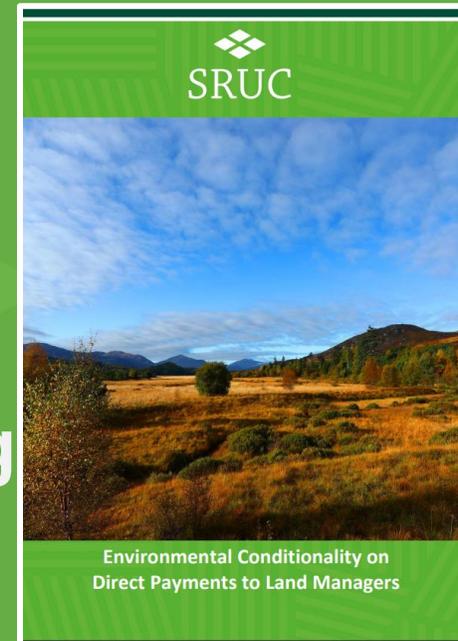


Scottish agricultural policy: keeping conditional direct payments in the mix

Steven Thomson, SRUC

Andrew Moxey, Pareto Consulting

Davy McCracken, SRUC

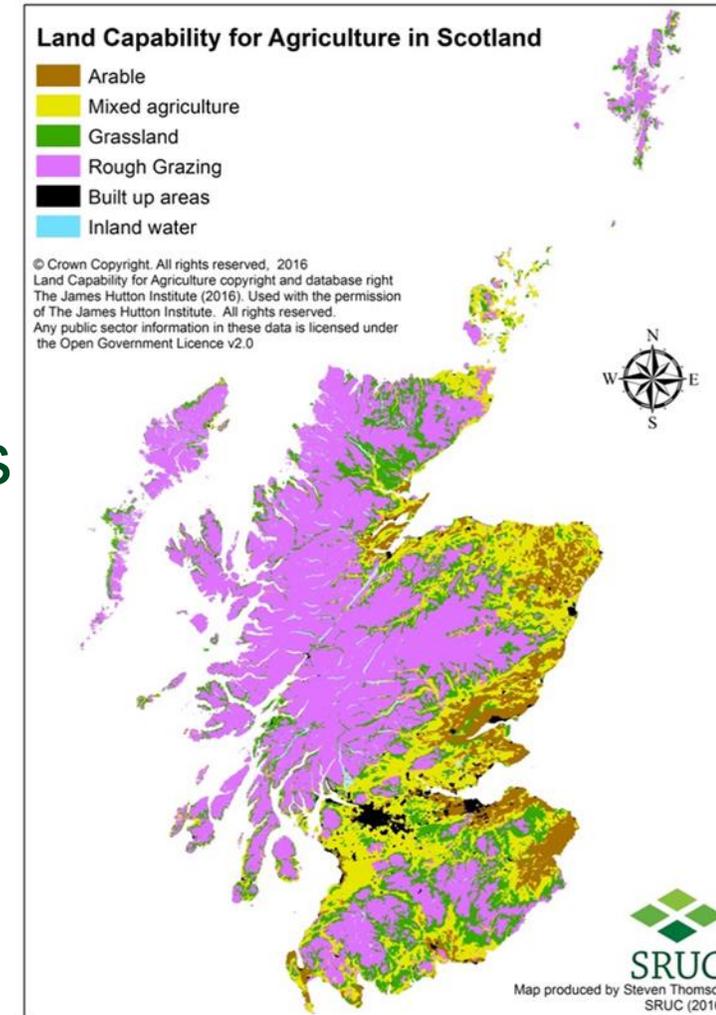


Available from:

<https://www.gov.scot/publications/suckler-beef-climate-scheme-research-papers/>

Scottish situation

- Changed context; acceptance that Scottish agriculture must change
- Seeking pathways to ecosystem service outcomes
- Political commitments to a ‘just transition’
- Need for domestic and international compatibility



