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15 December 2025

Dear Convener,

Thank you for your letter of 13 November regarding the Future Farming Investment Scheme.

In order to provide as comprehensive a response as possible to the questions you raise I will provide a high-level response first, and then provide answers to your specific questions. Answers to the majority of the specific questions in your letter are provided in the Annex A attached. Questions 1 and 2 are dealt with in this covering letter.

FFIS was run as an innovative competitive and flexible capital grant scheme with input during development from industry. It was designed to offer upfront support to eligible active farmers and crofters carry out capital investments that would improve the environmental performance of their agricultural business in terms of climate change and biodiversity benefits.

This support should be taken in the context of the wider Scottish Government direct support to the sector of which around £507m has been paid so far this year on Basic Payment Scheme and Greening and LFASS, SSBSS and SUSS. This approach is in stark contrast to support offered by the UK Government to the agricultural sector in England.

A total of 7,582 applications were received, with a combined investment value of £104.7 million seeking £77.7 million in grant funding.

Following eligibility verification, 4,462 applications met the criteria for assessment. Of these, 1,794 applications were ultimately prioritised and offered grant, representing £29.7 million in eligible investment and up to £22.1 million in potential grant support and I would note that the final scheme budget was over 50% greater than the original budget of £14m. Not all offers were accepted, however, and the value ultimately paid will reflect this. 51% of awards went

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to small and medium-sized businesses; more than a quarter to businesses (28%) across the Highlands and Islands.

It is worth highlighting that FFIS was a highly competitive scheme no farm or croft business was guaranteed to receive support. Priority group status did not override eligibility requirements or scoring thresholds. All applicants were required to meet the published eligibility criteria, provide accurate and verifiable information. Proposed investments also had to deliver against the scheme's objectives.

FFIS applications were assessed using a bespoke scoring framework aligned to the published scheme objectives. Given the high level of demand, grant offers were made to eligible applications assessed as delivering the strongest overall contribution against those objectives within the available budget.

All applications were subject to verification and eligibility checks against business records already held by SGRPID. These checks are standard across agricultural support schemes and are used to ensure consistency, protect public funds and ensured that all applications were assessed consistently, transparently and in line with the scheme rules. Applications did not progress where information provided did not align with verified records or where scheme rules were not met. In many cases, applications failed more than one check.

Overall, around 42% of applications did not pass one or more eligibility or verification checks. There were inconsistencies in the information provided in applications when compared against data held for the business. In many cases, issues arose from not following scheme definitions, incorrect assumptions, or incomplete information. However, the scheme guidance made clear that applicants were responsible for ensuring their declarations were accurate.

Applications were assessed through a standardised framework that cross checked application data against the Single Application Form (SAF) and other system held data to ensure consistency, transparency, and audit defensibility.

The methodology established a multi-stage process covering:

- Eligibility checks – confirming published scheme eligibility conditions. Annex B provides a breakdown of where these eligibility requirements were not met.
- Debt and recoverability safeguards – ensuring applicants had sustainable financial positions and compliance with Scottish Public Finance Manual.
- Priority verification – confirming priority category through independent data validation.
- Scoring – based on investment type, public benefit, proportionality of funding request, and alignment with FFIS objectives

The FFIS scoring model applied six core objectives: business efficiency, business sustainability, environmental protection, greenhouse gas reduction, climate adaptation, and public good.

In answer to your first two questions on scoring criteria and how fairness was achieved, full details on how applications were assessed will be published shortly and should help in the Committee's understanding of these issues.

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Assessment work was led by the Agricultural Development Team, supported by staff from across the RPID area office network, which is experienced in delivering Scottish Government grant schemes. Independent validation was undertaken by a Project Board, which also included RPID Area Office representatives, as well as being reviewed by Internal Audit representatives.

I note you have asked about the terms and timescale for the review of FFIS that will be undertaken. This review will focus on lessons learned from the operation of FFIS and the review will be undertaken in the first part of 2026. I will share those lessons learned with the Committee once they are available.

Yours sincerely,



JIM FAIRLIE

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ANNEX A

Why did crofters, tenant farmers, island-based and small agricultural businesses receive such a low amount of funding?

The distribution of awards reflects the competitive nature of the scheme, the profile and quality of applications received. While some commentary has focused on headline percentages, those figures have been cited in isolation and without recognising that applicants could qualify under more than one priority category.

The figures shared with stakeholders were summary figures and did not make this overlap explicit, and subsequently some comparisons that have been widely referenced did not take account of the fact that a single application could be counted across multiple priority groups. When viewed in detail, the award data shows that a substantial number of grants were made to businesses within the published priority categories.

