

Scottish Rural Policy Update

Introduction

The announcements made by Rural Affairs Secretary Mairi Gougeon at the Royal Highland Show (RHS) sparked a range of discussions around policy for Scotland's rural economy. We summarise the progress of key policies here; references in this document to "government" are to the Scottish Government unless otherwise stated.

The passing of the Agriculture and Rural Communities (Scotland) Act 2024 last summer granted the government the power to implement the "Vision for Agriculture". It enabled a shift in support for farming and food production in Scotland.

Code of Practice on Sustainable and Regenerative Agriculture

As a result of the Agriculture and Rural Communities (Scotland) Act, a new Code of Practice on Sustainable and Regenerative Agriculture has been published. Intended as a guidance tool, it seeks to;

- Promote actions and measures which create better outcomes for both businesses and the environment.
- Establish common standards for good practice and encourage continuous improvement and development.

The key purpose of the [Code](#) is to ensure a balance between producing high-quality food and doing so in an economically and environmentally sustainable way. It should be noted that this is a code, and as such, it imposes no legal obligations.

Future Farming Investment Scheme (FFIS)

It was announced at the RHS that the FFIS will open on 14 July 2025. This is a capital grant scheme designed to help eligible farmers and crofters improve the environmental performance of their agricultural business in terms of climate change and biodiversity benefits. The scheme offers upfront capital funding of up to 100% of eligible investment costs, aiming to ensure that the most appropriate on-farm or croft capital investments are made for agricultural businesses. This means that applicants will need to deliver at least one of the scheme's objectives:

- Improve business efficiency and sustainability.
- Protect, restore or enhance the environment.
- Reduce greenhouse gas emissions.
- Mitigate the effects of climate change.

The scheme has a total budget of £14 million, and the level of funding that a business can receive will be based on the Basic Payment Scheme (BPS) eligible area claimed on its 2025 Single Application Form. Applications can be submitted from Monday 14 July, until Tuesday 22 August, using the Manage Applications and Claims service, which can be accessed in the [FFIS guidance](#). Successful applicants will have nine months from the date of receiving their offer to purchase and provide evidence of all the elements listed in their application.

Minimum Energy Efficiency Standards (MEES)

The government has launched a consultation on the application of Minimum Energy Efficiency Standards (MEES) to the Scottish private residential rented sector. The proposal is that an Energy Performance Certificate (EPC) C will be required for all new tenancies from 2028 and existing tenancies by 2033 (some exemptions will be available). The new minimum standard is to be based on the new Heat Retention Rating (HRR) that will be introduced as part of the reformed Scottish EPC system. The HRR reflects how well the dwelling retains heat, based on its insulation level and other characteristics. The [consultation](#) on MEES closes on 29 August 2025.

Changes to Scotland's agricultural support

The [Agricultural Reform route map](#) is designed to guide Scotland's farmers and crofters through the gradual transition to the new agricultural support framework, which will start in 2027. Some of the most recent changes in 2025 include:

- **Scottish Suckler Beef Support Scheme.** From 2026, small suckler cow herds, meaning herds of 10 calves or fewer, will be exempt from the calving-interval condition, recognising their role in biodiversity and rural sustainability. NFU Scotland has welcomed this decision, saying it is "a sensible and proportionate step".

- Implementation of **Whole Farm Plans**, which support farmers and crofters in creating a baseline of their current performance and activities, enabling businesses to identify opportunities for improvement and work towards greater productivity and profitability. From 15 May 2025, to receive their BPS payment, every farmer and crofter in Scotland must demonstrate that they have in place at least two plans and audits from a list that includes a carbon audit, biodiversity audit, soil analysis, animal health and welfare plan, and integrated pest management plan.

Climate Change Plan

The Climate Change Plan is a requirement of the Climate Change (Scotland) Act 2009. The government intends to use it as the strategic delivery plan for meeting its emissions reduction targets. Work is underway on the development of the next climate change plan for 2026-2040, which will be published in draft following receipt of advice from the Climate Change Committee and the setting of Carbon Budget levels through secondary legislation. At the RHS, the Secretary addressed recent recommendations from the UK Climate Change Committee, which had suggested Scotland reduce its livestock numbers by 27% by 2040 to meet net-zero targets. Ms Gougeon confirmed that while the government accepts the Committee's proposed carbon budget levels, it will not adopt the specific policy recommendations. She said the government has no policy and will not introduce any policy to cut livestock numbers and emphasised the goal remains to reach net zero, but not at the expense of the agricultural sector or rural communities.