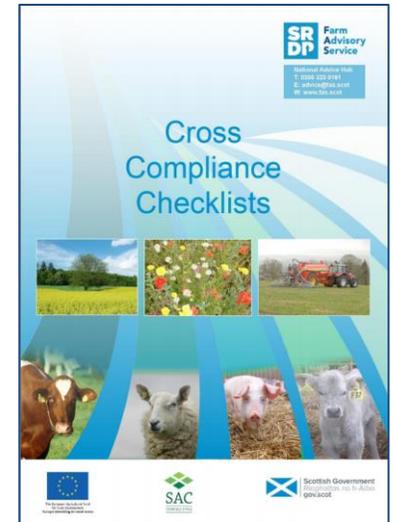
Follow England?

- Competitive/targeted AES have a role to play, but.....
- Implementation capacity vs. complexity, fragmentation, novelty?
- AoA-compatible payment rate limits/justification?
- Enrolment coverage/leverage?

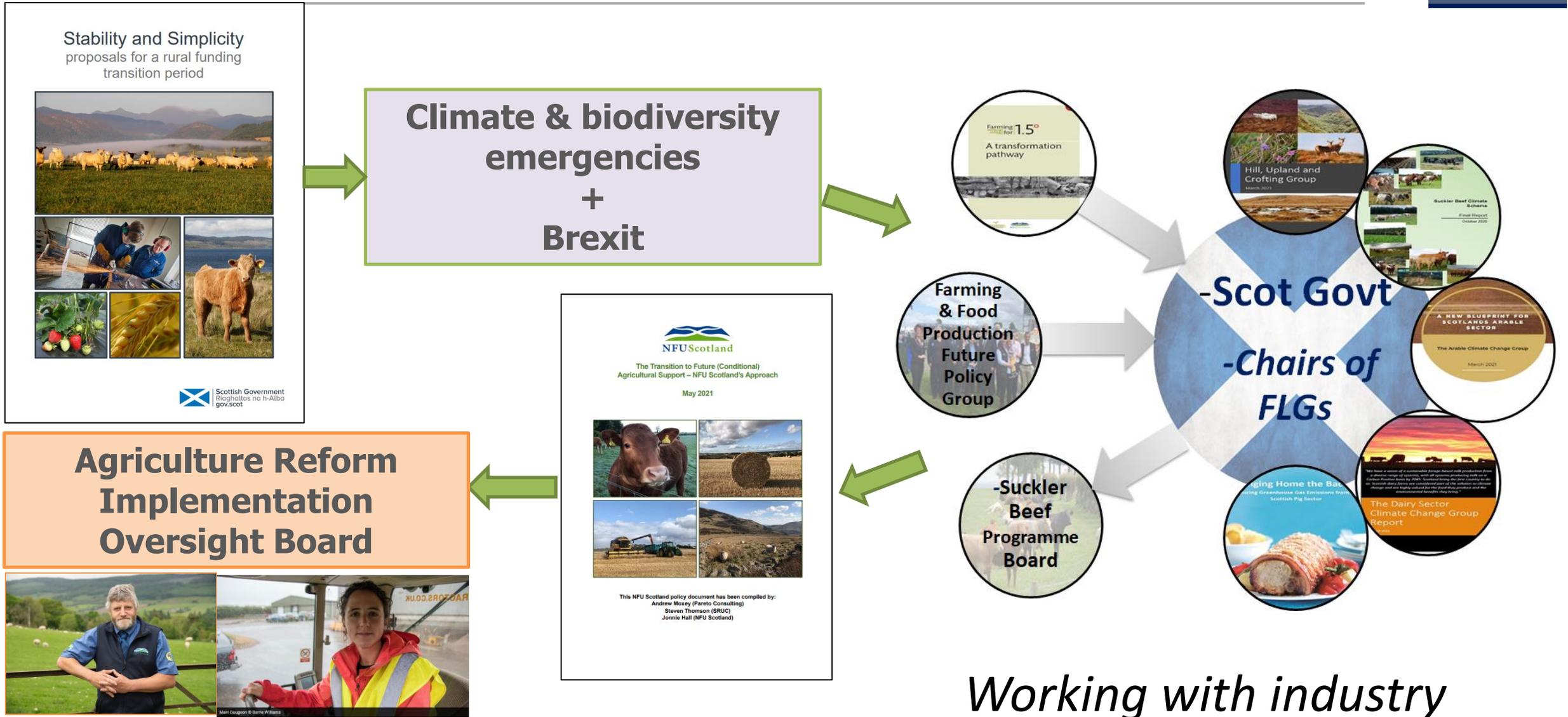


Enhanced conditionality on direct payments