The actual numbers of grant offers and associated funding awarded are set out below.

	NUMBER	GRANT VALUE
CROFTERS	214	£1.3m
NEW ENTRANTS	137	£1m
YOUNG FARMERS/CROFTERS	323	£3.3m
ORGANIC FARMS/CROFTS	52	£776k
SMALL FARMERS/CROFTERS	225	£953k
TENANT FARMERS/CROFTERS	416	£4.3m
ISLAND BASED FARMERS/CROFTERS	258	£2.1m

These outcomes demonstrate that priority weightings were applied as intended and resulted in significant funding being directed to priority groups. However, the scheme operated within a fixed budget and on a competitive basis. Not all eligible applications could therefore be supported, particularly where proposed investments were assessed to provide less alignment with the scheme objectives or where funding requests were disproportionate.

Crofting businesses were assessed using the same eligibility, validation and scoring framework as all other applicants and received awards proportionate to the number and quality of eligible applications received.

As outlined at AgriScot on 19 November 2025, officials have undertaken a post award Quality Assurance review of the application validation process and the data sources used. The review identified that a proportion of applications had been incorrectly assessed due to data handling issues within specific elements of the validation process.

The assurance work identified a correction was required in relation to the data used to verify land area affecting crofting businesses where common grazing land had been included in the total area used to verify land occupancy, contrary to the scheme rules. This has now been corrected, with common grazing areas excluded from this stage of the assessment.

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As a result of these checks, affected applications were revalidated to ensure decisions were fully aligned with the published scheme rules.

Following revalidation, it was confirmed that 122 businesses, scored highly enough to have been included in the original funding population and should have received a grant offer but did not. Additional grant offers have now been issued accordingly, predominantly to crofting and island-based businesses. As a result, the number of crofting businesses receiving an offer of grant has increased to 214, representing an overall increase of approximately 5% in awards to crofters

Variations in award values primarily reflect differences in the scale of proposed investment and the maximum grant allowances set out in the scheme rules, rather than any differential treatment within the assessment process.

Were larger well-established farms given preferential treatment?

Larger or more established farms were not given preferential treatment. All applications were assessed and ranked together using the same scoring framework, based on the impact of the proposed investment against the published scheme objectives and the proportionality of the funding requested. Business size was not a scoring criterion within the assessment process.

Analysis of award data shows that priority group status is not confined to small agricultural businesses. A substantial proportion of grant offers to tenants, island, young farmers and crofters were made to businesses falling within the medium and large size bands. This reflects the structure of agricultural businesses and the land-based grant thresholds set out in the scheme rules, rather than any preferential treatment of larger farms or crofts.

The table below illustrates the distribution of grant offers to priority groups by business size.

	NUMBER of CROFTERS	NUMBER of NEW ENTRANTS	NUMBER of YOUNG FARMERS/ CROFTERS	NUMBER ORGANIC	NUMBER of TENANTS	NUMBER ISLAND BASED
SMALL	116	77	117	2	126	109
MEDIUM	67	34	86	11	108	75
LARGE	31	26	120	39	182	74
TOTAL	214	137	323	52	416	258

Were the additional weightings or priority measures applied fairly to island-based businesses?

Priority status provided additional points within the scoring framework and were applied consistently to all eligible applications that met the scheme definitions, including island based agricultural businesses. Priority weighting increased competitiveness within the ranking process but did not override core eligibility requirements, validation checks or the merit-based assessment of proposed investments against the scheme objectives.

Applications from island-based businesses were assessed using the same eligibility, validation and scoring framework as all other applicants. Where proposed investments demonstrated strong alignment with environmental, climate, efficiency or wider public benefit objectives, these applications scored competitively and received grant offers. Where

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applications did not meet eligibility requirements, contained inaccurate declarations or proposed investments delivering limited benefit in terms of delivering the schemes objectives, they could not be supported, notwithstanding priority status.

In total, 258 island-based businesses received grant offers (14% of all awards made), with a combined value of £2,131,218.33 (10% of grant money offered). As with all priority groups, applications from island-based businesses were ranked competitively within the overall scheme budget.

How will the review address regional disparities in future funding rounds?

Analysis of application data by Area Office shows that variation in funding outcomes arises primarily at the eligibility and verification stage, with eligibility rates differing across the 16 Area Offices. Once applications met eligibility requirements and progressed to scoring, success rates were broadly comparable across Area Offices, indicating that the scoring framework was applied consistently regardless of geographic location. Further detail on application numbers, eligibility outcomes and awards by Area Office is provided in Annex C.

