, this is expected to be proportionally less than the benefit seen by the non-sector in terms of change in revenue relative to total revenue due to the current distribution of quota.. Using the SeaFish Fleet Enquiry Tool to estimate revenue for different fleet segments<sup>10</sup>, and historic STECF data<sup>11</sup> for the pelagic fleet, we expect the estimated change in Special Allocations to increase income of the non-sector group by approximately 1.7%, at a revenue cost of 0.15% to the

<sup>10</sup> [Fleet Enquiry Tool | Tableau Public](#)

<sup>11</sup> [JRC Publications Repository - Scientific, Technical and Economic Committee for Fisheries \(STECF\): The 2019 Annual Economic Report on the EU Fishing Fleet \(STECF 19-06\) \(europa.eu\)](#)

demersal sectoral fleet and 0.1% to the pelagic sectoral fleet. These are indicative estimates and are not precise; SeaFish data was used at the UK level, this value will vary depending on annual quota apportionment and allocation, and the market price of fish.

**Table 5: Number of Scottish non-sector vessels landing different quantities of cod and saithe in 2022.**

	<1T	1-2T	2-4T	>4T
<b>Cod</b>	49 (47%)	22 (21%)	31 (30%)	2 (2%)
<b>Saithe</b>	25 (66%)	5 (13%)	6 (16%)	2 (5%)

Source: Scottish Government management data.

Note: Values also expressed as % of total number of vessels.

**Table 6: Number of Scottish non-sector vessels landing different quantities of mackerel in 2022.**

	<1T	1-5T	5-10T	10-15T	>15T
<b>Mackerel</b>	69 (29%)	92 (38%)	55 (23%)	25 (10%)	1 (<1%)

Source: Scottish Government management data.

Note: Values also expressed as % of total number of vessels.

The over 10 metre non-sector group will continue to receive 200T of North East Atlantic mackerel AQ, this is unchanged from the current arrangement.

### 8.3 C) In-year transfers:

Quota secured in-year as a result of negotiations between coastal states must be allocated quickly to ensure they are fully utilised. Making these allocations on an equal basis among eligible vessels requires minimum administration to deliver quota and therefore minimum cost to government and the fishing industry in allocating and receiving quota. We do not expect any impact from retaining the option of allocating in-year transfers on an equal share basis. Affected vessels would be gaining quota for no additional effort on their part.

Where there may be costs is, if an in-year transfer of quota occurs which recipients did not intend to utilise – for example if pelagic vessels focusing on mackerel also receive some Atlanto-Scandian herring quota on a flat rate basis, where another group of vessels desired the allocation.

Another potential cost is, if a vessel did not have an active licence attached to it on 1 January of the year in which the exchange took place, they would be ineligible for quota, leading to loss for that year of any transferred quota and a larger share for the remaining vessels.

The even distribution of quota is expected to benefit those vessels with the least existing quota over those with the higher volume of quota.

### 8.4 D) WS Cod Applications



Inviting applications primarily on the basis of the use of selective gear and techniques with a reduced impact on the environment, has an environmental benefit. This may be, for example, catching cod without the use of demersal trawl gear, demersal trawling using nets with a mesh size that leads to less bycatch, or the installation of Remote Electronic Monitoring systems. The benefit of using a larger mesh size could extend to include reductions in fuel consumption and associated GHG emissions.

Approximately 200 tonnes of cod will be available through this method, with an estimated landed value of £750,000, based on 2022 landed value<sup>12</sup>. We estimate uptake to be similar to figures for West of Scotland haddock, in the region of 75% based on their catch being shared in the mixed fishery (see Table A1 in the annex). Cod is a high value stock and vessels may change behaviour and fishing locations to take advantage of the allocation, so uptake may be higher than estimated. There has been no directed fishery (i.e. a fishery for which a TAC is set) for this stock for some time, so any increase in landed cod is expected to see positive benefits for the onshore businesses accessing new quota.

