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Dear Finlay

Following the discussion at the Committee on 11 September, and ahead of the meeting on Wednesday, I thought it would be helpful to provide some further information regarding Bew monies, ring-fenced funding and savings due to be returned to the Rural Affairs, Land Reform and Islands (RALRI) portfolio.

Following Lord Bew's review on agriculture funding, Scotland was awarded further convergence funding of £25.7 million each year in 2022-23, 2023-24 and 2024-25 in addition to ring-fenced funding. The ring-fenced funding amounts as set out in the UKG 2021 Spending Review are as follows :-

	2022-2023 £m	2023-2024 £m	2024-2025 £m	Definition
Ring Fenced	584	595	595	For the purpose of supporting farmers, land managers, rural communities and rural businesses
Bew Review	25.7	25.7	25.7	For farmers and land managers building on recommendations of the Bew review
Total	609.7	620.7	620.7	

The convergence funding arising from the Bew Review is included in the RALRI portfolio budget allocation. It was shown separately in 2022-23 but has been included in the baseline from 2023-24 onwards. The Scottish Government had always argued that this funding was due as part of the overall agricultural support funding and, by allocating this funding to the main agricultural support budget, it brought it into line with the normal budget processes applied to the ring-fenced funding.

It is for the Scottish Government to decide out how this funding will be allocated within the terms of the ring-fence conditions to support the sector. The Scottish Budget sets out how the funding will be spent across the RALRI portfolio and the work that it supports. The Bew monies cannot be taken in isolation but with the wider portfolio budget is used to support rural Scotland, alleviating the funding certainty lost due to Brexit and the impact of inflation as far as possible. I remain committed to discussions with the sector as to how the budget is best spent to meet our collective aims and to achieve our Vision for Agriculture.

You will, of course, be aware that the Bew review recommendations have not been fully implemented. Despite accepting the review's findings, the previous UK Governments failed to undertake meaningful collective engagement on future agricultural budgets. This is despite the matter being raised by us on numerous occasions. It is essential this dialogue takes place so that the value of Scotland's land is properly recognised for its potential to help feed the nation as well as deliver positive outcomes for nature and for the climate. Following the first meeting of the Inter-Ministerial Group with the new Secretary of State for Defra, Steve Reed MP, I am more hopeful that we will have meaningful collective engagement.

As the Committee knows, in 2022-23 and 2023-24 in order to contribute to the Emergency Budget Review and support the overall Scottish budget position, savings totalling £61.1 million were given up from within this ring-fenced budget. Due to receiving the Bew monies late on in 2022-23, these formed part of the first tranche of savings. In 2023-24, savings were found from a number of budget lines. Other than the £25m in 2022-23, it is not possible to equate these savings with Bew or any other element of ring-funding. The composition of the £61.1 million is as follows:

Year	Budget line	£m
2022-23	Convergence/Bew	25.0
	Common Market Organisation (CMO) - Other Pillar one	8.0
2023-24	Agriculture Reform Programme - National Test Programme	5.0
	Agriculture Reform Programme	4.0
	Other Pillar one	5.0
2023-24	Pillar one	6.8
	Agriculture Reform Programme - National Test Programme	3.0
	Business Development	4.3
Total up to 2023-24		61.1

There is a commitment to return this funding to the portfolio for use for its intended purpose and the Cabinet Secretary for Finance and Local Government has confirmed this remains the case. £15 million has already been returned as part of the 2024-25 budget for a range of capital projects, as set out in this table:

Scheme	£m
Agricultural Transformation Fund	3.0
AECS	3.6
Crofting Assistance	1.5
Crofting Agricultural Grant Scheme	2.2
Community	2.9
Sub-total (all Pillar 2)	13.2
Floodbanks	1.8
Total	15.0

£46.1 million remains to be returned to the portfolio and further details of how this return will continue will be set out in the Scottish Budget 2025-26.

I hope this is helpful.

Yours sincerely,

MAIRI GOUGEON