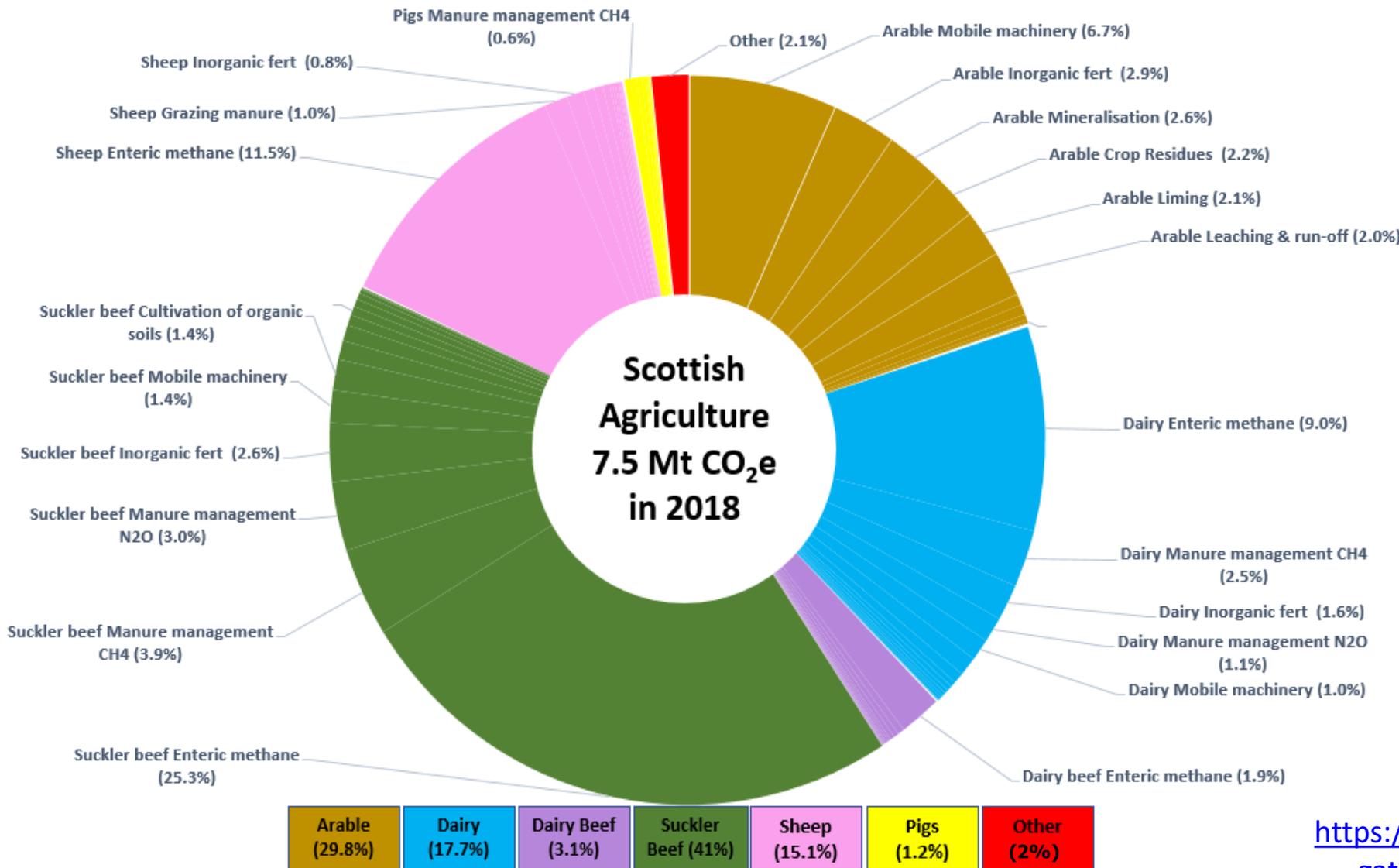
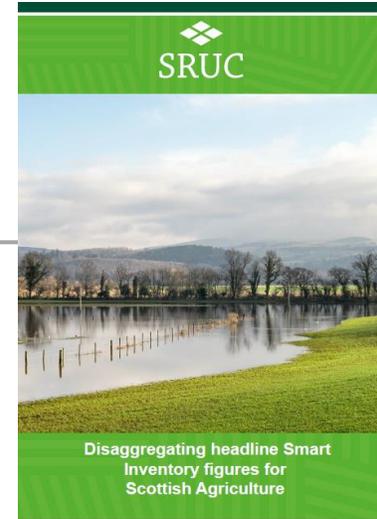
- Similar objectives, different approach
- Devising measures, metrics and monitoring no more onerous than under AES
- Less onerous justification of payment rates
- Administrative systems already in place; greater coverage
- Transitional stability; ratcheting-up conditions over time



