

CLLD ALLOCATIONS 2026/27 – BACKGROUND INFORMATION

2026/27 Allocations approach

Since 2022, we have used the Socio-Economic Performance (SEP) index, developed by the James Hutton Institute, to provide an evidence-based way of allocating CLLD funding across the 20 LAG areas. However, annual fluctuations in the CLLD budget have required adjustments to this method over the years - for example, setting minimum baselines to ensure all LAGs remained viable when revenue budgets were reduced.

For 2026/27, we considered several options, including returning to the original SEP index with no modifications, or applying the 3.8% uplift to the 2026/27 CLLD budget equally across all LAGs. The approved option is to continue using the SEP index with a small number of adjustments, which are detailed below.

A **£100k minimum baseline** has been set, based on previous years staffing and project costs, so that areas with the lowest SEP allocations remain viable and can continue to fund staffing and meaningful programme delivery.

Without intervention, using the original SEP index could have led to some LAGs receiving very large increases and others experiencing decreases from 2025/26 funding levels. To avoid this, a **maximum increase of £30k** has been applied, and a **minimum increase of 2%** has been guaranteed for every LAG.

This approach retains our commitment to an evidence-based- allocation method, allowing all areas to move closer to the distribution suggested by the SEP index. This is balanced with maintaining a degree of predictability and stability for LAGs in 2026/27, while we await and implement the recommendations arising from the Scottish Rural Communities Policy Review (SRCPR).

Future allocations approach

As part of the James Hutton Institute's current research on rural communities and the rural economy, a detailed local-level database has been developed containing indicators of demographic and economic outcomes, and diverse assets and resources which can support rural development (e.g. essential services, natural resources, businesses and infrastructure). A [report](#) describing and analysing these indicators (calculated for a 5km grid) was published in 2025, which identified (for example) the uneven distribution of economic assets across Scotland.

This database is currently being updated and extended, and the final indicators will be published online and will be used in further research on the geographical diversity of rural Scotland.

We will work with JHI and LAGs throughout 2026/27 to ensure this research helps inform a future rural development index, which could support more targeted funding and interventions across Scotland's rural communities.

The original intention was for this new index to be available for 2026/27. However, this has been delayed due to the postponed publication of the recommendations arising from the SRCPR. We must wait for these recommendations to be available post-election before implementing any further changes to the CLLD programme, to ensure any future approach is as evidence based as possible.

LAGs have also requested more transparency around how allocations are determined. In response, we are working with JHI to develop an engagement strategy for the year ahead, giving LAGs more opportunities to share their views and improve their understanding of the indicators and methodology used in the allocations process. More information on this will follow in due course.