



Scottish Government
Riaghaltas na h-Alba

Strategic Environmental Assessment (SEA) for the Agricultural Tenancies proposals

Environmental Report

Quality information

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Non-Technical Summary

Overview of Agricultural Tenancies proposals

The Scottish Government's Vision for Agriculture, published in March 2022, outlines its long-term vision to transform how farming and food production can be supported in Scotland to become a global leader in sustainable and regenerative agriculture. As outlined in the Agricultural Reform Route Map, the Scottish Government is committed to ensuring that tenant farmers, smallholders, crofters, new entrants and land managers are given equality of opportunity to allow them to play a key role in making the Vision for Agriculture a reality.

Scottish Agricultural Census results from June 2021 demonstrate that Scottish agriculture is diverse, and just over 20% of agricultural land is tenanted. The Scottish agricultural tenanted sector has 6,057 agricultural tenancies.

The majority of agricultural tenancies are secure 1991 Act agricultural, which total 3,821 tenancies. This type of tenancy is passed on through generations within the same tenant farming family. The remainder of agricultural tenancies are:

- 368 Limited Partnerships,
- 175 Modern Limited Duration Tenancies (MLDTs),
- 743 Limited Duration Tenancies (LDTs) and
- 1,258 Short Limited Duration Tenancies (SLDTs).

Proposals to modernise agricultural tenancies were contained in the *Delivering our Vision for Scottish Agriculture: Proposals for a new Agriculture Bill* consultation.

This reflected the Scottish Government's Programme for Government 2021- 2022, which made the commitment to “*continue to modernise tenant farming – a key part of the rural economy and for some farmers and new entrants, the only route of entry*”, “*ensure tenant farmers and smallholders have the same access to climate change adaptation and mitigation measures*”, and “*we will also legislate as part of wider agricultural support reform to bring forward a revised approach to rent reviews*”. The Bute House agreement also committed to “*continue to improve the rights of tenant farmers and small holders so they are not disadvantaged from actively participating in climate change mitigation and adaptation.*”

The proposals, including amendments to agricultural rent review provisions, seek to promote fairness and enable tenant farmers to play a leading role in addressing the twin crises of climate change and biodiversity loss.

Further information on the Agricultural Tenancies proposals and component parts are set out in the consultation document with which this Environmental Report accompanies.

Strategic Environmental Assessment for the Agricultural Tenancies proposals

AECOM has been commissioned to undertake an independent Strategic Environmental Assessment (SEA) in support of the Agricultural Tenancies proposals (“the proposals”), on behalf of The Scottish Government.

SEA is a systematic process for evaluating the environmental consequences of proposed plans, strategies, or programmes to ensure environmental issues are fully integrated and addressed at the earliest appropriate stage of decision making, with a view to promoting sustainable development.

This Environmental Report, which is the main output of the SEA process, accompanies the Agricultural Tenancies proposals for consultation between September and October 2023.

Stages of SEA

The key stages of the SEA for the Agricultural Tenancies proposals are set out overleaf.

Issues/ themes scoped into the SEA

The SEA information in this Environmental Report has been presented through the following themes (including representative symbols):

Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality



The selected SEA themes have been chosen with a view to effectively presenting the SEA information. These themes reflect the broader interlinkages (including with regards to the flows of ecosystem services) relating to the themes scoped in through the scoping process.



Purpose of this Environmental Report

This Environmental Report accompanies the latest version of the Agricultural Tenancies proposals and is the main output of the SEA process. Its purpose is to:

- Identify, describe, and evaluate the likely significant environmental effects of the proposals and alternative approaches; and
- Provide a perspective on the likely environmental performance of the proposals and key areas for monitoring during its implementation.

The Environmental Report is the third document to be produced as part of the SEA process for the Agricultural Tenancies proposals. The first document was the Screening Report prepared in August 2022, and the second was the Scoping Report prepared in July 2023, which included information about the baseline and the ‘framework’ against which the proposals have been assessed.

Structure of this Environmental Report

- In line with the provisions of the Environmental Assessment (Scotland) Act 2005, this Environmental Report presents:
- **Chapter 3** presents an overview of the scoping process for the SEA (**Stage 1**).
- **Chapter 4** presents an assessment of a number of alternative approaches relating to the broad principles underpinning the Agricultural Tenancies proposals. These have been assessed as reasonable alternatives (**Stage 2**).
- **Chapter 5** presents an assessment of the current proposals, in terms of their likely significant environmental effects (**Stage 3**).
- **Chapter 6** presents proposals for monitoring the significant environmental effects of the proposals, and opportunities for enhancements (linked to **Stage 5**).
- **Chapter 7** subsequently sets out the next steps for the Agricultural Tenancies proposals and accompanying SEA process.

Consultation on this Environmental Report alongside the Agricultural Tenancies proposals comprises **Stage 4**.

Assessment of reasonable alternatives

As outlined above, **Chapter 4** of the Environmental Report presents an assessment of ‘reasonable alternatives’, which is a key element of the SEA process to meet the requirements of the Environmental Assessment (Scotland) Act 2005.

In developing options to assess through the SEA process, the SEA team engaged plan-makers to understand where the focus of alternatives assessment should be. To aid in these discussions, a workshop was undertaken in June 2023 with plan-makers to discuss reasonable alternatives in the context of the proposals.

The purpose of this workshop was to discuss what options can be assessed as reasonable alternatives for the Agricultural Tenancies proposals, in conjunction with the objectives, issues, challenges and opportunities associated with the proposals.

The options formulated through the workshop relate to key components of the proposals, and are set out below:

- **Diversification:**
 - **Option D1:** Environmentally focused diversification: This option would provide an additional onus on legislation that would enable environmental enhancements and protection, providing a much easier pathway for tenants to plant trees, restore peatland, and other nature-based solutions that would improve the provision of ecosystem services.
 - **Option D2:** Commercial diversification: This option would seek to facilitate diversification which enables the development of commercial avenues. This could include, for example, the facilitation of tourism, leisure and recreational activities on land to provide further streams of income and support the local rural economy. It could also facilitate the use of land for renewable energy production or similar activities which support national climate change targets.
 - **Option D3:** Mixed approach: This option would facilitate a combination of the above diversification provisions to allow for both environmentally focused and commercial diversification amending the current diversification provisions to given affect to Option D1 and D2.
- **Compensation:**
 - **Option C1:** Continue current arrangements for compensation in association with the provisions of the Agricultural Holdings (Scotland) Act 1991.
 - **Option C2:** Initiate compensation arrangements that allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.

- **Waygo timeframe:**
 - **Option WG1:** Do not seek to make changes to the waygo process.
 - **Option WG2:** Introduce a waygo timeframe so claims are settled prior to the end of the tenancy.
- **Good husbandry:**
 - **Option GH1:** Do not seek to update the provisions relating to good husbandry.
 - **Option GH2:** Embed environmental principles into the definition of good husbandry.
- **Provisions associated with Schedule 5 agricultural improvements:**
 - **Option S1:** Revising and adding to the list of activities and practices currently set out in Schedule 5 of the 1991 Act, with a view to providing an exhaustive prescriptive list.
 - **Option S2:** Initiate a principle-based approach, replacing the current list in Schedule 5 of the 1991 Act with a series of broad principles to be engaged with through agricultural improvements.
 - **Option S3:** Initiate a principle-based approach, whilst also providing a list of example activities and practices which may be eligible for compensation.

Chapter 4 of the Environmental Report presents details of the options assessed and the reasoning behind their choice as reasonable alternatives. This is accompanied by an assessment of the options against the SEA Framework developed during scoping. Infographics presenting summary appraisal findings for each set of options are also set out in **Chapter 4** and reproduced overleaf.

Infographics are presented in relation to the four SEA topics and show the relative performance of each option against each other. Where there are two options, a green shading with an 'outer ring' is used to highlight the best performing option (ranking 1st), whilst a red shading covering an 'inner ring' represents the option which performs less well (ranking 2nd). Where there are three options, an orange 'middle ring' represents the option which performs less well (ranking 2nd), whilst a red shading covering an 'inner ring' represents the option which performs least favourably (ranking 3rd). Where options are ranked equally, or it is not possible to differentiate between the options, an equals sign is used within both diagrams.

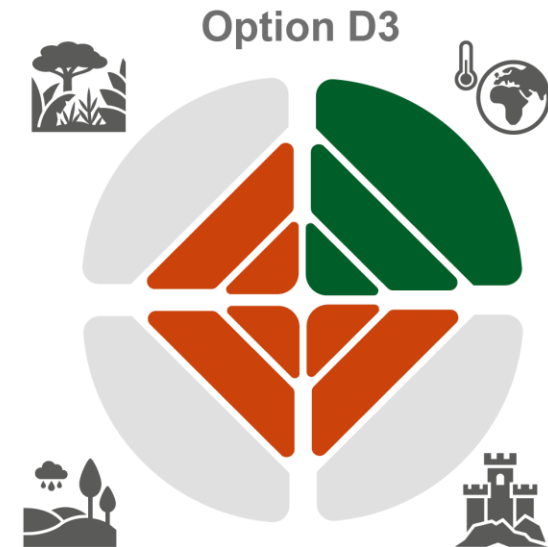
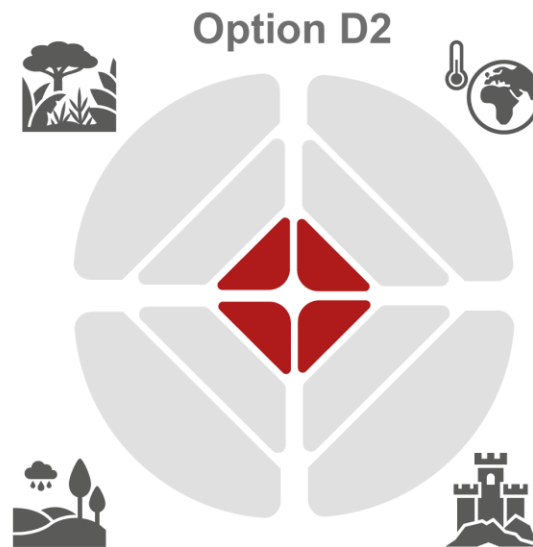
Assessment of options relating to diversification



Option D1
Environmentally focused diversification

Option D2
Commercial diversification

Option D3
Mixed approach



 Biodiversity and geodiversity

 Climate change

 Landscape and historic environment

 Soil and water quality

Assessment of options relating to compensation

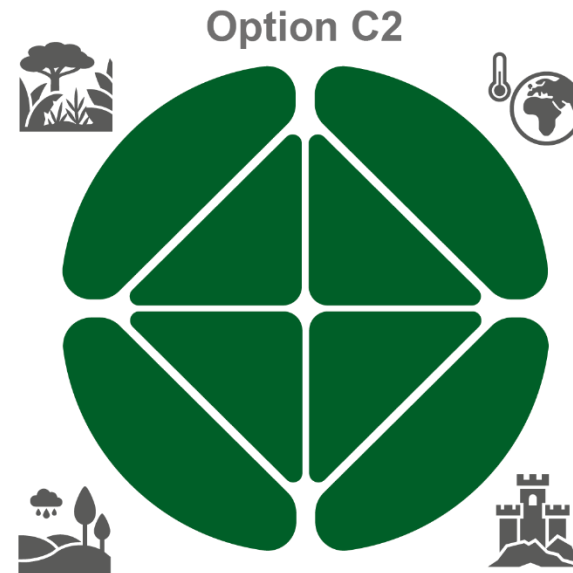
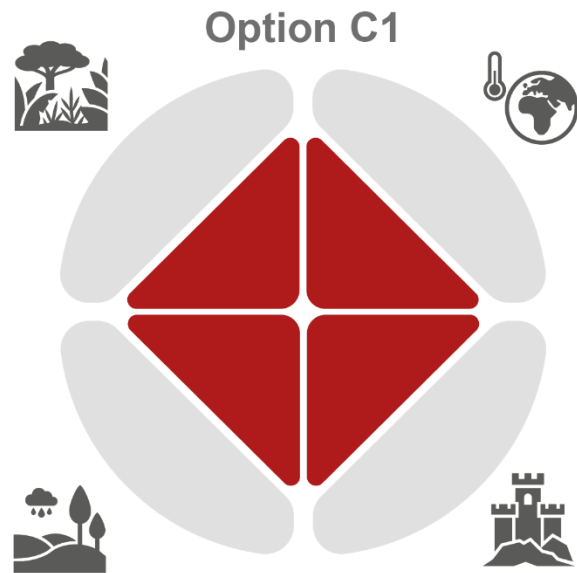


Option C1

Continue current arrangements

Option C2

Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection



Assessment of options relating to waygo timeframe

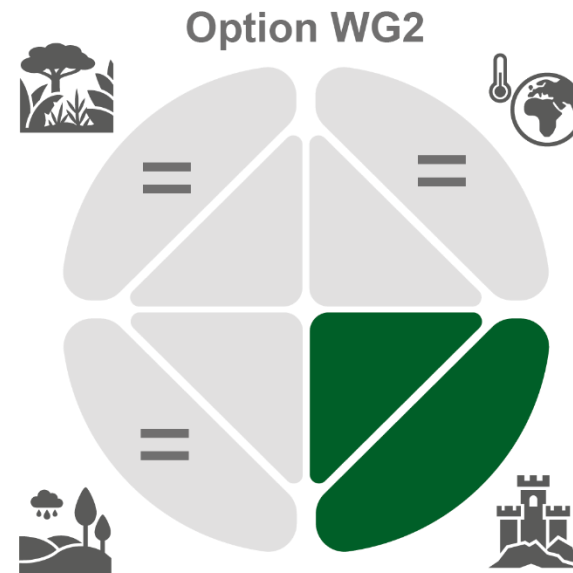
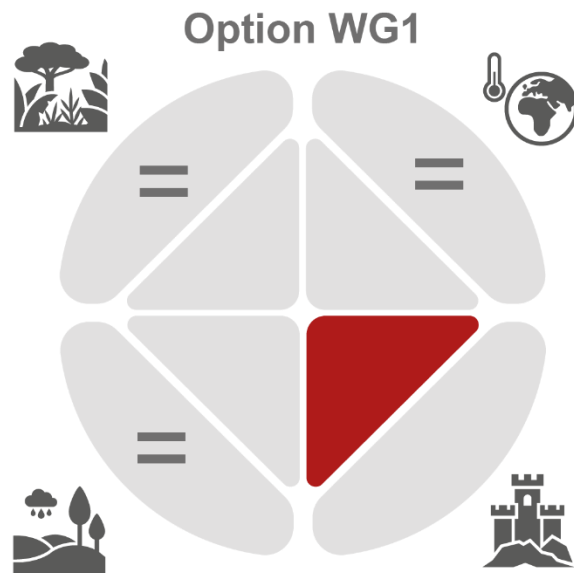


Option WG1

Do not seek to make changes to the waygo process

Option WG2

Introduce a waygo timeframe so claims are settled prior to the end of the tenancy



Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality

Assessment of options relating to good husbandry and estate management

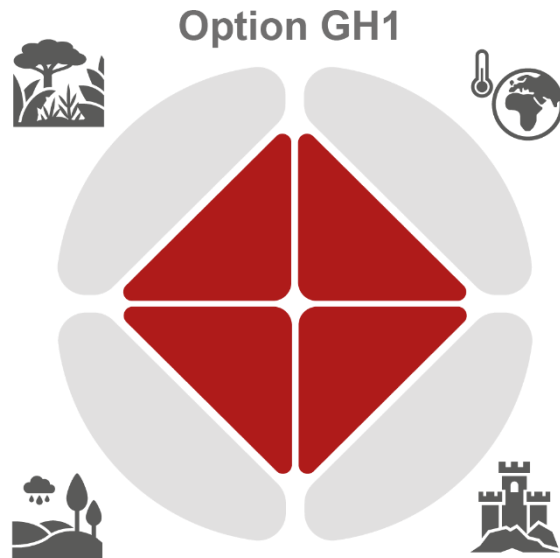


Option GH1

Do not seek to update the provisions relating to good husbandry

Option GH2

Embed environmental principles into the definition fo good husbandry



Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality

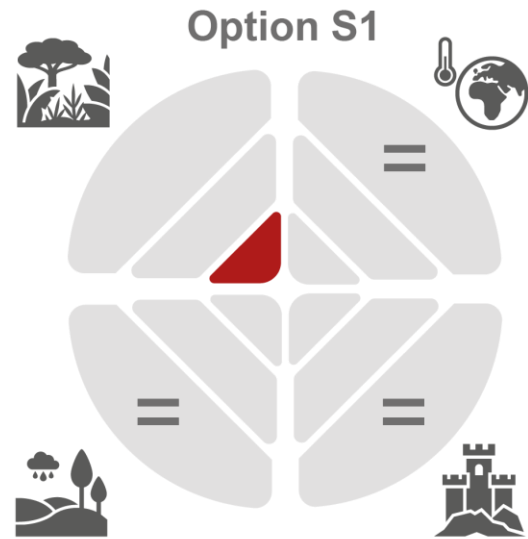
Assessment of options relating to Schedule 5 agricultural improvements



Option S1
Revising and adding to the list of activities

Option S2
Initiate a principle-based approach

Option S3
Mixed approach



 Biodiversity and geodiversity

 Climate change

 Landscape and historic environment

 Soil and water quality

Assessment of proposals

Chapter 5 of the Environmental Report presents the assessment findings and recommendations in relation to the current Agricultural Tenancies proposals.

The key elements of the proposals can be summarised as follows:

- **Diversification (non-agricultural activities)** – This proposal aims to provide tenant farmers with a greater opportunity to diversify their business, with a view to helping address climate change and biodiversity loss. In this context, diversification means allowing the land to be used for non-agricultural purposes.
- **Schedule 5 (agricultural activities)** – Schedule 5 of the Agricultural Holdings (Scotland) Act 1991 is currently an exhaustive list across three parts (I, II and III), which lacks flexibility. This proposal aims to allow tenant farmers greater flexibility to conduct agricultural improvements and partake in integrated land management, focusing on sustainable and regenerative agriculture. This will include adding climate change mitigation and biodiversity enhancement items to Schedule 5 (such as tree planting, habitat creation and renewable energy) that are ancillary to agriculture, support food production. The aim is to add wider value to the land.
- **Rules of Good Husbandry and Estate Management** – The Rules of Good Husbandry and Estate Management place an obligation on all tenant farmers and landlords to practice good husbandry and estate management. The Rules are currently framed towards post war ‘efficient production’. This proposal aims to ensure that sustainable and regenerative agricultural practices are acknowledged alongside their current focus on efficient production.

The key significant effects and uncertainties identified through the assessment are summarised in the figure below.

Agricultural Tenancies proposals Key significant effects and uncertainties



The proposals will help address biodiversity loss and support nature restoration by allowing and encouraging tenants to pursue non-agricultural activities such as tree planting, habitat and peatland restoration, and other nature-based solutions.

Enhancement of role (and improved engagement) of tenants and landlords in environmental conservation and restoration activities.



The proposals contribute to climate change mitigation by allowing tenants to pursue non-agricultural activities such as tree planting and peatland restoration which support biological carbon sequestration (the natural process of removing carbon dioxide from the atmosphere and storing it in trees/ soils).

Through facilitating and encouraging non-agricultural activities such as tree planting and habitat restoration, the proposals have the potential to reinforce and enhance landscape character and enhance the special qualities of landscapes.



The proposals will facilitate and encourage activities which will contribute to climate change adaptation, such as wetland and floodplain restoration, by increasing the resilience of agricultural land to the impacts of extreme weather events such as floods and droughts.



There are however some uncertainties relating to the impact of the proposals on landscape character and the fabric and setting of the historic environment. In this respect activities such as tree planting could alter landscapes that are historically characterised by arable and agricultural land use, and in appropriate planting could lead to impacts on archaeological assets. In addition, renewable energy provision supported by the proposals have the potential to impact on landscape character, as well as negatively impact the setting of important heritage assets and historic areas.



The proposals will maintain and enhance soil and water quality and availability by enabling regenerative agricultural techniques which support regulating and provisioning ecosystem services.

Biodiversity and geodiversity

Climate change

Landscape and historic environment

Soil and water quality

All SEA Themes



Cumulative effects

A range of **positive cumulative effects** across the SEA themes are anticipated as a result of the in-combination effects of Agricultural Tenancies proposals and other plans and strategies. In this respect, the proposals (and framework they sit within) complement and reinforce the objectives and actions of Scotland's Environmental Strategy, Climate Change Plan, National Strategy for Economic Transformation, NPF4 and other key plans and strategies nationally. No significant negative cumulative effects are anticipated in terms of the implementation of the proposals.

Conclusions and recommendations

Three of the four SEA themes considered through the appraisal are considered likely to lead to **major positive significant effects** – these are biodiversity and geodiversity, climate change, and soil and water. The proposals support activities which maintain and enhance biodiversity, contribute to climate change mitigation and adaptation, and improve soil and water quality through enabling the facilitation of a range of regenerative activities including nature-based solutions. With respect to climate change, renewable energy use also plays a key role.

Uncertainty is noted with respect to the landscape and historic environment SEA theme because activities such as tree planting could alter landscapes that are historically characterised by arable and agricultural land uses. In addition, renewable energy uses have the potential to impact the special qualities of valued landscapes as well as negatively impact the setting of important heritage assets and historic areas. In light of this, it is recommended that the proposals clarify that activities, particularly non-agricultural activities, must give due consideration to the local landscape and historic context, with activities only being supported where they maintain or enhance local landscape character and/or setting and significance of the historic environment.

Furthermore, there are a number of actions the Scottish Government can take to alleviate this uncertainty and support and encourage agricultural tenants to undertake diversification on their land. For instance, detailed guidelines and case studies for both landowners and tenants can play a key role in demonstrating the landscape and heritage benefits that can be delivered through diversification and alleviate concerns about a changing baseline. These guidelines could profile land use options tenants could consider, for instance in terms of regenerative agricultural practices like cover cropping and riparian buffers. Guidance should include specific examples which provide advice on how the landscape features may differ to conventional approaches. This will help support clarity for tenants and landowners whilst helping to alleviate concerns. For example, cover cropping differs from the bare fallow fields of conventional agriculture by planting cereals, legumes and brassicas between crop cycles to protect soil. When strategically planted and terminated, cover crops increase organic matter, fix nitrogen, and break pest cycles. Additionally, riparian buffers establish vegetation strips along waterways rather than cropland directly adjacent to streams. The buffers filter agricultural runoff, stabilize banks, and create wildlife corridors. Showcasing these and similar practices through guidelines and highlighting the benefits can provide visual and peer reviewed evidence of how biodiversity, climate

soil and water benefits can be delivered through multiple land management routes. This guidance could be delivered as part of the implementation of changes to Schedule 5 of the 1991 Act.

In addition, to address perceived uncertainties around the risks of moving to different land use practices, a piloting phase could be undertaken, focusing on demonstrator projects that provide a roadmap for agricultural tenants, how diversification can be achieved and evidence of successful implementation within a similar context. The demonstrator projects could be based on key themes relating to diversification options for instance:

- Nature enhancement and restoration
- Net zero technologies
- Eco tourism
- Regenerative agriculture

Monitoring at the landholding level will also be a key element to demonstrate to tenants and landowners alike how diversified land uses not only contribute to national biodiversity and climate targets, but also deliver productivity benefits. Monitoring can be a complex and detailed process but will be critical to ensure diversification away from traditional intensive agriculture is delivering on objectives. As such, the Scottish Government should endeavour to develop robust monitoring guidance to help landowners and tenants understand how to track habitat, soil, carbon sequestration, and other environmental improvements over time. Possibilities for monitoring could include aspects such as assessing soil organic matter content annually, monitoring species diversity and habitat surveys every three years, or undertaking soil analysis every five years to measure carbon sequestration rates and progress. From a wider landscape or national perspective, a complete biodiversity inventory mapping habitat connectivity every ten years could examine the full impact of the system.

Finally, given the cultural importance of the agriculture sector, tight margins and established practices, agricultural tenants should continually be encouraged and supported to deliver land use changes. Offering ongoing incentives could motivate adoption of diversification in line with climate and conservation goals and alleviate any perceived risk. Incentives could include initiatives such as tax reductions, cost-shares, low-interest loans and guidance and support to help landowners and tenants access environmental markets relating to biodiversity, carbon, soil and agriculture and other ecosystem services.

Proposed SEA monitoring programme

Schedule 2 of the Environmental Assessment (Scotland) Act highlights that the Environmental Report should include “*a description of the measures envisaged concerning monitoring.*” In response to this, Chapter 6 of this Environmental Report presents a proposed draft monitoring programme for measuring the proposals’ implementation. It draws on the identified potential significant effects identified through the assessment of the various components of the proposals, and also suggests where monitoring is required to help ensure that the potential benefits of the proposals are effectively achieved through implementation. This will enable appropriate interventions to be undertaken if monitoring highlights negative or underperforming trends relating to the proposals’ implementation.

Next steps

This Environmental Report is being consulted on alongside the wider consultation on the SEAs for the Agricultural Tenancies and Small Landholdings & Land Use Tenancies proposals.

Following the completion of the consultation period in October, comments will be reviewed and analysed. The final proposals will then be developed prior to Royal Assent. Any changes arising to the proposals will need to be assessed as part of the SEA process.

Part 3 of the Environmental Assessment (Scotland) Act 2005 requires that a ‘statement’ be made available to accompany the proposals, as soon as possible after their adoption. The purpose of the SEA Adoption Statement is to outline how the SEA process has influenced and informed the proposals’ development process and demonstrate how consultation on the SEA has been taken into account.

To meet these requirements, an SEA Adoption Statement will be published with the adopted proposals. The SEA Adoption Statement will set out: the reasons for choosing the preferred proposals in light of other reasonable alternatives; how environmental considerations were integrated into the proposals’ development process; how consultation responses were taken into account; and the measures decided for monitoring the significant effects of the proposals.

1. Introduction

Background

- 1.1 AECOM has been commissioned to undertake an independent Strategic Environmental Assessment (SEA) in support of the Agricultural Tenancies proposals (“the proposals”), on behalf of The Scottish Government.
- 1.2 SEA is a systematic process for evaluating the environmental consequences of proposed plans, strategies, or programmes to ensure environmental issues are fully integrated and addressed at the earliest appropriate stage of decision making, with a view to promoting sustainable development.
- 1.3 This Environmental Report, which is the main output of the SEA process, accompanies the Agricultural Tenancies proposals for consultation between September and October 2023.

Overview of Agricultural Tenancies proposals

- 1.4 The Scottish Government’s Vision for Agriculture, published in March 2022¹, outlines its long-term vision to transform how farming and food production can be supported in Scotland to become a global leader in sustainable and regenerative agriculture. As outlined in the Agricultural Reform Route Map², the Scottish Government is committed to ensuring that tenant farmers, smallholders, crofters, new entrants and land managers are given equality of opportunity to allow them to play a key role in making the Vision for Agriculture a reality.
- 1.5 Scottish Agricultural Census results from June 2021 demonstrate that Scottish agriculture is diverse, and just over 20% of agricultural land is tenanted. The Scottish agricultural tenanted sector has 6,057 agricultural tenancies.
- 1.6 The majority of agricultural tenancies are secure 1991 Act agricultural, which total 3,821 tenancies. This type of tenancy is passed on through generations within the same tenant farming family. The remainder of agricultural tenancies are:
 - 368 Limited Partnerships,
 - 175 Modern Limited Duration Tenancies (MLDTs),
 - 743 Limited Duration Tenancies (LDTs) and
 - 1,258 Short Limited Duration Tenancies (SLDTs).
- 1.7 Proposals to modernise agricultural tenancies were contained in the *Delivering our Vision for Scottish Agriculture: Proposals for a new Agriculture Bill* consultation.³

¹ Scottish Government (March 2022): ‘Delivering our Vision for Agriculture’, [online] available to access via [this link](#)

² Scottish Government (June 2023): ‘Agricultural Reform Route Map (second edition)’, [online] available to access via [this link](#)

³ Ibid.

- 1.8 This reflected the Scottish Government’s Programme for Government 2021-2022, which made the commitment to “*continue to modernise tenant farming – a key part of the rural economy and for some farmers and new entrants, the only route of entry*”, “*ensure tenant farmers and smallholders have the same access to climate change adaptation and mitigation measures*”, and “*we will also legislate as part of wider agricultural support reform to bring forward a revised approach to rent reviews*”. The Bute House agreement also committed to “*continue to improve the rights of tenant farmers and small holders so they are not disadvantaged from actively participating in climate change mitigation and adaptation.*”
- 1.9 The proposals, including amendments to agricultural rent review provisions, seek to promote fairness and enable tenant farmers to play a leading role in addressing the twin crises of climate change and biodiversity loss.
- 1.10 Further information on the Agricultural Tenancies proposals and component parts are set out in the consultation document with which this Environmental Report accompanies.⁴

⁴ Scottish Government (September 2023): ‘Strategic Environmental Assessment of Agricultural Tenancies, Small Landholdings and Land Use Tenancy Proposals’

2. Strategic Environmental Assessment (SEA) explained

Purpose of SEA

- 2.1 SEA considers and communicates the likely significant effects of an emerging plan, programme or strategy, and the reasonable alternatives considered during the plan making process, in terms of key environmental issues. The aim of SEA is to inform and influence the plan-making process with a view to avoiding or mitigating negative effects and maximising positive effects.
- 2.2 An SEA is undertaken in line with the procedures prescribed by the Environmental Assessment (Scotland) Act 2005.
- 2.3 The Act requires that an environmental report is published for consultation alongside the draft plan that *'shall identify, describe and evaluate the likely significant effects on the environment of implementing (a) the plan or programme; and (b) reasonable alternatives to the plan or programme...taking into account the objectives and the geographical scope of the plan or programme.'* The report must then be taken into account, alongside consultation responses, when finalising the plan or strategy.
- 2.4 The 'likely significant effects on the environment', are those defined in the Act as *'including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors'*. Reasonable alternatives to the plan need to take into consideration the objectives of the plan and its geographic scope. The choice of 'reasonable alternatives' is determined by means of a case-by-case assessment.