Scottish Government: co-design policy with industry



Net Zero and 'Agriculture' emissions



'Agriculture' to lose 1/3 of emissions by 2032

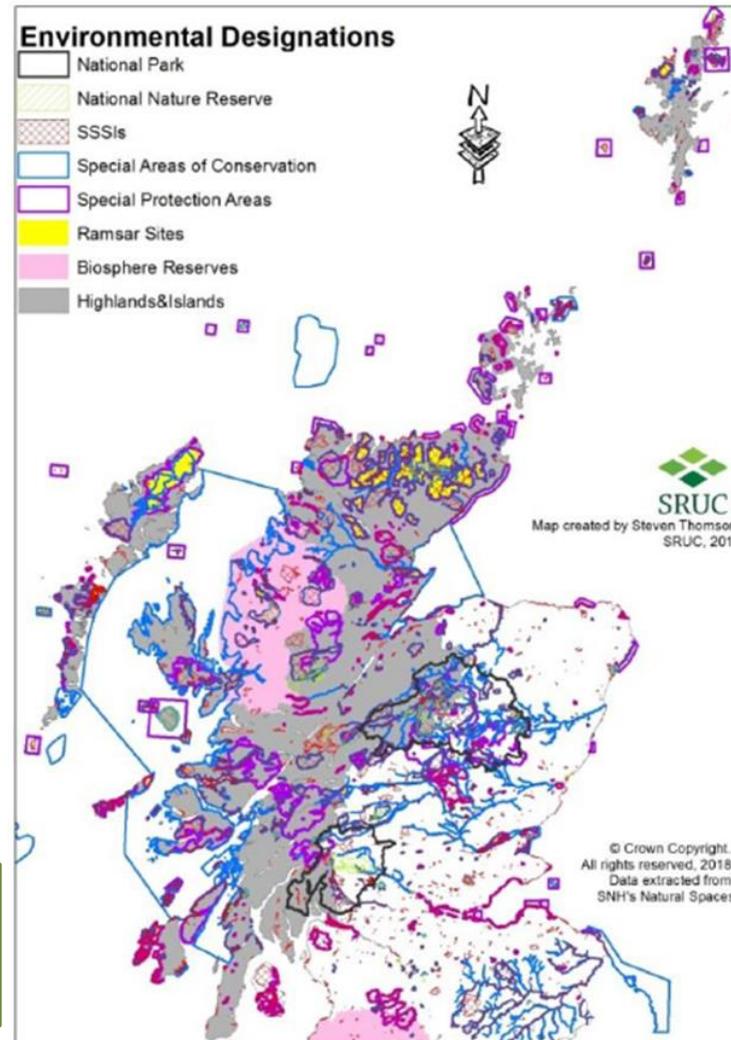
'LULUCF' changes

- sink of -5.4 Mt CO₂ (2018 methodology)
- +2.9 Mt CO₂ source (2019 methodology)

