

FEARANN | COMMUNITY
COIMHEARSNACHD | LAND
NA H-ALBA | SCOTLAND

Foreword & Executive Summary

The Cheviot, the Stag and the Black, Black Carbon

**Natural Capital, the Private Finance Investment Pilot
and Scotland's Land Reform**

Alastair McIntosh BSc MBA PhD

26 May 2023

[Foreword by Ailsa Raeburn](#)

Chair of Community Land Scotland

Alastair McIntosh has been a leader in the debate on land reform and community ownership, and not just in Scotland, for many decades. His catalysing of the Eigg buyout and Harris quarry campaigns brought huge dividends for those communities who have since gone on to be international bywords for community sustainability, resilience and innovation. Community Land Scotland and our community members are in his debt not only for the manner in which he articulated the change that was possible but for the tireless support he continues to give to local people looking for a different, more empowered and accountable future.

The genesis of this Paper came about following discussions at the Scottish Universities Insight Institute Conference in March this year and was inspired by Alastair's open discussions with one of the new so called 'Green Lairds' – Highland Rewilding. It was to both Alastair's and the Highland Rewilding lead, Jeremy Leggett's credit that these discussions were played out in public. It gave us all the chance to think about some of the issues emerging from the huge rush to carbon and rewilding in the Scottish land market. And the effects this could have in the short and long term on local people and communities.

It was originally intended just to be a short piece but what soon became clear were the many strands of Scottish public policy impacted by the changes – from community empowerment and wealth-building, to rewilding, to the Just Transition to Net Zero and attracting private finance. A much longer researched and evidenced piece has developed, which ranges across all of these issues and asks some extremely important questions about what land is for; who makes the decisions and who benefits; where does and should offsetting sit in our transition to Net Zero and how far should society 'commoditise' nature. Are there assets that should belong to everyone in Scotland, not just those rich or powerful enough to have the millions to spend to control them? How much agency do communities living in areas affected by these land ownership changes have over decisions that affect their everyday lives?

When we seem stuck in the cost of living and energy permacrises and are facing huge challenges around climate change and biodiversity, it is very tempting to focus on the short term. What Alastair does so well in this Paper, is to force us to think about the long term, the future of the generations that follow us and what sort of Scotland, rural Scotland in particular, we want to leave behind. Apart from our people, Scotland's land is its most important asset. We need to be very careful that the short term 'carbonanza' – the rush to monetise Scotland's precious assets - doesn't leave its people behind. I hope Alastair's paper encourages you to think about some of these questions too.

26 May 2023

Community Land Scotland supports the need for radical land reform and has in recent years published occasional Discussion papers which can contribute to understanding, provoke and encourage discussion on issues relevant to the land question in Scotland. The research undertaken for any of these papers and any statements and views expressed in them as a result are the sole responsibility of the authors. Community Land Scotland is not obliged to publish any contributions it receives or responses to the papers it publishes.

The Cheviot, the Stag and the Black, Black Carbon

Natural Capital, the Private Finance Investment Pilot

and Scotland's Land Reform

Alastair McIntosh

Executive Summary

The Cheviot, the Stag and the Black, Black Carbon discussion paper reviews the recent Nature Scot announcement that it has entered into a Memorandum of Understanding (MoU) with a group of private finance houses. The MoU gives state backing to a market in which private investors secure returns for their investment, in theory driven substantially by the sale of carbon credits. These credits are generated through the sequestering of carbon (currently through tree planting or peatland restoration) which is then packaged and sold by the tonne to end users wishing to offset their own individual or corporate greenhouse gas emissions. To date, the big players have been businesses wanting to burnish their corporate responsibility credentials and get ahead of the carbon taxes and stricter emission controls that we need globally, to slow down climate change. Private individuals have also been able to buy offsets for their aviation or domestic fuel use but on a much smaller scale.

This is of course a simplification, for ease of understanding, of what is a complex process. It's also now very big business. The World Bank states that emissions trading systems, both compulsory and voluntary, rose by 60% in 2021 to \$84 billion. Scotland is one of many countries in a rush to capture some of this global investment, which delivers a new revenue source to landowners in return for activities that sequester carbon. It currently has a land market that is largely unregulated and open to anyone globally to invest. However, as the Paper explains, if it is not governed carefully this new carbon rush could **'land Scotland's rural communities with a fresh driver of upheaval, disempowerment and depopulation.'**

The Paper aims to shed light on this complex and often opaque regulatory and private agenda, with the hope that unintended consequences (at least at Scottish Government policy level) can be minimised and opportunities for local people can be maximised. It discusses the conflict between offsetting being pursued as a policy instrument for hoped-for greater planetary good – and the strong scientific and psychological arguments that it can be illusory to the point of being counterproductive. Offsetting as an approach, can pander to the vanity of high consumers of carbon and other emissions. It allows them **in a style of modern-day religious indulgences** to atone for their carbon 'sins.' But it fails to grapple with the social implications of major land use changes, and the impact on a community's latitude of agency in choosing its own future - the principle of Free, Prior and Informed Consent.