Screening of the Agricultural Tenancies for SEA

- 2.5 SEA screening on the New Agriculture Bill was undertaken in late 2022, with an SEA Screening Report released to the environmental bodies in August 2022.⁵
- 2.6 This established that secondary legislation relating to the New Agriculture Bill (including the Agricultural Tenancies proposals) was likely to require SEA. In this respect it was viewed that the 'Modernisation of Agricultural Tenancies' components of the Bill fall under 5(4) of the Environmental Assessment (Scotland) Act 2005, and there is a likelihood of significant environmental effects.

⁵ Scottish Government (August 2022): 'SEA Screening Report on the New Agriculture Bill for Scotland'

Stages of SEA

2.7 The key stages of the SEA for the Agricultural Tenancies proposals are set out below.

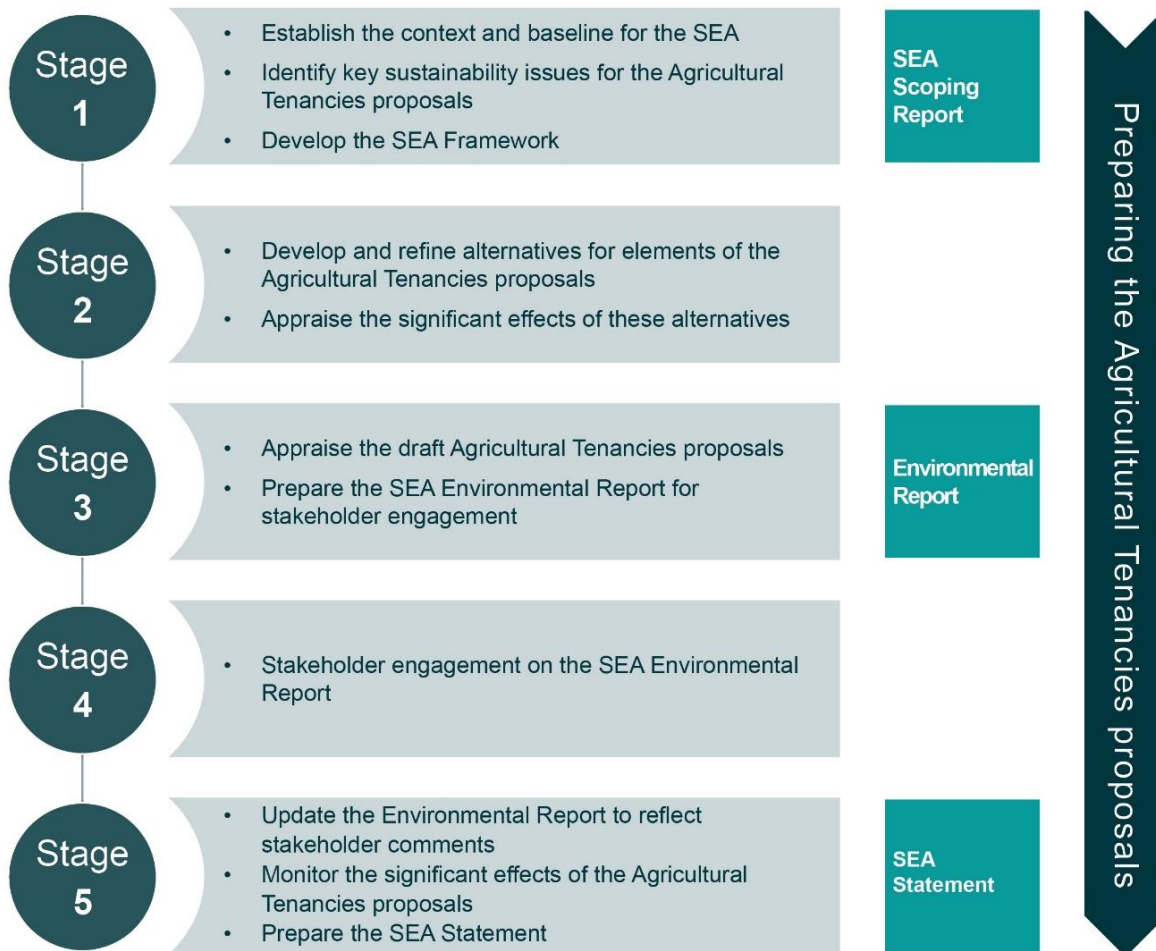


Figure 2.1: Stages of the SEA for the Agricultural Tenancies proposals

This Environmental Report

Purpose of this Environmental Report

2.8 This Environmental Report accompanies the latest version of the Agricultural Tenancies proposals and is the main output of the SEA process. Its purpose is to:

- Identify, describe, and evaluate the likely significant environmental effects of the proposals and alternative approaches; and
- Provide a perspective on the likely environmental performance of the proposals and key areas for monitoring during its implementation.

2.9 The Environmental Report is the third document to be produced as part of the SEA process for the Agricultural Tenancies proposals. The first document was the Screening Report prepared in August 2022⁶, and the second was the Scoping Report prepared in July 2023⁷, which included information about the baseline and the ‘framework’ against which the proposals have been assessed.

Structure of this Environmental Report

2.10 In line with the provisions of the Environmental Assessment (Scotland) Act 2005, this Environmental Report has been structured as follows:

- **Chapter 3** presents an overview of the scoping process for the SEA (**Stage 1** in Figure 2.1).
- **Chapter 4** presents an assessment of a number of alternative approaches relating to the broad principles underpinning the Agricultural Tenancies proposals. These have been assessed as reasonable alternatives (**Stage 2**).
- **Chapter 5** presents an assessment of the current proposals, in terms of their likely significant environmental effects (**Stage 3**).
- **Chapter 6** presents proposals for monitoring the significant environmental effects of the proposals, and opportunities for enhancements (linked to **Stage 5**).
- **Chapter 7** subsequently sets out the next steps for the Agricultural Tenancies proposals and accompanying SEA process.

2.11 Consultation on this Environmental Report alongside the Agricultural Tenancies proposals comprises **Stage 4**.

⁶ Scottish Government (August 2022): ‘SEA Screening Report on the New Agriculture Bill for Scotland’

⁷ Scottish Government (June 2023): ‘Agricultural Tenancies: Agricultural Bill SEA Scoping Report’

3. Scope of the SEA

What is the scope of the SEA?

SEA Scoping Report

- 3.1 The Environmental Assessment (Scotland) Act 2005 requires that: *“Before deciding on the scope and level of detail of the information to be included in the environmental report to be prepared in accordance with section 14; the responsible authority shall send to each consultation authority such sufficient details of the qualifying plan or programme as will enable the consultation authority to form a view on those matters.”* In Scotland, the consultation bodies are Historic Environment Scotland, the Scottish Environmental Protection Agency (SEPA) and Scottish Natural Heritage (NatureScot).
- 3.2 These authorities were consulted on the scope of the SEA for the Agricultural Tenancies proposals through the release of an SEA Scoping Report to consultees in July 2023.⁸

Content of the Scoping Report

- 3.3 Developing the draft scope for the SEA as presented in the Scoping Report has involved the following steps:
- Exploring the policy context for the Agricultural Tenancy proposals and SEA to summarise the key messages arising.
 - Establishing the baseline for the SEA (i.e., the current and future situation in the area in the absence of the proposals to help identify the likely significant effects of the proposals).
 - Identifying particular problems or opportunities (‘issues’) that should be a particular focus of the SEA; and
 - Considering this information, developing an SEA framework comprising SEA objectives and assessment questions, which can then be used as a guiding framework for the subsequent assessment.

Issues/ themes scoped into the SEA

- 3.4 Scoping identified a range of environmental themes that should be a particular focus of SEA. In this respect, in terms of the SEA ‘issues’ suggested by Schedule 3 of the Environmental Assessment (Scotland) Act 2005⁹, the following were scoped in through the scoping process.

⁸ Scottish Government (July 2023): ‘Agricultural Tenancies: Agricultural Bill SEA Scoping Report’

⁹ The Environmental Assessment (Scotland) Act 2005 highlights that the Environmental Report should present information on the likely significant effects on the environment, including on issues such as biodiversity; population; human health; fauna; flora; soil; water; air; climatic factors; material assets; cultural heritage, including architectural and archaeological heritage; landscape; and the inter-relationship between these issues.

Table 3.1: Scoping of SEA themes

SEA theme	Scoped In
Biodiversity, flora and fauna, and geodiversity	✓
Climatic factors	✓
Air quality	✗
Water	✗
Soil	✗
Cultural heritage	✗
Landscape	✗
Material assets	✗
Population and human health	✗

3.5 As set out in the Scoping Report *“In the interest of proportionality and given the national level focus of the policy, coupled with the presence of existing mitigation in place at the project level within existing current agricultural regulations and consenting regimes, the environmental theme areas: population and human health, soil, water, air quality, cultural heritage, material assets, and landscape have been scoped out of this SEA. Notwithstanding, to ensure that the potential for any localised indirect effects is recorded, and to allow for the SEA findings to directly inform the consideration of relevant issues at the local and project levels, it is proposed that the SEA acknowledge these within the context of the themes scoped into the assessment, as appropriate.”*

3.6 In response to this, the SEA information in this Environmental Report has been presented through the following themes (including representative symbols):

Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality



3.7 The selected SEA themes have been chosen with a view to effectively presenting the SEA information. These themes reflect the broader interlinkages

(including with regards to the flows of ecosystem services¹⁰) relating to the themes scoped in through the scoping process.


SEA Framework

3.8 The key environmental issues relating to the proposals have been translated into an SEA 'Framework' of objectives and assessment questions. The SEA Framework provides a way in which the likely significant environmental effects of the Agricultural Tenancies proposals and alternatives can be identified and subsequently analysed based on a structured and consistent approach.



3.9 As discussed above, the SEA Framework and the assessment findings in this Environmental Report have been streamlined and presented under four SEA themes to deliver a proportionate and effective assessment process. In this respect the accompanying objectives and assessment questions for each theme have been refined as appropriate in recognition of the high-level nature of the proposals at this stage.


3.10 The SEA Framework is presented in **Table 3.2** below.

Table 3.2: SEA Framework

SEA theme	SEA objective	Assessment questions (will the proposal help to...)
Biodiversity and geodiversity 	Protect and enhance habitats and species in Scotland	<ul style="list-style-type: none"> • Support the protection and enhancement of key habitats and species? • Enable the protection and enhancement of ecological networks and connectivity, supporting restoration and regeneration? • Support the recovery of historically declining species? • Increase the resilience of biodiversity to the effects of climate change?
	Enhance understanding of biodiversity and geodiversity	<ul style="list-style-type: none"> • Support access to, interpretation and understanding of biodiversity?
	Support efforts to meet international and national biodiversity commitments	<ul style="list-style-type: none"> • Connect and support enhancements to the condition of protected areas? • Restore and regenerate biodiversity? • Support the role of agricultural tenants as stewards of nature for future generations?

¹⁰ Ecosystem Services are the variety of goods and services upon which people depend, and that arise from ecosystems. Ecosystem Services are commonly categorised into Provisioning (e.g. water, food production), Regulating (e.g. the control of climate and diseases), Cultural (e.g. aesthetic values, recreational opportunities), and the underpinning Supporting services (e.g. crop pollination).

SEA theme	SEA objective	Assessment questions (will the proposal help to...)
Climate change 	Support Scotland reach net zero emissions by 2045	<ul style="list-style-type: none"> • Support the meeting of national tree planting and peatland restoration targets? • Support opportunities for the provision of renewable energy on current agricultural land? • Contribute to efforts to diversify strategic land use away from traditional agriculture to a more mixed-use model?
	Enable agricultural tenancies to deliver climate mitigation measures	<ul style="list-style-type: none"> • Increase investment in carbon sink/sequestering nature-based solutions such as woodland planting, peatland restoration; hedgerow planting?
	Support the ability of agricultural tenancies to be resilient to the potential impacts of climate change	<ul style="list-style-type: none"> • Enable tenants to effectively manage existing and emerging pressures associated with climate change that could impact their livelihoods (e.g. droughts; disease and pests; and flooding)? • Support the capacity of the landscape to become more resilient to the impacts of climate change?
Landscape and historic environment 	Protect and enhance the character and quality of Scotland's nationally designated landscapes	<ul style="list-style-type: none"> • Conserve and enhance the special qualities of Scotland's National Scenic Areas (NSAs) and National Parks? • Support the management objectives of NSAs and National Parks as set out in their respective management plans?
	Protect and enhance landscape character outside of nationally designated landscapes	<ul style="list-style-type: none"> • Protect and enhance key landscape features which contribute to local distinctiveness? • Improve understanding of Scotland's distinctive landscape resources?

SEA theme	SEA objective	Assessment questions (will the proposal help to...)
	Conserve and enhance Scotland's historic environment, including designated and non-designated heritage assets	<ul style="list-style-type: none"> • Conserve and enhance the significance of buildings, structures features and areas of architectural or historic interest, both designated and non-designated, and their settings? • Facilitate enhanced understanding and awareness of the local archaeological resource?
	Promote opportunities for enhancing the understanding of Scotland's distinct historic and cultural resource	<ul style="list-style-type: none"> • Protect and conserve the heritage of traditional agricultural practices and methods across rural Scotland? • Support access to, interpretation and understanding of the character of the historic rural environment?
Soil and water quality 	Maintain and enhance soil quality	<ul style="list-style-type: none"> • Encourage practices which maintain and enhance the contribution of healthy ecosystems to quality and quantity of soil? • Enable access to environmental markets focused on restoring soil condition?
	Maintain and enhance water quality	<ul style="list-style-type: none"> • Encourage practices that maintain and enhance the contribution of healthy ecosystems to quality and quantity of water? • Enable access to environmental markets focused on improving water quality?

4. Assessment of reasonable alternatives

Assessing reasonable alternatives in SEA

- 4.1 The assessment of 'reasonable alternatives' is a key element of the SEA process to meet the requirements of the Environmental Assessment (Scotland) Act 2005.
- 4.2 A central facet of the SEA process to date has been the appraisal of reasonable alternatives for the Agricultural Tenancies proposals. The Environmental Assessment (Scotland) Act 2005 is not prescriptive as to what constitutes a reasonable alternative, stating only that the Environmental Report should *"identify, describe and evaluate the likely significant effects on the environment of implementing the plan...and reasonable alternatives to the plan... taking into account the objectives and geographical scope of the plan..."*
- 4.3 In developing reasonable alternatives for the SEA, a central consideration has been with respect to the key choices being made relating to the provisions. In this regard this Environmental Report has assessed a range of options as reasonable alternatives, with a view to exploring the options with particular potential for significant environmental effects. These assessments are designed to inform plan makers and stakeholders on the relative sustainability merits of alternative approaches the proposals could take on various elements associated with the proposals.

