



Environment and Rural Development Committee

19th Meeting, 2005

Wednesday 22 June 2005

The Committee will meet at 10.00 am in Committee Room 2

1. **Item in private:** The Committee will consider whether to take item 5 in private.
2. **Inquiry into rural development:** The Committee will take evidence from—

Panel 1

Professor Philip Lowe, Board Member, Countryside Agency;

Professor Mark Shucksmith, Professor of Planning, University of Newcastle-upon-Tyne;

Dr Dominic Moran, Senior Natural Resource Economist, Scottish Agricultural College;

Panel 2

Graham McKee, Senior Director of Network Operations, and Irene Walker, Director, Rural Relations, Scottish Enterprise;

Sandy Brady, Director of Strategy, Highlands and Islands Enterprise, and Stuart Black, Chief Executive, Inverness and Nairn Enterprise;

Wendy Bullard, Director of Area Network, and David Nicol, Area Director, Inverness, Communities Scotland;

Panel 3

Stephen Boyd, Assistant Secretary, Scottish Trades Union Congress;

Niall Stuart, Deputy Parliamentary Officer and Press Officer, Federation of Small Businesses;

Helen Betts-Brown, Assistant Director for Rural Affairs, Scottish Council for Voluntary Organisations; and

Jonathan Hall, Head of Rural Policy, Scottish Rural Property and Business Association.

3. **Subordinate legislation:** The Committee will consider the following negative instruments—

the Animals and Animal Products (Import and Export) (Scotland) Amendment Regulations 2005 (SSI 2005/278);

the Seed Potatoes (Fees) (Scotland) Regulations 2005 (SSI 2005/279);

the Seed Potatoes (Scotland) Amendment Regulations 2005 (SSI 2005/280);

the Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuff) (Scotland) Amendment (No. 2) Regulations 2005 (SSI 2005/281); and

the Registration of Fish Sellers and Buyers and Designation of Auction Sites (Scotland) Regulations 2005 (SSI 2005/286).

Not before 11.45 am

4. **Natural Environment and Rural Communities Bill – UK Legislation:** The Committee will consider the Scottish Executive's proposal to seek the Parliament's consent to the UK Parliament legislating on devolved matters in the Natural Environment and Rural Communities Bill, and take evidence from—

Lewis Macdonald MSP, Deputy Minister for Environment and Rural Development.

5. **Natural Environment and Rural Communities Bill – UK Legislation:** The Committee will consider the evidence received.

Mark Brough
Clerk to the Committee
Direct Tel: 0131-348-5240

The following papers are attached:

<u>Agenda Item 2</u>	
Briefing paper (<i>for members only</i>)	ERD/S2/05/19/2a
Submission from Countryside Agency	ERD/S2/05/19/2b
Submission from Dr Dominic Moran	ERD/S2/05/19/2c
Submission from Scottish Enterprise	ERD/S2/05/19/2d
Submission from Highlands and Islands Enterprise	ERD/S2/05/19/2e
Submission from Communities Scotland	ERD/S2/05/19/2f
Submission from Scottish Trades Union Congress	ERD/S2/05/19/2g
Submission from Federation of Small Businesses	ERD/S2/05/19/2h
Submission from Scottish Council for Voluntary Organisations	ERD/S2/05/19/2i
Submission from Scottish Rural Property and Business Association	ERD/S2/05/19/2j
Submission from Mark Shucksmith	ERD/S2/05/19/2k
<u>Agenda Item 3</u>	
The Animals and Animal Products (Import and Export) (Scotland) Amendment Regulations 2005 (SSI 2005/278)	ERD/S2/05/19/3a
The Seed Potatoes (Fees) (Scotland) Regulations 2005 (SSI 2005/279)	ERD/S2/05/19/3b
The Seed Potatoes (Scotland) Amendment Regulations 2005 (SSI 2005/280)	ERD/S2/05/19/3c
The Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuffs) (Scotland) Amendment (No.2) Regulations 2005 (SSI 2005/281)	ERD/S2/05/19/3d
The Registration of Fish Sellers and Buyers and Designation of Auction Sites (Scotland) Regulations 2005 (SSI 2005/286)	ERD/S2/05/19/3e
Extract from the Subordinate Legislation Committee 25th Report	ERD/S2/05/19/3f
<u>Agenda Item 4</u>	
Memorandum from the Scottish Executive	ERD/S2/05/19/4a

Submission from SEPA	ERD/S2/05/19/4b
Submission from SAC – Scottish Agricultural College	ERD/S2/05/19/4c
Submission from Scottish Environment LINK	ERD/S2/05/19/4d
Submission from Milk Development Council	ERD/S2/05/19/4e
Submission from Joint Nature Conservation Committee	ERD/S2/05/19/4f
Submission from Inland Waterways Amenity Advisory Council	ERD/S2/05/19/4g
Submissions from the Scottish Inland Waterways Association	ERD/S2/05/19/4h
Submission from the Ministry of Defence	ERD/S2/05/19/4i
Submission from Scottish Natural Heritage	ERD/S2/05/19/4j
Members may also wish to consult the Natural Environment and Rural Communities Bill and Explanatory Notes	
<u>Agenda Item 5</u>	
Note from the clerk (<i>for members only</i>)	ERD/S2/05/19/5a

SUBMISSION FROM THE COUNTRYSIDE AGENCY

Introduction

Since 1999, The Countryside Agency has been the government's statutory advisor on issues affecting the people and places of rural England. As a result of Defra's Rural Strategy 2004, we are being restructured, such that since April 2005 we have been operating as three distinct divisions:

- The *Commission for Rural Communities* (CRC), particularly working to overcome social and economic disadvantage in rural England, will act as Rural Advocate; Expert advisor and Independent watchdog;
- *Landscape Access Recreation*, (LAR) will work to help everyone respect, protect and enjoy the countryside; and
- Core CA Services division.

The Natural Environment and Rural Communities Bill proposes combining LAR with English Nature and Defra's Rural Development Service to form *Natural England*, whilst the CRC will become an Independent statutory body. We welcome this invitation to present experience of policies and programmes affecting rural England to the Scottish Parliament's Inquiry.

We have tried to match this experience to the principal issues which the Committee wishes to address, as described in the letter of invitation, namely to:

- examine the aims of accessible rural communities for development of their area, and the challenges they face;
- assess how these issues are reflected in government policy and funding initiatives, including how such initiatives are targeted
- identify policy priorities that should be pursued in order to help economic prosperity in accessible rural areas.

We believe that the Committee will see parallels between our experience from rural England and the issues and challenges raised by Scottish communities. It is probably fair to acknowledge at the outset that around 93% of England's rural population live within areas which could be classed as accessible.

Aims of accessible rural communities

England's rural communities, environments and economies are not homogeneous. Thus we have discounted a singular 'Rural Economy' view for England and promoted the need for policies and delivery programmes to reflect this diversity. We have supported this central message with substantial statistical and qualitative evidence of this diversity through studies, surveys and pilot programmes. Some of this evidence is presented in our comprehensive reports, e.g.

- *State of the Countryside*, our annual reports which provide an integrated healthcheck on the social, environmental and economic

characteristics and changes to rural England and (until this year its regions); and.

- *Rural economies: Stepping stones to healthier futures.* These detail the nature, dynamics and drivers of England's rural economies at country and for 5 of England's regions - including those bordering Scotland.

In 2004 cross-government agreement was reached to classify settlements by population size, location and form into 8 categories, from isolated dwellings in sparse areas to urban settlements > 10,000 in less sparse areas. This morphology will further improve statistical description of rural diversity and provide a valuable framework for the Commission for Rural Communities to describe the geography of disadvantage and economic performance. Better description should assist with better targeting of support programmes. For example, studies by the Agency, the Scottish Executive and most recently for the Welsh Assembly demonstrate that smaller rural towns often act as important service centres for surrounding villages and countryside. However, links with employees in these hinterlands are often poor. Evidence based on the new settlement classifications could help target support programmes for rural business and employee more precisely than through rural towns.

National and regional studies offer only a partial portrait of diversity of needs. Accordingly, we have promoted tools to equip residents of rural parishes and market towns with the ability to assess their areas' health and set their own priorities for action. This combination of statistical studies and community-led appraisals, healthchecks and action plans provide substantial evidence of the nature, dynamics and needs of rural communities and their economies.

Two such community-led programmes were the Countryside Agency's *Vital Villages Programme* and *Market Towns Initiative (MTI)*, endorsed in the Rural White Paper '*Our countryside: the future. A fair deal for rural England*'. Nearly 1,500 rural communities have assessed their needs and the 230 market town healthchecks, in turn, have led to action plans, around which partnerships are undertaking work, raising funds and support from decision makers.

The key themes and challenges described in these plans are similar to those recorded in your visits. For smaller settlements the top 10 issues are:

Road traffic; housing; poor facilities for young people; law and order/policing; poor public transport; environmental concerns; poor village services; car parking; and issues relating to village halls.

Several of these found resonance with market town partnerships, whose Healthchecks additionally recording concerns with:

Inadequate leisure and recreational facilities; poor range and quality of shops; insufficient facilities and support for local businesses; poor quality of employment; and health and healthcare issues.

These are more fully described in the evaluation reports of the Agency's work, a set of which we submit with this evidence. The CRC will continue to seek

community expression of their aspirations to inform our advocacy and advice to government on funding and policy development.

Identifying and targeting challenges faced by accessible rural communities in government policies

Most government policies towards England's rural areas have universal focus. A few have a geographical distinction, for example, one of Defra's 15 headline rural indicators is achieving prosperity in market towns, sic: *Proportion of market towns that are thriving, stable or declining (based on service provision, business activity and employment)*. The achievement of policy aims such as the roll out of broadband infrastructure, are monitored through specific localities, here also market towns.

Few of government's Area Based Initiatives target the economic development of England's accessible rural areas, but are mostly focused on urban areas of concentrated disadvantage, as with Enterprise Zones, or at remote rural areas. Securing appropriately targeted response to challenges faced by accessible rural areas, has highlighted three dilemmas–

- widespread evidence that accessible rural communities are economically and socially healthier than their urban counterparts:
- common assumption that the rural economy is homogeneous, marginal or still heavily dependant on land and tourism
- preference to tackle problems that have a *distinctly* rural characteristic, rather than challenges that are *significant* in rural areas.

In accessible rural areas the need for 'rural proofing' of mainstream economic and regeneration policies is perhaps greatest. The Countryside Agency was tasked to advise government on how to sensitise its policies and programmes to rural needs and to report on its achievement. We can report many instances of successful rural policies from mainstream departments and CRC will continue to report on government's 'rural proofing'. This experience of government policies has demonstrated the care needed to base policies on sound and detailed evidence and to choose indicators which measure changes which are truly those desired by communities and policy makers.

For example, Defra's Rural Economy PSA 2002 aims to raise rural productivity. Most of the 42 Indicator districts are remote or peripheral. As the standard for measuring productivity, GDP data, is not available at a low level, an alternative measure of earned income of taxpayers was adopted. In itself this does not wholly reflect total income, as in most rural areas earned income make up only 45-50% of such household income. We have argued that other measures such as Gross Disposable Household Income (GDHI) may offer a more appropriate measure of economic performance, especially for accessible rural areas with large commuting outflows contributing to GDP measured in other areas.

Moreover, we have demonstrated a different rural geography of underperformance by using indicators of economic performance, such as changes in employment numbers, turnover and business rates. Many of the

remote and lagging rural areas perform better against some of these measures, but several accessible rural areas are seen to be lagging.

Policy priorities to secure economic prosperity in accessible rural areas

England's rural economies are not marginal, nor declining.

- In the last five years, rural firms' £turnover has grown in contrast to a heavy decline in urban firms.
- High proportions of micro-businesses are a recognised feature of rural economies, but evidence shows that the number of rural firms with 300+ employees are also growing faster than in urban areas.
- The highest average household incomes are now to be found in smallest settlements within less sparse areas. This may be explained by considerable in-migration of professional and managerial employees.

Such growth further masks significant numbers of rural residents who suffer exclusion due to poor mobility, poor physical health and low education, and threatens government's policy for access to affordable housing (Defra, 2004a). Housing is becoming less affordable in all rural areas. Highest prices are found especially in smallest settlements in accessible areas

We consider that tackling disadvantage in accessible rural areas should be a rural as well as an urban-based disadvantage. Poor access to jobs, transport, services and affordable housing has an economic impact and a social cost.

Policies and support programmes should be attuned to the areas' business and employment profiles. As 80% of jobs in many accessible rural areas are found in public services sectors, in retailing, manufacturing and business services, regeneration policies and programmes need to support these rural sectors. In some rural towns in the west Yorkshire and Gloucestershire, for example, 1 in 2 people works in manufacturing. In some rural towns a single manufacturing company may employ up to 70% of the workforce. In these areas, support for farm diversification and measures that boost tourism are likely to boost rural economies less than support for manufacturing and public services.

Moreover, accessible rural areas in England have highest rates of economic activity, highest proportions of residents employed as managers, senior officials and professionals; and more residents with University degrees. Many of these higher skilled, higher waged employees move to accessible rural areas and in time start B2B businesses, harnessing previous social and business contacts. Policy makers should explore how they can help more in-migrants to work as well as live in their chosen rural communities.

Conclusion

Many of the measures we have suggested are for mainstream economic and business agencies to adopt, not just those with a rural remit. Accessible rural areas are zones of considerable population and business growth and multiple links with urban centres. We believe that one of the drivers of future economic health will come through those charged with developing city region

strategies collaborating with rural agencies to explore and build on these linkages. In this way rural areas could be recognised as more than an attractive environmental backdrop and recreational resource for our urban areas.

