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Convener
Rural Affairs and Islands Committee

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Dear Finlay

AGRICULTURAL MODERNISATION FUNDING

When I appeared before your Committee on 21 January 2026, we discussed the £26 million of deferred ring fenced funding to the RALRI portfolio that the draft 2026-27 Budget has returned and allocated to the Agricultural Modernisation Fund budget. I noted that this funding would be used to support different schemes that fulfill our pledge that the funding will support transformation and reform in Scotland's farming and food production industries.

I am now able to confirm how this capital funding will be allocated.

We have allocated £14.25 million to deliver a second round of the Future Farming Investment Scheme (FFIS). This will augment the £21.4 million which has been allocated in 2025-26 and ensure more farms and crofts can access this important support and use it to become more resilient and sustainable.

A further £1.5 million will specifically support small producers – building on the £500,000 of capital funding made available in 2025-26.

£9 million will be allocated to Food and Drink capital support, to maintain and grow this crucial sector. This will include the launch of the Food and Drink processing scheme – delivering vital investment to Scottish businesses and unlocking new growth opportunities for the sector.

£1 million, as you are already aware, has been allocated to the agritourism investment scheme, which opened in January.

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And, finally, £0.25 million will help continue our support for LiDAR which is delivering the first high resolution land map of Scotland to the public.

This allocation is summarised in the table below.

Future Farming Investment Scheme (FFIS) (second round)	£14.25m
Food and Drink Processing Capital Support	£9m
Agritourism	£1m
Small Producers	£1.5m
Lidar	£0.25m

I hope this information is helpful to the committee.



MAIRI GOUGEON

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