The NatureScot MoU outlines a form of private finance initiative (PFI) that the public purse does not have to repay. It calls this a “private finance investment pilot” (PFIP), as it is borrowers rather than the Government that will have to repay. It aims to make loans available from the financial institutions (the investors) to landowners – be they private individuals, NGOs, communities or public land holdings - to plant trees or restore peatland. It’s not clear why Nature Scot and the Government felt the need to intervene in such a public way in what would normally be private arrangements between landowner and banker. Unless, of course, it was to give confidence to the markets, signalling that public tax payer funded subsidies and the tax advantages that underpin so much of this work were ‘in the bag’, but possibly limiting the freedom of the Scottish Government to U-turn at a later date.

Scotland is already experiencing rapidly rising land values, apparently driven by a surfeit of global capital looking for safe havens. As a country we enjoy relative political stability and have little regulation, especially compared to other similar domains. Importantly for the intelligent long-term investor, we are also relatively insulated from near to medium term climate change, being mostly well above sea level and enjoying a cool temperate climate. Therefore, Scotland’s market advantages are numerous and these are easily capitalised. Agents are reporting record breaking prices. **It’s a Klondike economy both driven by and to the benefit of speculative private investors.** The market-making Green Finance Initiative Report, written by financiers, for financiers, set an estimate of £20 billion for Scotland to meet its nature finance gap. The Scottish Government has relied on this Report which is thinly presented, unverified and contested. A Report which is driving public policy which, in turn is driving huge changes in the land market, ownership and use. A Report which gives credibility and justification for the ‘unicorn’ investors like Oxygen Conservation, rapidly expanding their footprint in Scotland to **‘prove that the natural environment can pay to protect and restore itself’.**

The NatureScot MoU is accommodated to this corporate approach. It mentions confidentiality 38 times, but community only 3 times. Given the Bute House Agreement commitments to the public ownership of key natural assets, the MoU deserves the epithet **‘the corporate tail wagging the quango dog.’** It uses the language of a patron-client relationship where “there will be several opportunities for communities to engage” in designing benefits to be delivered “for” them, but with little apparent understanding of what authentic community agency really means. The expression “several opportunities” stirs unease, as if it ticks the corporate ‘social license to operate’ box. It shows no understanding of community empowerment or the historical and present reasons why Scotland has a rolling programme of land reform. It shows no convincing engagement with community self-reliance in using its assets to build wealth, or self-determination that might pass the acid-test of having power of veto.

As stated, according to NatureScot the investment returns demanded by the financiers will significantly derive from the sale of carbon offsets. The FAQs give an assurance “an ethical framework will be developed” to ensure that the buyers of carbon credits “are legitimate businesses who have credible carbon reductions pathways in place.” But at the same time, it lodges the caveat that “it will be for the carbon offtaker to decide who to sell credits to.” There are growing concerns over the approach to and benefits from carbon offsetting. Not least of these is the eventual buyer of the carbon – **is it really an end user that has exhausted every possible route to reducing emissions?** Or a buyer that sees purchasing offsets as cheaper than reducing emissions, or as the latest ‘marketing wheeze’ to obscure what they are doing elsewhere in their business? It can be all of these things. There is no regulation of end users, but if NatureScot can develop such a framework it could be pioneering. As matters stand, offsets can be a licence to carry on with business as usual – to

continue to pollute. Above all, they don't align sequestration timelines with investment timelines with geological timelines. They look good on marketing material, but fail to challenge the consumerism that is a leading cause of climate change.

The Paper asks whether Nature Scot took an openly consultative and closely examined approach to some of these issues before proceeding with the MoU. The publicly available records reveal little of the background decision making, except to say that the aim was to address “the twin crises of biodiversity loss and climate change”. An initial Board in principle discussion appears to have taken only five months to a full public sign off, with a Green Minister photographed surrounded by five representatives of investment interests, addressing **land use changes for communities that are designed to be permanent?**

Discussions with NatureScot as this paper neared completion brought out that the policy was driven not by the private financiers, but by the Scottish Government's National Strategy for Economic Transformation, the Scottish Biodiversity Strategy and the Climate Change Plan. Further, that the MoU was signed off not by the Board, but on the authority of a single NatureScot director. Given the substantive public discussion that has taken place over the twelve weeks since the press launch, more NatureScot or other Scottish Government communication in the public domain would have been helpful. Perhaps hard-pressed executives doing what they thought best to “act now!” on climate change led to the agency running up against some very human limitations. Every sympathy, if so. But if so, it needs sorted out to craft a collaborative future with less risk of running into policy conflict and goals divergence.

There are of course other routes that could and should have been considered. The original £20bn nature finance gap claim should have been rigorously tested, given the sums involved. Opportunities to look at Scotland's land – not as a market surface over which capital has free play, but the ground for living on which communities and not bankers should take precedence - should have been explored. Given the permanence of these changes, there should have been public debate with affected people to discuss the options. At least with the recent much criticised HPMA proposals, there has been a public consultation enabling people to input their say. None of this has happened here.