SUBMISSION FROM DR DOMINIC MORAN

Background to SAC

SAC has a distinguished track record in delivering innovation to the land based industries in Scotland. Consistent with the need of diversified rural economy, SAC delivers education and training, research and advisory functions that address the needs of agriculture and other land based industries. Alongside this economic focus, SAC researchers are also investigating wider issues of rural economic performance, social cohesion and the role of the social economy in the composition of successful rural areas.

Dr Dominic Moran is an environmental economist with wide-ranging interest in agricultural and environmental economics and rural development. He is currently undertaking research for SEERAD on the co-location of services in rural Scotland. Previous projects have examined the role of public preferences in the agri environmental reform process and the economic value of conservation programs.

Main recommendations

The Committee might consider:

- which indicators and targets are appropriate for its definition of prosperity in target areas
- that the measurement of a return to public expenditure requires clarity in terms of specific budgetary allocations that are targeted to these indicators/objectives in target areas
- whether the City Regions project be more specific about its objectives for growth (prosperity) in the more obviously rural parts of its geography.
- that the relationship between service provision/access and economic performance be explored more carefully

Overview and rationale

Rural Scotland faces a number of challenges related to geographical remoteness, low rural population density, reform to an important rural industry (namely agriculture), and as a result of wider global trends that expose other domestic industries to wider global competition from Europe and beyond.

In focussing on accessible rural areas the committee have rightly identified a potential gap in provision for areas that have fallen between a number of major policy initiatives focussing on cities, on agricultural reform, and

increasingly on remote and peripheral areas, especially the Highlands and Islands. Intermediate rural areas can benefit from many of these initiatives, but in some cases they have specific problems that combine the challenges of remoteness with issues that can be defined in highly specific terms in relation to proximity to particular industrial and population centres.

In a short space it is impossible to do justice to the history of policy initiatives or the range of research focussing on rural deprivation/exclusion/peripherality, and the relationship between urban and rural areas. It is also worthwhile noting that the committee's remit of considering how spending is the delivery of prosperity is actually quite vague in terms of its definition using specific economic and social indicators. As a way of firming this up, it is perhaps clearer to identify existing spending that is being directed into these areas, and to determine the economic multipliers or rates of return to that spending. As part of this definition, the return may be measured in qualitative terms (e.g. employment creation, income generation, and business start ups or population stabilisation), or in more exacting financial/economic terms that would be used for many public investment programmes. A wider definition of prosperity will however likely include social and environmental externalities that contribute to real wellbeing. Such factors do not lend themselves to direct monetisation.

However prosperity is defined, the issue of measuring the rate of return to public spending turns out to be far from clear for either rural or urban areas. In Scotland as in many other parts of the UK there is a general presumption that rural prosperity depends on diverting the majority of spending on urban areas or that some rural areas or hinterlands are best served by this focus - e.g. through the City Regions initiative.

The reasoning is generally based on assumed rates of return or contribution to growth that are more easily attained and measured in urban contexts. This reasoning has recently impugned current public spending patterns in Scotland, casting doubt on whether the rural spend (such as it can be identified) is actually delivering growth¹. This debate comes ahead of major budgetary review and is one that devalues the role and output of rural areas and their contribution to national well being.

Determining the return to public spending begs numerous questions about the structure of expenditure data. In the first instance, the process of identifying public spending categories is complex and existing classification of spending maps poorly onto the areas targeted by the committee. While this is the case, the evidence base for assessing the relative value for money of spending is poor.

Several bullet points are offered for further possible consideration.

- The committee is walking into a quagmire of overlapping and interrelated initiatives, none of which explicitly targets the accessible rural category. The City Regions initiative nominally covers many accessible rural areas,

but apparently is not a rural policy per se. Its rural credentials and objectives could possibly be clarified.

- When considering the most directly relevant policy levers of prosperity in rural or urban areas, services come high up the agenda. Very little appears to be known about the demand for rural services and the trade-offs that are made by users in order to facilitate access to a range of services. In accessible areas, we would expect specific trade-offs (e.g. between local availability and time spent to on remote access) to be influenced by proximity to specific population centres. By the same token the relationship between service availability/accessibility and economic performance is unclear. These points suggest that the service agenda in accessible areas needs to be determined separately from remote areas.
- The current CAP reform process makes it difficult to draw strong conclusions on future rural prosperity. New modulated funds will be focussed on social development (pillar 2) and it remains to be seen how this switch will influence social welfare in all rural areas. In Scotland the favoured instrument for access to funding is the use of land management contracts over and above the single farm payments. Like predecessor schemes, contracts have elements of cross compliance that can be used to affect social and economic outcomes.

SEERAD (2005) Economic Linkages Between Small Towns And Surrounding Rural Areas In Scotland.

<http://www.scottishexecutive.gov.uk/Resource/Doc/37428/0009554.pdf>

ⁱ 'McConnell under fire over economy pledge'

<http://news.scotsman.com/topics.cfm?tid=549&id=123672005> 2ND Feb 2005

Cross Cutting Expenditure Review on Economic Development

External Research -Finance Committee (2004)

<http://www.scottish.parliament.uk/business/committees/finance/reports-04/fir04-expenditure-03.htm>

SUBMISSION FROM SCOTTISH ENTERPRISE NETWORK

Introduction

The Scottish Enterprise Network (SEN) welcomes this inquiry into Rural Development and welcomes the opportunity to present the Environment and Rural Development Committee with written evidence prior to appearing before the Committee on 22 June.

This paper begins with a brief overview of SEN's interest and activity in relation to rural development and then moves on to addressing the main inquiry questions.

Overview

Scottish Enterprise and Rural Scotland

The Scottish Enterprise Network (SEN) is very active in rural areas. An estimated 16% of total SEN expenditure is on projects located in rural areas, a figure roughly comparable to their share of population across the SEN area. Local Enterprise Companies (LECs) within the Network undertake a full range of skills, business development, property development and environmental activities in rural areas, meeting local needs and actively encouraging rural entrepreneurship and enterprise development within the context of local partnerships, to ensure the opportunities and economic contribution of Scotland's rural areas are maximised.

Since January 2001 SEN, in common with Highlands and Islands Enterprise, has been operating within 'A Smart Successful Scotland' (SSS), the strategic economic development agenda set out by the Scottish Executive for the Enterprise Networks and partners. Refreshed in 2004, SSS specifically tasks SEN with contributing to raising the long-term, sustainable growth rate and productivity of the Scottish economy through:

- Growing Businesses: enabling a culture of enterprise and innovative companies growing in scale.
- Global Connections: creating world class locations, and increased involvement in the global economy.
- Learning & Skills: developing skills to make best use of our human capital and to prepare for tomorrow's labour market.

Moreover, SSS places a requirement upon SEN to proactively reinforce other Executive strategies in relation to issues such as Equal Opportunities, Closing the Opportunity Gap, Sustainable Development and, indeed, Rural Development in its own right.

In SEN's experience, rural economies broadly face the same types of economic challenges in the emerging global knowledge economy as the rest of Scotland and hence SSS is as applicable in this context as in urban areas. However, there are a number of circumstances particular to rural areas – sparsity of population, access to markets, critical mass, e.g. an insufficient concentration of entrepreneurs, limited job opportunities, labour supply, availability of development sites and limited range of services – that need to be taken into account when intervening in rural economies. To this end, SEN has identified

six specific rural development operational objectives, as part of its overall contribution to SSS:

- Stimulate the diversification of the rural economy;
- Enable the development of competitive, sustainable businesses in rural areas;
- Enhance national/local connections to opportunity/innovation;
- Enhance the operation of the rural labour market;
- Contribute to the economic sustainability of small communities; and
- Increase the availability and attractiveness of rural “places” for economic development activities.

Clearly rural areas in Scotland are not homogenous. They differ significantly across Scotland – from the ‘accessible’ rural hinterlands of major centres of population to extreme remote areas distant from urban centres and main transport routes. Moreover, even the challenges faced by accessible rural areas in different parts of the country can vary quite considerably, e.g. compare Peebles with towns such as Kilbirnie in Ayrshire. It is therefore critical that approaches are sufficiently flexible to accommodate this. SEN’s ‘flexible response’ is reflected in the essentially devolved structure of the Network, with each LEC identifying key issues in relation to remote and accessible rural communities in their areas and devising appropriate strategies to address local circumstances using the package of Network economic development tools available, again in partnership with others.

Scottish Enterprise and City Regions

The Scottish Executive’s Cities Review identified the importance of cities as drivers of the Scottish economy, while also stressing that they could only maximise their potential by building positive relationships with their surrounding regions. The importance of city regions to Scotland’s economic development, as further emphasised in the National Planning Framework and the refreshed version of SSS, has become a key feature of SEN’s approach, as reflected in the Network’s 2005-06 Operating Plan.

The Network’s overall approach reflects the importance of viewing cities, their immediate surrounding areas, areas within their sphere of influence (predominantly rural), and remoter rural areas as sources of complementary assets that collectively contribute to Scotland’s competitive position. At its simplest, Scotland’s global attractiveness depends on combining the qualities of its vibrant cities and its unique rural environment. Where this environment is relatively easily accessed from Scotland’s cities, the combination provides a particularly powerful proposition for mobile people and business making decisions about where to live, visit, invest and do business.

Mechanisms are now in place to develop city region working across the network. This work is being led by groups of LECs, who are working towards the following outputs:

- Agreement on the vision for economic development in the city region, including the broad role of different geographic areas within the city region, that delivers a measurable contribution to the Scottish economy.
- Opportunities for enhanced working and for new, ambitious initiatives enabled by collaborative working, with a particular focus on the key issues of transport, place attractiveness, key industries and the labour market.

As we explore the different roles of areas and places within the city regions, the potential importance of accessible rural communities as high quality locations for residential choice, leisure opportunities and complementary business activity is emerging, creating new opportunities for enhancing these local economies. For example, within the Glasgow city region, coastal Ayrshire, rural Dunbartonshire and the Clyde Valley play a vital role in the competitive offering for the city region and we will work with partners to understand how best these areas can derive benefit from a new Glasgow city region 'proposition'.

Understanding the role of different places and key industry sectors within the context of city regions, will help SEN prioritise its economic development interventions in a way that reflects the potential of areas to impact on the competitiveness of Scotland and the roles played by other agencies. For example the ability of Borders towns to access and to contribute to the Edinburgh city region depends on enhanced connectivity, leading SE Borders and SE Edinburgh & Lothian to collaborate with partners on building the business case for the proposed rail link.

The city region work underway also reflects the recognition that more remote rural areas will continue to face specific challenges and opportunities, and these will continue to be addressed through the work of the SE network.

The Inquiry Issues

The aims of accessible rural communities for the development of their area, and the challenges they face in achieving those aims.

First of all, as stated previously, the social, economic and environmental development challenges faced by accessible rural areas in different parts of the country can vary quite considerably and hence there is no one set of development aims that apply to all locations.

However, through our work we have recognised the following types of 'needs' of accessible rural communities in relation to their development as successful, vibrant places:

- A high quality living environment supported through a choice of housing and local services, especially in relation to health, education, retail, quality of life and leisure
- A transport and ICT infrastructure which enables rural businesses to compete effectively in the global marketplace and individuals to access opportunities.
- Competitive, innovative businesses across new and traditional sectors
- Enhanced availability of suitable land/property for housing (including affordable housing) and economic development activities.
- Effective capacity and networks for economic innovation and development.
- An inward flow of people and ideas.
- Individuals equipped with the necessary range of skills required to be employable in a diverse economy
- An agricultural sector which plays a major role in Scotland's food supply chain, sustainable rural development and helps to maintain the prosperity of local communities.
- Attractive leisure options for visitors such as walking, cycling, open spaces, heritage, and visitor attractions.
- A sense of community through local involvement in planning and decision making.

The final bullet highlights a fundamental question arising in relation to this issue, i.e. the degree by which accessible rural communities are able to articulate their aims. It is clear that few rural communities in Scotland have developed the capacity and means to build and communicate a collective/community view.

For those communities which have managed to develop and articulate aims, there is then the not insignificant hurdle of implementation. Again our experience suggests that rural communities often lack the ability and capacity to access funding/support in a complex and confusing policy environment and, moreover, public agencies, in the focussed pursuit of their corporate objectives, are not always responsive to the communities' agendas.

Our view is that the Community Planning process is central to successful, community-led, development in rural areas and moreover has a key role in acting as a bridge between National and local policies/priorities. Clearly effective local community plans can only be developed and implemented effectively when all key partners are wholly engaged in the process. SEN is committed to Community Planning and indeed already has a great deal of relevant experience. A good example of this is the leading-edge work undertaken by SE Forth Valley in relation to the development of community plans within the Loch Lomond and Trossachs National Park, which has attracted national attention.

Specifically in relation to economic development, barriers to success are essentially the same as faced by the rest of Scotland and span the three main themes of SSS, outlined previously. Challenges include, for example:

- Stimulating economic diversity
- Enabling a 'culture of enterprise'
- Enabling local businesses to compete effectively in a global economy
- Growing and sustaining businesses of scale
- Attracting and retaining global companies
- Increasing business investment in innovation
- Creating new economic opportunities and solutions in relation to demographic change
- Building 'knowledge economy' skills
- Attracting and retaining talented people
- Enhancing physical and ICT connections to opportunity, for both businesses and individuals

How these issues are reflected in government policy and funding initiatives (by the Scottish Executive and across other levels of government and public agencies), including the way initiatives are targeted

From the economic development perspective, our belief is that Smart Successful Scotland provides a comprehensive strategic framework for driving success in accessible rural areas and Scottish Enterprise is making a major contribution to its successful implementation. As stated in the Refreshed SSS document of 2004, SSS is not just for the Enterprise Networks and we look forward to finding new ways with partners to drive the types of improvements to the national and local economies that we all seek.

