

**Cross Party Group in the Scottish Parliament on Rural Policy 2017-18**

**Wednesday 4<sup>th</sup> October 2017, Scottish Parliament Committee Room 6, 5.45-7.30pm**

**Diverse Rural Economies**

**Minutes (approved)**

**Attendees**

<b>Name</b>	<b>Organisation</b>
Fergus Ewing MSP	Cabinet Secretary for the Rural Economy and Connectivity, Scottish Parliament
Graeme Dey MSP	Scottish Parliament (CPG co-convener, meeting chair)
Colin Smyth MSP	Scottish Parliament (CPG co-convener)
Jane Atterton	SRUC
Rosie Baillie	SRUC
Graeme Beale	Scottish Government
Joshua Bird	SRUC
Anna Brand	RSPB
Eugenio Certucha	SRUC
Anne Chapman	Anderson Strathern
Andrew Copus	James Hutton Institute
Ian Davidson	Scottish Government
Katy Dickson	Scottish Land and Estates
Mary Williams Edgar	Scottish Rural Action
Chelsea Fletcher	SRUC
David Gass	Rural Matters
John Glen	Buccleuch Estates
Alistair Hamilton	SRUC
Oli Hickman	RICS
Luke Howard	SRUC
Jim Hume	National Rural Mental Health Forum
Eva Kleinert	Scottish Government
Ian MacDonald	
Michele MacDonald	
Catriona Maclean	Scottish Government
Ann MacSween	Historic Environment Scotland
Davy McCracken	SRUC

Bryan McGrath	Scottish Borders Council
George Milne	
John Mitchell	Anderson Strathern
Scott Murray	SRUC
Julian Pace	Scottish Enterprise
Chloe Purves	Scottish Enterprise
David Rennie	Scottish Enterprise
Siân Ringrose	University of Stirling
Peter Ross	Dumfries and Galloway LEADER
Madhu Satsangi	University of Stirling
Douglas Scott	Scottish Borders
Sarah Skerratt	SRUC
Alistair Stott	SRUC
Roland Stiven	Confor
Steven Thomson	SRUC
Roger Turner	Advocates for Rural Enterprise
Daphne Vlastari	Scottish Environment Network
David Walls	Lothian Broadband
Dorothy Warren	Scottish Government
Mike Wijnberg	SRUC

### Apologies

#### Name

#### Organisation

John Scott	MSP (co-convener)
Rebecca Audsley	SAC Consulting
Frank Beattie	Scottish Enterprise
Andrew Brough	Buccleuch Estates
Nina Clancy	RSABI
Graeme Cook	SEFARI
Neil Cummings	Horticulture Trades Association
Karen Dobbie	SEPA
Jayne Glass	UHI
Rhoda Grant MSP	Scottish Parliament
Wayne Grills	BALI
David Henderson-Howat	
Tony Huggins-Haig	
Euan Leitch	BEFS
Lorna Murray	
Duncan Nisbet	Scottish Government

Christina Noble	Here We Are/S J Noble Trust
James Ogilvie	Forestry Commission Scotland
Ann Packard	
Lorna Philip	University of Aberdeen
Ceri Ritchie	SAC Consulting
Geoff Simm	University of Edinburgh
Pip Tabor	Southern Uplands Partnership

## 1. Welcome, introductions and apologies

Graeme Dey MSP (chair and Group co-convenor) welcomed everyone to the meeting. He noted that several MSPs were in attendance, including Finlay Carson MSP, Colin Smyth MSP (Group co-convenor) and Edward Mountain MSP. John Scott MSP (Group co-convenor) had submitted his apologies. He informed all attendees that an audio and visual recording of the meeting was being taken for those unable to attend. No participants objected to this. He noted that all apologies would be recorded in the meeting minutes.

Graeme Dey MSP welcomed Cabinet Secretary for the Rural Economy and Connectivity Fergus Ewing MSP to the meeting.