Biodiversity



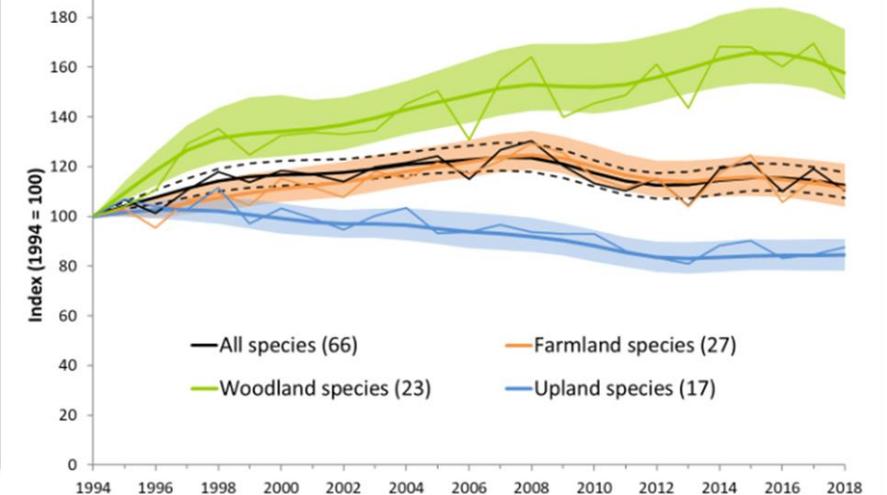
Scotland's Biodiversity Strategy:
protect and restore biodiversity on land and in our seas, and to support healthier ecosystems



- 18% of Scotland designated
- 79% features in favourable condition
- Little data on habitat condition elsewhere
- Reliant on (e.g.) bird & butterfly data

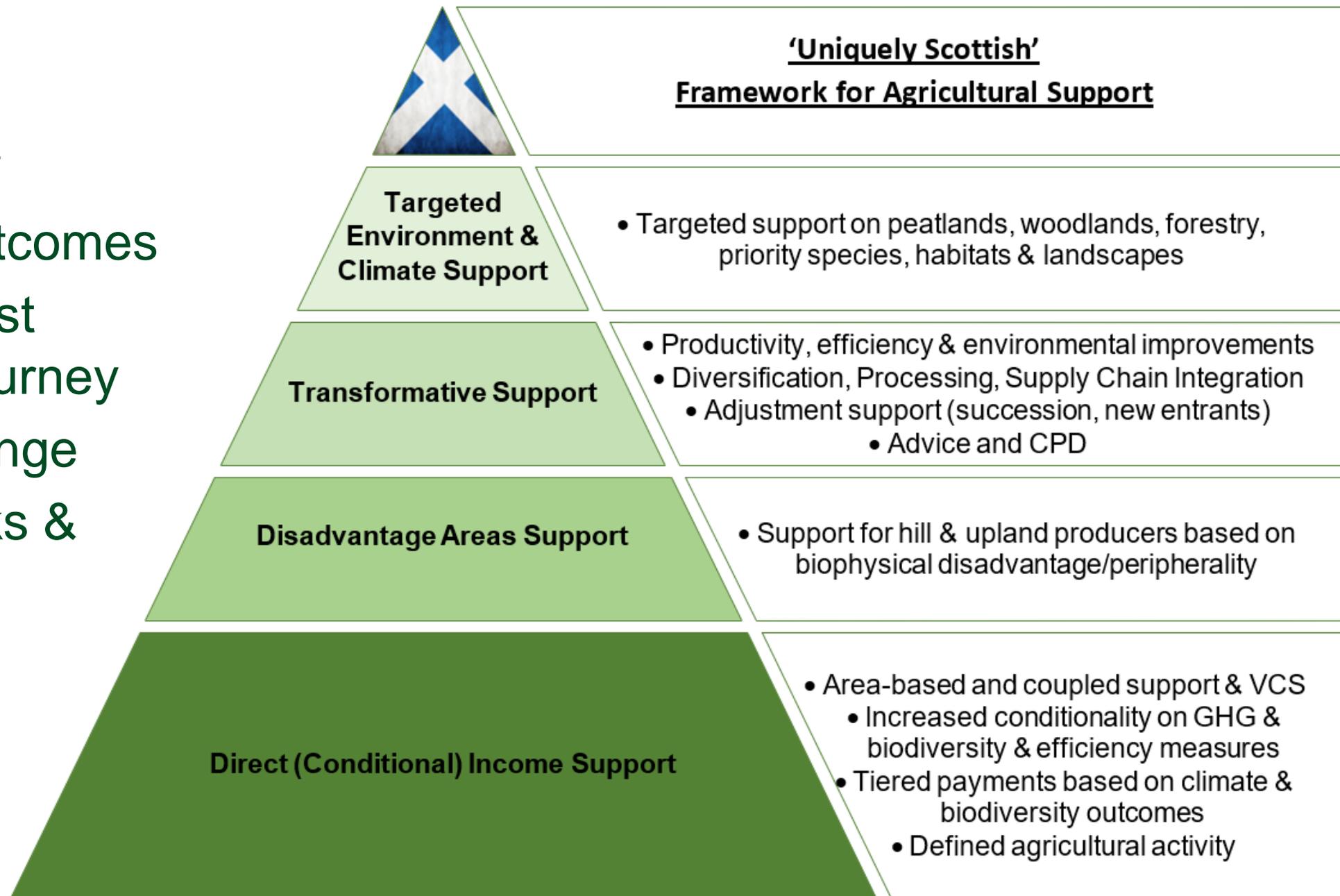
Index of Terrestrial Breeding Birds in Scotland: 1994-2018