However, in more general terms, our experience suggests that the following features of government and public agency operation, across the broader sustainable development perspective, can hamper effective accessible rural development:

Policy

- A public sector landscape characterised by competing priorities, differing funding procedures, varying delivery mechanisms, and disparate measurement of outputs (i.e. 'success').
- A large number of plans and partnerships at local level, leading to a dilution of strategic focus. The consequence of this is that local agency resource is stretched, with participation in partnerships not always translated adequately into action.
- A lack of clear strategic guidance - there is no overarching strategic framework which provides the key guidance for how integrated, sustainable rural development can be approached. The end result is a patchwork of policies in relation to rural development which lack coherence. However, as a bottom up approach, Community Planning may provide a means of developing an integrated policy framework for joint action at a local and ultimately national level, throughout both urban and rural Scotland.
- A lack of policy coherence between support for the primary sector and rural development: In spite of the recognition for the need for joined-up approaches among politicians and rural development practitioners and some good progress towards this, support frameworks for the agricultural, fisheries and forestry industries at both EU and Scottish levels still tend to be implemented separately.

Resources

- Sometimes government initiatives can come forward without provision of the local resource – both human and financial – that is required to deliver the initiatives or develop the local capacity.
- Lack of access to revenue funding for community and development groups and organisations, an important factor in providing confidence to undertake development activity.
- Discontinuous, often short term nature of funding which has not allowed capacity building.
- 'Challenge'-type funding, often aimed at supporting individual projects, has not encouraged the type of strategic, integrated approaches required at the local level.
- Significant disparities between funding mechanisms in relation to communities in the Highlands and Islands and the rest of rural Scotland, particularly in terms of European funding streams.

On a positive note, programmes such as EU Leader and the Rural Strategic Support Fund have been important in promoting the development of integrated approaches to rural development within SEN's area through for example enabling the identification of local needs and developing the capacity of local organisations and individuals to manage change.

Policy priorities which should be pursued in order to help secure economic prosperity in accessible rural areas.

As stated previously, we are keen to see the fulfilment of one of the key operating principles in SSS, namely that there is a focus and drive in relation to the vision set out in SSS across all major organisations in Scotland, not just the Enterprise Networks.

More specifically, SEN's view is that the following developments are key to economic success:

National strategy

- Ensure that emerging approaches in response to CAP reform and the EU Rural Development Regulation focus on creating the conditions to encourage rural economic growth within the context of sustainable development, through, for example, enabling greater economic diversification. Allied to this, we welcome the opportunity for the forthcoming refreshed Scottish Rural Development Plan to have a broader basis than hitherto.
- As stated previously, we believe that the emerging work on city regions is an important context for accessible rural areas and are keen that other organisations work with us to understand how best accessible areas can contribute to, and benefit from, economic success derived from competitive metropolitan city regions.
- Ensure that accessible rural areas have the transport infrastructure, properties, broadband availability and affordability, utilities and services which will support their future competitiveness. For example, it is clear that the water and sewerage infrastructure in some rural areas presents a serious constraint to development. Planning guidelines need to be flexible to enable the right kind of infrastructure to be put in place.
- The public sector has a prime role in enabling the effective engagement of communities and a shift is required from public sector 'management' of communities to an approach which provides facilitating, orchestrating and supporting processes and skills. This new approach also has to include mechanisms to develop the capacity of communities themselves to develop ideas and plans. The Community Planning process provides the best means of focussing public sector support resources in this regard.

Programmes

- To reiterate, we believe that the themes of SSS, as outlined previously, provide the essential strategic framework for economic success in rural Scotland, for example, stimulating rural economic diversity is an area a number of national organisations can contribute to. At the local level, through the Local Economic Fora, it is evident that a great deal of 'joining-up' is taking place.
- Funding for rural development should be process, as well as 'product', oriented, developing the skills and mechanisms through which communities can develop and implement integrated policies. By definition this implies that support, including funding, should balance its current predominant project basis to one which is also process-based i.e. providing support which focuses on developing and supporting the community's capacity to contribute. Again the Community Planning process provides the essential context for this.
- There's a need to encourage innovative solutions for the retention of local services between public agencies, between private providers and between public and private providers.
- It is apparent that integrated and sustainable development does require more 'pump priming' to deliver future benefits and hence there is a requirement for a specific resource for that purpose. If the funding is there, and the local agencies can make it available, then there is a greater chance of communities becoming involved and actively contributing to successful and sustainable rural areas.

This concludes our Preliminary Submission to the Inquiry into Rural Development, and we welcome the opportunity to appear before the Committee on 22 June.

SUBMISSION FROM HIGHLANDS AND ISLANDS ENTERPRISE

Introduction

The Highlands & Islands Enterprise (HIE) Network, comprising the core based in Inverness and Linicleat, ten Local Enterprise Companies (LECs) and the Careers Scotland locality offices, is the Scottish Executive's economic and community development agency for the north-west of Scotland. The HIE area covers just over half of the landmass of Scotland, yet includes only 9% of the national population.

HIE welcomes the opportunity to submit evidence to the Environment and Rural Development Committee's inquiry into rural development since our remit and activities are entirely focussed on stimulating such development across the Highlands & Islands, from the city of Inverness to the most sparsely-populated island areas.

The Strategic Context

Following the national launch of *A Smart, Successful Scotland* in its refreshed form in November 2004, we have produced *A Smart, Successful Highlands & Islands* to develop in more detail how the priorities will be tackled in the HIE area with its distinctive challenges. That document, which the Deputy First Minister launched in Aviemore last week, is being widely circulated throughout the Highlands & Islands to ensure that the key messages of the enterprise strategy and their implications for the activities of the HIE Network are disseminated to our key stakeholders.

The aim of the strategy is ***to enable people living in the Highlands & Islands to realise their full potential on a long-term sustainable basis.*** This aim will be achieved by pursuing four strategic objectives:

- Strengthening Communities
- Developing Skills
- Growing Businesses
- Making Global Connections.

The inter-relationship between these objectives and our integrated approach to achieving them is shown overleaf:



Inquiry into economic development in ‘accessible rural areas’

It is against this strategic context that our response to the current inquiry is set. In recognising the Committee’s desire to focus on different types of rural area in Scotland through separate phases of the inquiry, we would like to stress the importance of understanding that within the Highlands & Islands there are in turn several different types of rural community. Our desire is to offer thoughts to the Committee on the economic development needs of our ‘accessible rural areas’, while underlining the interrelationship of these areas with the wider region. This is especially so for the city of Inverness, which acts as the urban centre for a very large part of the north of Scotland. The comments which follow are organised under the three headings listed in the invitation to submit evidence.

(1) The aims of accessible rural communities for the development of their area and the challenges they face in achieving those aims.

As a central part of our recent strategy review process leading to the development of *A Smart, Successful Highlands & Islands*, we undertook a large consultation exercise with the businesses, communities and residents of the area, along with seeking the views of our key partners. The results of that work offer a series of insights into the aims and aspirations of rural communities across the area.

A clear majority of residents and businesses are confident about the future – believing that economic conditions will remain the same or improve in the future. Optimism in the Highlands & Islands is higher than in Scotland or the rest of Great Britain. Confidence is highest amongst businesses and residents in the Inverness & Nairn area, reflecting the greater economic

success experienced around the Inner Moray Firth. The sectors of the economy that are most optimistic are those that have grown, or offer excellent prospects for growth in the future.

There is strong agreement that encouraging more people to live, work and study in the Highlands & Islands will improve prosperity and quality of life for everyone. Changing household composition will mean that significantly more houses are needed to accommodate the existing population, and a step change in the rate of new-build will be required to house the newcomers the area needs. Concern was expressed at the lack of affordable housing, which is seen as a significant constraint on growth.

Unemployment remains low across the Highlands & Islands. Survey evidence suggests, however, that broadening the economic base to provide greater opportunities for existing and new workers would be beneficial. Lack of jobs or job prospects was identified by both residents and community and voluntary organisations; and creating employment opportunities was viewed by businesses, residents and the community and voluntary sector as a fundamental area of focus for the HIE Network's efforts.

Higher education is a very important opportunity which the region must grasp. Support is particularly strong from those currently in full- or part-time education and those aged under 25 (two-thirds of all 20-24 year olds believe it should be the most important development priority for the area). This suggests that a university in the Highlands & Islands would encourage more young people to stay in the region and, crucially, attract students from much further afield.

Improving transport links is vital for the future of the Highlands & Islands. There is almost complete agreement among all stakeholder groups that continued improvements in the transport infrastructure are essential to the long-term development of the Highlands & Islands. The vision of a strong, vibrant community will require a range of integrated transport links including rail, road, sea, and air within the region and to the rest of the UK and internationally.

The need for improved business productivity and competitiveness and the routes to achieving it also come through clearly from the research. This will involve the introduction of new products, processes and technology which will in turn require more skilled workers to be active in the economy. Over eight in ten businesses, residents and community groups believe more businesses investing in research and development would improve prosperity and quality of life in the Highlands & Islands. Support for further provision and use of broadband is also high amongst businesses and community and voluntary organisations. It is interesting to note that support for broadband is stronger from those who currently make use of the technology, with 83% of all users regarding further use as beneficial, compared to 71% of non-users.

(2) How these issues are reflected in government policy and funding initiatives (by the Scottish Executive and across other levels of government and public agencies), including how such initiatives are targeted.

The above summary of recent evidence from the Highlands & Islands points to widely-held optimism about the future and a clear appreciation of the challenges which rural communities face in securing the kind of future to which residents aspire. It is also evident from the responses of our stakeholders that these broad views are shared by local authorities, public bodies and representatives of the business and community sectors.

The extent to which the issues surrounding economic development in rural areas are reflected in policy and funding is not easy to assess given the range of subject areas involved. Our overall view is that there is a significantly higher level of understanding across Scotland of the challenges facing rural communities than there was, say, ten years ago. Part of that change is a direct result of the greater debate about policy and spending priorities brought about by the Scottish Parliament. Recent examples of the process in practice include land reform, support for UHI and public discussion on the costs and means of delivering healthcare in rural areas.

Equally, funding levels for economic development in the Highlands & Islands might be seen to be broadly in balance with the range of opportunities available in a given period. There is an issue here of absorption and the area's capacity to design, plan and undertake major development projects. The EU Structural Funds provided through the Highlands & Islands Special Transitional Programme are a case in point – a huge boost to the area, but also a significant challenge to public-sector partners requiring to find match funding.

Nevertheless, the opportunities for future investment in strategic infrastructure projects are many and the area will require substantial access to national funding sources if these development-enabling projects are to come to fruition. In the sphere of transport, upgrading of our major trunk roads is needed – the A96 linking Inverness, Elgin and Aberdeen is a clear case, together with the A82 between Glasgow and the West Highlands and the A9 itself. Rail, ferry and air transport have improved markedly over the last 25 years, but the scale of investment simply to keep public transport links serving rural areas modern and affordable is vast. Other forms of development infrastructure, notably water supply, waste water treatment and housing provision, are similarly of key importance to the success of our rural areas.

A significant general conclusion which we draw, therefore, is the need for public (and private) sector policies and associated investment plans that work for rural Scotland. It is vital that both legislation and funding plans going through the Scottish Parliament are scrutinised closely for their implications for rural communities. We should be seeking to establish equal access to opportunity for people in areas such as the Highlands & Islands when new

legislation and investment stand to bring benefit to Scotland as a whole. There may be cases where the aims of national policies and plans can be delivered effectively in rural areas, but with modifications to reflect the circumstances of population sparsity.

(3) Policy priorities which should be pursued in order to help secure economic prosperity in accessible rural areas.

In seeking to interpret the national challenges and priorities and drawing out what is required in a Highlands & Islands context, we believe there are five crucial contributors to success:

- **Population**
- **Place**
- **Productivity**
- **Pay**
- **Prospects**

On **Population**, it is clear that more people living, working and studying in the Highlands & Islands are essential to sustaining our long-term progress. These newcomers will embrace different groups of people coming to the area for different reasons: entrepreneurs seeking to develop their businesses; students coming to learn, study and research; former residents returning to settle, change career, etc. A determined drive to attract new residents must include stimulating the provision of affordable housing, including developing flexible planning policies towards housing in the countryside. The attraction of people also requires an open-arms approach to newcomers, recognising that the scale of population increase needed will not come from return migrants alone. That means aspiring to build a modern, progressive society that appeals to people from faraway places as well as those closer to home.

In practice, this means the continued growth of the city of Inverness, as well as bigger, busier towns and villages, offering wider housing, retail, services and facilities choices. But it also means increased rural population in the smallest of our communities, where their very viability will rely on attracting more residents to create demand for, and sustain, local service provision. The implications for housing and infrastructure investment are potentially large, but without creation of the required capacity, even modest population growth may prove difficult.

The importance of **Place** is becoming widely recognised as a key factor in both regional and national success. This is a very positive finding for the Highlands & Islands since we have one of the most attractive natural environments in the world and our research into recent in-migration bears this out. But we have to do more to enhance and capitalise on these assets, especially in terms of our built environment.