The association of this catch with reduced environmental impact could attract an improved price as seen with MSC certification<sup>13</sup>, potentially from enhanced market access to premium markets. The application process will not be ready until 2025. This benefit has not been monetised, due to a lack of comparable examples to draw from and due to the criteria still being developed.

Fishing using selective gear and techniques with a reduced impact on the environment may result in a lower level of landings per unit effort compared to gear set out in landings [obligation guidance](#). This may result in lower landings per unit effort. For example, adopting a mesh size greater than 120mm, or opting to deploy alternative gear such as fish traps may result in fewer cod being caught compared to mobile gear configurations that are typically used. However, the initiative would start from the presumption that there would be no access to the West of Scotland Cod AQ and therefore a potentially reduced landing per unit effort is superior to none at all.

Among vessels that caught over 0.5T of demersal fish in ICES zone 6a in 2021 and 2022, more than 10,000 tonnes of landings came from vessels operating gear that would potentially be more selective and with a reduced impact on the environment compared to a 120mm mesh gear configuration (Table 7). This is not a statement of the criteria necessary to secure West of Scotland cod AQ, but it does give an indication of the number of vessels that may face the least barriers to accessing quota if required to do so using a different gear configuration and fishing technique.

**Table 7: Number of vessels utilising gear and subsequent tonnage landed of demersal species, Scottish vessels, 2021-2022**

	120mm mesh trawl or seine	>120mm mesh trawl or seine	Longlines

<sup>12</sup> Scottish Sea Fisheries Statistics Table 4 [Scottish Sea Fisheries Statistics 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-sea-fisheries-statistics-2022/pages/2022-table-4.aspx)

<sup>13</sup> [Evidence of price premium for MSC-certified products at fishers' level: The case of the artisanal fleet of common octopus from Asturias \(Spain\) - ScienceDirect](#)



Number of vessels	101	23	15
Landings (tonnes)	100,190	5,351	5,880

Source: Scottish Government management data.

Note: Restricted to vessels landing >0.5T of demersal species in 6a during 2021 and 2022 to identify demersal vessels fishing the in the West of Scotland. Tonnage shown in the table includes all demersal species caught anywhere to indicate gear use.

There will be some cost to vessels, noted above, to invest in selective gear to enable fishing with a reduced impact on the environment, compensated for by the value of the cod AQ. However, as there are already vessels equipped to fish with more selective and lower environmental impact gears, the criteria is not expected to result in higher costs to the industry as a whole but rather transfer the allowance between vessels within the fleet.

## 9. Competition Assessment

- Will the measure directly or indirectly limit the number or range of suppliers?

Option 1 – A Combination of A) Historic Track Record (HTR) (Of Landings) and B) Special Allocation for the Non-Sector Groups places a barrier to new entrants to the Scottish fishing sector, as there is no way to accumulate a historic track record and thus qualify for quota allocation, except via Special Allocations. However, there are already barriers to entry such as obtaining finance for vessels and crew that are arguably greater than those imposed by the proposed allocation methodology of AQ. Special Allocations are a way to address this over time.

Option 2 – A) Revised HTR, B) Equal share of in-year swaps, C) Special Allocations and D) Application by vessels to access West of Scotland cod quota on environmental criteria weakens some of the barriers present in option 1, by broadening access to AQ. Special allocations should encourage additional fishing activity among the 10 metre and under non-sector group, therefore it should not limit the number or range of suppliers.

- Will the measure limit the ability of suppliers to compete?

In its first iteration, vessels that are members of sectoral groups will be to apply for access to West of Scotland cod, as sectoral groups can allocate AQ to individual member vessels conditional on the relevant criteria being met.

The Scottish Government manages quota pools for the non-sector and does not currently have a mechanism by which West of Scotland cod AQ could be reserved for individual non-sector vessel applications (though 10 tonnes will be reserved for the O10m and 10mu Pools managed by Marine Directorate), meaning this group of vessels will be ineligible to make applications in the first instance. We will consider ways in which to broaden access to AQ set aside primarily for environmental criteria.

- Will the measure limit suppliers' incentives to compete vigorously?