Development of options to assess as reasonable alternatives


- 4.4 In developing options to assess through the SEA process, the SEA team engaged plan-makers and stakeholders to understand where the focus of alternatives assessment should be. To aid in these discussions, a workshop was undertaken in June 2023 with plan-makers to discuss reasonable alternatives in the context of the proposals.
- 4.5 The purpose of this workshop was to discuss what options can be assessed as reasonable alternatives for the Agricultural Tenancies proposals, in conjunction with the objectives, issues, challenges and opportunities associated with the proposals.
- 4.6 The options formulated through the workshop relate to the following key components of the proposals:
 - Diversification
 - Compensation
 - Waygo timeframe
 - Good husbandry
 - Provisions associated with Schedule 5 agricultural improvements.


- 4.7 The following pages present details of the options assessed and the reasoning behind their choice as reasonable alternatives. This is accompanied by an assessment of these options against the SEA Framework developed during scoping.
- 4.8 Infographics are presented in relation to the four SEA topics and show the relative performance of each option against each other. Where there are two options, a green shading with an 'outer ring' is used to highlight the best performing option (ranking 1st), whilst a red shading covering an 'inner ring' represents the option which performs less well (ranking 2nd). Where there are three options, an orange 'middle ring' represents the option which performs less well (ranking 2nd), whilst a red shading covering an 'inner ring' represents the option which performs least favourably (ranking 3rd). Where options are ranked equally, or it is not possible to differentiate between the options, an equals sign is used within both diagrams.


Diversification options


- 4.9 One of the key drivers of the legislative reforms is to enhance the ability of agricultural tenants to diversify land use and management. Under the current tenancy agreements there is limited flexibility to diversify given the current provisions' focus on agricultural production.
- 4.10 The use of the land for non-agricultural purposes extends to secure 1991 Act tenancies, limited duration tenancies, modern limited duration tenancies, and repairing tenancies. If the tenant would like to use the land for non-agricultural uses, they must give notice to the landlord and provide relevant information. However, in these cases the landlord has grounds to object if they reasonably consider that the non-agricultural land use would:
1. Lessen significantly the amenity of the land or surrounding area.
 2. Substantially prejudice the use of the land for agricultural purposes in the future.
 3. Be detrimental to the sound management of the state of which the land consists or forms part; or
 4. Cause the landlord to suffer undue hardship.
- 4.11 The landlord may also object if they reasonable consider that the tenant's notice fails to demonstrate that the proposed change is viable. This creates barriers for the tenant in terms of managing the land in forms other than agricultural production. In this respect a business-as-usual approach would undermine national targets relating to woodland planting and peatland restoration, key strands of the Scottish Government's climate and biodiversity commitment. With this in mind, a continuation of this approach is not deemed to be a reasonable alternative to consider through the SEA process.
- 4.12 In light of the above, the SEA has considered three options as reasonable alternatives relating to approaches to diversification, as follows:
- **Option D1:** Environmentally focused diversification: This option would provide an additional onus on legislation that would enable environmental enhancements and protection, providing a much easier pathway for tenants to plant trees, restore peatland, and other nature-based solutions that would improve the provision of ecosystem services.
 - **Option D2:** Commercial diversification: This option would seek to facilitate diversification which enables the development of commercial avenues. This could include, for example, the facilitation of tourism, leisure and recreational activities on land to provide further streams of income and support the local rural economy. It could also facilitate the use of land for renewable energy production or similar activities which support national climate change targets.
 - **Option D3:** Mixed approach: This option would facilitate a combination of the above diversification provisions to allow for both environmentally focused and commercial diversification amending the current diversification provisions to given affect to Option D1 and D2.

Table 4.1: Appraisal of options relating to diversification

Option D1: Environmentally focused diversification Option D2: Commercial diversification Option D3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		D1	D2	D3
Biodiversity and geodiversity 	<p>Overall, Option D1 is likely to perform the strongest in relation to biodiversity and geodiversity. By directly enabling habitat restoration, tree planting, peatland restoration and other nature-based solutions, D1 provides the clearest benefits for enhancing priority habitats and species, improving ecological connectivity, supporting recovery of declining species, and restoring degraded areas. It provides the most opportunities for tenant engagement with conservation activities on their land, through enabling an understanding of how to implement these physical changes and monitor and manage the restoration and enhancement of habitats and associated species. As a result, increased levels of environmental enhancements across agricultural landholdings are likely to provide additional opportunities to access biodiversity, not only for tenants but the wider general public.</p> <p>In contrast, Option D2, is less likely to provide direct benefits for biodiversity or opportunities for biodiversity engagement. The focus on commercial diversification may result in greater efforts to facilitate renewable energy production, or recreational and leisure activities. Depending on the activities selected, these may pose risks to biodiversity through potential habitat loss, fragmentation, disturbance and other impacts associated with development. However, co-benefits could be delivered if diversification is delivered through means such as ecotourism activities.</p> <p>A mixed Option D3 can balance economic and environmental goals, providing moderate biodiversity benefits through its environmentally focused components, while also enabling sustainable commercial diversification. With careful spatial planning and application of the mitigation hierarchy, Option D3 could optimise outcomes for both biodiversity and tenants but would not provide the same scale of ecological benefits as the more conservation-driven Option D1.</p> <p>In summary, the assessment indicates that Option D1 would be most supportive of biodiversity objectives, while Option D2 would require more significant safeguards.</p>	1	3	2

<p>Climate change</p> 	<p>Overall, Option D1 is most supportive of climate goals and provides the clearest climate benefits. By facilitating interventions such as tree planting, peatland restoration, and other nature-based solutions, it directly contributes to carbon sequestration and enhancing natural carbon sinks. This will help mitigate climate change by removing and storing more carbon in soils and biomass. D1 would also enable changes in land use like wetlands and floodplain restoration that, if appropriately placed, could increase the resilience of agricultural land to impacts of extreme weather events like floods and droughts. This will help tenants effectively manage existing and emerging climate change pressures. This would support the development of landscape-scale resilience to the impacts of climate change. While this option may result in positive impacts relating to nature-based climate solutions, it may not though offer the flexibility required to meet ambitions relating to renewable energy production and mixed-use land models.</p> <p>Option D2 would likely provide additional opportunities for renewable energy development to support national net-zero targets. However, it does little to directly enable natural climate solutions or adaptation on tenanted landholdings. Any climate mitigation or adaptation benefits under these options would be indirect and dependent on whether revenue from commercial diversification is invested back into natural climate solutions. Without careful strategic/landscape scale management, there is also a risk that carbon sequestration and storage from natural assets may decrease under D2 if natural areas are converted to commercial uses.</p> <p>Option D3 takes a balanced approach that incorporates elements of both environmental and commercial diversification. This provides some support for nature-based mitigation and adaptation, while also offering revenue generation opportunities that could indirectly support climate action. However, the climate adaptation benefits are more moderate under D3 compared to the direct, targeted impacts of Option D1. It is though likely to perform stronger on mitigation by offering more flexibility to tenants as to how they contribute to net zero targets, including through encouraging opportunities for renewable energy development.</p> <p>In summary, the analysis shows Option D1 as potentially providing the strongest adaptation benefits and potential avenues to mitigate climate change through creation, enhancement and protection of natural assets. However, while Option D2 would rely on indirect effects and safeguards to avoid the increasing pressures of climate change, it does provide the most potential opportunities for renewables like solar, wind, biomass energy on agricultural land. In this respect Option D3 may offer a compromise for both adaptation and mitigation that makes contributions on both the environmental and economic fronts.</p>	2	3	1
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<p>Landscape and historic environment</p> 	<p>Option D1 would provide additional benefits for protecting landscape character and quality. By directly facilitating habitat restoration, tree planting, and other nature-based solutions, Option D1 has the potential to reinforce and enhance landscape character and align with the management objectives of protected areas like National Scenic Areas. However, it may negatively impact the current baseline of these NSAs, in terms of their special qualities, which may in some cases be characterised by the arable and agricultural use of the land. In this respect activities such as tree planting would have a dramatic impact on a landscape dominated by agriculture, creating new features that have not been typically associated with those areas. Option D1 could also result in mixed effects on the historic environment. On the one hand it may support the conservation of traditional agricultural landscape features such as hedgerows and stone walls. On the other hand, moving land away from agricultural use may risk the loss of traditional practices, and changes in local character. It should be noted though that diversification may provide a greater level of income for tenants, and this may allow for resources to be used to restore or better reveal the significance of features and area features of architectural or historic interest.</p> <p>In comparison, Option D2 which focuses on commercial diversification poses risks of detrimental impacts on both landscapes and historic assets through associated development pressures. Unless properly planned and mitigated, development associated with tourism infrastructure, renewable energy infrastructure, and commercial facilities could erode rural landscape character and adversely affect the setting of heritage features. Option D2 is also less likely to directly enhance landscape quality. However, it may allow for historic features and assets to be repurposed, thus helping to protect and enhance historic buildings, structures and features, and secure their ongoing utilisation. As with Option D1, diversification of any kind is likely to pose a risk to conserving the cultural heritage associated with traditional agricultural practices as further revenue avenues provide different land management options.</p> <p>Option D3, the balanced approach, can provide moderate enhancements through habitat creation and reinforcing the cultural heritage value of agricultural practices, while revenue-generating activities could help fund landscape improvements. However, as per Option D1 and D2, D3 still carries risks of landscape and heritage impacts that would require careful siting and mitigation measures. In summary, Option D1 is likely to offer the most direct landscape and historic environment benefits, Option D2 the highest risks requiring more substantial avoidance and mitigation measures, with Option D3 sitting between the two other options in terms of impacts to landscape and historic environment.</p>	1	3	2
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Option D1: Environmentally focused diversification Option D2: Commercial diversification Option D3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		D1	D2	D3
Soil and water quality 	<p>Option D1 provides the clearest benefits for maintaining and enhancing soil and water quality by enabling regenerative agriculture practices which support regulating ecosystem services. This includes, potentially, through facilitating participation in environmental markets. Specifically, this would allow tenants easier access to emerging carbon, water quality, and biodiversity markets that provide payments for practices like cover cropping, riparian buffers, and habitat restoration. However, proving additionality (i.e. that the benefits delivered are additional/new to what is being currently provided) and stacking of ecosystem services (i.e. where multiple ecosystem services or benefits are being claimed by one intervention) would need to be addressed to ensure the integrity of these environmental markets is upheld.</p> <p>While revenue from commercial diversification could theoretically fund conservation practices, Option D2 does not directly require or enable activities that enhance soil or water. Although taking land out of agricultural rotation could result in fewer negative inputs, such as fertilisers into the soil and water systems which could in turn deliver improvements within those systems. However, any construction relating to facilitating tourism or renewable energy activities, for instance, may result in short term disturbance and impacts on these systems. Option D2 is also unlikely to result in directly participation of environmental markets that incentivise practices that focus on soil and water quality.</p> <p>Option D3 provides some soil and water quality benefits through being likely to facilitate some adoption of regenerative practices and participation in environmental markets. However, the benefits are more limited when compared to Option D1, and risks from commercial activities would still need to be managed.</p> <p>In summary, Option D1 provides the clearest direct and proactive approach to soil and water quality enhancements by removing barriers and encouraging regenerative agriculture practices and leveraging environmental market opportunities. Options D2 and D3 are, in contrast, more likely to result in indirect benefits or require risk avoidance measures.</p>	1	3	2

Option D1: Environmentally focused diversification Option D2: Commercial diversification Option D3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		D1	D2	D3
<p>Summary conclusions</p> <ul style="list-style-type: none"> Option D1 (Environmentally focused diversification) performs the strongest across the environmental objectives relating to biodiversity, climate change, landscape and historic environment, soil quality, and water quality. By directly enabling nature-based solutions and regenerative agriculture practices, D1 is likely to deliver targeted and significant positive effects. Option D2 (Commercial diversification) poses greater risks of negative environmental impacts relating to habitat loss and landscape effects. While providing economic opportunities, D2 may require tighter monitoring and regulation to mitigate negative impacts and increase the reliance on indirect benefits to avoid detrimental environmental effects. Furthermore, the option may do less to deliver the proactive measures that could be realised through Option D1 to support and enhance the systems which support soil and water quality. Option D3 (Mixed approach) provides a balance of enabling direct environmental benefits through nature-based and regenerative practices, while also allowing revenue-generating activities that may indirectly support further enhancements. It also performs most favourably relating to climate change mitigation, as it can contribute to the net zero agenda through both nature based and technological solutions. Careful management of risks would still be required. <p>In summary, whilst the assessment highlights that Option D1 as the best performing in terms of many of the environmental considerations, Option D3 represents a middle-ground that will realise positive environmental effects whilst supporting opportunities for activities such as renewable energy provision. Option D2 offers a route which may result in significant negative effects across the SEA themes, requiring the most mitigation.</p>				

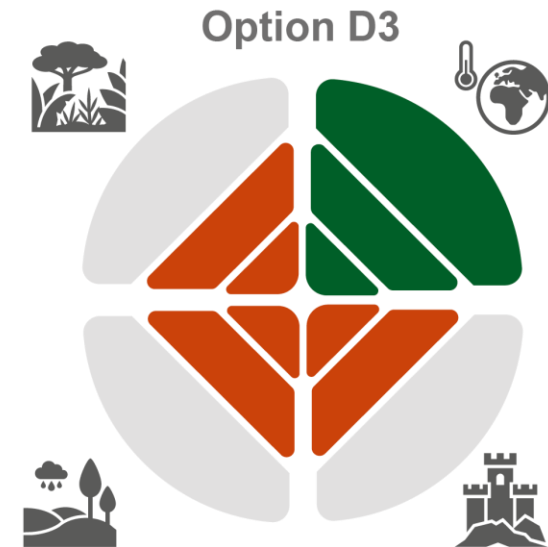
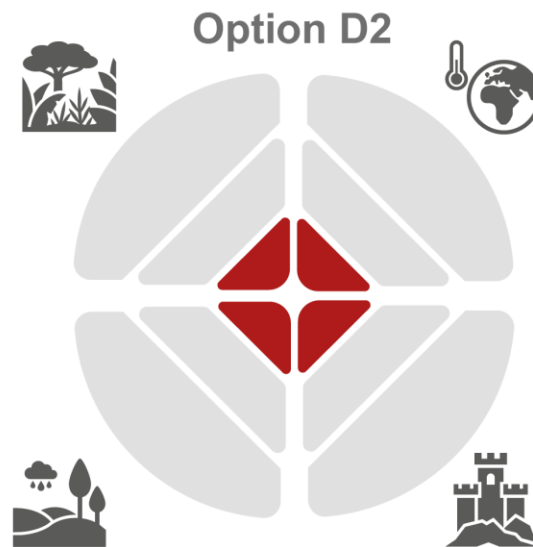
Assessment of options relating to diversification



Option D1
Environmentally focused diversification

Option D2
Commercial diversification

Option D3
Mixed approach



Biodiversity and geodiversity



Climate change



Landscape and historic environment





Soil and water quality


Options relating to compensation


- 4.13 One of the key challenges in relation to the climate and biodiversity crises is the ability to ensure a just transition to a net zero future. This is particularly pertinent in relation to rural communities where agriculture is a key economic sector. If tenant farmers are encouraged to diversify land use and move to more sustainable approaches to agriculture and/or mixed land use approaches, it will be important that appropriate compensation provisions are enacted, both for landowners and tenants.
- 4.14 In this respect current provisions associated with the Agricultural Holdings (Scotland) Act 1991 mean that if the tenant has carried out a diversification to the land, the tenant or the landlord should be paid compensation for this work when their tenancy ends. In this respect if activities such as tree planting or peatland restoration are undertaken which makes the land unsuitable for use for agriculture by an incoming tenant, then the tenant will not be entitled to compensation.
- 4.15 In certain circumstances, the tenant may also have to pay compensation to the landlord when they leave the land. An outgoing 1991 Act tenant may have to pay the landlord compensation where the landlord shows that the value of the holding has been reduced during the tenancy by the use of the holding for a purpose which is not an agricultural purpose; and the amount of compensation payable shall be an amount equal to the reduction in the value of the holding.
- 4.16 On this basis there is scope to update the compensation provisions to facilitate and encourage the use of land for restorative activities as well as food production.
- 4.17 Two options have therefore been assessed against the SEA framework:
- **Option C1:** Continue current arrangements for compensation in association with the provisions of the Agricultural Holdings (Scotland) Act 1991.
 - **Option C2:** Initiate compensation arrangements that allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.