First, we have to build the role of Inverness and our main towns such as Elgin as international-standard gateways. The aspiration has to be set that high, because what needs to be done is to capture the heart of everyone who steps

off the train, plane or ferry that this is the quality place they envisaged. International-standard gateways start with quality built environments, which civic leaders, planners, developers and, above all, the people who live there have worked consistently to turn into something both highly attractive and highly distinctive. Upgrading the built environment works more easily when development (and development cash) lubricates the process.

A Smart, Successful Scotland underlines the **Productivity** challenge facing the nation as a whole. The challenge is generally more acute for businesses in the Highlands & Islands where higher input costs can combine with lower volumes of output to keep overall unit costs high. These realities face the small hotel operator just as much as the maker of manufactured goods or the producer of livestock. Thus, we must aspire to create more businesses of scale, as well as exploiting those sectors where these realities are more able to be combated through internet-based working, etc.

The focus of business development efforts needs to be on raising productivity in all of our economic sectors. That will require ambitious leadership, supported by capital investment, allied with investment in skills, harnessing of research, creativity and innovation and greater effectiveness of management in driving improvements forward. Equally, the excellent work which has taken place on upgrading the area's physical infrastructure must clearly continue, with special emphasis on transport, as well as electronic communications, educational and community facilities.

Linked to the productivity issue is that of **Pay**. To be clear, absolute earnings levels in the Highlands & Islands have risen hugely over the last 25 years, as a result of the general growth and diversification of the economy. In relative terms, however, our position has worsened slightly over the last few years, measured against the national and EU averages. Recent research has indicated that the main causes include: the rundown in oil-related employment; a low share of national employment in higher-paying sectors; a lack of private-sector head offices; employment growth in lower-paid sectors; and out-migration of young people for higher education..

There is no single or easy answer to the low earnings challenge facing the Highlands & Islands. Long-term improvement requires a steady expansion of employment in higher-paying economic activities, for example, through building the knowledge economy and establishing the University of the Highlands & Islands.

Finally, we need people to believe in the area's **Prospects** for success. For alongside simple positiveness about the future helping to make a difference, one of the exciting aspects of the economic development process is that several of the projects, which might make the greatest difference, are presently unknown to us today.

In addition to the gateways, it is important to underline the need for a wide range of investment throughout the more sparsely-populated parts. This long-term investment must be aimed at improving the overall attractiveness of the

area and underlining in residents' eyes that their communities' prospects are very positive. The area boasts a wonderful natural environment and correspondingly many natural heritage designations. These assets underpin many of our key sectors (such as tourism and aquaculture), though they need to be better interpreted and further invested in. We also need to invest more in our cultural assets and sport, if we are to achieve continuing acclaim for what the area has to offer.

Concluding Thoughts

We believe that there are important lessons to be learned from the economic performance of the Highlands & Islands over recent decades. Two in particular are worth underlining by way of conclusion. First, much of our progress stems from applying development measures consistently over a long period of time. Secondly, population growth and economic growth are inextricably linked and the continuation of progress in the Highlands & Islands will depend on our ability to create the conditions for population growth in all parts of the area. In our 'accessible rural areas', that means policies to stimulate growth not to restrict it.

SUBMISSION FROM COMMUNITIES SCOTLAND

Introduction

1. Communities Scotland is an agency of the Scottish Executive. Our role is to help deliver the policy objectives and Partnership Agreement commitments of Scottish Ministers. We report to the Communities Ministers.
2. The Communities portfolio is concerned with both people and places. Its fundamental aim is to make Scotland a country where everyone has the opportunity to enjoy a decent quality of life through affordable housing in strong and confident communities, having access to learning and employment opportunities, and living free from poverty, inequality and discrimination.
3. Our Corporate Plan 2005-2008 sets out six objectives:
 - To increase the supply of affordable housing where it is needed most
 - To improve the quality of existing houses and ensure a high quality of new build
 - To improve the quality of housing and homelessness services
 - To improve the opportunities for people living in disadvantaged communities
 - To support the social economy to deliver key services and create job opportunities
 - To use our experience of delivering housing and regeneration programmes to inform and support the development of Ministerial policies
4. Principle features of our activity are investing £1.2 billion in housing over 3 years to provide 21,500 houses; directing £318 million Community Regeneration Fund through Community Planning Partnerships to bring about improved opportunities in our most deprived communities; continuing our delivery of Futurebuilders to support development of social economy organisations; supporting the production of robust plans by local authorities and Registered Social Landlords which will ensure that all social rent houses will meet the Scottish Housing Quality Standard by 2015.
5. Our objectives with associated targets set out what we aim to achieve across all of the country. Much of the delivery of our activity is undertaken through our Area offices operating in close partnership with key local players and communities. Our area offices are based in 8 locations across Scotland. We are able to use our main programmes and initiatives in a flexible way that meets local priorities. Our local offices work with local partners to develop appropriate strategies in each area, set in a framework of national priorities.

Housing Investment and Local Housing Strategies

6. The provision of affordable housing is a key issue for the sustainability and economic development of rural communities and the wellbeing of those who live in the area. Rural areas tend to be characterised by diverse and very localised housing markets. These include major settlements with high demand for affordable housing, and areas experiencing high levels of in-migration, pushing house prices beyond the reach of local people. In addition, remote areas, including a number of the Islands, often experience depopulation through a mix of economic downturn and limited housing options. Whereas in some places the market can provide some or all of the affordable housing that is needed, in other areas it is necessary to make housing available at a cost below market value.
7. The Scottish Executive undertook a national review of affordable housing last year. The findings confirmed that there are severe housing supply and affordability problems in particular localities - and problems of housing market failure and surplus housing in others. Our approach is to target new supply of affordable housing in those areas with a shortfall, placing the emphasis on regeneration in those areas which have a surplus, and ensuring that affordable housing provision is tailored to the sustainability needs of rural areas. Last year we targeted 28% of our housing investment to rural areas, an all time high.
8. Local authorities have the key strategic role to ensure that housing strategy and development planning are integrated, that housing requirements are addressed across all sectors and across all tenures, and that the needs of communities in both pressured and low demand areas are met. The Local Housing Strategies of local authorities are critical in giving a full understanding of the local picture and ensuring the right and most efficient local responses to a complex pattern of shortages, surpluses and changing demographics. Those strategies strongly influence Communities Scotland housing investment programme at a local level in terms of the scale and location of our investment.
9. Table 1 shows the level of housing investment grant committed by Communities Scotland across the Scottish Executive 6-fold classification. It indicates the growth of investment in rural areas with some fluctuation from year to year. Fluctuations occur as consequences of delays in the development process. These can include planning issues to be resolved, pace of acquisition of sites for development and can include constraints in existing infrastructure delaying development until such times as the constraints can be addressed.

Table 1: Communities Scotland housing investment committed by SE urban/rural classification

Housing investment grant committed by Communities Scotland	1999/00	2000/01	2001/02	2002/03	2003/04
Cities (over 125,000)	121,420,894	130,791,107	131,137,519	112,822,940	128,281,940
Urban settlements (over 10,000)	35,461,796	52,784,558	49,030,593	51,352,182	59,849,671
Small accessible towns (over 3,000)	9,958,359	9,952,418	13,101,768	12,206,936	13,277,469
Small remote towns (over 3,000)	8,705,042	8,335,091	4,950,256	9,612,014	13,056,222

Accessible rural	14,405,541	13,468,583	15,031,357	12,493,252	17,938,022
Remote rural	11,507,726	6,841,983	14,881,951	21,729,787	12,287,847
	201,459,3	222,173,7	228,133,4	220,217,1	244,691,1
Total committed	58	39	45	11	70

12. Our housing development funding mechanisms fall into 2 categories, funding available to Registered Social Landlords (Housing Association Grant), and funding available to others, mainly private developers and individuals. Table 2 shows that activity funded through Registered Social Landlords in terms of number of houses produced, has remained fairly consistent (with a dip in 2002/03) in 'Accessible rural' areas. However Table 3 shows that activity by others funded through Communities Scotland in 'Accessible rural' areas has not recovered to levels prior to the temporary suspension of some grant funding in 2001/02.
13. Our view is that this has occurred following the growth of very buoyant housing markets in and around cities and large urban areas which has led private developers to switch to developing higher value houses in accessible rural areas. The Affordable Housing Review noted constraints facing new households, and others, in accessing affordable home ownership opportunities in areas of high demand. In response to that the Scottish Executive announced the creation of a new grant mechanism, Homestake, which is to be launched this summer. This will enable home buyers to access houses at equity stakes below market prices..

Table 2: Houses developed by Registered Social Landlords funded through Housing Association Grant (HAG)

HAG funded Houses	1999/00	2000/01	2001/02	2002/03	2003/04
Cities (over 125,000)	2571	2778	2506	2165	2153
Urban settlements (over 10,000)	900	1198	1100	896	1080
Small accessible towns (over 3,000)	289	250	287	255	242
Small remote towns (over 3,000)	366	374	208	280	380
Accessible rural	306	305	314	228	317
Remote rural	534	226	518	586	316

Table 3: Houses developed by others (mainly private developers and individuals) through grant from Communities Scotland

No. of Houses funded	1999/00	2000/01	2001/02	2002/03	2003/04
Cities (over 125,000)	1301	354	52	382	416
Urban settlements (over 10,000)	263	279	17	105	157
Small accessible towns (over 3,000)	80	96		19	
Small remote towns (over 3,000)	78	24	58	50	90
Accessible rural	191	154	11	15	24
Remote rural	152	124	98	150	158

Community Regeneration Fund and Community Planning

14. The Scottish Executive is making available through Communities Scotland, funding of £318 million Community Regeneration Fund (CRF) to bring improvements to Scotland's most deprived areas and help individuals and families escape poverty. The CRF replaces the previous Social Inclusion Partnerships and Better Neighbourhood Services funding and builds on the lessons and good practice from these programmes.
15. Community Planning Partnerships set out how they intend to use the Community Regeneration Fund, alongside their own resources, to deliver specific regeneration outcomes for Scotland's most disadvantaged communities through three-year Regeneration Outcome Agreements (ROAs). These Agreements will provide the strategic and operational frameworks for CPPs to plan and deliver services that achieve better and additional outcomes for disadvantaged communities. Almost all CPPs have submitted ROAs and we are part-way through a programme of assessing and providing feedback which will enable CPPs to access funding.
16. Creating the CRF reflects our desire to move from a project-based to a more strategic approach to tackling our national priorities of improving the education, health and job prospects of Scotland's most deprived communities. The CRF has been allocated to Scotland's 32 Community Planning Partnerships for 2005/2008 based on the most deprived 15 per cent of areas (data zones) under the Scottish Index of Multiple Deprivation 2004 (SIMD04).
17. The SIMD04 ranks data zones of around 750 people, from the most deprived to the least deprived. Two-thirds of the CRF has been allocated to the most deprived 15 per cent of data zones. The remaining funds have been allocated to those community planning partnerships with above average (for example, more than 15 per cent) concentration of deprivation in their area.
18. Table 4 indicates the distribution of households in the 15% most deprived data zone areas across the 6-fold classification of urban and rural Scotland.

Table 4:

Proportion of households contained in the 15% most deprived areas (Scottish Index of Multiple Deprivation 2004) and the Scottish Executive 6-fold classification			
Scottish Executive 6-fold urban rural classification	Total number of households (2001 census)	Number of households in 15% most deprived data zones	% of households in 15% most deprived data zones
Cities/large urban areas	887,640	263,197	29.7
Other Urban Areas	623,144	80,499	12.9
Accessible Small Towns	213,142	11,119	5.2
Remote Small Towns	62,073	4,869	7.8
Accessible Rural	282,378	7,569	2.7
Remote Rural	123,869	730	0.6
Scotland	2,192,246	367,983	16.8

19. In announcing the CRF, the Executive also outlined six Closing the Opportunity Gap (CtOG) objectives for driving forward its commitment to tackling poverty and exclusion. The principal purpose of the CRF is to achieve the CtOG objective of:

- regenerating the most disadvantaged neighbourhoods, so that people living there can take advantage of job opportunities and improve their quality of life

and the related target of:

- promoting community regeneration of the most deprived neighbourhoods, through improvements by 2008 in employability, education, health, access to local services, and quality of the local environment.

20. While acknowledging that deprivation exists across all of Scotland, it is concentrated particularly in urban areas. Consequently we expect CRF funding to reflect that.

SUBMISSION FROM THE SCOTTISH TRADES UNION CONGRESS

1 Introduction

1.1 The STUC welcomes the Scottish Executive's commitment to sustainable economic growth as set out in the revised Framework for Economic Development and the refreshed A Smart, Successful Scotland. We believe that trade unions have much to contribute to the development and implementation of economic development policy, which meets the needs, and aspirations of all Scotland's workers and citizens.

1.2 Therefore, the STUC appreciates the opportunity to contribute to this important inquiry. We share the Committee's concerns over the lack of clarity on the funding of rural economic development and the effect of current policy priorities (i.e. developing city regions) on rural Scotland.

2 Rural Scotland

2.1 The STUC endorses the vision set out in the Scottish Executive's paper "*Rural Scotland – a New Approach*" of a rural Scotland:

- Integral to Scotland's success, dynamic in harnessing its traditional strengths, and with an appetite for change;
- Providing opportunity for our young people - so they don't have to leave to get on;
- Offering a high quality of life to all its citizens, with access to services; and,
- Sustaining and making the most of its natural and cultural heritage.