[https://www.nature.scot/sites/default/files/2019-11/Official Statistics - Terrestrial Breeding Birds - Index of abundance 1994-2018 - 2019.pdf](https://www.nature.scot/sites/default/files/2019-11/Official%20Statistics%20-%20Terrestrial%20Breeding%20Birds%20-%20Index%20of%20abundance%201994-2018%20-%202019.pdf)



Preferences

- Balancing outcomes
- Inclusive, “Just Transition” journey
- Enabling change
- Carrots, Sticks & Guidance



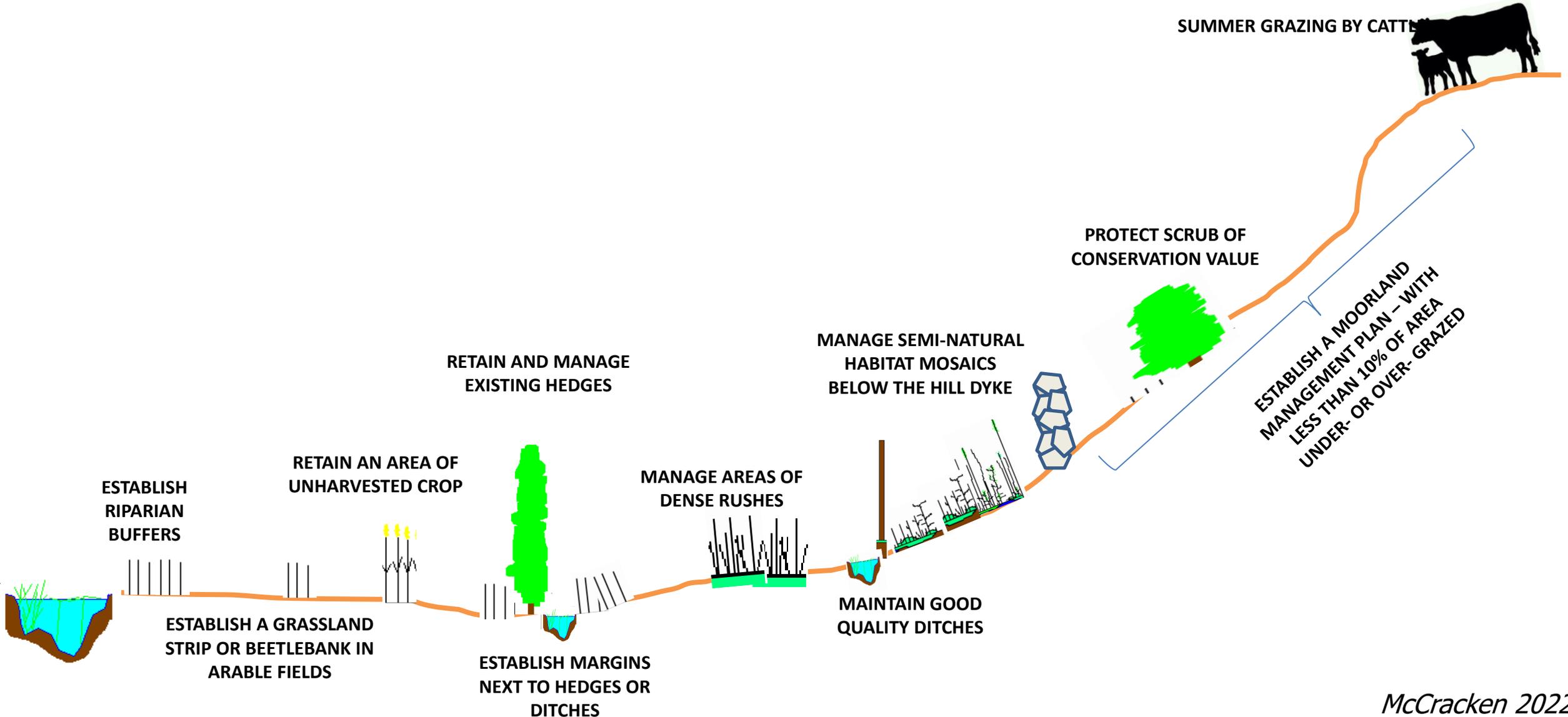
“We will shift half of all funding for farming and crofting from unconditional to conditional support with targets for biodiversity gain and a drive towards low carbon approaches which improve resilience, efficiency and profitability” [Scottish Government 2021](#)

- **Need to agree:**

- what conditions are required for what outcomes
- how they should be then be imposed & monitored
- how they should be supported (differentiated payments)
- how to transition from BPS & then evolve over time

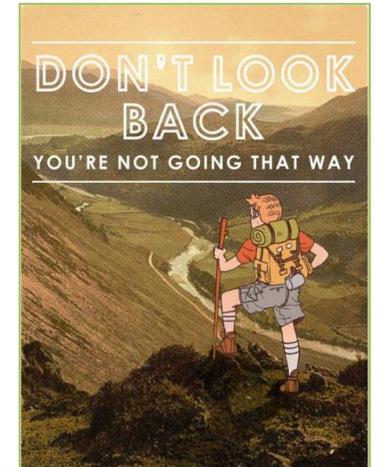


Example Biodiversity Conditions



Challenges remain

- Still a risk of WTO challenge
- UK alignment: Common Support Framework, Internal Market, Subsidy Control...
- Hearts and Minds (Advice & Comms)
- Metrics & Monitoring



Metrics & Monitoring

- Inputs, Processes, Outputs, Outcomes; Attainment vs. Improvement?
- Data – collect once, use often
- Self-reporting?
- Remote/digital sensing?
- Tolerance of inaccuracies?

Category	Example metrics
Emissions	Calving & mortality rates (CTS) Methane inhibitor usage (diaries?) Soil carbon (soil tests) Nutrient Management Plan (document?)
Biodiversity	Land cover/features (satellite imagery?) Sward species, feature condition (Apps?) Management practices (diaries?) Habitat Management Plan (document?)

Conclusions

- Need to signal clear & consistent policy intent & commitment
- Conditional direct payments offer some practical advantages
- Deploy now, to start the journey
- ‘Just Transition’ - Initial baselining/planning conditions, later more performance-related
- Conditionality remains part of broader package of policy instruments

Acknowledgements

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