## 2. Cabinet Secretary for the Rural Economy and Connectivity Fergus Ewing MSP Opening Presentation 'Diverse Rural Economies'

Key Points:

- Cabinet Secretary Mr Ewing MSP was very pleased to accept the invitation. He noted that Cross Party Groups are very useful fora in which to meet citizens and discuss shared interests. He acknowledged his thanks to SRUC's Rural Policy Centre for supporting the Group and to his civil servants for supporting him in his role.
- He outlined his vision for rural Scotland – a vibrant rural economy, vibrant and thriving communities using natural assets including “the crown jewels of the environment” to their best advantage, using land appropriately to sustain communities and enabling people to live full and satisfying lives. It is his job to deliver the vision.
- He outlined several key economic projects that he is supporting, including safeguarding and increasing employment at the aluminium smelter in Fort William, the launch of the largest offshore floating windfarm off Peterhead soon, and new businesses in Wick supporting the Beatrice wind farm which are helping to rejuvenate the town.
- He noted the importance of attracting new young entrants to farming to help to offset the high average age of the farming population (currently 59 in Scotland), and mentioned the Farming Opportunities for New Entrants (FONE) programme (chaired by Henry Graham) and the new Women in Agriculture Taskforce of which he is joint

chair with Joyce Campbell). He noted the importance of crofting and the Government's commitment to draft a crofting development plan in 2017-18.

- He noted that the planning system in Scotland can be complicated and adversarial and in some ways has become the master rather than the servant. This needs to be addressed so that the system enables positive outcomes quickly and easily. All too often the current situation is one where people endure a protracted, frustrating experience over many years which erodes their spirit and stops the delivery of projects.
- He noted the importance of the forestry sector to Scotland, contributing 25,000 jobs and £1 billion per year. He noted that Scotland has not met its planting targets recently but the aim is to do so within the short term future. Only 18% of Scotland is currently forested compared to an average of 40% in mainland Europe. Foresters, farmers, land managers, sporting estates, etc. need to engage positively on the basis that different land uses and pursuits are complementary rather than competing alternatives. We need to recognise the multiple benefits of trees, in providing shelter, alleviating flooding, providing leisure/recreation opportunities, etc.
- He noted that the food and drink sector is one of Scotland's great success stories contributing £14 billion per year to the economy. The ambition is to double this value, which is very achievable. Within the sector is a huge amount of entrepreneurialism and commitment within both big and small enterprises, including artisan companies, new products, gins, craft beers, etc. Scottish products are sold worldwide and our reputation for high quality is enjoyed all over the world, especially in terms of food and drink products.
- Mr Ewing MSP briefly mentioned a number of other important issues, including transport and connectivity, tourism, the Islands Bill, Brexit, the National Council of Rural Advisers (NCRA) and the new South of Scotland enterprise agency. He argued that people should be at the heart of everything. At that point he ended his presentation and invited participants to raise issues and questions.

### **3. Q&A with participants**

Graeme Dey MSP opened the floor to questions from attendees and requested that individuals clearly state their name and (where relevant) organisational affiliation.

- Iain Macdonald (Borders farmer) noted that the new entrant issue in farming is critical. He noted that it takes a long time for farmers to 'feel qualified' so it may be slightly misleading to view the average age of farmers at 59 as being too high or 'a problem'. Nevertheless, there are many young farmers who are very capable and they are needed to safeguard the industry. The Cabinet Secretary pointed out that the average is the middle point and this is quite high when viewed in comparison to other sectors. He noted the huge commitment that is needed to running a farming business – it is certainly not a 9 to 5 job. He argued that we need to ensure that farming offers a rewarding and profitable and satisfying option. Some financial support and advice will continue to be required in future through organisations such as SRUC, the Women in Agriculture Taskforce, etc. There is much that can be done to support both males and females to operate successfully in farming, including in the

hill farming sector. If they leave the industry there will likely be land abandonment which will negatively affect Scotland's tourism industry.