2.2 We also support the aims listed in support of this vision statement:

- Our future prosperity depends on combining traditional strengths with an appetite for change. We will support employers and communities to stimulate local and national economic success.
- We will invest in our young people by bringing childcare, education, training and employment opportunities to where they live and work. Getting on need not mean going away.
- We will improve access to services essential to our life and work, and ensure that quality of life will depend on what you need, not where you are.
- Scotland's natural and cultural heritage must be allowed to flourish in all its diversity. We will encourage local and regional influences to play their part in enriching the nation.

2.3 The Scottish Executive is clearly committed to achieving these aims and should be applauded for its substantial investment in infrastructure and

for initiatives such as the rollout of broadband services to the vast majority of the Scottish population. However, long-standing problems do persist in too many of our rural communities:

- Loss of jobs through the decline of traditional industries such as agriculture, fishing and deep mining;
- Poor transport links and services;
- Lack of provision of key services such as housing and childcare; and,
- The prevalence of low paid insecure employment.

3 Employment in rural areas

3.1 The rural economy is characterised by low paid, insecure employment with inadequate rates of training.

3.2 Understandably sensitive to the terms of the devolution settlement, the Scottish Executive has to date been timid about commenting on workplace issues. The revised Framework for Economic Development, published in September 2004, spelled out the ways in which the Executive would act to improve productivity in the public and private sectors. Disappointingly, it failed to include any mention of the importance of fair employment in this respect.

3.3 The Scottish Executive should do all within its competencies to improve the quality of work in rural areas:

- Recognising that low productivity is often attributable to low pay and low valuation of a disposable workforce, **grant support should be linked to commitments on long-term job security, fair employment and skills development.** In this context it is worth noting that the Executive is committed (correctly) to introducing sustainability clauses to procurement contracts. This indicates a welcome shift towards a more proactive procurement policy and one that should be extended to cover employment practice;
- Ensure that the public sector acts as an exemplar employer;
- Direct Scottish Enterprise to promote fair employment as a driver of productivity and competitiveness;
- Sufficiently resource the new Co-operative Development Agency to ensure that it can help create secure employment opportunities for rural workers;
- Boost community participation and local democracy by encouraging the wider representation of local communities, including trade unionists, on LEC Boards.

3.4 The insecurity of employment is exacerbated by the dearth of affordable housing in rural areas. The inability of rural communities to retain their young people is largely attributable to these twin problems. This in turn exacerbates the long-standing problem of depopulation in Scotland's rural communities.

3.5 The STUC believes that the promotion of fair employment is key to the success of the Fresh Talent initiative. The quality of work will be a key determinant in ensuring that people attracted to work in Scotland choose to remain here.

4 Key industrial sectors

Energy

4.1 The STUC believes that the Scottish Executive, in partnership with the UK Government, should adopt a balanced energy strategy for Scotland. This must recognise the distinct position of Scotland within the UK and address security of supply whilst contributing to important social, employment and environmental objectives.

4.2 The energy industries are a key employer in rural areas. Perhaps the key issue moving forward is how does Scotland derive the maximum economic and employment benefits from the development of the renewables sector? Forestry through the provision of biomass, marine (wave and tidal) and wind (particularly offshore) all have the potential to provide quality, sustainable jobs in fragile rural communities. Scotland has a major opportunity here and it is vital that emerging technologies, particularly in the marine sector, are secured in Scottish industry. We await publication of the Executive's Green Jobs strategy with interest.

4.3 The case of opencast coal industry is also interesting. The open cast industry employs around 2500 people in well-paid, highly skilled jobs in fragile rural areas that have suffered greatly through the closure of the deep mining industry. The STUC would never seek to defend the very bad practice that persists in the minority of non-unionised sites. However, the Executive, through the introduction of a 'presumption against' new developments is threatening the future of the whole industry. For an Executive committed to rural economic development, this represents a worrying inability to join up policy making.

Hospitality and tourism

4.4 Scotland's largest employer and pivotal to growth in rural areas. However, it has suffered from very poor quality, insecure employment and has a long way to go to embed a culture of workforce development in the industry. A quality product can only be realised and maintained through investment in the workforce.

Food and Drink

4.5 This industry is another key employer in rural areas and one where a number of world-class brands continue to be manufactured in Scotland. It is also an industry that offers a number of examples of progressive partnership at work agreements that have led to substantial productivity gains and allowed

companies to remain in Scotland despite vigorous competition from low cost economies overseas.

4.6 However, there is growing anecdotal evidence of exploitative employment practices being pursued in non-unionised food processing companies employing substantial numbers of migrant workers. This has worrying implications for the Executive's desire to mitigate Scotland's demographic trends by attracting people to live, work *and remain* in Scotland through Fresh Talent.

5 City Regions and rural development

5.1 The Committee is correct to identify that a number of important strands of public policy are focusing on 'city-regions' as a driver of growth and also that this approach risks leaving accessible rural areas in a gap.

5.2 Smart, Successful Scotland is designed to achieve '*economic growth, which, by exploiting opportunities, contributes to regional development and reduced disparities*'. The document goes on:

"The Enterprise networks will explicitly consider the spatial aspects of economic development in taking forward their promotion of business growth, skills development and global connections".

5.3 A wealth of academic evidence can be drawn upon to justify the City Region approach. Concentrating on cities as the primary driver of a country or region's growth is therefore understandable but does raise difficult issues about those areas which lie on the periphery of the city region.

5.4 It also raises issues about how the Enterprise Networks are organised: should the current LEC structure continue or do we require economic development companies more closely aligned with the city region? If so, what are the consequences for the peripheral rural areas?

5.5 The STUC is comfortable with the city-region approach only in so far as the risk to accessible rural areas is minimised. The Enterprise Networks must be alive to these risks and ensure that any future re-organisation of its structures addresses the needs of all rural areas.

6 Transport

6.1 A high quality, environmentally sustainable and fully integrated transport system is vital to rural economic development. The STUC believes that the social and environmental benefits of increased use of public transport will only be realised if public transport provision is adequate, reliable, affordable and safe for both users and transport staff.

6.2 Through our transport affiliates, the STUC is acutely aware of the effects of bus deregulation on rural communities. Publicly operated bus services have been replaced by private monopolies, whose profit-led

objectives have led to the withdrawal of routes, frequent changes to timetables, infrequent services and increased fares in rural areas. For many people in rural communities, the use of a private car is now the only travel option.

6.3 We look forward to the new Transport Agency delivering the Executive's commitments in terms of quality bus contracts to regulate fares, frequency of services, safety standards and workers conditions.

Calmac

6.4 The STUC appreciates the opportunity it has been afforded by the Local Government and Transport Committee to press the case against the tendering of Calmac's lifeline ferry services. We recognise that it would not be appropriate to dwell on Calmac in relation to this inquiry. However, we do think it necessary to state the key issues due to the potentially devastating effect on fragile west coast communities. The STUC strongly believes that:

- Key lifeline ferry services must be based on the needs of local communities not driven by profits or the wrong headed application of EU regulations; and,
- Value for money for the Scottish Executive can only be achieved through maintaining Calmac as a unified, properly financed, publicly owned, publicly run and publicly accountable service.

6.5 Many of the communities served by Calmac are small and remote and often the ferry services can be the only contact with the mainland and other islands. Any difficulties in moving passengers and freight will have a disproportionate adverse effect on the viability of the island communities. The service has to continue to serve the economic needs of the Highlands and Islands and also take into account special considerations such as tourism and related traffic.

6.6 Around 50% of Caledonian MacBrayne employees live on the islands served by the company. The company employs around 1,000 people, a majority of whom are sea-based employees. There is no doubt that the terms and conditions of employment of the whole Calmac workforce will be under threat as a result of the tendering of the lifeline services. This will be a recipe for instability and industrial conflict.

7 Funding

7.1 The Finance Committee's recent cross-cutting review of expenditure on economic development highlighted many issues some of which are listed below:

- There are no easy answers to the question of how resources can best be allocated to promote economic development;

- Further information is required on the split between spending on rural and urban economic development;
- City regions need to be better reflected in the Executive's priorities;
- Spending decisions are not systematically assessed or prioritised for their impact on economic development.

7.2 The STUC found the Committee's conclusions compelling and the Executive's response less so. We look forward to the introduction of a framework that will allow the Executive's spending priorities to be properly assessed for their impact on economic development.

SUBMISSION FROM THE FEDERATION OF SMALL BUSINESSES

The Federation of Small Businesses

The Federation of Small Businesses campaigns for an economic and social environment that allows small businesses to grow and prosper, and is now Scotland's largest direct member business organisation, representing 19,000 members.

Development in Accessible Rural Areas

The FSB has worked tirelessly over the past few years to highlight those areas where we think government can intervene to ensure small businesses' competitiveness, and safeguard local jobs and services. We restrict our comments here to those areas that affect businesses in accessible rural areas more acutely due to the nature of their location.

Rates Relief

Research has shown that small businesses' rates bills form a disproportionately high percentage of their turnover and profit¹. Given that there is a higher proportion of small businesses in accessible rural areas than urban Scotland, this extra cost can be presumed to have a greater impact on these areas.

The Small Business Rates Relief Scheme was introduced in April 2003 to reduce the extra costs that Non Domestic Rates places on smaller businesses, and has benefited thousands of small firms across Scotland. Evaluation shows that it has transferred around £15million from large urban ratepayers to small rural ratepayers. According to the Executive's own evaluation of the scheme, it has been cost neutral since its introduction due to low take up and higher than expected contributions from larger businesses, although it had been expected to cost the taxpayer around £5million per annum.

Given the lower than expected cost of the scheme and the low levels of take up, we believe that it is time to make the scheme more generous to further lower rural businesses' overheads. We would also argue that the scheme should be made automatic to increase take up and ensure that every business that is entitled to relief is receiving it.

Broadband

Most businesses in accessible rural Scotland at last have access to broadband, but there are still some small towns without any provision of this technology. The

¹ Evaluation of the Impact and Effectiveness of the Small Business Rates Relief Scheme (Scottish Executive, 2004)

Scottish Executive's procurement of broadband for 'every community in Scotland', but we would urge the committee to monitor progress of the delivery of the tender to ensure that it is delivered as comprehensively and as swiftly as intended.

While it is unclear if there is greater take up of broadband amongst rural or urban businesses, the importance of broadband in terms of all aspects of business communication make this an even more important tool for firms outwith the large urban centres.

Transport

Road transport is critical for small businesses in accessible rural areas, being the only feasible way of transporting goods and services. Projects such as the Western Peripheral Route around Aberdeen and the new Kincardine Bridge must be delivered as quickly as possible as these will cut journey times to markets, suppliers and/or ongoing contracts.

31% of people in accessible rural areas spent more than £100 per month on fuel for domestic vehicle, compared to 17% of households in non-rural Scotland², demonstrating the greater reliance on road transport in these areas of Scotland. Given the greater distances that goods and services have to be moved, it is likely that this increased expenditure on fuel is replicated by businesses in these areas, and the impact of these extra costs could be one area of further research by the committee.

Skills Shortages

Businesses across Scotland are struggling to recruit the staff they need to grow their businesses, with 45 per cent of all vacancies being described as 'hard-to-fill' by employers³. This rises slightly to 48 per cent in all rural areas, but this is not due to skills shortages per se, but for reasons such as a lack of applicants for work, or difficulties for staff in reaching their place of employment. Recruitment is only likely to worsen as the demographic profile of Scotland ages over the coming years.

The provision of public transport is crucial to ensure that workers in rural areas are able to access the employment opportunities available, and new bus and rail routes are central to overcoming this barrier.

Development Constraints

Businesses in rural areas constantly complain about the constraints on development caused by planning and the water network. The Scottish Executive recognised the need to make planning in rural areas more flexible with the revision of policy and the resulting publication of Scottish Planning Policy 15: Planning for Rural Development. We hope that this will make it easier for land to

²Scottish Households Survey 2003

³ Employers Skills Survey 2004 (Future Skills Scotland, 2005)

be classified for housing or small scale business development as businesses are struggling to find land for these uses at the moment, but we have insufficient evidence to say how this has impacted at a local level. This is another area that the committee may want to monitor in the future.

The constraints on development caused by the water network are well documented. The Executive has instructed Scottish Water to prioritise work on the most important constraints but we are unsure as to how local authorities, Scottish Water and the Executive are working together to achieve this.

SUBMISSION FROM THE SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

The Scottish Council for Voluntary Organisations (SCVO) seeks to advance the values and interests shared by voluntary organisations by fostering cooperation, promoting best practice and through the delivery of sustainable common services.

'Highlighting the Rural Dimension' is one of SCVO's five key strategic themes, and the organisation's Rural Communities team has embarked on a programme of research and policy development intended to highlight and assist the development of the role of the voluntary sector in rural community development.

SCVO also engages with rural communities across Scotland in many other ways, including the management of the Rural Community Gateway website and the organisation of the annual Rural Services Conference.