No option limits incentives to compete vigorously. As the option 2 HTR requires vessels to continue to be active to receive future AQ, this would encourage competition in the market relative to option 1 HTR, which would not be predicated on continued activity.

- Will the measure limit the choices and information available to consumers?

No option limits choice and information available to consumers.

## 10. Consumer Assessment

The overall catch of fish associated with distribution of AQ will not change and therefore there should be no impact upon availability to consumers. Anecdotal evidence suggests that non-sector vessels have a greater penetration into local markets, selling directly to hospitality businesses at a small scale. We would expect greater allocations to enable further activity in this area, however, due to the lack of available data on onward sales, this has not been quantified.

## 11. Test Run of Business Forms

Applications for West of Scotland cod will require an application form and an evaluation framework to be in place, which is why this is not being introduced immediately. Following development this year, a form will be tested with businesses before applications go live after 2024.

## 12. Digital Impact Test

- Does measure take account of changing digital technologies and markets?

No option should be affected by changing digital technologies or markets.

- Will measure be applicable in a digital/online context?

No.

- Is there a possibility the measures could be circumvented by digital/online transactions?

No.

- Alternatively, will the measure only be applicable in a digital context and may have an adverse impact on traditional or offline businesses?

No.

- If the measure can be applied in an offline **and** online environment will this in itself have any adverse impact on incumbent operators?

This is not applicable as the product is physical.

### **13. Legal Aid Impact Test**

The rules are not expected to have an effect on the use of legal aid.

### **14. Enforcement, Sanctions and Monitoring**

The enforcement of vessels operating within quota restrictions in sea fishing licences is undertaken by compliance staff. The monitoring of fishing activity and fishing vessels is undertaken daily.

Monitoring of quota utilisation is applied retrospectively and in conjunction with the sectoral groups. Where groups exceed their quota limits at the end of the calendar year, quota penalties and deductions can be applied to the group's quota allocation in the following year.

To avoid such scenarios, a revocation of the authorisation to fish for an individual vessel or all vessels, managed by a group can be applied to the appropriate fishing licence(s).

No additional monitoring/enforcement or sanctions arise from the proposed change to the allocation of AQ.

### **15. Implementation and Delivery Plan**

An updated version of the Scottish Quota Management Rules will be published in 2024. They will be circulated by email and published on the Scottish Government website.

### **16. Post-implementation Review**

The options in the consultation seek to fix the AQ allocation methodology until the end of 2026. A review will be carried out when we next determine if changes to allocation are to be made.

### **17. Summary and Recommendation**

Option 2, a Combination of A) Historic Track Record (revised) HTR, B) Equal share of in-year swaps, C) Special Allocations, and D) Application by vessels to access West of Scotland cod quota on environmental criteria is the recommended option.

This option is consistent with the fisheries objectives in the Fisheries Act 2020 and the policies in the JFS as we will be using criteria that are transparent and objective and include criteria relating to environmental, social and economic factors. Option 2 meets the criteria as with option 1 but is expected to exceed option 1 in meeting the environmental and social criteria.

Option	Total benefit per annum: economic, environmental, social	Total cost per annum: economic, environment, social, policy and administrative
1 (Do Minimum)	Neutral.	Neutral.
2 Amended HTR, Equal Share, Special Allocations and Applications for West of Scotland cod	<p><b>Economic:</b> Transfer of special allocation quota worth approximately £570,000 from sectoral to non-sector groups.</p> <p>Likely benefit of approximately £750,000 principally to sectoral vessels in accessing West of Scotland cod .</p> <p><b>Social:</b> Gain in revenue share in non-sector group likely to safeguard and in some cases increase employment.</p> <p>Rolling reference period will allow accumulation of a track record in return for leasing quota.</p> <p><b>Environmental:</b> Special Allocations to the non-sector where vessels fish by means associated with lower environmental impact.</p> <p>Ring-fencing West of Scotland cod for applications that use selective gear and techniques with a reduced impact on the environment should reduce seabed disturbance, bycatch and/or emissions.</p>	<p><b>Economic:</b> Minor loss of revenue share among demersal and pelagic sectoral groups due to uplift in Special Allocations.</p> <p>Potential for in-year transferred quota to go unfished if not desired by recipient.</p> <p>Additional requirements to access West of Scotland cod may result in some quota going unused, or benefit shared among a small group of vessels.</p> <p><b>Social:</b> Reallocating unfished Special Allocations viewed by non-sector as disincentive to greater uptake of opportunities.</p> <p><b>Environmental:</b> No additional costs compared to do-minimum.</p> <p><b>Administrative:</b> The introduction and management of the West of Scotland cod application process is expected to cost £29,599.03 of staff time in the first year and a further £3,751.28 on average thereafter.</p>