- Steven Thomson (SRUC) noted the role of farming in the wider rural economy and asked how the Scottish Government foresees the uncertainty over which policy responsibilities (agriculture, environment, etc.) will be devolved to Scotland, and how far, to ensure that Scotland has the flexibility to deliver appropriate schemes and outcomes. The Cabinet Secretary responded that the Scottish Government wants to ensure that forestry and agriculture issues remain devolved. He noted that 85% of land in Scotland is LFA compared to only 15% in England. Farming in Scotland is therefore entirely different with a different set of challenges. His job is to 'get the best deal for Scotland' in relation to the Brexit process.
- Graeme Dey MSP asked the Cabinet Secretary if any progress had been made in discussions with the UK Government around getting a migrant workers scheme in place in Scotland. Securing the future of these workers is of critical importance to the Scottish agricultural sector. The Cabinet Secretary responded that he was not aware of any progress but hopes the uncertainty for those involved is removed as quickly as possible. He argued that we cannot run the rural economy without people from other EU countries.
- David Rennie (Scottish Enterprise) asked the Cabinet Secretary why Scotland had failed to meet its forestry planting targets. The Cabinet Secretary responded that the main challenge is to find suitable available land for forestry. He noted that there was no lack of potential investors and the potential of the sector is enormous in economic terms, but also in terms of its environmental benefits.
- Daphne Vlasari (Scottish Environment Link) noted the importance of linking forestry planting into Scotland's targets and ambitions for climate change. The Cabinet Secretary noted that Scotland has ambitious climate change targets and a fairly good record of farmers using carbon audits, testing for the overuse of fertiliser for example. It makes environmental and financial sense to reduce usage and Scotland wishes to encourage more farmers to do this, though not necessarily through enforcements (as measures may not be relevant to all farmers, and forcing behaviours may be counterproductive). We need to recognise the valuable role that farmers play in sculpting the appearance of, and looking after, the countryside and encourage them to move towards environmental best practice.
- Bryan McGrath (Scottish Borders Council) asked the Cabinet Secretary what changes he sees in the next 4-5 years regarding digital connectivity which will make a difference in all areas, including rural Scotland. The Cabinet Secretary commented on BT's digital Scotland Superfast Broadband Programme which will provide superfast access to as many as possible (more premises have been enabled than was originally intended although the take-up hasn't been 100%). The Reaching 100 ('R100') plan is a Scottish Government commitment to make superfast broadband available to all premises in Scotland by 2021, the end of this Parliamentary session. An open market review process has been going on to assess the specification of the contract for R100 as it is very important to get this correct from the outset. He noted that there is an understanding that fibre is the best approach as copper restricts the broadband speed, but the cost of installing this means that it is not possible to have everywhere. A supplementary scheme is necessary to enable access through satellite and other means.

- John Glen (Buccleuch Estates) returned to the issue of decision-making processes with regard to forestry being too complicated and not visible or transparent enough, and that a more efficient system is necessary. Mr Ewing MSP agreed, commenting that the 'process has to be the servant rather than the master'. He noted that Scotland has the highest standards for forestry in the world and highlighted the great job that conservancies in particular are doing. But he did recognise that the system needs to be streamlined and simplified to support their work.
- David Walls (Lothian Broadband) welcomed the 'R100' programme and also noted the importance of getting the details agreed at the outset so that the spec is not skewed. The system needs to be set up to ensure that small companies can get involved on a competitive basis. He noted that the ambition of Lothian Broadband is to cover 100% of East Lothian but this is very challenging. The Cabinet Secretary acknowledged the work ongoing by organisations like Lothian Broadband to reach the 'hard-to-reach' areas and noted that this is a difficult area for small players to participate. He noted that the UK's Universal Service Obligation (USO) of 10mb/sec is regarded in Scotland as being too low; in Scotland the target of 30 mb/sec is used. He noted that there were many examples of communities coming up with extremely innovative solutions to broadband challenges which need to be supported.
- Julian Pace (Scottish Enterprise) noted the potential global market opportunities that exist for Scotland's firms (e.g. China, Indonesia, Singapore, etc.). He asked the Cabinet Secretary whether actions should be taken to encourage all rural businesses to think about such wider international opportunities? The Cabinet Secretary felt that this was absolutely the case. He also noted the success of Scottish Enterprise's Rural Leadership programme which recently celebrated its 10<sup>th</sup> anniversary. HIE is also now launching a similar programme.
- Davy McCracken (SRUC) noted the fragility of hill farming in Scotland. He mentioned that he had recently been speaking to advisers in Westminster about the different agricultural circumstances in Scotland compared to elsewhere in the UK, particularly England, and was concerned that in Westminster there is a lack of knowledge and understanding about the extent and nature of these differences. He asked the Cabinet Secretary how the Scottish Government is ensuring that the uniqueness of Scotland's challenges and opportunities are understood and to the fore in policy-making decisions in Westminster. The Cabinet Secretary responded that he felt that everyone, including himself, MSPs, SRUC, individuals, has a role to play in ensuring that policy-makers in Westminster understand the variations across the UK. He noted the importance of LFASS, which includes 11,500-12,000 farming families in remote rural Scotland, in ensuring the sustainability of farming in these areas, with farms often at the centre of rural communities. In future, a system like LFASS must continue to support these families, communities, supply chains, etc. and discussions need to focus on the detail sooner rather than later.
- Madhu Satsangi (Stirling University) referred to the lack of (affordable) housing in rural Scotland as a constraint on rural business growth. He asked the Cabinet Secretary what work is being done to ensure that a reasonable share of the 50,000 additional homes promised in the current Parliamentary session go to rural Scotland. The Cabinet Secretary responded that rural areas in Scotland have 303,000 private sector jobs and 51,900 businesses but many areas experience a shortage of employees and of housing. The success of the tourism sector has exacerbated this in

some areas (e.g. through high numbers of second homes). Housing is a big challenge for many parts of rural Scotland and we need to look at how to address this, both in terms of affordable and open market housing. He noted that colleagues in the Scottish Government are absolutely determined to achieve this, although planning is controversial and decisions will not always be easy.