Table 4.2: Assessment of options relating to compensation

Option C1: Continue current arrangements			
Option C2: Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		C1	C2
Biodiversity and geodiversity 	<p>Option C1, which continues the status quo compensation arrangements is unlikely to provide improvements in biodiversity outcomes. By not compensating tenants for taking land out of agricultural production for conservation purposes, C1 offers limited incentives for priority habitat restoration, species protection, or enhancing connectivity. In this respect it maintains the existing disincentives for tenants to engage in biodiversity initiatives.</p> <p>In contrast, Option C2, which enables compensation for environmental enhancements, would significantly benefit biodiversity and geodiversity. By compensating tenants for activities like habitat restoration and tree planting, C2 provides direct incentives for conservation and nature positive outcomes actions that support protected species, ecological connectivity, and recovery of declining populations. It is also likely to promote tenant engagement through participation in habitat improvement projects.</p> <p>Overall, while Option C1 maintains the status quo, Option C2 would enable transformative biodiversity and geodiversity positive effects by compensating tenants for delivering environmental benefits through changes in land use. Compensation for nature-positive farming under C2 offers the most potential for biodiversity benefits. This approach will therefore do most to support efforts to meet international and national biodiversity commitments by enabling agricultural tenants to restore habitats and support the management of protected areas.</p>	2	1

Option C1: Continue current arrangements			
Option C2: Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		C1	C2
Climate change 	<p>Option C1 does little to deliver positive effects in terms of climate change outcomes. By not providing incentives for tenants to undertake activities like tree planting, peatland restoration or diversification to mixed land uses, C1 upholds existing barriers to nature-based carbon sequestration and landscape-scale climate adaptations. It also does less to provide the mechanisms to encourage the shifts needed to support net zero targets or bolster climate mitigation and resilience.</p> <p>In contrast, Option C2 would likely provide new incentives to drive significant positive effects relating to climate change. By compensating tenants for taking land out of production for nature restoration and climate-positive practices, Option C2 encourages tree planting, peatland restoration, wetland creation, and other activities that sequester carbon, reduce emissions, and increase climate resilience.</p> <p>Overall, while Option C1 continues the existing incentives for climate action, Option C2 is likely to do more to spur progress by rewarding tenants for delivering climate solutions through diversification.</p>	2	1

Option C1: Continue current arrangements			
Option C2: Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		C1	C2
Landscape and historic environment 	<p>Option C1 is unlikely to improve landscape or heritage outcomes. By not rewarding tenants for conservation activities, C1 provides no new incentives for landscape or nature enhancements like tree planting or habitat restoration that could result in positive effects for scenic quality. It also maintains disincentives for preserving agricultural heritage features such as buildings of historic interest. However, it may also encourage protection of features that are considered a component of good farming such as stone walls. On balance, Option C1 represents status quo conditions.</p> <p>In contrast, Option C2, which compensates tenants for environmental improvements, could act as a catalyst to deliver landscape and historic environment benefits. By incentivising nature restoration and the conservation of rural heritage assets, C2 promotes activities that can preserve scenic beauty, or conserve traditional agricultural structures and practices. It should be noted though there is a risk this option may negatively impact the current baseline of areas of distinctive landscape character, which may be characterised by arable and agricultural land use. In this respect activities such as tree planting can have an impact on a landscape dominated by agriculture, creating new features that have not been typically associated with those areas.</p> <p>Overall, while Option C1 retains existing barriers to environmental enhancements, Option C2 enables more transformational improvements to valued Scottish landscapes and historic rural assets to take place by flipping incentives to reward tenants for stewardship. In this respect compensation for nature restoration may unlock significant landscape and heritage opportunities, due to the additional revenue stream.</p>	2	1

Option C1: Continue current arrangements			
Option C2: Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		C1	C2
Soil and water quality 	<p>Option C1, which retains current compensation rules, misses opportunities to improve soil or water outcomes. By maintaining disincentives for tenants to implement many regenerative or conservation practices, C1 does less to encourage activities like cover cropping, wetland restoration, or leveraging environmental markets that could enhance soil health and water quality. It preserves the status quo.</p> <p>Conversely, Option C2, which compensates tenants for environmental enhancements, incentivizes practices that boost soil and water quality. C2 encourages regenerative approaches such as no-till farming and access to emerging environmental markets that financially reward sustainable farming. This provides new incentives for tenants to actively improve soil conditions and reduce nutrient runoff. By more effectively compensating activities like cover cropping or riparian buffers, C2 enables tenant participation in schemes that pay farmers for implementing practices that could improve the soil and water quality. As such, this may result in avenues which support the uptake of regenerative approaches and leverages environmental markets to improve soil and water outcomes.</p> <p>Overall, Option C2 will do more than Option C1 to catalyse regenerative agriculture and conservation practices that restore degraded soils, reduce pollution, and allow participation in environmental markets. Focusing incentives to reward stewardship is therefore likely to unlock opportunities for soil and water quality enhancements.</p>	2	1

Option C1: Continue current arrangements

Option C2: Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection.

SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		C1	C2

Summary conclusions

Overall, Option C2, which would compensate tenants for environmental diversifications, consistently performs much stronger than Option C1 across the SEA themes. By focusing incentives to reward tenants financially for nature enhancements and regenerative practices, Option C2 offers the potential to deliver significant positive impacts. In contrast, Option C1 maintains the disincentives provided by the status quo and does less to remove the barriers that preclude improvements.

In this respect, while Option C1 provides limited additional incentives for environmental enhancements, Option C2 unlocks transformative opportunities for nature positive solutions, climate change, valued landscape protection and enhancements, and improved soil and water quality by compensating tenants for providing these services. Shifting compensation models to reward sustainability over agricultural output incentivises a more mixed land use model that could enable balancing productivity with much needed ecological restoration.

Assessment of options relating to compensation

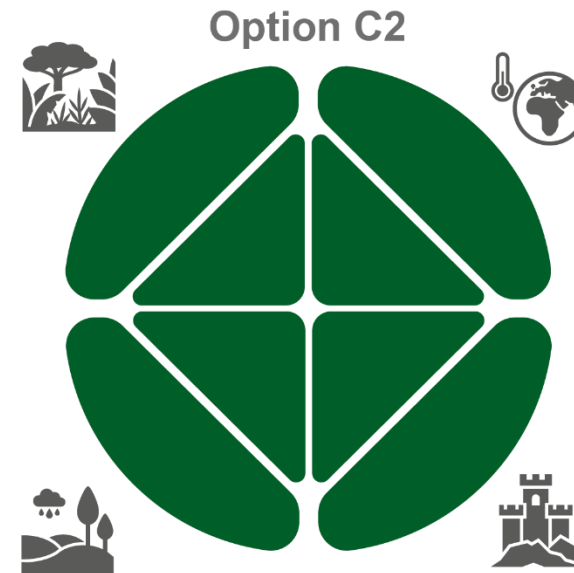
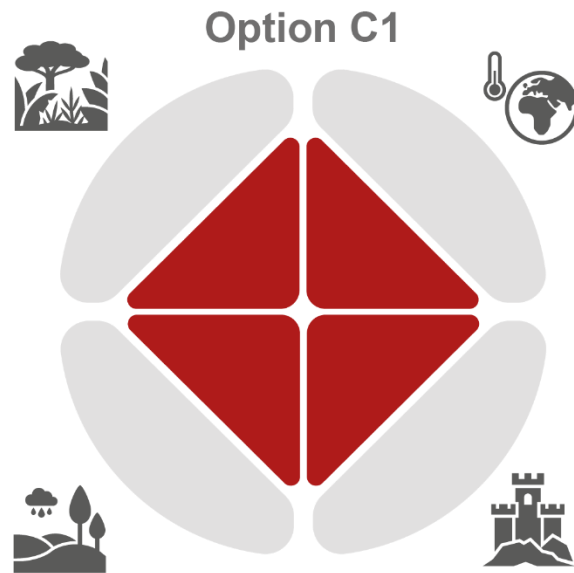


Option C1

Continue current arrangements

Option C2

Allow compensation to be payable to the tenant for land taken out of agricultural production for environmental enhancements and/or protection



Options relating to waygo timeframe

4.18 Enforcement of waygo claims is currently carried out via s.62 of the Agricultural Holdings (Scotland) Act 1991. This can be applied to both parties after a termination in tenancy and relates to a claimant writing to their tenant or landlord to seek compensation for:



- tenant's improvements.
- high farming.
- diversification and cropping of trees.
- disturbance and additional payment.
- yielding vacant possession.
- dilapidation, deterioration, and damage; or
- compulsory acquisition.



4.19 This process has been described by stakeholders as 'painful' and can often have socio-economic ramifications, particularly for tenants who can be tied down by the compensation process so that they are not able to move onto new landholdings or activities. This provides challenges relating to the delivery of a just transition towards land reforms.

4.20 Two options have therefore been assessed through the SEA process:

- **Option WG1:** Do not seek to make changes to the waygo process.
- **Option WG2:** Introduce a waygo timeframe so claims are settled prior to the end of the tenancy.

Table 4.3: Assessment of options relating to waygo timeframe

Option WG1: Do not seek to make changes to the waygo process			
Option WG2: Introduce a waygo timeframe so claims are settled prior to the end of the tenancy			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		WG1	WG2
Biodiversity and geodiversity 	<p>Overall, both Option WG1 and Option WG2 are likely to have neutral effects in relation to biodiversity and geodiversity. Neither option directly enables enhanced protection for priority habitats and species, improved ecological connectivity, stronger species recovery, increased opportunities for biodiversity engagement by tenants, or better access to understanding biodiversity. As such, timeframes for waygo compensation do not appear to have a significant relationship with on-the-ground biodiversity outcomes.</p> <p>In summary, while a lengthy waygo process can cause socio-economic challenges, shortening the duration alone does not translate into clear biodiversity improvements. In this respect the waygo timeframe options do not significantly sway outcomes in either a positive or negative direction; in this respect they maintain existing trajectories rather than providing a platform for improvement.</p>	=	=
Climate change 	<p>Maintaining the current duration under Option WG1 or reducing it under WG2 does not directly enable nature-based carbon sequestration through tree planting and peatland restoration, spur investment into natural climate solutions, or build climate resilience of agricultural tenancies. The timeframe for compensation claims is largely unrelated to on-the-ground implementation of mitigation and adaptation measures.</p> <p>In summary, while a prolonged waygo process causes socio-economic challenges, simply shortening the duration does not translate into clear climate benefits. Both options essentially uphold the status quo conditions relating to carbon sequestration, renewables development, and climate resilience of rural holdings. The waygo timeframe options maintain Scotland's existing climate trajectory rather than accelerating or hindering progress.</p>	=	=

Option WG1: Do not seek to make changes to the waygo process			
Option WG2: Introduce a waygo timeframe so claims are settled prior to the end of the tenancy			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		WG1	WG2
Landscape and historic environment 	<p>Overall, while the waygo timeframe options do not directly impact on landscape or heritage improvements, Option WG1, which maintains the current lengthy duration for compensation could result in minor negative effects on historic environment assets compared to Option WG2. This is linked to potential short-term impacts as active management of the agricultural land is affected whilst the process is resolved. As such, prolonged waygo processes under WG1 risks increased deterioration or damage to vulnerable heritage features by delaying active management and oversight of vacant agricultural lands containing assets. This could negatively impact sites and features such as traditional stone structures or archaeological remains.</p>	2	1
Soil and water quality 	<p>The waygo timeframe options do not directly influence soil or water quality outcomes. This is given the timings for the end date of the tenancy plot would not significantly change as a result of the introduction of a waygo timeframe through Option WG2.</p>	=	=
Summary <p>Overall, the waygo timeframe options have a mostly neutral impact across the SEA themes and objectives related to biodiversity, climate change, landscape/heritage, and soil/water quality. Neither option is likely to result in significant positive or negative effects. However, some subtle differences emerge in terms of indirect effects during the interim period when compensation is agreed. In this respect Option WG1 risks minor negative effects on vulnerable environmental assets (including heritage assets) from prolonged claim periods.</p>			