Any public debate also needs to consider the **amount** of land that will be required to service the offsetting economy. One international study led by Aberdeen University concluded that just to tackle less than 10% of by nature-based solutions while consumption carries on at current rates would require about half of the world's crop land. They concluded that it **makes much more sense to stop emissions 'before the tailpipe'** than to attempt to chase after it once it's gone. A recent planting scheme of 240 Ha in Skye is estimated to sequester 64,000 tonnes of carbon over a 95-year period. What does this mean to the person on the street? It means that these 240 Ha of land will be tied up for an initial 95-year project duration, and then in theory permanently, just to offset the carbon produced by 40 jumbo jet return trips from London to Sydney.

As 'unicorn' companies size up Scotland's investment potential in the fashionable name of 'rewilding', the Scottish Land Commission have been explicit in their concerns over the **unusually speculative income forecasts and risks** this carries – not only for investors but for staff, residents and communities. For those investors wishing to scale up - perhaps to owning as many as 20 estates in one example – they also warned of a growing concentration of landed power, threatening to **roll back 20 years of land reform in Scotland.**

Scotland's 500 or so land trusts of varying types and sizes prove that they can be well capable of and highly motivated towards ecological restoration, living more gently with the land if not entirely from it, and that government has a crucial enabling role. The 'rewilding' agenda, however, shows evidence of justifying its urgency on grounds of climate change, but treats huge swathes of rural Scotland as a colonial '**terra nullius**' requiring the helicoptering in of external experts to impose their own view of what the land should look like and be without considering working hand-in-hand with what communities, hammered by housing price rises, see as the equally important imperative of re-peopling. From sheep to deer to Sitka to renewables and now to carbon credits – it's a common thread of experts knowing what is best, whilst at the same time extracting local wealth and marginalising local experience, except where it might usefully provide culture washing.

What then is the solution? What can contribute towards international pressures for carbon sequestration as a part of, if not "the solution" to tackling climate change, while at the same time attracting finance that can work with communities of place and not trample them? Land market regulation would slow down some of this activity and require potential purchasers to establish their 'bona fides' and demonstrate their acquisition is in the broader public interest. Giving communities more power to step in and buy assets would also help redress the balance. Attaching stringent conditions to any form of public subsidy that ostensibly supports carbon sequestration would help. Requiring investors, landowners and land managers to fairly share the opportunities as well as the challenges of a Just Transition to Net Zero would seem only reasonable. But a culture of handouts '**like sweeties to a child to stop it crying**' or of patronising culture washing hand-in-hand with greenwashing cuts very little ice when effective control is exercised from outwith communities.

Recognising the need for an approach to balance political and economic realities with ideals, and **not wishing to jeopardise the better for want of the best**, recognising also work being done by the community at Tayvallich in Argyll to negotiate with their incoming landowner, Highlands Rewilding, this paper proposes a new set of standards for thinking about landownership, the Olympic framework. The *Bronze Standard* is conventional landlordism where a rural community has very little power. The *Gold Standard* is the ideal of community landholding, which currently accounts for getting on for 3% of Scotland's territory. But as a middle way, and hopefully in time a stepping stone to *Gold*, would be a *Silver Standard*. Here, and to go hand-in-hand with working with the agenda of nature restoration, the community and the landowner agree **a Memorandum of Understanding that gives both rights and powers**. These could include rights of pre-emptive purchase at economic valuation of land or buildings needed by a community for its social wellbeing, rural housing burdens placed on properties to prevent their selling on for holiday lets, and democratically accountable governance on local management boards.

The *Silver Standard* falls short of gold perfection. But relative to bronze it shines. If developed with agencies like the Scottish Land Commission, Community Land Scotland and, of course, NatureScot with its justified passion around biodiversity and climate change, it could become **a new norm of private land ownership and public support** in populated rural areas of Scotland. For communities to have an MoU with an incoming landowner could be one of the **conditions to lever certain types of public funding or planning permissions**. Given the alternative of *Bronze* and very often, the unreachability of *Gold*, the *Silver Standard* could offer a win-win all round. It could be very good, not least, for ecological restoration. These are early days. But against a backdrop where many communities are experiencing a loss of control due to money pouring in from "away", here might be an opening of the way.

We live in a world, both rural and urban, **where many people's lives are disembedded and disembedding**. We become more and more fragmented in our capacity for cohesion. Both in Scotland and far forth of these shores, this has weel-kent roots. Roots of historical oppression, roots of sustained inequality. We then so easily displace our yearning for identity, for belonging and for meaning into consumerism; into the vacuous reality by which "to have is to be". But it makes the Earth a wasteland, and climate change cannot be tackled in isolation from such an unsettling analysis. Scotland's rolling programme of land reform therefore matters far beyond just agriculture, or forestry, or land economics. It matters, because the land and nature wild and free **restores our human sensibility, our capacity to feel**. But people must be integral to that. We too are nature in our human nature, or as an island poet put it: as 'real people in a real place'. It calls us back to what gives life. I see no easier way.