- John Mitchell (Anderson Strathern) raised issues regarding the voluntary system of registration for land and property titles in Scotland under the Registers of Scotland, especially in the rural sector. He noted that after 3 years of operation of the scheme the scale of the challenge and the technical issues faced are only now becoming apparent. One of the key challenges is the mapping standard which is not appropriate for rural areas. There are considerable resource implications if the 10 year target is to be met. The Cabinet Secretary noted that he had responsibility for this issue in his previous job where the decision was taken to have a voluntary scheme and to keep costs at an appropriate level so as to not discourage participation. He noted that the high legal fees generated in this process may be a barrier for some people. However, he noted that there are advantages to the rural economy of the process being completed asap and in general the response has been positive. The system requires encouragement and collaborative working to ensure its success.
- Mary Williams-Edgar (Scottish Rural Action) questioned the Cabinet Secretary on the makeup of the NCRA and whether it is representative of the rural economy as a whole. She noted that the Council has 14 members, many of whom have primary interest/experience in land-based activities. But we need to look beyond these sectors across the breadth of rural economic activities. The Cabinet Secretary noted that at its first meeting, the NCRA agreed to engage widely with stakeholders across Scotland. Prior to this first meeting the Council had written to over 200 stakeholders to encourage them to submit their views. The Cabinet Secretary noted that he himself works constantly with a range of stakeholders and wants to hear the views of everyone who has an interest in rural Scotland. He noted that the NCRA members have varied CVs but that they also recognise the particular challenges relating to agriculture, not least relating to how to replace the long-standing CAP. He noted that many people in rural Scotland are engaged in multiple activities, and the NCRA members are no exception.
- Roland Stiven (Timber Transport Forum) highlighted challenges relating to Scotland's rural road infrastructure arguing that the poor state of some of the infrastructure hampers the growth potential of rural businesses and those living in rural Scotland. He asked the Cabinet Secretary how those with responsibility for both trunk roads and local roads can be encouraged to invest in this key infrastructure. The Cabinet Secretary responded by saying that local authorities do invest in the roads for which they are responsible, but noted that there are key challenges relating to the extensive road networks that exist in many cases combined with infrastructure such as bridges which present challenges in terms of the scale of investment required.
- George Milne (farmer) commented that farm profitability is closely tied to demand. He noted that there was declining lamb consumption and that consumers generally do not have a full understanding of rural Scotland and the benefits that farmers deliver, including, but not limited to, food production. He commented that there is much more work to be done on better linkages between the consumer and activities in rural

Scotland. The Cabinet Secretary indicated his agreement with these concerns and commented that he is keen to work with the key stakeholders, including Quality Meat Scotland and the National Sheep Association, to encourage consumers to eat more Scotch lamb to support the domestic sheep industry.

- David Gass (Rural Matters) asked the Cabinet Secretary to comment on his vision and ambition for the new South of Scotland agency. The Cabinet Secretary commented that the role of the new agency is to assist with maximising economic growth and developing opportunities in the South of Scotland, building on the strengths of the area taking into account the importance of forestry and farming in the region and the generally rural nature of the region's economy. Another aspect is investigating what more can be done to expand international selling. The Cabinet Secretary commented on the importance of the agency having a clear vision and noted that an interim agency would be in place in the short term before the agency is fully functional. The agency will work closely with the region's local authorities and other stakeholders.

On behalf of all participants, Graeme Dey MSP thanked Cabinet Secretary Fergus Ewing MSP for agreeing to speak to the Group and the Cabinet Secretary then left the meeting.

#### **4. Continued discussion and agreement of action points**

Graeme Dey MSP then invited any further questions/comments from attendees.