Assessment of options relating to waygo timeframe

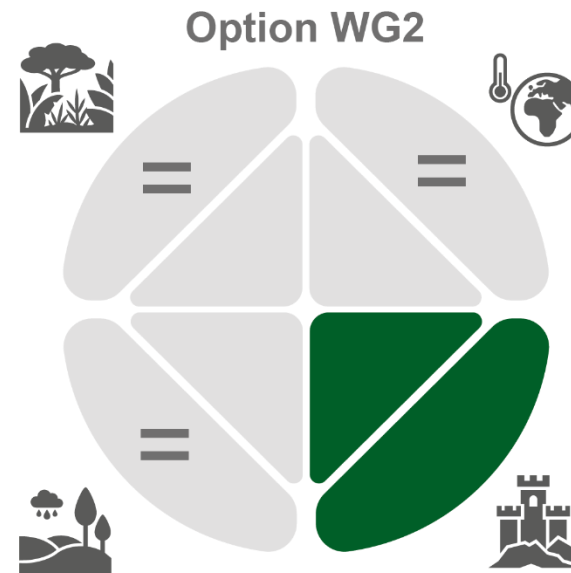
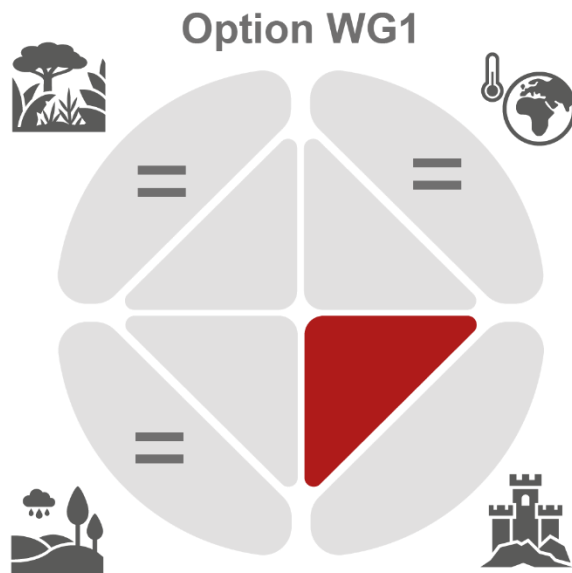


Option WG1

Do not seek to make changes to the waygo process

Option WG2

Introduce a waygo timeframe so claims are settled prior to the end of the tenancy



Biodiversity and geodiversity



Climate change



Landscape and historic environment






Soil and water quality


Options relating to good husbandry and estate management

- 4.21 In accordance with the Agriculture (Scotland) Act 1948 there is a statutory obligation for tenants to practice good husbandry. In practice this means appropriate rotation of cropping and rotation between grazing livestock and green crop production (including uncropped field margins). Land is deemed to be under good husbandry if appropriate agricultural techniques are followed, and the landlord has a right to terminate tenancy if good husbandry practices are not being met.
- 4.22 There is scope for a legislative change to integrate more regenerative and sustainable agricultural principles into good husbandry rules. In addition to supporting regenerative activities, this would enable the landlord and tenant to hold each other to account in relation to environmental principles.
- 4.23 In this respect, two options can be explored through the SEA process, as follows:
- **Option GH1:** Do not seek to update the provisions relating to good husbandry.
 - **Option GH2:** Embed environmental principles into the definition of good husbandry.

Table 4.4: Assessment of options relating to good husbandry

Option GH1: Do not seek to update the provisions relating to good husbandry			
Option GH2: Embed environmental principles into the definition of good husbandry.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		GH1	GH2
Biodiversity and geodiversity 	<p>Option GH1, which retains the traditional definition of good husbandry, limits positive biodiversity and geodiversity outcomes beyond maintaining standard agricultural practices. By not formally integrating regenerative, sustainable and conservation principles, GH1 misses opportunities to actively protect and restore threatened habitats and species or improve ecological connectivity on tenanted lands. It represents a business-as-usual trajectory.</p> <p>In contrast, expanding the legislative definition under Option GH2 to embed environmental considerations would enable on-the-ground delivery of positive biodiversity and geodiversity outcomes. Formally requiring climate-smart, regenerative, and nature restoration practices would align good husbandry obligations with national and international biodiversity ambitions. As such, Option GH2 creates a pathway for tenants to help support the recovery of declining species populations, enhance protected areas, and engage directly in habitat restoration activities through a holistic approach to tenancy management.</p> <p>Overall, while Option GH1 maintains the status quo, integrating environmental principles under Option GH2 unlocks significant biodiversity opportunities through good husbandry reform.</p>	2	1

Option GH1: Do not seek to update the provisions relating to good husbandry			
Option GH2: Embed environmental principles into the definition of good husbandry.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		GH1	GH2
Climate change 	<p>Option GH1 is unlikely to provide climate benefits beyond status quo conditions. It does not formally integrate practices that support tree planting, peatland restoration, carbon sequestration through regenerative agriculture, or ecological resilience. GH1 therefore represents a missed opportunity to leverage good husbandry reform for climate progress.</p> <p>In contrast, expanding obligations under GH2 would create clear pathways to deliver climate solutions through tenancy management. Embedding climate-smart regenerative practices like cover cropping, no-till, and composting would mitigate climate change by increasing carbon sequestration. Activities such as integrating buffer strips, hedgerows, wetlands, and mixed crop-livestock systems could support ecological resilience and support adaptation to the effects of climate change.</p> <p>Overall, while Option GH1 maintains existing barriers, Option GH2 enables good husbandry obligations to drive progress through climate-smart regenerative practices that mitigate emissions and support resilience.</p>	2	1
Landscape and historic environment 	<p>Option GH1 is unlikely to result in significant positive impacts for landscape quality or the conservation and enhancements of heritage assets. By maintaining status quo obligations, GH1 misses opportunities to integrate practices that could benefit landscape character, improve the condition of historic features like stone walls or archaeological sites, or expand public understanding and interest in traditional farming methods.</p> <p>In contrast, GH2 enables broader opportunities to realise landscape and heritage benefits through tenancy management reforms. Integrating habitat restoration and regenerative principles could enhance scenic qualities, while expanded obligations could require proactive conservation of rural heritage assets. Educational components could also improve public awareness of historic agricultural practices.</p> <p>Overall, while Option GH1 represents business-as-usual with limited potential gains, Option GH2 unlocks significant opportunities to align good husbandry duties with goals to improve valued Scottish landscapes and conserve agricultural heritage. An expanded definition therefore creates additional pathways for supporting landscape character and conserving and enhancing the historic environment</p>	2	1

Option GH1: Do not seek to update the provisions relating to good husbandry			
Option GH2: Embed environmental principles into the definition of good husbandry.			
SEA theme	Discussion of potential effects and relative merits of options	Ranking	
		GH1	GH2
Soil and water quality 	<p>Option GH1 would provide incremental soil and water benefits at best compared to the status quo. While some existing agricultural practices, such as rotational practices form a foundation, they have mixed results for improving soil health, reducing erosion, and mitigating nutrient runoff issues.</p> <p>In contrast, expanding legislative obligations under Option GH2 creates clear opportunities to deliver significant soil and water quality improvements through tenancy management reforms. Formally integrating regenerative practices such as cover cropping, conservation tillage, riparian buffers, and wetlands would provide pathways to actively enhance soil health while reducing runoff and erosion.</p> <p>Overall, while Option GH1 represents a business-as-usual trajectory of modest potential gains, Option GH2 enables robust soil and water stewardship through expanded good husbandry duties aligned with environmental goals. In this respect reforming the legislative definition relating to good husbandry would help unlock water and soil benefits.</p>	2	1
<p>Summary</p> <p>Overall, Option GH2 demonstrates significant positive potential across all of the SEA objectives relating to biodiversity, climate change, landscape, heritage, soil health and water quality. By embedding environmental practices into statutory requirements for tenancy management, GH2 creates clear mechanisms and incentives for tenants to deliver significant environmental outcomes compared to current business-as-usual practices under GH1.</p> <p>In contrast, retaining the status quo traditional rotational farming definition under Option GH1 represents a missed opportunity, with continued risks of failing to meet pressing national and global climate and biodiversity goals if agricultural tenancy management obligations are not reformed. While providing a foundation, existing practices have limited potential for further enhancements across objectives.</p> <p>In summary, the assessment findings clearly favour a redefinition under Option GH2 to leverage good husbandry reform for environmental gain, rather than upholding definitions that may constrain progress. In this respect expanding obligations would help align tenancy duties with modern environmental goals.</p>			

Assessment of options relating to good husbandry and estate management

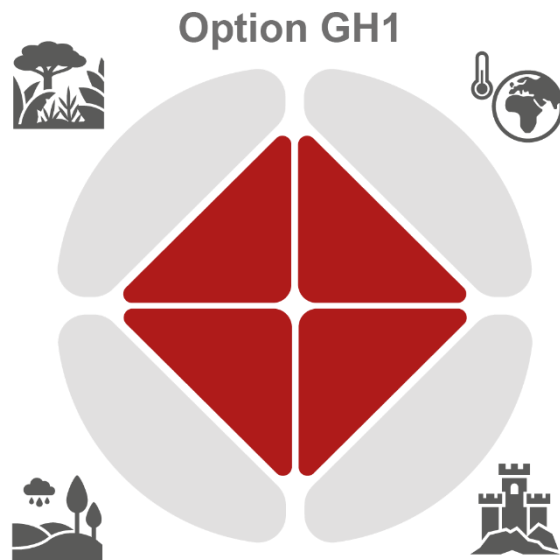


Option GH1

Do not seek to update the provisions relating to good husbandry

Option GH2

Embed environmental principles into the definition fo good husbandry



Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality


Options relating to Schedule 5 agricultural improvements


4.24 Schedule 5 of the Agricultural Holdings (Scotland) Act 1991 sets out a variety of 'new' improvements to agricultural holdings for which compensation may be payable when the tenant leaves the holding. However, it is widely recognised this prescriptive list does not provide the flexibility to encompass the changes in land use necessitated to address the climate and biodiversity crises that the current legislative changes are seeking to support.


4.25 In developing a more flexible approach to activities that could be considered 'improvements', such as woodland and hedgerow planting or peatland restoration, or activities ancillary to agriculture, a number of approaches can be taken. Three options have therefore been assessed:


- **Option S1:** Revising and adding to the list of activities and practices currently set out in Schedule 5 of the 1991 Act, with a view to providing an exhaustive prescriptive list.
- **Option S2:** Initiate a principle-based approach, replacing the current list in Schedule 5 of the 1991 Act with a series of broad principles to be engaged with through agricultural improvements.
- **Option S3:** Initiate a principle-based approach, whilst also providing a list of example activities and practices which may be eligible for compensation.

Table 4.5: Assessment of options relating to Schedule 5 agricultural improvements

Option S1: Revising and adding to the list of activities Option S2: Initiate a principle-based approach Option S3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		S1	S2	S3
Biodiversity and geodiversity 	<p>Option S1, which takes a prescriptive approach, is likely to provide relatively limited positive biodiversity and geodiversity outcomes beyond maintaining current practices. Constraining opportunities to predefined improvements on the list risks missing opportunities for enhancing priority habitats and species, improving connectivity, supporting species recovery, enabling tenant engagement, and restoring degraded ecosystems. This may also offer a rigidity to the legislation, which makes it difficult to embed new techniques and methods which may become applicable in the near future.</p> <p>In contrast, the flexible principle-based approach under Option S2 creates opportunities to achieve positive biodiversity outcomes by opening up eligibility for regenerative activities aligned with sustainability principles. However, the lack of concrete examples carries some uncertainty, particularly in terms of providing sufficient information to effectively guide tenant farmers. Option S3 combines the adaptability of principles with the clarity of representative examples that illustrate biodiversity enhancing practices.</p> <p>Overall, both principle-based approaches in Options S2 and 3 will facilitate an adaptive approach with the ability to reflect leading-edge approaches in biodiversity management, including sustainable agriculture and nature restoration activities. Option S3 couples principles with examples to provide helpful definition, creating clear pathways for mutually reinforcing productivity, conservation and restoration improvements.</p>	3	2	1

Option S1: Revising and adding to the list of activities Option S2: Initiate a principle-based approach Option S3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		S1	S2	S3
Climate change 	<p>While expanding the prescriptive list under Option S1 may incorporate some defined activities like tree planting and peatland restoration to support net zero efforts, the inherent inflexibility of a prescriptive list constrains the ability to continually add emerging innovations over time. This is particularly pertinent when considering technological advances in the renewable sector, for instance. As such, Option S1 could result in positive environmental impacts relating to climate change but carries ongoing limitations.</p> <p>In contrast, the flexible principle-based approach proposed under Option S2 enables much greater adaptability to support a wider array of nature-based carbon sequestration activities both now and in the future as climate mitigation and adaptation practices evolve. However, the lack of concrete examples carries some uncertainty on what specific activities would be enabled and may result in a knowledge barrier in terms of how to actually deliver the said principles.</p> <p>Option S3 balances the strengths of defined activities and flexible principles by coupling representative examples with adaptability for future innovations. The examples could provide clarity on the activities which are appropriate today, while accommodating new practices over time as mitigation and adaptation needs evolve.</p> <p>Overall, while Option S1 and S2 may result in moderate positive outcomes, Option S3 realises the full potential by blending principles and examples to provide defined pathways while maintaining future adaptability. This enables transformative climate progress through regenerative agriculture and nature-based solutions.</p>	=	=	1

Option S1: Revising and adding to the list of activities Option S2: Initiate a principle-based approach Option S3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		S1	S2	S3
Landscape and historic environment 	<p>While expanding the prescriptive list under Option S1 incorporates some defined activities that could provide incremental benefits for landscape character and the conservation of heritage assets, the inherent inflexibility of the approach constrains the ability to continually add emerging innovations over time. In this respect Option S1 makes moderate improvements but carries ongoing limitations.</p> <p>In contrast, the flexible principle-based approach proposed under Option S2 enables much greater adaptability to support a wider array of landscape enhancements and heritage conservation activities as practices evolve. However, the lack of concrete examples carries some uncertainty on what specific activities would be enabled.</p> <p>Option S3 balances the strengths of defined activities and flexible principles by coupling representative examples with adaptability for future innovations. The examples provide clarity on the appropriate landscape and heritage activities that can be utilised today, while the principles accommodate adding new practices over time. Overall, Option S3 realises the full potential by blending principles and examples to provide defined pathways linked to clarity and guidance, while maintaining future adaptability.</p>	=	=	1

Option S1: Revising and adding to the list of activities Option S2: Initiate a principle-based approach Option S3: Mixed approach				
SEA theme	Discussion of potential effects and relative merits of options	Ranking		
		S1	S2	S3
Soil and water quality 	<p>While expanding the prescriptive list under Option S1 incorporates some defined regenerative activities that could provide incremental benefits for soil health and water quality, the inherent inflexibility provided by the approach constrains the ability to continually add emerging innovations over time. This is particularly important in relation to soil, as understanding and research into the function of soil ecosystems is improving and expanding.</p> <p>In contrast, the flexible principle-based approach under Option S2 enables greater adaptability to support a wide array of soil-enhancing and water-protecting activities both now and in the future as practices evolve. However, the lack of concrete examples carries some uncertainty on the types of specific activities that could be enabled. As per S1, given the emerging research and understanding around soil science, a lack of specific examples of how to improve soil health may result in difficulties in terms of the delivery of these principles through agricultural tenancies.</p> <p>Option S3 balances the strengths of defined activities and flexible principles by being likely to couple representative examples of practices to improve soil and water health with adaptability for future research and innovation. The examples provide clarity on activities allowed today, with the principles accommodating adding new practices over time. Option S3 therefore realizes the full potential by blending principles and examples to provide defined pathways for maintaining and enhancing soil and water quality linked to clarity and guidance while maintaining future adaptability.</p>	=	=	1

Option S1: Revising and adding to the list of activities						
Option S2: Initiate a principle-based approach						
Option S3: Mixed approach						
SEA theme	Discussion of potential effects and relative merits of options			Ranking		
				S1	S2	S3
Summary						
<p>While expanding the prescriptive list under Option S1 incorporates more activities than present, the inherent inflexibility of the options carries ongoing constraints to add future advancements without legislative changes. In contrast, through initiating a purely principles-led approach, Option S2, while flexible, lacks the helpful specificity of examples to help translate principles into action.</p> <p>Overall, Option S3, through initiating a flexible principle-based approach whilst coupling these with representative examples, has the most potential to bring a wider range of benefits across the SEA themes. Through providing clarity through defining activities, whilst also encouraging adaptability through initiating broad principles, Option S3 will therefore help balance current best practice with the flexibility to incorporate emerging environmental innovations over time.</p>						

Assessment of options relating to Schedule 5 agricultural improvements



Option S1
Revising and adding to the list of activities

Option S2
Initiate a principle-based approach

Option S3
Mixed approach



Biodiversity and geodiversity



Climate change



Landscape and historic environment



Soil and water quality

5. Assessment of proposals

Introduction

5.1 This chapter presents assessment findings and recommendations in relation to the current Agricultural Tenancies proposals. The chapter is structured to present:

- An outline of the proposals and its component parts.
- An assessment of the proposals under the four SEA themes identified through scoping.
- Consideration of cumulative effects; and
- The overall conclusions at this stage and recommendations for the next stage of plan-making.

