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5 December 2024

Dear Finlay,

Thank you for your letter of 31 October 2024, raising key points and recommendations from the Rural Affairs and Islands Committee's pre-budget scrutiny sessions earlier in the autumn.

The financial pressures on budgets in 2025-26 are extremely challenging, as the Cabinet Secretary for Finance and Local Government has set out in her statement to Parliament today. These have required very difficult decisions to be taken to reach a balanced budget.

The UK Government's decision to remove ring-fencing and simply Barnettise future agriculture allocations is contrary to the Bew Review recommendation for collective four nation engagement to agree the principles of future funding allocations. It has failed to provide the uplift called for by stakeholders to reverse the real terms cuts of previous years, or to provide the multi-year certainty required. We continue to call on the UK Government for meaningful four nation engagement to take place in order to inform the forthcoming UK Spending Review.

Instead of the long-term funding certainty that was available during our EU membership, we now have an inadequate settlement within the United Kingdom, which crudely applies a population-based formula for land-based support, and fails to recognise Scotland's greater share of UK land mass and the potential of that land to contribute significantly to the UK's food and drink production alongside climate and nature restoration targets. I know you and the Committee will share my concern regarding this decision, and disappointment that the new UK Government is not living up to its promise to work with the devolved nations to support our rural economies.

The Scottish Government remains committed to funding the protection and restoration of our land and seas, driving forward work to mitigate and adapt to climate change. We will continue to support our agriculture, forestry, food and drink, fishing and aquaculture sectors to become more sustainable, productive and prosperous. This is demonstrated by a range of our key budget commitments, such as the continuation of direct support and voluntary coupled support to our nation's farmers. We will continue to work in partnership with them to co-develop our new support framework.

Finally, I am pleased that this budget returns £20 million to the RALRI budget, to support transformation and reform in Scotland's farming and food production industry, as pledged to the sector, and confirms that the remaining sum will be returned in 2026-27. This capital funding will be used in 2025-26 to establish new transformative funds to support the farming and food production sectors including new entrants.

I have addressed your detailed questions in the attached Annex.

Yours sincerely,

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**MAIRI GOUGEON**

## Annex

### Fisheries Science

- **The Committee requests a more detailed response to the points raised in relation to the impact of the budgetary position in the fisheries science budget. The Committee will return to this issue when the 2025 to 2026 budget is published.**

#### Response:

Data previously submitted to the Committee has shown that the budget allocated to sea fisheries has remained relatively constant over recent years (between £3.6 and £3.8 million from 2021/22 to 2024/25).

The total spend on sea fisheries science is estimated to be £9 million. This includes:

- Marine Directorate's Science, Evidence, Data and Digital Portfolio costs for staff working on sea fisheries delivery and Non-staff Costs.
- Marine Research Vessel (MRV) Scotia survey time for stock assessment and the impact of fishing on the environment and marine protected areas.
- MRV Alba na Mara survey time for stock assessment and the impact of fishing on the environment and marine protected areas (MPA).
- Chartered survey time for stock assessment and the impact of fishing on the environment and MPAs.

<b>Spend delivery area</b>	<b>2024/25 Budget</b>
Staff Costs	£3,016,000
Non-Staff Costs	£585,000
MRV Scotia Stock Assessment	£3,062,000
MRV Scotia Environment/MPA	£357,000
MRV Alba Stock Assessment	£637,000
MRV Alba Environment/MPA	£262,000
Charter Stock Assessment	£934,000
Charter Environment/MPA	£111,000
<b>Total</b>	<b>£8,964,000</b>

Vessel time for MRV Scotia and MRV Alba na Mara is accounted for on a separate budget line within Marine Directorate Operations portfolio and not from within the Science, Evidence, Data and Digital (SEDD) portfolio.