- David Walls (Lothian Broadband) raised the key issue again of the ever increasing digital divide between rural and urban. He argued that we need to be thinking ahead for rural areas to take advantage of the state-of-the-art technologies rather than always playing catch-up – or worse still, investing in effectively obsolete technology. We need to be aware that copper does not deliver speed and over distance speed declines so this leads to situations where providers claim to be delivering a certain speed but the customer actually gets a speed significantly lower than this.
- Edward Mountain MSP noted that representatives of all parties are taking every opportunity possible at Westminster to stress the importance of agriculture in Scotland and the ways in which it differs from other parts of the UK.
- Alistair Stott (SRUC) emphasised the importance of backing up investment in digital infrastructure and technology with investment in education, skills, training and research to ensure that businesses and customers are able to fully exploit that capacity.
- Davy McCracken (SRUC) again noted the importance of the food and drink sector to the Scottish economy and the excellent businesses that operate in this sector and highlighted the links with the tourism sector. However, he commented on the number of tourism businesses that are not using high quality Scottish food and drink products and asked how these businesses can be supported and encouraged to use the high quality local products that are available.
- Ann MacSween (Historic Environment Scotland) commented on the importance of the built heritage sector in rural Scotland and the significant opportunities that exist for enterprise and tourism.



- Jane Atterton (SRUC) commented on the need to recognise the wide range of other businesses that exist in rural Scotland operating outside the sectors that are traditionally regarded as rural, including farming, forestry, tourism and energy – such as graphic design, the creative industries, business and professional services, etc. Many of these businesses are small and not high growth (and therefore may not meet the criteria for business support from mainstream agencies), and some are home-based, but they are critical in terms of providing a local service, jobs etc. and in sustaining rural communities.
- Mary Williams-Edgar (Scottish Rural Action) reinforced this point by commenting on the plethora of microbusinesses that fall ‘under the radar’ as they are not registered for VAT/PAYE but are critical to the sustainability and growth of rural economies and communities. She questioned what the Scottish Government is doing to support and encourage these businesses as drivers of growth, and if the current model of growth being used is the right one. For example, not all rural businesses will be selling in global markets but that is not a bad thing. Often there is too much focus on the large-scale businesses and not enough on the smaller businesses, which are often primarily serving their local communities. Graeme Dey MSP followed up these points by reflecting on the role of local authorities or other local/regional agents in supporting small businesses and questioned the balance between support available from the national level and that available at the regional/local level. Mary Williams-Edgar commented that different support might be more appropriate delivered from different levels, with the national level providing the policy framework for regional/local scale actions.
- Peter Ross (Dumfries and Galloway LEADER) noted that there had been 25 years of LEADER in Dumfries and Galloway and elsewhere in rural Scotland (and a range of other community development initiatives), including support for small businesses but effort is needed at national level, thinking about the rural economy broadly, alongside local work to ensure that the rural economy can compete in the evolving economy (e.g. with the emergence of the ‘gig economy’).

Graeme Dey MSP confirmed that the Secretariat would write up the minutes of the meeting and a letter would be drafted to be sent to the Cabinet Secretary summarising the key issues/concerns raised at the meeting, including the issues raised subsequent to his departure. This proposal was agreed by participants.

**Action: Secretariat to draft the unapproved minutes of the meeting for circulation around the mailing list and for approval at the Group’s next meeting in December. Secretariat to draft a letter to the Cabinet Secretary to summarise the key issues raised in the session, including after his departure.**

**5. Approval of minutes from the last meeting of the 2016-17 session (Successful policy and delivery for rural Scotland: Learning from elsewhere, 6<sup>th</sup> June 2017)**

The minutes of the Group's last meeting were circulated on 17<sup>th</sup> July. These were proposed as an accurate record of the meeting by Ian MacDonald and seconded by Jim Hume.

**Action: Secretariat to upload the approved minutes from the June meeting to the CPG website.**

**6. Group AGM and re-registration of office bearers**

Graeme Dey MSP explained that the Group is required to hold an AGM each year at which office bearers (i.e. co-convenors and the Secretariat) are re-elected. The four co-convenors (Graeme Dey MSP, John Scott MSP, Colin Smyth MSP and Mark Ruskell MSP) had all confirmed that they were willing to continue. This was proposed by Ian MacDonald and seconded by Jim Hume. SRUC confirmed it was keen to continue as Group Secretariat and this was agreed by participants.

**7. AOB**

Graeme Dey MSP asked participants if there were any other matters arising. None were put forward.

**8. Date of next meeting – Tuesday 5<sup>th</sup> December 'The rural workforce'**

Graeme Dey MSP confirmed that the date of the next meeting is Tuesday 5<sup>th</sup> December and this will be on the subject of the rural workforce. More information will be circulated in due course.

Graeme Dey MSP thanked participants for their contributions and closed the meeting.