Methodology

5.2 The assessment identifies and evaluates 'likely significant effects' on the baseline, drawing on the SEA framework identified through scoping (see **Table 3.3**) as a methodological framework.

5.3 Every effort is made to predict effects accurately; however, this is inherently challenging given the strategic nature of the proposals under consideration and understanding of the baseline (now and in the future under a 'no plan' scenario) that is inevitably limited. Given uncertainties there is a need to make assumptions, e.g., in relation to proposals implementation and aspects of the baseline that might be impacted. Assumptions are made cautiously and explained within the text (with the aim of striking a balance between comprehensiveness and conciseness). In many instances, given reasonable assumptions, it is not possible to predict 'significant effects', but it is possible to comment on merits (or otherwise) of the proposals in more general terms.

5.4 Finally, it is important to note that effects are predicted taking account of the criteria presented within Schedule 2 of the Environmental Assessment (Scotland) Act 2005. So, for example, account is taken of the probability, duration, frequency, and reversibility of effects as far as possible. Cumulative effects are also considered, i.e., the potential for the Strategy to impact an aspect of the baseline when implemented alongside other plans, programmes, and projects. These effect 'characteristics' are described within the assessment as appropriate.

Proposals outline and component parts

5.5 A description of the Agricultural Tenancies proposals and component parts are set out in the consultation document with which this Environmental Report accompanies.¹¹

5.6 The key elements of the proposals can be summarised as follows:

¹¹ Scottish Government (August 2023): 'Strategic Environmental Assessment of Agricultural Tenancies, Small Landholdings and Land Use Tenancy Proposals'

- **Diversification (non-agricultural activities)** – This proposal aims to provide tenant farmers with a greater opportunity to diversify their business, with a view to helping address climate change and biodiversity loss. In this context, diversification means allowing the land to be used for non-agricultural purposes.
- **Schedule 5 (agricultural activities)** – Schedule 5 of the Agricultural Holdings (Scotland) Act 1991 is currently an exhaustive list across three parts (I, II and III), which lacks flexibility. This proposal aims to allow tenant farmers greater flexibility to conduct agricultural improvements and partake in integrated land management, focusing on sustainable and regenerative agriculture. This will include adding climate change mitigation and biodiversity enhancement items to Schedule 5 (such as tree planting, habitat creation and renewable energy) that are ancillary to agriculture, support food production. The aim is to add wider value to the land.
- **Rules of Good Husbandry and Estate Management** – The Rules of Good Husbandry and Estate Management place an obligation on all tenant farmers and landlords to practice good husbandry and estate management. The Rules are currently framed towards post war ‘efficient production’. This proposal aims to ensure that sustainable and regenerative agricultural practices are acknowledged alongside their current focus on efficient production.

Assessment findings

Biodiversity and geodiversity



- 5.7 The Diversification (non-agricultural activities) proposal will help address biodiversity loss by allowing tenants to pursue non-agricultural activities such as tree planting, habitat and peatland restoration, and other nature-based solutions. In doing so, it will support the maintenance and enhancement of priority habitats and species, including the recovery of degraded habitats and declining species, and improve ecological connectivity. Such enhancements across agricultural landholdings are likely to provide additional opportunities to access biodiversity, not only for tenants but the wider general public. This will help enhance understanding of biodiversity amongst tenants and the general public. It is noted that this proposal will also support other activities, such as renewable energy uses (e.g. wind, solar and biomass), which have the potential to lead to negative effects on biodiversity. However, it is also possible for such uses to enhance biodiversity if designed and managed appropriately, particularly if biodiversity net gain is effectively enacted.
- 5.8 The Schedule 5 (agricultural activities) proposal creates opportunities to achieve biodiversity enhancements by opening up eligibility for sustainable and regenerative activities, such as tree planting, habitat creation and renewable energy. By providing representative examples that illustrate biodiversity enhancing practices, this proposal provides sufficient information to effectively guide tenant farmers. Notably, these examples form an open-ended list, and therefore activities outside of this list will still be permitted providing that they are sustainable and regenerative. Similar outcomes will be achieved through

this proposal as those outlined above under the Diversification proposal given that it also provides tenants with greater flexibility.

- 5.9 Both the Diversification and Schedule 5 proposals support fair compensation for environmental enhancements. By compensating tenants for activities like tree planting and habitat restoration, these proposals would significantly benefit biodiversity and geodiversity by providing direct incentives. Similar outcomes will be achieved through this proposal as those outlined above under the Diversification proposal. The provision of fair compensation under this proposal is also likely to promote tenant engagement, including through participation in habitat improvement projects.
- 5.10 The Rules of Good Husbandry and Estate Management proposal would enable on-the-ground delivery of positive biodiversity and geodiversity outcomes by acknowledging sustainable and regenerative agricultural practices. Formally acknowledging such practices would align good husbandry obligations with national and international biodiversity ambitions. This proposal allows tenants to help support the recovery of declining species populations, enhance protected areas, and engage directly in habitat restoration activities through a holistic approach to tenancy management.
- 5.11 Overall, all three proposals perform well under the biodiversity and geodiversity SEA theme. Whilst there is some concern regarding the potential of non-agricultural uses such as renewable energy provision to harm biodiversity, it is recognised that proposals are unlikely to support activities that have a negative impact on biodiversity and geodiversity. In light of this, **major positive significant effects** are considered likely under this SEA theme.

Climate change



- 5.12 The Diversification (non-agricultural activities) proposal contributes to climate change mitigation by allowing tenants to pursue non-agricultural activities such as tree planting and peatland restoration which support biological carbon sequestration (the natural process of removing carbon dioxide from the atmosphere and storing it in trees/ soils). This proposal also supports activities such as wetland and floodplain restoration, which will contribute to climate change adaptation by increasing the resilience of agricultural land to the impacts of extreme weather events, such as floods and droughts. In addition to these nature-based climate solutions, this proposal supports renewable energy uses (e.g. wind, solar and biomass), further contributing to climate change mitigation and supporting Scotland's goal to reach net zero emissions by 2045.
- 5.13 The Schedule 5 (agricultural activities) proposal contributes to climate change mitigation by supporting a wide array of nature-based carbon sequestration activities through the open-ended list of examples. This provides adaptability and flexibility to Schedule 5 as activities that support climate change mitigation and adaptation evolve. By providing representative examples that illustrate such activities, this proposal provides sufficient information to effectively guide tenant farmers.
- 5.14 Both the Diversification and Schedule 5 proposals support fair compensation for environmental enhancements, which would significantly benefit climate change mitigation and adaptation. By compensating tenants for taking land out

of production for nature restoration and climate-positive practices, these proposals encourage tree planting, peatland restoration, wetland creation, and other activities that sequester carbon, reduce emissions, and increase climate resilience.

- 5.15 The Rule of Good Husbandry and Estate Management proposal would create clear pathways to deliver climate change solutions through tenancy management. Embedding sustainable and regenerative agricultural practices such as cover cropping, no-till, and composting would contribute to climate change mitigation by increasing carbon sequestration in soils. In addition, activities such as integrating buffer strips, hedgerows, wetlands, and mixed crop-livestock systems could support ecological resilience and support adaptation to the effects of climate change.
- 5.16 Overall, given that all three proposals perform very well under the climate change SEA theme, **major positive significant effects** are anticipated relating to both mitigation of and adaptation to climate change. Unlike with the biodiversity and geodiversity SEA theme, the impetus on both nature-based climate solutions and renewable energy uses will benefit the climate change SEA theme.

Landscape and historic environment



- 5.17 The Diversification (non-agricultural activities) proposal, by allowing tenants to pursue non-agricultural activities such as tree planting and habitat restoration, has the potential to reinforce and enhance landscape character and enhance the special qualities of landscapes, including those associated with nationally designated landscapes such as National Scenic Areas. However, activities such as tree planting may negatively impact on the special qualities of local landscapes that are traditionally characterised by agricultural uses by creating new features that are not typically associated with the landscape. This proposal could also result in mixed effects on the historic environment. Whilst it may support the conservation of traditional agricultural landscape features, such as hedgerows and stone walls, moving land away from agricultural use may risk the loss of traditional practices and has the potential to affect the setting of the historic environment. Nevertheless, it is recognised that diversification may provide a greater level of income for tenants, which could allow for resources to be used to restore or better reveal the significance of heritage features within the landscape.
- 5.18 The Schedule 5 (agricultural activities) proposal, by developing an open-ended list of example sustainable and regenerative activities, supports a wide array of landscape enhancements and heritage conservation activities as practices evolve. By providing representative examples that illustrate landscape and heritage enhancing practices, this proposal provides sufficient information to effectively guide tenant farmers. However, as noted under the Diversification proposal, it is recognised that activities such as tree planting may negatively impact the special qualities of local landscapes. It is also noted that renewable energy uses also have the potential to impact on landscape character and negatively impact the setting of important heritage assets.

- 5.19 Both the Diversification and Schedule 5 proposals support fair compensation for environmental enhancements, which could act as a catalyst to deliver landscape and historic environment benefits. By incentivising nature restoration and the conservation of rural heritage assets, these proposals promote activities that preserve scenic beauty and conserve traditional agricultural structures and practices.
- 5.20 The Rule of Good Husbandry and Estate Management proposal would increase opportunities to realise landscape and heritage improvements through tenancy management reforms. Integrating habitat restoration and regenerative principles into the Reform could enhance scenic qualities, whilst expanded obligations could require proactive conservation of rural heritage assets. Educational components could also improve public awareness of historic agricultural practices.
- 5.21 Overall, whilst the benefits under all three proposals with respect to the landscape and historic environment SEA theme are recognised, **uncertainty** is noted at this stage. This is because activities such as tree planting could alter landscapes that are historically characterised by arable and agricultural land use. In addition, renewable energy uses have the potential to impact on landscape character, as well as negatively impact the setting of important heritage assets and historic areas.

Soil and water quality



- 5.22 The diversification (non-agricultural activities) proposal will maintain and enhance soil and water quality by enabling regenerative agriculture techniques which support regulating ecosystem services. This includes, potentially, through facilitating participation in environmental markets. Specifically, this would allow tenants easier access to emerging carbon, water quality and biodiversity markets that provide payments for practices like cover cropping, riparian buffers and habitat restoration. However, proving additionality (i.e. that the benefits delivered are additional/ new to what is being currently provided) and stacking of ecosystem services (i.e. where multiple ecosystem services or benefits are being claimed by one intervention) would need to be addressed to ensure the integrity of these environmental markets is upheld.
- 5.23 The Schedule 5 (agricultural activities) proposal supports a wide array of soil-enhancing and water-protecting activities both now and in the future as practices evolve. By providing representative examples that illustrate practices which improve soil and water quality, this proposal provides sufficient information to effectively guide tenant farmers. Notably, the open-ended list of examples provide clarity on activities allowed today, with the principles accommodating adding new practices over time.
- 5.24 Both the Diversification and Schedule 5 proposals support fair compensation for environmental enhancements, which could incentivise tenants to utilise practices which improve soil conditions and reduce nutrient runoff, improving water quality. By more effectively compensating activities such as cover cropping or riparian buffers, these proposals enable tenant participation in schemes that pay farmers for implementing practices that could improve soil and water quality. In doing so, this may result in avenues which support the

uptake of regenerative approaches and leverages environmental markets to improve soil and water outcomes.

- 5.25 The Rule of Good Husbandry and Estate Management proposal would create opportunities to deliver significant soil and water quality improvements through tenancy management reforms. Formally integrating regenerative practices, such as cover cropping, conservation tillage, riparian buffers, and wetlands, would provide pathways to actively enhance soil health while reducing runoff and erosion.
- 5.26 Overall, all three proposals perform well under the soil and water SEA theme by supporting activities which contribute towards improved soil and water quality. Due to this, **major positive significant effects** are anticipated.

Cumulative effects

- 5.27 A range of **positive cumulative effects** across the SEA themes are anticipated as a result of the in-combination effects of Agricultural Tenancies proposals and other plans and strategies. In this respect, the proposals (and framework they sit within) complement and reinforce the objectives and actions of Scotland's Environmental Strategy, Climate Change Plan, National Strategy for Economic Transformation, NPF4 and other key plans and strategies nationally. No significant negative cumulative effects are anticipated in terms of the implementation of the proposals.

Conclusion and recommendations

- 5.28 Three of the four SEA themes considered through the appraisal are considered likely to lead to **major positive significant effects** – these are biodiversity and geodiversity, climate change, and soil and water. The proposals support activities which maintain and enhance biodiversity, contribute to climate change mitigation and adaptation, and improve soil and water quality through enabling the facilitation of a range of regenerative activities including nature-based solutions. With respect to climate change, renewable energy use also plays a key role.
- 5.29 **Uncertainty** is noted with respect to the landscape and historic environment SEA theme because activities such as tree planting could alter landscapes that are historically characterised by arable and agricultural land uses. In addition, renewable energy uses have the potential to impact the special qualities of valued landscapes as well as negatively impact the setting of important heritage assets and historic areas. In light of this, it is recommended that the proposals clarify that activities, particularly non-agricultural activities, must give due consideration to the local landscape and historic context, with activities only being supported where they maintain or enhance local landscape character and/ or the setting and significance of the historic environment.
- 5.30 Furthermore, there are a number of actions the Scottish Government can take to alleviate this uncertainty and support and encourage agricultural tenants to undertake diversification on their land. For instance, detailed guidelines and case studies for both landowners and tenants can play a key role in demonstrating the landscape and heritage benefits that can be delivered through diversification and alleviate concerns about a changing baseline. These guidelines could profile land use options tenants could consider, for

instance in terms of regenerative agricultural practices like cover cropping and riparian buffers. Guidance should include specific examples which provide advice on how the landscape features may differ to conventional approaches. This will help support clarity for tenants and landowners whilst helping to alleviate concerns. For example, cover cropping differs from the bare fallow fields of conventional agriculture by planting cereals, legumes and brassicas between crop cycles to protect soil. When strategically planted and terminated, cover crops increase organic matter, fix nitrogen, and break pest cycles. Additionally, riparian buffers establish vegetation strips along waterways rather than cropland directly adjacent to streams. The buffers filter agricultural runoff, stabilize banks, and create wildlife corridors. Showcasing these and similar practices through guidelines and highlighting the benefits can provide visual and peer reviewed evidence of how biodiversity, climate soil and water benefits can be delivered through multiple land management routes. This guidance could be delivered as part of the implementation of changes to Schedule 5 of the 1991 Act.