It is important to recognise the direct benefit in terms of value to Scotland that arises from our fisheries science work, particularly through our international negotiations which brought in £600m of fishing opportunities last year. Our prioritisation and partnership approach with industry ensures that we are providing advice where it matters most for the fishing industry and the marine environment.

- In relation to the conditions of the science laboratories estate, the Committee recommends the Scottish Government prioritise a long-term solution to enable the restoration and modernisation of Marine Directorate research facilities as a matter of urgency. The Committee requests an update on progress when the 2025 to 2026 budget is published.**

Response:

Marine Directorate continues to work closely with the Scottish Procurement and Property Directorate (SPPD) within the Scottish Government to implement short, medium and long term improvements, providing solutions to the issues experienced on the Aberdeen site. In recent years we have made substantial upgrades to key parts of the site, including refurbishment of the former library to serve as a multi-functional working hub. We continue a repair and maintenance programme on site. SPPD expenditure from 2020/21 to 2024/25 (to date) for the Aberdeen site is included in the table below. Notable projects include emergency lighting installed across the site, replacement of all windows in Building A, relocation of the server room into Building A, installation of EV Chargers, office space and library reconfiguration in buildings A and B, replacement windows for the Fish Behavioural Unit (FBU), replacement of Building B external render and replacement of the Ellis building laboratory chiller.

	2020-21	2021-22	2022-23	2023-24	2024-25 (to date)
<b>Resource and Capital</b>	£1.198m	£2.710m	£3.163m	£1.798m	£0.155m

In addition, SPPD are identifying suitable off-site premises to provide a medium term solution to the loss of Building K and accommodate the displaced renewables and net rigging teams. The process leading to the identification of suitable premises is estimated to conclude by February 2026.

In the short term, we are also taking forward discussions on the restoration of the Building A laboratory complex on site, and a Strategic Outline Case will be produced in 2025/26 addressing the future redevelopment of the Aberdeen site to support planning in the longer term. Meantime, work continues to identify a suitable funding stream to improve the facilities and maximise the use of the Ellis laboratory facility, and is tied into the completion of the Strategic Outline Case.

## **Fisheries Compliance and Enforcement**

Some respondents questioned the efficacy of the overall approach to compliance and enforcement. *The Clyde Fishermen's Association (CFA) suggested there should be a review of whether the "very heavy compliance programme" in the Clyde on the basis that "it is reactionary or because it is proportionate". The SFF stated that some of its members feel the current approach "which is more about physical inspections and the boarding of vessels and so on, focuses more on the indigenous Scottish fleet than on other fleets that fish in our waters". The RIFGN felt that stakeholders and local communities should be more involved in enforcing compliance as this would build trust. It told us that "more local control would get community buy-in and increase compliance, because what is happening would be known, as opposed to what we have at the moment with the remote service". Dr Cook suggested that vessel running costs account for "a high proportion of the costs of compliance" and noted that the vessels were previously contracted commercially.*

*Open Seas suggested that "significantly better value for money" could be offered if compliance and enforcement was digitised. Open Seas thought that, while some physical assets, such as surveillance aircraft, were needed, installing remote electronic monitoring (REM) systems cost "very significantly less" than having to physically chase every boat. Open seas also suggested there was an additional cost benefit for scientific research as REM systems can contribute to data gathering for stock management*

**The Committee would welcome a response to these comments.**

### Response:

The removal of the exemptions to fishing in the Clyde Cod Box area in 2022 required additional resources to inform fishers and ensure compliance. By the end of the 2023 closure period, the high levels of compliance reassured Scottish Ministers, and compliance assets were tasked to other priorities. The closure is now established and, while no specific operation is planned for 2025, future tasking to the area will be based on risk, in line with our wider approach to compliance.

Tasking of our marine assets is determined by risk not nationality. Additionally, vessels may be targeted for assurance checks where there is limited intelligence or verification data. Around 80% of vessels fishing in Scottish waters outside territorial limits (within which only UK vessels can fish) are UK vessels. However, in 2023, 45% of vessels boarded were non-UK. The proportion of non-UK vessels boarded is therefore higher than the proportion of non-UK vessels fishing our seas.