We are grateful for the opportunity to give evidence to this inquiry. This brief submission raises some of the issues that we see as being important from the perspective of the rural voluntary sector:

1. We recognise that in terms of rural policy the emphasis is often placed on remote areas, and we understand the committee's decision to focus this stage of its inquiry on accessible rural areas. However, we are wary of the proposition that communities in these areas fall into a funding gap between remote and urban, and believe this warrants further exploration. Direct funding strands like LEADER +, SRPF and ESF are equally available to these areas and while some remote areas benefit from specifically targeted support, many do not.
2. However, we note that the emphasis in Scottish rural policy has remained firmly on support for the historic primary industries such as agriculture and fishing. This can mean that accessible areas benefit less from this kind of rural-related support. While we recognise the importance of support for primary industries, we have argued for some time that there should be a significant shift in Executive policy to open up funding for wider rural development measures in line with the changes in the CAP and the new European Rural Development Policy. The new Rural Development Regulation offers a chance to implement such changes, using Axis 3 and the LEADER Axis, in a way that could benefit all rural areas in Scotland.
3. These changes in European Rural development funding also present opportunities for a more joined up approach to rural development, bringing together representatives of historic primary industries, environmental groups and community interests to plan and allocate resources. While the implementation of Community Planning has been variable across Scotland, we believe that it has to be a key mechanism in this process building on successful funding partnerships involving CPPs, such as has happened in the Borders. As part of this process, it

is important that the involvement of the voluntary sector in the CPPs is supported and increased.

4. The city-region model is up and running, and we see the merit in working with it. However, it clearly does not reflect an absolute geographic, social or economic reality and its use as a means of policy implementation must be assessed against the effect it has on areas that fall outwith and on the periphery of these regions. The growth and development of towns and cities may be necessary for the development of surrounding rural settlements but it is not sufficient. There is a danger that rural development in this context could be seen as a “spin-off” of a slightly widened urban policy, which ignores the particular needs and realities of rural communities.
5. Securing economic prosperity is essential for the sustainability of rural communities, but we believe that success of this kind is inseparable from the development of the social capital which underpins a thriving community. Investment in businesses is not enough. There must be confidence and capacity on the one hand, and access to a full range of services on the other. These conditions help to attract and sustain investment and retain young people.
6. The voluntary sector has a key role to play in the building of social capital and the delivery of services in all rural communities. In accessible rural areas, there is less of a “lifeline” quality about service delivery in particular as access to urban-based services is obviously easier. However, we firmly believe that people should have access to services in their community, and that the flexibility and innovation offered by voluntary sector providers can help people to access services where they are, rather than where is convenient for the funder.
7. Finally, in all matters related to rural development policy, whether in remote or accessible areas, we remain concerned at the “poor relation” status of rural policy within the Executive. Compared to the resources put in to servicing the historic primary industries, wider rural policy is severely under-resourced. We hope that the Committee will feel able to address this along all the other issues raised in their Inquiry.

SUBMISSION FROM THE SCOTTISH RURAL PROPERTY AND BUSINESS ASSOCIATION

Introduction

It is evident that 'rural development' has no single definition and an infinite number of interpretations. The perception of policy in a rural context also depends entirely on perspective, almost regardless of location or accessibility. Rural economies, environments and communities have multiple dimensions – often expressed as objectives or expectations.

'Traditional' activity and 'new' rural interests are neither conflicting nor complementary. Perhaps agriculture and other land use, whatever those visual and environmental impact, are losing their economic and social primacy in many areas. However, the pivotal role of land-based business activity remains largely undiminished.

It is inevitable that, for many areas in Scotland, rural development activity cannot solely revolve around agriculture and land management. Yet such sectors of the rural economy continue to attract the lion's share of public support and occupy the focus of many rural policies.

What does remain clear is a priority to focus attention on the viability of land-based businesses as the engines of rural prosperity. Rural development will not be advanced by broad common denominators of policy, which do not fit the realities and priorities of particular sectors or locations, 'accessible' or otherwise.

In that respect, it is essential that policy initiatives do not contradict one another and which collectively add up to a greater sum than the individual parts. It is necessary that policies relating to agriculture, forestry and/or field sports sit alongside positions on biodiversity, tourism, SME development, waste management and/or 'community' involvement.

Rural Change

Traditional land-based activities are fundamental to the countryside, its biodiversity and landscape. They are responsible for direct employment and upstream and downstream multipliers, ensuring the fabric of rural society (jobs, services and social inclusion) is maintained in the areas of Scotland with the least comparative advantage. Further, they create the foundations upon which tourism is built and which the Scottish people can enjoy through greater recreation opportunity.

Primary industries of the rural sector are, by definition, likely to play a *relatively* declining role as an economy develops. This applies to the land-based sector and is compounded in a globalised economy by the availability of raw materials

and commodities from elsewhere at prices often below the domestic cost of production. Scotland is no exception to this theory and the acute problems of farming and forestry today are a symptom of chronic decline.

Within this theory, the output of much of Scotland's rural economy might appear increasingly insignificant. However, this decline is not *absolute* and often 'crisis' disguises structural change and redefinition of economic activity, employment and investment in the countryside. The industries of the rural economy are being coerced into change and this is why a new policy approach to rural Scotland is required.

The Needs of Accessible Rural Areas

Economic decline in locations with lower population densities are often sufficient to undermine existing fragile services to the point of extinction. Once the necessary social and economic infrastructures are dismantled, then the prospects of attracting new investment for alternative or diverse enterprise will be severely limited.

Change is occurring in the rural economy and it is essential that the Scottish Executive helps lubricate the process of adjustment. Evolution rather than revolution is required. The more dispersed and diluted impacts of a rural depression are as real and as severe as any shipyard or colliery closure. The future of rural Scotland will depend largely on an integrated approach developed by the Scottish Executive, in collaboration with those directly affected.

Rural Scotland is in transition and there will be 'casualties'. However, a significant proportion of the resources (human and physical, as well as financial) that are treading water in the traditional sectors must be 'pulled' into new ventures to create the new engines of rural development.

Without an effective and coherent approach instigated by the Scottish Executive and other agencies (notably Scottish Enterprise and HIE), such valuable resources will be 'pushed' into futile and short-lived experiments. The marginal prosperity to consume such resources will drain the life from the economically dislocated areas of Scotland.

Meaningful rural policy initiatives also have to address the issues of jobs and incomes. This means identifying the right economic conditions for businesses to start and develop - with a pre-requisite of adequate and appropriate infrastructure. Equally, the development of alternative and diversified economic activity should not be obstructed by either incomplete services or inadequate transport and IT networks in rural areas.

A corollary to this is that the planning system may also require an overhaul, so that controlled economic development takes place via proportionate cost-benefit analysis. Measures will also be required to ensure that training and innovation handicaps can be overcome. And perhaps above all, difficulties in accessing

appropriate capital investment (finance) also need to be considered and addressed.

If employment opportunities are not created in rural areas, the prospects of many locations will be constricted and the impact on communities severe. The relative decline of agriculture and forestry could create a reservoir of labour which if not gainfully employed locally might either move to other areas or suffer from economic deprivations.

This 'social' dimension of rural development policies is crucial and has increased in importance in the current political climate. Accessible rural communities can be hit by a decline in employment levels and opportunities, and a decline in the level of service provision. Accessible rural communities need a more diverse economic base and an increased level of service provision if they are to thrive.

Adequate and affordable housing provision, especially for those on lower incomes, is essential to preserve and integrate rural communities. Affordable housing is also the essential lubricant of labour mobility and is highly significant to restructuring local economies.

It is essential that accessible rural settlements do not simply become dormitories, with little or no capacity to be self-sustaining.

There must be a clear commitment by the Scottish Executive to encourage (and certainly not discourage) investment in businesses in rural Scotland. This is true of both sustaining existing businesses and encouraging further investment. Some 65,000 people are employed in agriculture and fishing, 10,000 in forestry and wood-processing. The future of businesses in these sectors is under extreme financial pressure, and this is perhaps a bigger issue to those dependent on these businesses than the issue of schools, healthcare etc.

There is a need for the Scottish Executive and its agencies to create a climate that will encourage new investment. Re-investment must also be paramount for all businesses if they are to adapt to change. The SRPBA is concerned that little is being done to prime and drive the 'engine' of activity and wealth-creation in rural Scotland.

The SRPBA does not think that rural Scotland is synonymous with land-based Scotland. The SRPBA fully recognises the difference. However, policy often ignores the differences between the major settlements and villages and 'truly' rural Scotland.

The critical mass of communities in remoter areas is 'critical' in that it determines the degree of service provision. This includes communication systems, such as fibre optics, transport networks, education and health services. What proportion of rural communities have the advantage of being rail-connected? What proportion of settlements on trunk and minor roads have regular and reliable bus services?

The Required Policy Framework

In short, the Scottish Executive and all rural stakeholders must consider rural policies that cover the economic, environmental and social requirements of maintaining and enhancing all rural locations. Objectives need to be set, and these could be along the following lines.

The *Economic Objective*: to enable diversity of economic activity and the development of sustainable employment opportunity, through

- adequate infrastructure provision
- sympathetic planning
- training and innovation
- financing and capital access
- simplification of regulation

The *Land Use Objective*: the preservation and enhancement of the economic and environmental value of rural areas through the continued use of positive land management, with

- environmental management through profitable farming, forestry and field sports
- viable alternative forms of land use, including specifically environmental and recreational land management

The *Social Objective*: creating rural communities that prosper, with

- sufficient community service provision, including schools, public transport, healthcare and shops
- ample housing that is adequate and affordable, through the private as well as public sector.

If the above is to be achieved, the SRPBA believes that it is crucial that the rural economy is underpinned by vibrant rural businesses. Land use is inextricably linked to wider rural development. Policies to achieve combined benefits that will ensure the continuation of rural life and rural communities must be designed and put into effect.

'Additionality' can be achieved through the integration of existing agricultural and rural development measures. It is clear that land use will remain critical to development in much of rural Scotland, often that classed as accessible. Consequently, it will be important to address the questions of commercial viability in the context of the delivery of multiple outputs and benefits.

Rural Scotland finds itself in an era of immense change driven by *force majeure* and political will. At this time of change, rural development policies must be clearly defined and incorporate the vital importance of land management.

It will be necessary that land-based businesses continue to contribute to rural development and enhance the countryside. In order to maximise the role and function of such businesses in securing a sustainable future for rural Scotland, rural enterprise must be afforded the opportunity to flourish and remain viable.

The SRPBA has consistently pressed government to take a sensible approach to reforming agricultural support payments, as part of a move towards redefining rural policy. It is now essential that CAP Reform opportunities are taken forward and broadened in order to address the fundamental issues and realities of rural development in Scotland.

The Scottish Executive should pursue integrated rural policies that highlight

- the importance of the rural economy and its society in the national context
- that agriculture must continue to develop and that rural development requires discerning non-agricultural activity
- the need to broaden and integrate agricultural, land use and rural development objectives and to co-ordinate this rural dimension with other areas of national policy
- the need to recognise the similarities and differences of the rural and non-rural sectors and the strengths and weaknesses within the rural economy
- the need for competitive, forward-looking and modernised land-based industries

There remains no over-arching policy to solve the problems of rural areas, accessible or otherwise. Moreover, there is a danger that fragmented and contradictory policies will persist.

Rural development policy must demonstrate the creation of a productive and sustainable rural economy, with prosperous and dynamic land use at its core. This in turn would bring out the protection and enhancement of the rural environment, thereby providing a source of economic opportunity to help sustain those that live, work and play in Scotland's countryside.

**SUBMISSION FROM PROFESSOR MARK SHUCKSMITH
UNIVERSITY OF NEWCASTLE UPON TYNE**

1. This brief paper draws on three elements of research to offer evidence to the Committee in its inquiry into rural development and accessible rural areas in Scotland. None of these were principally directed at this issue, however. These are:

- Deprivation and Social Exclusion in Argyll & Bute (Bailey et al 2004)
- Disadvantage in Rural Scotland (Shucksmith, Chapman and Clark 1994, 1996)
- Housing in Rural Scotland (several studies, eg Shucksmith & Conway 2004)

2. In 2003-4, a study of *deprivation and social exclusion in Argyll & Bute* was commissioned by Argyll and Bute Community Planning Partnership (CPP), combining qualitative and quantitative methods with the aim of developing more effective ways of measuring deprivation at the local scale (Bailey et al, 2004). As one part of this work, the Scottish Index of Multiple Deprivation (SIMD) was combined with Census data to provide estimates of deprivation scores for much smaller areas, including Census Output Areas (OAs), Social Inclusion Partnership areas (SIPs), settlements and inhabited islands. This report is particularly relevant to this Committee's interest in distinguishing between deprivation in accessible and more remote parts of a council area and it may be accessed in full at www.scrsj.ac.uk/Publications/AnBfull.pdf

3. The study confirms that a focus on deprived areas alone gives a misleading impression of the distribution of deprivation across the area. Deprived *areas*, as defined by the SIMD, are concentrated into the larger settlements but deprived *individuals* are found scattered across across the authority. There are some locations which do have significantly higher levels of need than average, such as Dunoon, Rothesay, Campbeltown and Islay. Some smaller settlements and islands also have high concentrations though absolute numbers involved are much smaller. Only 14% of Argyll & Bute's 11,200 income-deprived individuals are located in the SIP area. Crucially, the study found that "wards do not appear to be a useful basis on which to identify areas in need of special interventions such as area-based initiatives as, even in the most deprived ward, only 1-in-4 people is regarded as income deprived".

4. At a finer scale, OAs are much better at identifying deprived individuals than wards. The income deprivation rate for the most deprived groups of OAs is nearly ten times greater than for the least deprived group; for wards, the ratio was just three-to-one. Even so, the majority of deprived individuals do not live in deprived OAs (at least, using the income deprivation measure). Deprived OAs do tend to group together in some locations and these clusters could form a better basis for area-based initiatives than wards. These clusters

are found overwhelmingly in the larger settlements, particularly Rothesay, Dunoon and Campbeltown. However, given that so few of the income-deprived individuals live in these areas, the authors raise the question whether there is a continuing role for area-based initiatives and, if so, what the justifications for such an approach would be. In turn this raises the question of whether resources are most effectively channelled through area-based or client-based mechanisms.