- 5.31 In addition, to address perceived uncertainties around the risks of moving to different land use practices, a piloting phase could be undertaken, focusing on demonstrator projects that provide a roadmap for agricultural tenants, how diversification can be achieved and evidence of successful implementation within a similar context. The demonstrator projects could be based on key themes relating to diversification options for instance:
- Nature enhancement and restoration
 - Net zero technologies
 - Eco tourism
 - Regenerative agriculture
- 5.32 Monitoring at the landholding level will also be a key element to demonstrate to tenants and landowners alike how diversified land uses not only contribute to national biodiversity and climate targets, but also deliver productivity benefits. Monitoring can be a complex and detailed process but will be critical to ensure diversification away from traditional intensive agriculture is delivering on objectives. As such, the Scottish Government should endeavour to develop robust monitoring guidance to help landowners and tenants understand how to track habitat, soil, carbon sequestration, and other environmental improvements over time. Possibilities for monitoring could include aspects such as assessing soil organic matter content annually, monitoring species diversity and habitat surveys every three years, or undertaking soil analysis every five years to measure carbon sequestration rates and progress. From a wider landscape or national perspective, a complete biodiversity inventory mapping habitat connectivity every ten years could examine the full impact of the system.
- 5.33 Finally, given the cultural importance of the agriculture sector, tight margins and established practices, agricultural tenants should continually be encouraged and supported to deliver land use changes. Offering ongoing incentives could motivate adoption of diversification in line with climate and conservation goals and alleviate any perceived risk. Incentives could include initiatives such as tax reductions, cost-shares, low-interest loans and guidance and support to help

landowners and tenants access environmental markets relating to biodiversity, carbon, soil and agriculture and other ecosystem services.

6. Proposed monitoring programme

Monitoring in SEA

- 6.1 Monitoring in SEA is a means of evaluating the environmental performance of the plan or strategy and monitoring compliance through its implementation. It is also a way to check whether the effects predicted in the SEA arise as envisaged, or whether unforeseen issues arise.
- 6.2 Monitoring can help to evaluate whether a plan or strategy is fulfilling its core objective of delivering sustainable development and providing for a high level of protection of the environment. The information gathered through monitoring provides a basis to inform the review and preparation of subsequent iterations of plans, strategies and projects that sit within them, thus better informing future decisions.
- 6.3 Measuring indicators over time can identify long-term positive or negative changes and trends in the environment and can build knowledge on how these trends will affect (or will be affected by) the implementation of the plan or strategy itself. In this respect monitoring environmental changes occurring during the Agricultural Tenancies proposals' implementation phase can help to identify the need for additional mitigation measures or for appropriate remedial action to be undertaken where issues are identified, as well as to inform project-level assessments.

Proposed SEA monitoring programme for the Agricultural Tenancies proposals






- 6.4 Schedule 2 of the Environmental Assessment (Scotland) Act highlights that the Environmental Report should include “*a description of the measures envisaged concerning monitoring.*” In response to this, this Environmental Report presents a proposed draft monitoring programme for measuring the proposals' implementation. It draws on the identified potential significant effects identified through the assessment of the various components of the proposals, and also suggests where monitoring is required to help ensure that the potential benefits of the proposals are effectively achieved through implementation. This will enable appropriate interventions to be undertaken if monitoring highlights negative or underperforming trends relating to the proposals' implementation.
- 6.5 The Scottish Government intends to monitor and evaluate the performance of Key Performance Indicators and use the data to enable them to adjust their approach if necessary. It is therefore beneficial if the SEA monitoring strategy builds on monitoring systems which are already in place. To this end, many of the indicators of progress chosen for the SEA are likely to reflect data that is already being routinely collected by the Scottish Government. As such, the indicators proposed for the SEA will be integrated into the Scottish Government's monitoring approach.
- 6.6 **Table 6.1** overleaf therefore outlines a proposed monitoring programme for measuring the proposals' implementation. It pays particular attention to the areas where the SEA has identified potential significant effects and also

suggests where monitoring is required to help ensure that the positive effects of the proposals are achieved through implementation. It includes:

- The significant effect or environmental change to be monitored.
- The SEA theme(s) to which the monitoring proposal relates.
- The indicator to be monitored.
- The source of information and frequency of monitoring; and
- The trigger for where intervention should take place if monitoring suggests it is required.

6.7 It should be noted that the monitoring proposals presented below are 'plan-level' and differ from the recommendations discussed In Chapter 5 relating to monitoring at the landholding scale.

Table 6.1 Proposed SEA monitoring programme

Significant effect/ environmental change to be monitored	SEA theme(s)	Indicator	Data source	Frequency	Trigger for intervention
Area of restored habitat on agricultural land		Hectares of former farmland or other uses restored as biodiversity habitats on tenanted agricultural land	Scottish Government	Annual	When area does not increase on a year-on-year basis to targets set by the Scottish Government
Impact on biodiversity, soil and water quality and emissions from fertilisers		Use of nitrogen fertilisers	Scottish Government	Annual	When use increases on a year-on-year basis.
Impact of proposals on woodland creation		Area of woodland on tenanted agricultural land	Scottish Government	Annual	Where area does not increase on a year-on-year basis
Impacts on landscape character		Landscape character assessment findings	Scottish Government	Ongoing	Where landscape character assessment suggests significant change has taken place
Organic land use		Area of organic land on tenanted land	Scottish Government	Annual	When area does not increase on a year-on-year basis to targets set by the Scottish Government

7. Next steps

- 7.1 This Environmental Report is being consulted on alongside the wider consultation on the SEA for the Agricultural Tenancies and Small Landholdings & Land Use Tenancies.
- 7.2 Following the completion of the consultation period in October, comments will be reviewed and analysed. The final proposals will then be developed prior to Royal Assent. Any changes arising to the proposals will need to be assessed as part of the SEA process.
- 7.3 Part 3 of the Environmental Assessment (Scotland) Act 2005 requires that a 'statement' be made available to accompany the proposals, as soon as possible after their adoption. The purpose of the SEA Adoption Statement is to outline how the SEA process has influenced and informed the proposals' development process and demonstrate how consultation on the SEA has been taken into account.
- 7.4 To meet these requirements, an SEA Adoption Statement will be published with the adopted proposals. The SEA Adoption Statement will set out: the reasons for choosing the preferred proposals in light of other reasonable alternatives; how environmental considerations were integrated into the proposals' development process; how consultation responses were taken into account; and the measures decided for monitoring the significant effects of the proposals.

Appendix A Scoping information

Introduction

This appendix provides an overview of the information included in the SEA Scoping Report prepared by the Scottish Government for the Agricultural Tenancies proposals in July 2023. Consultation took place between 20th July 2023 and 24th August 2023.

The purpose of the SEA Scoping Report is to set out sufficient information on the proposed agricultural tenancies legislative proposals contained in the 'Delivering our Vision for Agriculture – Proposals for a new Agriculture Bill' consultation to enable the Consultation Authorities to form a view on the proposed scope and level of detail for the Environmental Report.

Scoping of SEA topics

The Agricultural Tenancies proposals are considered to have the potential for likely significant positive environmental effects on the climate factors and biodiversity, habitats, flora and fauna SEA topics.

At a local level, it is considered likely that the implementation of the agricultural tenancies proposals may result in a range of localised indirect environmental effects. Their significance will depend on factors such as location, scale and individual practices.

In the interest of proportionality and given the national level focus of the policy, coupled with the presence of existing mitigation in place at the project level within existing current agricultural regulations and consenting regimes, the environmental topic areas: soil; water; air quality; cultural heritage; material assets; and landscape have been scoped out of this SEA.¹² Notwithstanding, to ensure that the potential for any localised indirect effects is recorded, and to allow for the SEA findings to directly inform the consideration of relevant issues at the local and project levels, it is proposed that the SEA acknowledge these within the context of the topics scoped into the assessment, as appropriate.

Development of the environmental baseline

For each topic scoped into this assessment, environmental baseline data has been collated to provide an understanding of these.

Climatic factors

The global climate is changing. Since the 1880s, human activity has led to a significant increase in atmospheric greenhouse gas emissions and global warming. This has resulted in an increase in the average temperature of the atmosphere and oceans; a reduction in snow and ice cover; and sea level rise. In Scotland, the period 2008 – 2017 was an average of 0.7°C warmer than 1961 – 1990 and had fewer days of air and ground frost. An increase in precipitation (11%) has been

¹²The Scottish Government and AECOM subsequently agreed to include two additional SEA topics in the Environmental Report – soil and water quality (a combination of the soil and water SEA topics outlined in the Scoping Report) and landscape and historic environment (a combination of the landscape and cultural heritage SEA topics outlined in the Scoping Report).

observed for the same period. The amount of rain from extremely wet days across the UK has also increased by 17% with the biggest observed changes seen in Scotland.¹³

In general, climate change projections suggest observed climate trends will continue to intensify in the future, including:

- An increase in both summer and winter average temperatures across both low and high emission scenarios.
- Drier summers and wetter winters.
- An increase in the intensity of rainfall; and
- Increased risk of flooding, drought, and extreme weather events.¹⁴

Key pressures on climate change include greenhouse gas emissions from a range of sectors with the highest contributors being the transport sector (including international aviation and shipping) (approximately 37%), agriculture and related land uses (24%), business and industrial process (22%), the energy supply sector (15%), and the residential sector (15%). Relatively minor contributions were reported for public sector buildings, development, and waste management. Forestry was a net carbon sink and contributed to reducing emissions by approximately 24% in 2017.¹⁵

Scottish agriculture generated 7.4 MtCO₂e in 2020, equivalent to 18% of total Scottish emissions, making it Scotland's third highest GHG emitting sector. The government's Climate Change Plan update¹⁶ requires agricultural emissions to reduce by a further 2.3 MtCO₂e to 5.3 MtCO₂e by 2032, the equivalent of a 30% reduction from 2020 levels.¹⁷ For context, this means achieving double the reduction in emissions achieved over the past 30 years, in less than half the time.

Biodiversity, habitats, flora and fauna

The changing climate, in addition to other human-related drivers such as pollution, direct exploitation, land use change and invasive non-native species, has led to the biggest global decline in the health of ecosystems ever seen in human history.¹⁸ In Scotland, NatureScot's 2019 State of Nature report showed that between 1994 and 2016, average species abundance declined by 24%.¹⁹ In addition to the intrinsic value of having a healthy natural environment, as a society we also rely heavily on the services Scottish ecosystems provide. It is therefore imperative that we halt the decline in biodiversity and restore it in a way that is resilient to future changes in climate for the future prosperity of Scotland.

¹³ Met Office (2018): 'UKCP18 Science Overview Report', [online] available to access via [this link](#)

¹⁴ Met Office (2018): 'UKCP18 Climate Change Over Land', [online] available to access via [this link](#)

¹⁵ Scottish Government (2019): 'Scottish greenhouse gas emissions 2017', [online] available to access via [this link](#)

¹⁶ Scottish Government (2020): 'Update to the Climate Change Plan 2018-2032: Securing a Green Recovery on a Path to Net Zero', [online] available to access via [this link](#)

¹⁷ Note the values used here are based on updated global warming potentials, as presented in [IPCC 5th Assessment Report](#). Previous inventory data was calculated based on the IPCC 4th Assessment Report leading to minor discrepancies when presenting emissions in units of CO₂e.

¹⁸ IPBES (2019): 'Summary for policymakers of the global assessment report on biodiversity and ecosystem services', [online] available to access via [this link](#)

¹⁹ NatureScot (2019): 'State of Nature Scotland Report 2019', [online] available to access via [this link](#)

Declining biodiversity has been observed both globally and in Scotland for several decades. The latest State of Nature report for Scotland²⁰ showed that half of the species measured decreased in abundance between 1994 and 2016 with a 24% decrease in average species abundance, much of which has occurred since 2010. Likewise, since 1970 there has been a 14% decline in the average distribution of species measured. Scotland now has one of the lowest biodiversity intactness index scores in the world (212 out of 240 countries), with only 56% of Scotland biodiversity deemed 'intact'.

Agriculture is a contributing factor to all five drivers of biodiversity decline. In broad terms, the historical move from low input-low output agricultural systems towards agricultural intensification is linked to declining biodiversity^{21,22}. Increasing intensification, whether in arable or livestock systems, aligns with a greater control over natural processes. For example, in arable systems, intensification generally leads to the increased use of pesticides and fertilisers, continuous cropping, changed sowing seasons and the loss of non-cropped habitats²³. In livestock systems it is linked to higher nutrient inputs into and out from improved grasslands, the greater use of veterinary medicines and the removal and suppression of habitat²⁴. These practices impact on biodiversity both directly (e.g. direct loss of habitat from agricultural practices²⁵) and indirectly (e.g. increased nutrients in runoff causing eutrophication in aquatic ecosystems²⁶). In the context of other drivers, agricultural management practices have been shown to be the largest driver of terrestrial biodiversity loss at the UK level²⁷.

Land management and land use changes are driven, by market, economic and social factors that will influence the effect of policies and legislation on the ground.

²⁰ Ibid.

²¹ Firbank et al. (2007): 'Assessing the impacts of agricultural intensification on biodiversity: a British perspective', [online] available to access via [this link](#)

²² Robinson and Sutherland (2002): 'Post-war changes in arable farming and biodiversity in Great Britain', [online] available to access via [this link](#)

²³ Boatman et al. (2007): 'Impacts of agricultural change on farmland biodiversity in the UK', [online] available to access via [this link](#)

²⁴ Ibid.

²⁵ Hanley et al. (2008): 'Economic determinants of biodiversity change over a 400-year period in the Scottish uplands', [online] available to access via [this link](#)

²⁶ Withers et al. (2014): 'Agriculture and eutrophication: Where do we go from here?', [online] available to access via [this link](#)

²⁷ Burns et al. (2016): 'Agricultural management and climatic change are the major drivers of biodiversity change in the UK', [online] available to access via [this link](#)



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