In 2024, we have developed a land-based inspection and analysis system which focusses on vessels that fish our seas but do not land into a Scottish port. This requires close collaboration with other states. Additionally, we are developing a strategic approach which uses data to identify risk, which will enable an evidence-based approach to prioritisation.

Marine Directorate's 18 coastal Compliance offices are embedded in the local communities where they are based, and regular stakeholder engagement is key to their operation. Marine Directorate is looking at enhancing our in-person engagement and improving our published communication on compliance activities. Consideration is also being given to how we take account of communities' views in our Strategic Risk Assessment process, and this work will progress in the next two years. Compliance officers endeavour to respond positively to requests from communities for engagement sessions, where resources permit.

The Marine Protection Vessels (MPVs) are critical in helping Scottish Ministers deliver the range of statutory and international marine and fisheries obligations which are designed to protect the marine environment and therefore support the long-term sustainability of our fishing industry. This includes:

- inspection at sea benchmarks;
- programmes identified in the assimilated Fisheries Control Regulation;
- schemes of protection against Illegal, Unreported and Unregulated (IUU) fishing; and
- working to support Scottish Biodiversity Strategy outcomes for Protected areas and contributing to the biodiversity indicators under the National Performance Framework.

In 2023, a total of 548 inspections were conducted by the MPVs and 211 infringements were detected.

Marine Directorate is leading the way on the use of technology to improve compliance and continues to assess and develop strategies which consider the benefits which technology brings. We are currently reviewing our aerial operations and we have also recently undertaken a successful trial of an unmanned aerial vehicle (UAV) - or drone - using MPV Hirta as a base. It should be recognised that further expansion of drone technology is dependent on wider civil aviation regulation. Planes also continue to allow us to have independent aerial surveillance of the offshore zone, particularly for areas such as Rockall.

We continue to monitor developments in this area, moving to a compliance surveillance model that will look to harness future technologies including UAV, increased remote electronic monitoring and marine assets to ensure that Scotland continues to play a leading role in monitoring compliance in the marine environment.

We recently introduced legislation to mandate the use of REM on board certain types of fishing vessels (pelagic and scallop) for both compliance and science purposes. We are considering further rollout alongside development of our Future Catching Policy.

It should be noted that there will always be a requirement to respond to incidents and undertake assurance inspections which needs a physical presence both at the coast and at sea.

- **The Committee welcomes the commitment to look at new technological solutions to promote efficiencies and to provide a more consistent level of enforcement. These should be co-designed with industry so they are fit for purpose, there is a shared understanding of how such technology supports compliance and how the data collected will be used. Given the potential for technological solutions to assist compliance and enforcement, the Committee would welcome the Cabinet Secretary's response to calls for money from the compliance budget to be moved to the science budget.**

Response:

Marine Directorate will continue to work with stakeholders to assess where new technologies can improve upon and supplement existing compliance and enforcement activity. Where budget savings arising from efficiencies are achieved, they will be allocated using a priority-based approach.

It should be noted that whilst the Compliance resource budget (£29.5 million) is higher than the budget provided to Science (£16.5 million), the Compliance budget includes the operational costs of both research vessels (£6.7 million). Individual portfolio allocations will be a matter for Marine Directorate's 2025-26 business planning process.

- **The Committee asks the Government to keep it updated on the outcome of its consultation on the level of penalties for non-compliance.**

Response:

Marine Directorate recently commissioned a survey on attitudes to compliance. The results will be used as a basis of a review of penalties which was included as a commitment in our Fisheries Management Strategy. The survey has now concluded, and analysis of the results is currently underway. We expect to publish a report before in Spring 2025.