Land Reform

The Land Reform (Scotland) Bill has concluded Stage 2 proceedings and will now progress to the third and final stage when MSPs return to Holyrood on 2 September, before gaining Royal Assent.

There has been an array of Stage 2 amendments, which have caused considerable disquiet among ministers and industry. The main points for further debate are:

- The requirement for landowners with holdings exceeding 3,000 hectares to produce a Land Management Plan. The 3,000-hectare threshold has sparked significant debate, with some stakeholders advocating for lowering the threshold to include more landowners. In contrast, others argue that maintaining the current level is essential for striking a practical and balanced approach to land management.
- Under the proposed legislation, large landholdings over 1,000 hectares could be lotted at the discretion of the new Land and Communities Commissioner when sold, but concerns have been raised as to whether this will reduce the value of land, stall transactions, and discourage potential investors.
- The proposal for a new arbitration procedure to determine rent, waygo and game damage disputes.

The Housing (Scotland) Bill

The Housing (Scotland) Bill was introduced to Parliament on 26 March 2024. It aims to enhance the protection of tenants' rights, enabling them to remain in their homes and prevent homelessness. Further proposals include long-term rent controls for private tenancies, new rights to keep pets, and stronger protection against eviction.

The Stage 2 consultation on the Bill is underway (comments are sought by 18 July). It seeks views on how powers within the Housing (Scotland) Bill could be used to exempt certain types of properties from rent control, circumstances where rents could be increased above the level of the rent cap and to clarify how joint tenancies in the private sector are ended.

According to the Scottish Association of Landlords, it is unlikely that any provisions will take effect in the Private Rented Sector until 2027–2028, with Rent Control Areas starting to emerge in Scotland as early as 2027.

Scottish muirburn licensing rollout

The Scottish Government's introduction of a muirburn licensing scheme has been delayed until the 2026/27 season. This follows feedback from the British Association for Shooting and Conservation (BASC), land managers and other rural organisations regarding the readiness and practical application of the scheme ahead of the start of the new muirburn season on 15 September. Stakeholders have raised concerns about:

- Unclear guidance on measuring peatland depth.
- The lack of distinction between legal obligations and best practice recommendations.
- Restrictions on burning on sloped terrain.

BASC indicated that a rushed implementation could negatively impact upland management, biodiversity and public trust, noting past issues with the grouse shoot licensing as a cautionary example. It has emphasised the need for clear, workable regulations before any future licensing is introduced.

Galloway National Park

Following a 14-week public consultation, the outcome was significant resistance (52% against) to Galloway becoming the site of Scotland's third national park, and plans have consequently been abandoned. NatureScot has made recommendations to strengthen existing initiatives, such as the Galloway and Southern Ayrshire Biosphere Reserve, enhance Galloway Forest Park management, and implement strategies for the region's National Scenic Areas.

Analysis

With less than a year to go until the next Scottish Parliamentary election, there was always likely to be a strong political focus at the RHS 2025, where candidates for next year's election were all heard in the Friday morning big debate. There was no shortage of announcements from the government, most pertinently the headline-grabbing statement that Ministers would not be following guidance from the UK Climate Change Committee on reducing livestock numbers. They instead provided details of their intentions in a separate document, which included focusing on livestock efficiency, reducing the emissions intensity of production systems through improved genetics, low methane breeding, and the uptake of methane-suppressing feed products. However, there was further speculation at the show that other sectors of the Scottish economy may also have to "do more" on emissions reduction for net zero to be achieved overall.

Whilst we await the development and conclusion of the Land Reform (Scotland) Bill and the Housing (Scotland) Bill, uncertainty remains concerning many aspects of rural land ownership and management. However, the private rented sector will welcome further certainty on MEES and EPC regulations, and the Agricultural Reform Route Map provides the farming and food production industry with some clarity and confidence as we approach the new agricultural support framework in 2027.

The Scottish Parliamentary Elections in May 2026 will undoubtedly bring both haste and delay to a number of the mentioned policy motions, resulting in what is likely to be a fairly bumpy ride over the next 12 months.

Contacts



Katie Stein
Associate Director
katie.stein@savills.com
+44 (0) 7929 726 218



Andrew Teanby
Director
ateanby@savills.com
+44 (0) 7835 445 458

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