5. "One justification might be that such initiatives are an efficient means of reaching a significant proportion of the population most in need and providing additional support to them. This argument does not appear to be very strong in the case of Argyll and Bute. Fewer than half the people in the existing SIP areas are income deprived on our estimates and, between them, the five SIPs cover just 14% of all income deprived individuals in the authority. A second justification might be that people living in areas with concentrations of deprivation face additional disadvantages which exacerbate their problems and reduce their opportunities. Such areas may become stigmatised by the wider community, leading to problems for residents in terms of access to employment or to services. The Scottish Executive's community regeneration statement also emphasises that such areas are more likely to have inadequate public services and to suffer from weak "social capital" or community ties. The reason for intervening through area-based initiatives is then one of social justice; additional resources are used to ensure people in these areas are not disadvantaged by virtue of where they live. The challenge for the CPP would be to specify more clearly the nature of the "area effects" operating in each priority area. From the fairness point of view, it would also be necessary to justify the focus on some areas where deprivation was concentrated and not others." After all, a substantial number of income-disadvantaged individuals are found scattered in the landward and more remote areas. One policy implication drawn in the report is that services or actions to meet needs have to be accessible across the authority, and that this must be reflected in appropriate resourcing.

6. A major study of *Disadvantage in Rural Scotland* (Shucksmith, Chapman and Clark) was commissioned by Rural Forum (Scotland) in 1993 and funded by The Scottish Consumer Council, the Joseph Rowntree Foundation, Scottish Homes, and the Royal Scottish Agricultural Benevolent Institution. During 1993-4, research was conducted in four case study areas (Harris, Wester Ross, Angus and North Ayrshire) to represent the four main types of rural area found in Scotland (Shucksmith et al. 1994, 1996).

7. The study highlighted a number of differences between the more accessible (lowland) areas of Angus and North Ayrshire and the remoter (highland) areas of Harris and Wester Ross:

- Employment: in both areas the job opportunities in the locality tended to be low paid, insecure and offering limited scope for career progression. However, opportunities were more severely constrained in the remoter communities, whereas access to urban centres provided a range of employment opportunities to many (but not all) in the more accessible areas. For women in the remoter areas both jobs and

childcare were lacking but in the more accessible areas women perceived there were jobs available for them in nearby urban labour markets which they would have been able to command if childcare were available.

- Housing was seen in all areas as particularly problematic. This is discussed below.
- Development: Rural development was perceived quite differently in the remoter and the more accessible areas. In the remoter areas there was more awareness of development institutions and initiatives although respondents in Harris and Wester Ross exhibited a pervasive sense of powerlessness to effect change or to modify development. In the more accessible areas most people felt that they could influence local development if they wished, but the main focus of respondents' concern was preventing inappropriate development through the planning system.
- Services: The majority of respondents (72%) saw room for improvement in service provision, and transport emerged as the main area of concern. A strong sentiment in the remoter communities was that there was *no* service provision in rural areas, eg. no street lighting or sewerage. In the more accessible areas, perceptions were focused on very localised issues. The majority in all areas had very low expectations of service provision, and the key factor affecting satisfaction was private car ownership.
- Social Change was a dominant theme in all areas and many felt their communities had changed beyond recognition. In remoter areas, respondents felt that dramatic social changes had occurred in a short space of time. In more accessible communities, social change was considered a more gradual, if insidious, process. While the themes relating to social change and new rural residents were the same, the lowland communities felt culturally less threatened, and felt that their future was more assured than that of the highland communities.

8. The report concluded that the interconnectedness of these issues should be reflected in policies and institutional frameworks which can offer a locally contextualised, multi-faceted and integrated response to the diversity of circumstances. "Some action is required at higher levels, for example to allocate resources for affordable housing, for childcare provision, and for adequate benefits. But action is also required at local level to reflect the diversity of rural circumstances, to involve the local community in the response to disadvantage, and to enable a connection to be made between material help and the localised experience of living and coping with rural change."

9. Numerous studies have documented the challenge of *affordable rural housing* provision not only in Scotland but in England, Wales and across Europe (Gallent et al 2004). In this there are also differences between accessible and remoter rural areas. Social housing is in relatively short supply in rural areas for historical reasons and for reasons of cost, but the shortage is most severe in the landward areas and smaller settlements. At the same time, the price of private housing is highest in the areas within commuting range of

urban labour markets and in popular holiday and retirement areas. The structure of opportunities is therefore affected by accessibility, settlement size and (beyond commuting range) by attractiveness to in-migrants.

10. In the more accessible areas, private developers are more likely to be interested in speculative housing developments and land prices may correspondingly be higher. This offers the opportunity for the planning system to be used to enable the cross-subsidisation of affordable housing provision, through requiring private developers to include a quota of affordable housing within such schemes, and such a quota is then reflected in a lower land price. There is also the possibility for sites for social housing to be identified 'exceptionally' on land which would not be released for market housing. However, in a recent review of the operation of such mechanisms in Scotland and England, Satsangi and Dunmore (2003) concluded that "English use of the planning system to provide affordable housing has been more proactive than the Scottish model, where despite good intentions there seem to be precious few positive results." Satsangi and Dunmore believe that this is because there is a continuing expectation in Scotland that affordable housing should be fully funded by the state. This may be an issue which the Committee would wish to explore further.

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SSI Title and No:	The Animals and Animal Products (Import and Export) (Scotland) Amendment Regulations, (SSI 2005/278)						
Laid Date:	26 th May 2005	Responsible Minister:	Ross Finnie, Minister for Environment and Rural Development				
SE Contact:	John Peerless, ext. 46555						
Standing Order:	10.4 SSI subject to negative procedure within 40 days.						
RECOMMENDATION							
Lead Committee:	Environment and Rural Development		Other Committees:				
Clerk Contact Room & No:	Mark Brough 85240		Clerk Contact No:				
Reason:	These Regulations provide for the implementation of Council Directive 2003/50/EEC with regards to health controls on the movement of sheep and goats.						
Time Limit for Parliament to Deal with Instrument	7 th September 2005		1st SLC Meeting	7 th June 2005			
			SLC reporting deadline	15 th June 2005			
Lead Committee To Report By:	27 th June 2005		*Other Committees To Report to the Lead Committee:				
SSI Attached	X	Draft Motion Attached if Required		Date Motion and Designation Form E-Mailed to the Bureau		Laying Clerk Advised of Designated Lead Committee	

* 10 days before the lead committee reporting date. "Other" committees may wish to negotiate timing of their report with the lead committee.

SSI Title and No:	The Seed Potatoes (Fees) (Scotland) Regulations 2005, (SSI 2005/279)						
Laid Date:	26 th May 2005	Responsible Minister:	Ross Finnie, Minister for Environment and Rural Development				
SE Contact:	Caroline Boyd, ext. 46339						
Standing Order:	10.4 SSI subject to negative procedure within 40 days.						
RECOMMENDATION							
Lead Committee:	Environment and Rural Development		Other Committees:				
Clerk Contact Room & No:	Mark Brough 85240		Clerk Contact No:				
Reason:	These Regulations set the level of fees to be charged by the Scottish Agricultural Science Agency for carrying out crop inspections, scientific testing of crop samples, tuber inspections and the provision of official labels in respect of classes of seed potatoes. They also provide for the revocation of SSI 2004/250.						
Time Limit for Parliament to Deal with Instrument	7 th September 2005		1st SLC Meeting	7 th June 2005			
			SLC reporting deadline	15 th June 2005			
Lead Committee To Report By:	27 th June 2005		*Other Committees To Report to the Lead Committee:				
SSI Attached	X	Draft Motion Attached if Required		Date Motion and Designation Form E-Mailed to the Bureau		Laying Clerk Advised of Designated Lead Committee	

* 10 days before the lead committee reporting date. "Other" committees may wish to negotiate timing of their report with the lead committee.

SSI Title and No:	The Seed Potatoes (Scotland) Amendment Regulations 2005, (SSI 2005/280)						
Laid Date:	26 th May 2005	Responsible Minister:	Ross Finnie, Minister for Environment and Rural Development				
SE Contact:	Caroline Boyd, ext. 46339						
Standing Order:	10.4 SSI subject to negative procedure within 40 days.						
RECOMMENDATION							
Lead Committee:	Environment and Rural Development	Other Committees:					
Clerk Contact Room & No:	Mark Brough 85240	Clerk Contact No:					
Reason:	These Regulations Seed Potatoes (Scotland) Regulations 2000 to implement the consolidation of Seed Potato Marketing Directives into Council Directive 2002/56/EC.						
Time Limit for Parliament to Deal with Instrument	7 th September 2005	1st SLC Meeting	7 th June 2005				
		SLC reporting deadline	15 th June 2005				
Lead Committee To Report By:	27 th June 2005	*Other Committees To Report to the Lead Committee:					
SSI Attached	X	Draft Motion Attached if Required		Date Motion and Designation Form E-Mailed to the Bureau		Laying Clerk Advised of Designated Lead Committee	

* 10 days before the lead committee reporting date. "Other" committees may wish to negotiate timing of their report with the lead committee.

SSI Title and No:	The Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuff) (Scotland) Amendment (No.2) Regulations 2005, (SSI 2005/281)						
Laid Date:	26 th May 2005	Responsible Minister:	Ross Finnie, Minister for Environment and Rural Development				
SE Contact:	Mary Lourie, ext. 44403						
Standing Order:	10.4 SSI subject to negative procedure within 40 days.						
RECOMMENDATION							
Lead Committee:	Environment and Rural Development		Other Committees:				
Clerk Contact Room & No:	Mark Brough 85240		Clerk Contact No:				
Reason:	These Regulations amend the Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuff) (Scotland) Regulations 2000. The purpose of the Regulations is to implement Commission Directive 2004/115/EC.						
Time Limit for Parliament to Deal with Instrument	7 th September 2005		1st SLC Meeting	7 th June 2005			
			SLC reporting deadline	15 th June 2005			
Lead Committee To Report By:	27 th June 2005		*Other Committees To Report to the Lead Committee:				
SSI Attached	X	Draft Motion Attached if Required		Date Motion and Designation Form E-Mailed to the Bureau		Laying Clerk Advised of Designated Lead Committee	

* 10 days before the lead committee reporting date. "Other" committees may wish to negotiate timing of their report with the lead committee.

SSI Title and No:	The Registration of Fish Sellers and Buyers and Designation of Auction Sites (Scotland) Regulations 2005, (SSI 2005/286)						
Laid Date:	26 th May 2005	Responsible Minister:	Ross Finnie, Minister for Environment and Rural Development				
SE Contact:	Ewen Milligan, ext. 44981						
Standing Order:	10.4 SSI subject to negative procedure within 40 days.						
RECOMMENDATION							
Lead Committee:	Environment and Rural Development		Other Committees:				
Clerk Contact Room & No:	Mark Brough 85240		Clerk Contact No:				
Reason:	These Regulations implement Article 9 of Council Regulation (EC) 2847/1993 and Article 22 of Council Regulation (EC) 2371/2002 which require that those responsible for the first marketing of fishery products are authorised to do so and that buyers of first sale fish are registered with the competent authorities.						
Time Limit for Parliament to Deal with Instrument	7 th September 2005		1st SLC Meeting	7 th June 2005			
			SLC reporting deadline	15 th June 2005			
Lead Committee To Report By:	27 th June 2005		*Other Committees To Report to the Lead Committee:				
SSI Attached	X	Draft Motion Attached if Required		Date Motion and Designation Form E-Mailed to the Bureau		Laying Clerk Advised of Designated Lead Committee	

* 10 days before the lead committee reporting date. "Other" committees may wish to negotiate timing of their report with the lead committee.

Subordinate Legislation Committee

Extract from the 25th Report, 2005 (Session 2)

The Committee reports to the Parliament as follows—

Instruments subject to annulment

**The Seed Potatoes (Scotland) Amendment Regulations 2005,
(SSI 2005/280)**

1. The Committee requested an explanation from the Executive of the drafting of regulation 15(e) as it appeared that the amendment intended by that provision had been achieved by regulation 25(6)(b) of SI 2001/3510.
2. The Executive has acknowledged this error and has undertaken to amend the instrument and remove the provision at the next legislative opportunity. The Explanatory Note, which incorrectly states that the principal Regulations have not been previously amended, will also be amended.
3. **The Committee therefore draws the attention of the lead Committee and Parliament to this instrument on the grounds of defective drafting.**

**The Pesticides (Maximum Residue Levels in Crops, Food and Feeding
Stuffs) (Scotland) Amendment (No.2) Regulations 2005, (SSI 2005/281)**

4. The Committee asked the Executive for an explanation of the footnote references in the table in Schedule 1. The Committee asked why thirty nine footnotes are listed but the body of the text in Schedule 1 makes reference only to footnotes 1 to 6 and 17. The Committee also noted that there is a reference in the body of the text of the Schedule to numbers 46 to 49, although these are not footnoted.
5. The Executive has acknowledged that errors have been made in the drafting of these footnotes and has undertaken to amend the problem at the next legislative opportunity, which it anticipates will be before the end of the year. **The Committee draws the attention of the lead Committee and Parliament to the instrument on the grounds of defective drafting, as acknowledged by the Executive.**

**The Registration of Fish Sellers and Buyers and Designation of Auction
Sites (Scotland) Regulations 2005, (SSI 2005/286)**

6. Regulation 4(2) provides that it is a criminal offence for the master, owner or charterer of a fishing vessel to sell first sale fish to a buyer who is not a registered fish buyer. Regulation 11(1) provides that it is an offence for a person to buy first sale fish from a fishing vessel unless that fish has been landed by a licensed fishing vessel. The Committee asked the Executive why a defence has been

provided for offences under regulation 11(1) but not in relation to offences under regulation 4(2).

