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Stephen Boyle
Auditor General
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By email

Dear Stephen,

Scottish Agricultural Policy and Funding

I am writing to you on behalf of members of Scottish Environment LINK to raise an issue of concern relating to Scottish agricultural policy and public funding, with a particular focus on whether current arrangements deliver value for money. This request is made in light of Scotland's declared climate and nature emergencies, the scale of ongoing public investment in agriculture, and growing evidence that the present approach delivers very limited positive outcomes for nature and climate relative to the level of expenditure.

The Scottish Government currently allocates approximately £677 million to agricultural support and has therefore spent more than £6 billion over the last ten years. This represents a large and enduring area of discretionary public spending and given the pressures on public finances and the statutory duties placed on public bodies to further biodiversity and contribute to climate targets, we believe there is a compelling public interest in scrutinising whether this expenditure is effective and delivering value for money, and whether alternative approaches could achieve materially better outcomes with the same or similar levels of funding.

Concerns about value for money and outcomes

We draw your attention to some key points to illustrate why we are concerned about value for money:

- Around 80% of the agricultural budget is allocated to direct payments. These are largely area based income support payments inherited from the 2014–2020 EU Common Agricultural Policy. These payments are weakly linked to policy outcomes, particularly for biodiversity and climate. We include in our submission a recent report from one of our members – RSPB Scotland – which sets out more detail.
- Evidence also shows that these payments are poorly targeted, with a highly unequal distribution that favours larger farms on better quality land, while providing limited incentive or



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support for nature and climate positive land management. The latest data suggests that the top 20% of direct farm support claimants account for 65.5% of the budget, indicating a highly concentrated distribution of payments, with a relatively small proportion of recipients receiving a large share of the total funding. Of the 16,822 recipients of direct farm support, 1217 farming businesses received more than £100,000, which happens annually.

- Despite incremental increases in environmental conditionality, direct payments deliver minimal demonstrable benefits for biodiversity or climate mitigation, and in some cases actively discourage beneficial land use change.
- Schemes that are proven to deliver better environmental outcomes—such as the Agri Environment Climate Scheme (AECS), capital support for nature and climate action, and advisory and knowledge exchange services—are chronically underfunded, together accounting for only a small fraction of total expenditure. The latest data suggests that AECS gets 2.1% of the budget.
- As a result, very large sums of public money are primarily delivering income stability, while failing to deliver proportionate public benefits at a time when the Scottish Government has explicitly committed to halting biodiversity loss and achieving net zero.

Taken together, this raises serious questions about whether current agricultural funding arrangements represent a reasonable use of public funds in relation to stated objectives, and whether the spending framework is aligned with statutory commitments under biodiversity and climate legislation.

The need for an audit

We recognise that agricultural policy reform is complex and politically sensitive. However, this complexity makes independent scrutiny all the more important. An audit by Audit Scotland would:

- Provide an objective assessment of whether current spending mechanisms are fit for purpose in the context of the climate and nature emergency.
- Examine whether the balance of funding across different schemes represents good value for money relative to alternative, evidence based approaches.
- Clarify the extent to which agricultural expenditure contributes to, or undermines, the Scottish Government's wider environmental, climate and rural development objectives.
- Support a more informed public and parliamentary debate about the future direction of agricultural support, grounded in evidence rather than assertion.

We believe such an audit would be timely, constructive and beneficial, both for farmers and crofters and for the wider public interest. Our intention is not to question the importance of continued public support for farming, but to ask whether how that support is currently delivered maximises public benefit and long term resilience.

Agriculture will play a decisive role in Scotland's response to the climate and biodiversity crises. At present, however, there is a growing mismatch between government ambition, public expenditure, and outcomes on the ground. Independent scrutiny by Audit Scotland could play a vital role in



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identifying how agricultural policy and funding could be better aligned with Scotland's statutory obligations and societal priorities.

We would welcome the opportunity to discuss this request further or to provide additional information if that would be helpful.

Yours sincerely,

Deborah Long

Chief Executive

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