**Collaboration and co-management with fisheries stakeholders**

- **The Committee welcomes your commitment to review the mechanisms in place for collaboration and co-management with the RIFG network and asks for an update on the status and timescale for this.**

Response:

The 2022 refresh of the RIFG network included renewed focus on understanding and engaging with small inshore fishing businesses and greater alignment with projects prioritised by our Fisheries Management Strategy. Marine Directorate's Marine Analytical Unit is currently carrying out a review of the network that includes surveying a range of stakeholders. The review is nearing completion, and the findings will be shared in due course.

It is important that any future changes to the RIFG network complement the outcome of our overarching Inshore Fisheries Management Improvement (IFMI) Programme, and our other established forums for engaging with stakeholders.

### **Transparency of Marine Directorate budget and research programmes**

- **The Committee agrees that more granular detail about budget lines within the Directorate's overall budget would assist parliamentary scrutiny. The Committee recommends that the Scottish Government publish more detailed budget allocations to supplement the formal budget documents. The Committee agrees that the level of detail provided in the Cabinet Secretary's letter, dated 22 July 2024, is an appropriate template for this annual, supplementary information.**

#### Response:

There is limited scope in the immediate term to expand on the level of detail currently published in the budget documents, as final internal Marine Directorate budget allocations will be concluded as part of the Directorate's ongoing business planning for 2025-26. In line with wider Scottish Government presentation of budget information, Directorate 2023-24 spend has now been published alongside the 2024-25 and 2025-26 comparable budgets to further aid scrutiny.

In 2025 and on conclusion of Marine Directorate's 2025-26 business planning, we will provide the Committee with a full breakdown of the internal budget allocations.

- **The Committee recommends that the Scottish Government reinstate the publication of annual reports detailing Marine Directorate Science activity comparable to previously published Head of Science's annual report to the Marine Scotland board published between 2011-12 and 2017-18.**

#### Response:

Marine Directorate's SEDD portfolio will collate its publication data for 2024/25 and continue the recording of this information for future years. Options for making SEDD publication information readily available for internal and external access will be reviewed in preparation for 2025/26, and considered within the work to develop and publish an Implementation Plan for the Marine Science and Innovation Strategy.

- Finally, the Committee raised with you a comment made by Open Seas in its written submission relating to marine fund payments to industry to collect fisheries observer data. You undertook to provide further information to us but this was not included in your 8 October letter. **It would be helpful if you could provide this information in your response to this letter.**

#### Response:

The Scottish Demersal Observer Programme (SDOP) is a joint venture between Marine Directorate and the Scottish Fishermen's Federation (SFF) which provides observer sampling on demersal whitefish and Nephrops trawlers. Sampling carried



out as part of the SDOP is included in the UK Data Collection Framework Annual Workplan each year.

SFF contributes to the SDOP as part of the Independent Fisheries Science Support Scheme (IFSSS) run by its subsidiary company Marine Environmental Solutions (MES). Between 2014-2019, IFSSS has employed around six observers who have contributed approximately 600 observer days at sea, approximately half the observer days carried out by SDOP. The relative importance of IFSSS to SDOP contribution has increased since 2020. During 2020 and 2021, IFSSS was the sole provider of observer data under SDOP, and between 2020-2024 has provided all data collected from demersal whitefish trawlers. In addition, IFSSS observers carried out 200 days on research surveys on Marine Directorate's research vessel MRV Scotia, in both cases, helping to complement Marine Directorate sea-going staff.

Bycatch estimates using data collected by SDOP are provided to approximately 70 ICES stock assessments each year, including all stocks important to Scotland. These data provide crucial information that is used for the estimation of fishing mortality rates and numbers of juvenile fish in the population each year, and hence the recruitment into the fishery. These estimates of recruitment are key both to the stock assessments themselves but also to forecast models used to generate fisheries advice and quotas.