## 18. Declaration and Publication

'I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'Mairi Gougeon', written over a horizontal line.

Date: 04 June 2024

Minister's name: Mairi Gougeon

Minister's title: Cabinet Secretary for Rural Affairs, Land Reform and Islands

Scottish Government Contact point: Malcolm MacLeod

## Annex A: Data Tables

Table A1: Apportioned quota to Scotland and landings<sup>14</sup> by Scottish administered vessels (all figures in tonnes)

Stock	Existing Quota	Additional Quota	Total Quota	Landings	Uptake <sup>15</sup>
North Sea Cod	3,216.8	618.7	3,835.5	5,226	136%
North Sea Haddock	21,861.4	0	21,861.4	20,550	94%
North Sea Whiting	11,509.8	466.2	11,976	8,335	70%
North Sea Saithe	1,967.5	882.7	2,850.2	4,148	146%
North Sea Hake	357.4	465.6	823	3,560	433%
North Sea Nephrops	14,418.5	0	14,418.5	11,190	78%
North Sea Anglerfish	5,809.5	463.9	6,273.4	7,729	123%
North Sea Megrin	2,222.3	0	2,222.3	1,264	87%
North Sea Lemon Sole & Witch	1,493.2	111.3	1,604.5	939	59%
North Sea Skates & Rays	605.4	25.4	630.8	307	49%
West Of Scotland (6a) Cod	Stock not apportioned in 2022			790	n/a
West Of Scotland Whiting	Stock not apportioned in 2022				n/a
West Of Scotland (6a) Haddock	3,121.8	0	3,121.8	2,365	76%
Rockall (6b) Haddock	3,570.8	178	3,748.8	3,566	95%
West Of Scotland Saithe	1,242.3	0	1,242.3	1,430	115%
West Of Scotland Nephrops	8,776.6	0	8,776.6	7,049	80%
West Of Scotland Anglerfish	1,080.3	423.2	1,503.5	2,644	176%
West Of Scotland Megrin	1,134.6	492.2	1,626.8	591	36%
Western Hake	3,406.8	460.3	3,867.1	1,345	35%
7 Nephrops	367.3	83.1	450.4	211	47%
Western Skates & Rays	396.5	43.3	439.8	187	43%
North Sea Ling	2,018.3	59	2,077.3	2,940	142%
Western Ling	2,432.5	0	2,432.5	1,726	71%
Western Blue Ling	1,286.8	0	1,286.8	2,113	164%
North Sea Herring	42,465.3	11,733	54,198.3	62,419	115%
North East Atlantic Mackerel	140,411.7	20215	160608.7	156830	98%
Northern Blue Whiting	51,833.3	2,188.3	54,021.6	42,660	79%

<sup>14</sup> Landings data is presented by area of capture. Some landings are permitted to be reattributed against the uptake of another stock. That factor is excluded from the table.

<sup>15</sup> Percentage calculated as "Landings divided by Total Quota"

Atlanto-Scandian Herring	8,348	3,109.3	11,457.3	9,620	84%
Faroese Cod & Haddock	517.1	197.6	714.7	996	139%
Faroese Ling & Blue Ling	82.1	116.5	198.6	155	78%
Faroese Saithe	400.3	548.4	948.7	746	76%
Faroese Others	132.2	319.4	451.6	197	44%



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