Providing grant funding upfront is a new approach which is particularly beneficial to crofters and small businesses and this approach to funding was specifically requested by stakeholders. The Scottish Government continues to work closely with stakeholders as we reform agricultural support to ensure the needs of crofters, island businesses and small businesses are represented.

What feedback mechanisms are available for unsuccessful applicants?

Individual, application specific feedback is not issued to unsuccessful applicants. Applicants may, however, contact the FFIS team by email if they require a high-level explanation of how the published scheme rules and assessment process were applied.

RPID does not provide applicants with a detailed breakdown of each eligibility or verification check that an application did not meet. Providing application specific information of that nature would require individual declarations to be reconsidered under the scheme guidance relating to inaccurate or unsupported information, which could have unintended consequences for applicants beyond the FFIS decision itself.

For these reasons, assurance activity focused on reviewing assessment outcomes at an aggregate level rather than reopening individual applications. This approach provided confidence that the eligibility, validation and scoring framework was applied consistently across the scheme, while avoiding disproportionate or unintended impacts on individual businesses. Learning from this analysis will inform the design and delivery of any future capital support schemes, including improvements to guidance, validation processes and customer support.

Is there an appeal or review process for unsuccessful applicants?

There is no appeal process for the Future Farming Investment Scheme. This was clearly set out in the published scheme guidance.

FFIS operated as a competitive scheme within a fixed budget. Grant awards were made to eligible applications that scored highest against the published scheme objectives. As funding decisions were based on relative comparative ranking, rather than pass or fail criteria, there

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is no basis for appeal once the assessment process concluded and the available budget fully committed.

While unsuccessful applicants may contact the FFIS team for a high-level explanation of how the assessment framework operated, individual funding decisions are not reconsidered, and applications are not re-scored.

The scheme guidance also made clear that applicants were responsible for ensuring the accuracy and completeness of the information provided within their application, and that inaccurate or unsupported declarations could have wider implications for agricultural support payments under other schemes.

The Committee would welcome further information about the terms and timescale for this review and the Scottish Government's plans for future rounds of funding

This was the first time the Future Farming Investment Scheme was run and we are now looking at what we may do in the future, taking on board the concerns raised, to make sure we continue to support the agriculture sector. We will review the scheme to better understand what worked and where improvement could be made, to ensure it is more tightly targeted for any future rounds.

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ANNEX B

FFIS Information Provided in Application Eligibility Not Met	Total
Did Not Declare Previous SACGS/CAGS Funding	715
New Entrant Incorrectly Declared	632
Young Farmer Incorrectly Declared	338
No Other Support Scheme Claim	336
Tenant Incorrectly Declared	296
Did Not Comply With WFP	176
No Vision for Agriculture	174
Incorrect Business Size Declared	114
Invalid Email Provided	95
Small Business Incorrectly Declared	74
Organic Incorrectly Declared	52
Less Than 3ha Eligible Land	49
Payment Holds	21
Island Location Incorrectly Declared	21
Failed Agricultural Activity	16
No SAF Submitted	8
SACGS/CAGS Claim Previously Rejected	4
Not Registered for Funding	3

Capital Item Eligibility for Funding Not Met	Total
Item Declared as Delivering Water Efficiency Benefits When It Wouldn't	844
No Specific Lengths/Areas Provided	364
Ineligible Item Applied For	324
No Corresponding Livestock on SAF for Item Applied for	172
Item Declared as Delivering EID Benefits When it Wouldn't	284
Unclear Description of Item	123
Unlinked Items Applied for as a Single Entry	49

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ANNEX C

Area Office	Numer of Applications Received	Number Assessed Not Eligible	% Not Eligible	Number Assessed Eligible	% Eligible	Number Offered	% Eligible Offered a Grant
Ayr	940	345	37%	595	63%	270	45%
Benbecula	187	111	59%	76	41%	27	36%
Dumfries	612	235	38%	377	62%	168	45%
Elgin	222	72	32%	150	68%	61	41%
Galashiels	777	332	43%	445	57%	175	39%
Golspie	147	80	54%	67	46%	19	28%
Hamilton	337	118	35%	219	65%	97	44%
Inverness	486	217	45%	269	55%	70	26%
Inverurie	1138	433	38%	705	62%	326	46%
Kirkwall	330	120	36%	210	64%	63	30%
Lerwick	238	116	49%	122	51%	76	62%
Oban	410	188	46%	222	54%	61	27%
Perth	1079	432	40%	647	60%	256	40%
Portree	180	90	50%	90	50%	26	29%
Stornoway	179	99	55%	80	45%	31	39%
Thurso	320	132	41%	188	59%	68	36%
Total	7,582	3,120	41%	4,462	59%	1,794	40%

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