Bycatch data from the SDOP has not routinely been published to date. This is because the data collected are from sampled fishing trips (a small subset of the fleet activity). The data require complex statistical analysis to infer bycatch rates for the fishery and if taken in isolation are highly variable and not useful for fisheries management purposes. However, the data have been requested by Open Seas under the Environmental Information (Scotland) Regulations 2004 and those data able to be released under the regulations are published for the period 2018-2023 on the Scottish Government website here: [Catch and bycatch data: EIR release - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/catch-and-bycatch-data-eir-release-2018-2023/pages/1-2018-2023.aspx)

Marine Directorate is reviewing whether to routinely make available the processed bycatch estimates for observed fisheries on an annual basis in the future as was provided to Open Seas in a previous request under EIR and available on the Scottish Government website here: [Data collected by the Fisheries Observer programmes from 2018 until 2023 inclusive: EIR release - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/data-collected-by-the-fisheries-observer-programmes-from-2018-until-2023-inclusive-eir-release-2018-2023/pages/1-2018-2023.aspx)

Further to the recent Scottish legislation mandating the use of REM for pelagic and scallop vessels, we will consider further rollout of REM technology alongside development of our Future Catching Policy. REM has considerable potential to support wider compliance and science programmes of work. However, its use in other fleets, at scale, to generate comparable data for use in the international fisheries scientific assessment process is complex and still some way off. We will be working with our partners, including the EU and ICES, to consider where we might adapt our future approach as REM starts to be used more widely and be implemented. However, this will be a challenging process which will take time to properly consider.

## Wider RAI remit budget

- The Committee notes the Cabinet Secretary's statement that the Agricultural Transformation Fund was oversubscribed this year and believes this shows stakeholders feel it is vital for achieving climate and biodiversity goals. Noting this Fund had its budget cut this year, the Committee welcomes the fact that the Scottish Government was able to use underspends in other areas to meet the demand. **The Committee feels this is not a sustainable basis on which to fund this programme over the longer term, however, and recommends the Scottish Government ensure that sufficient funding is available to meet demand in the 2025 to 2026 budget year.**

### Response:

We acknowledge the Committee's recognition of the high demand for the Agricultural Transformation Fund (ATF) and the role it plays in advancing our climate and biodiversity goals. We are also encouraged by the strong response from stakeholders, which underscores the sector's commitment to sustainable agricultural practices and environmental stewardship.

This year's funding challenges reflect the broader pressures across Scottish Government budgets. We recognise that stakeholders rely on this funding to drive forward crucial environmental improvements, and that is why it was a priority to reallocate underspends from other areas to meet demand for the ATF. However, we understand the Committee's concerns about the sustainability of relying on such reallocations.

The Scottish Government is committed to ensuring that our funding mechanisms, including the ATF, align with our long-term environmental and economic objectives. We will carefully consider the Committee's recommendation as we plan future budgets to ensure that this vital programme receives the support it needs to meet ongoing demand, allowing the agricultural sector to continue contributing to Scotland's ambitious climate and biodiversity goals.

With the addition of £20 million returned funding in 2025-26 to invest in transformative support for the farming and food production industries, we will give careful consideration with the sector to how this can best be used and meet the demands the Committee has recognised.

## Proposed four-tier payment system for agricultural support

- **The Committee will return to its consideration of stakeholders' views on the policy decisions relating to the allocation of funding between the various tier payments when Rural Support Plan and subordinate legislation has been published in 2025.**
- **The Committee calls on both the Scottish and UK governments to give clarity on the overall budget allocation for rural support payments from 2026. In January, the Committee intends to explore the basis for calculating the future budget for rural support payments as part of our**

**consideration of the wider implications of the roll out of new payment schemes during the transition period.**

Response:

We note the intention of the Committee to return to the issue of allocation of funding within the four-tier payment system for agricultural support and look forward to discussing it in due course.

The Committee will be aware that the Chancellor in the UK Government's October budget has unilaterally changed the basis under which agriculture and rural support is distributed across the UK. I and my officials are working through the implications of this change, and seeking engagement with the UK Government.