7. The Executive informed the Committee that where first sale fish is sold from a vessel the master, owner or charterer will be in a position where they can easily verify, through the internet or the local fishery office network, whether the buyer of the fish is a registered fish buyer. This is in contrast to the accessibility of information relating to the ownership of fishing vessels, for which there is an application form and associated fee to obtain the relevant information. This makes it difficult to quickly obtain reliable information as to whether an individual vessel is licensed or not. As a result the Executive does not consider that it is necessary to provide a statutory defence for offences under regulation 4(2).

8. The Committee raised a second point with the Executive in relation to regulation 8(2), which limits the application of the exemption in Article 22(2) of Council Regulation 2371/2002. This exemption provides that a buyer acquiring products that are used only for private consumption shall be exempt from the requirements of that paragraph. As it applies only to persons who buy less than 50 kilogrammes of fish in a day but is not limited in this way in the EC Regulations, the Committee requested an explanation of the *vires* of this provision.

9. The Executive's view is that as "private consumption" is not defined in the Regulations, it is necessary to limit the quantities for which exemption can be claimed, in order to provide clarity to fish buyers as to when they require to be registered and as to when an offence has been committed. The Executive considers that this is necessary to ensure the effective enforcement of the obligations in the Council Regulation and that it is within the *vires* of section 2(2) of the European Communities Act 1972.

10. The Committee accepts the Executive's explanation and draws the attention of the lead Committee to the Executive's response for information.

APPENDIX 1

THE SEED POTATOES (SCOTLAND) AMENDMENT REGULATIONS 2005, (SSI 2005/280)

On 7 June 2005, the Subordinate Legislation Committee requested an explanation of the following matters-

“The Committee notes that it appears that the amendment intended by regulation 15(e) appears to have been achieved by regulation 25(6)(b) of SI 2001/3510 and asks the Executive for an explanation.

The Executive is also asked to explain why, given this, the Explanatory and Executive Notes state that the principal Regulations “have not previously been amended”.

The Scottish Executive responds as follows-

The Executive agrees that the amendment intended by regulation 15(e) of the Seed Potatoes (Scotland) Amendment Regulations 2005 has already been achieved by regulation 25(6)(b) of S.I. 2001/3510 and is grateful to the Committee for drawing this matter to attention. S.I. 2001/3510 revoked and replaced the Seeds (National Lists of Varieties) Regulations 1982 (S.I. 1982/844, as amended). That required a minor consequential amendment to a reference to S.I. 1982/844 contained in the Seed Potatoes (Scotland) Regulations 2000 (S.S.I. 2000/201) (“the principal Regulations”). The fact that the amendment had already been achieved by S.I. 2001/3510 was overlooked by the Executive. Accordingly regulation 15(e), which depends on a reference that no longer exists, has no practical effect. The Executive intends to remove the provision at the next legislative opportunity.

As a result of regulation 25(6)(b) of S.I. 2001/3510 having been overlooked, the Explanatory and Executive Notes both incorrectly state that the principal Regulations have not previously been amended. The Explanatory Note will be corrected in the annual volume as will the footnote to the reference to the principal Regulations contained in regulation 2. No action is required insofar as the Executive Note is concerned, as the error has no substantive effect on the principal Regulations.

APPENDIX 2

THE PESTICIDES (MAXIMUM RESIDUE LEVELS IN CROPS, FOOD AND FEEDING STUFFS) (SCOTLAND) AMENDMENT (NO.2) REGULATIONS 2005, (SSI 2005/281)

On 7 June 2005, the Subordinate Legislation Committee requested an explanation of the following matter-

“The Committee notes that thirty nine footnotes are listed in the table to Schedule 1 but the body of the text in Schedule 1 makes reference only to footnotes 1 to 6 and 17. As there is no reference in the Schedule to the remaining footnotes it is not clear to what they refer. In addition, there is a reference in the body of the text of the Schedule to numbers 46 to 49, yet these are not footnoted. The Executive is asked for an explanation.”

The Scottish Executive responds as follows-

The Executive notes that footnotes 1 to 6 which are referred to in the body of the text in Schedule 1 are included at the end of the table and that those using the legislation will be able to refer to those footnotes.

Otherwise, the Executive notes that errors have been made in relation to the footnotes. The Executive regrets this, and thanks the Committee for drawing this to its attention. The Executive considers that these errors will not however cause those using the legislation any real difficulty.

The principal Regulations are subject to a rolling programme of amendments and further amendment of the principal Regulations will be required before the end of this year. The Executive will take the opportunity to correct the position with the footnotes relating to Schedule 1 at that time.

APPENDIX 3

THE REGISTRATION OF FISH SELLERS AND BUYERS AND DESIGNATION OF AUCTION SITES (SCOTLAND) REGULATIONS 2005 (SSI 2005/286)

On 7th June the Committee asked the Executive for an explanation of the following matters-

“The Committee notes that while a defence has been provided for offences under regulation 11(1), there is no such provision in relation to offences under regulation 4(2). The Executive is asked for clarification.

It appears to the Committee that the effect of regulation 8(2) would be that the exemption set out in Article 22(2) of Council Regulation 2371/2002 applies only to persons who buy less than 50 kilogrammes of fish in a day. As the exemption is not limited in this way in the Regulation, the Committee requests an explanation of the vires of this provision.”

The Scottish Executive responds as follows:

First question

In the case of the offence under regulation 11(1) the Executive gave consideration to how easy it would be for a potential purchaser to ascertain whether or not a fishing vessel is properly registered and licensed by the competent authorities. Although information relating to the ownership of fishing vessels is available from the Registrar of Shipping and Seamen on request, there is an application process and associated fee to obtain the relevant information. It is therefore difficult to quickly obtain reliable information on whether an individual vessel is licensed or not.

In contrast, in the case of an offence under regulation 4, the fact that a particular person is a registered fish seller or a registered fish buyer will be published and available to all through the internet and the local fishery office network. Where first sale fish is sold from a vessel the master, owner or charterer will therefore be in a position where they can easily verify whether the buyer of the fish is a registered fish buyer.

As a result the Executive is of the view that it was appropriate to include the statutory defence only in relation to an offence under regulation 11(1).

Second question

The derogation in Council Regulation 2371/2002 provides that a buyer acquiring products which are not thereafter placed on the market but used only for private consumption shall be exempt from the requirements of Article 22(2).

Private consumption is not defined in the Council Regulation. Unless the fish bought is used for private consumption a buyer of fisheries products from a fishing vessel at first sale requires to be registered with the authorities (see Article 22(2)(b) of the Council Regulation).

The Executive believes it is necessary to limit the quantities for which the exemption can be claimed in respect of private consumption to make it clear to those buying fish when they require to be registered and when they do not, given that it is an offence under the Regulations to buy fish in contravention of Article 22(2)(b) of the Council Regulation. The Executive believes the provision made in regulation 8(2) is necessary to ensure certainty for fish buyers and to ensure the effective control of fish landings. The call for a limit to be placed on the quantities available for private consumption came primarily from industry.

The Executive is of the view that section 2(2)(b) of the 1972 Act provides the vires for this provision as the provision is made for the purpose of dealing with matters arising out of or related to any Community obligation, or the coming into force, or the operation from time to time, of section 2(1) of the 1972 Act. The Executive is of the view that the provision is sufficiently related to the obligations in the Council Regulation and is necessary in order to ensure effective enforcement of the Community obligations in the Council Regulation and as a result is within the vires of section 2(2) of the 1972 Act.

The Executive would however like to take this opportunity to draw attention to a further matter relating to regulation 8(2). It has become apparent that the consensus (including the views of the industry) is that the 50kg limit set in the Regulations is too high and should be reduced to 25kg. The Executive intends to bring forward an amending instrument to make this change. It is understood that the equivalent regulations in the rest of the UK will also make provision for a 25kg limit.

**NATURAL ENVIRONMENT AND RURAL COMMUNITIES BILL
MEMORANDUM FROM THE SCOTTISH EXECUTIVE**

Motion

1. The motion to be put to Parliament is:

Natural Environment and Rural Communities Bill: “That the Parliament agrees that the provisions in the Natural Environment and Rural Communities Bill relating to devolved matters and those that confer executive functions on the Scottish Ministers should be considered by the UK Parliament.”

Background and Content of the Bill

2. The Natural Environment and Rural Communities Bill was introduced to the UK Parliament on 19 May 2005, having previously been published in draft on 10 February 2005. Full explanatory notes for the Bill have been prepared by the Department for Environment, Food and Rural Affairs and are available on the website of UK Parliament at:

www.publications.parliament.uk/pa/cm200506/cmbills/003/en/06003x--.htm

3. The Bill is predominantly concerned with matters outwith the legislative competence of the Scottish Parliament. (It is a central part of implementing the UK Government’s Rural Strategy for England, published in July 2004, seeking to establish flexible new structures with a strong customer focus. Notably, the Bill would create a new and integrated agency 'Natural England' and a new Commission for Rural Communities, an independent advocate, adviser and watchdog for rural communities, whose remits will extend only to England.) However, the Bill also offers an opportunity to make some limited but useful provision in devolved areas in which, by convention, legislation at Westminster is subject to the consent of the Scottish Parliament. The purpose of this memorandum is to provide information specifically about those aspects of the Bill.

Purpose of Relevant Provisions

4. In line with the Partnership Agreement’s commitment to improving public services, the overall purpose of the limited provisions for which consent is sought is to ensure that, as appropriate, specified agencies can either be reformed or abolished in line with current needs and circumstances in Scotland. Specifically, there are five areas of the Bill that relate to matters that are subject to the consent of the Scottish Parliament:

- reform of the Joint Nature Conservation Committee (JNCC) to increase its efficiency and effectiveness to enhance nature conservation throughout the UK with extension of its functions to apply to Northern Ireland and revised financial arrangements;
- renaming the Inland Waterways Amenity Advisory Council and revising the arrangements governing the composition of the new Council and giving it the function

of providing advice to Scottish Ministers and the Waterways Board about matters relevant to inland waterways in Scotland;

- powers to abolish the 5 existing agricultural Levy Boards (which are all cross-border public authorities) and to confer power to establish new boards for the purpose of developing and promoting agricultural and related industries;
- the abolition of the GB-wide Consumers' Committees and Committees of Investigation established under the Agricultural Marketing Act 1958. The purpose for which these committees were created is now obsolete; and
- the abolition of the Hill Farming Advisory Committee for Scotland (HFACS) which last met in 2000. Again, the purpose of the Committee is now obsolete

Joint Nature Conservation Committee (Part 2, Chapter 3 – clauses 31-39 and Schedule 4)

5. Under the Environmental Protection Act 1990, the Joint Nature Conservation Committee (JNCC) is currently a statutory committee of the 3 country-based GB conservation bodies including Scottish Natural Heritage. The JNCC's role is to undertake the special (i.e. UK-wide and international) functions of the individual conservation bodies. This is essentially to advise on nature conservation issues, including the listing of protected animals and plants, to establish common standards for monitoring and research and to offer a coherent and integrated view of issues affecting GB as a whole. It was accepted at the time of the Scotland Act that the JNCC should be designated as a cross border public authority in accordance with section 88 of the Scotland Act. Scottish Ministers have since agreed to the terms of the Government response to the Financial Management and Policy Review of JNCC in 2002 which led to the inclusion of the JNCC provisions in the Bill.

6. The Bill (clauses 31 to 39) essentially restates the provisions of the 1990 Act but reconstitutes the JNCC as a UK-wide body (see Schedule 4) by extending its remit to Northern Ireland. It also enables it to receive funds from the Secretary of State for undertaking work unrelated to devolved matters (e.g. work in support of overseas territories). Schedule 4 enables the JNCC to establish a company limited by guarantee to employ staff and enter into leases, etc.

7. These provisions are intended to increase the efficiency and effectiveness with which JNCC operates (for example, by putting staff on common terms and conditions, staff turnover should be slightly reduced and there should be a small savings of SNH staff time in providing support to staff previously seconded to JNCC) and to improve service delivery, therefore enhancing nature conservation throughout the UK.

Inland Waterways Amenity Advisory Council (Part 7, Chapter 3 – clauses 65-69 and Schedule 11 Part 2)

8. The Inland Waterways Amenity Advisory Council was reviewed in 2003. Part 7 of the Bill reconstitutes the GB wide Inland Waterways Advisory Council, establishing it as an independent body reporting to and supported by DEFRA and the Scottish Executive. The proposed changes in the Bill to the constitution of the Council would involve:-

- renaming the Inland Waterways Amenity Advisory Council as the Inland Waterways Advisory Council;

- revising the arrangements governing the composition of the new Council and the procedures to be adopted for the appointment of the chairman and members (removing the requirement to consult the chairman of the Waterways Board (also known as British Waterways) before making appointments to the Council); and
- revising the terms under which the members of the new Council hold office and the procedure for the appointment of regional and other committees.

9. There would also be provision for the payment of members' expenses and allowances and the remuneration of the chairman. There would no longer be a requirement on the Waterways Board to provide the Council with staff and accommodation. In future, the Secretary of State and Scottish Ministers would fund the Council and the Council would be able to make its own arrangements for staff and accommodation.

10. The Council would be given the function of providing advice to Scottish Ministers and the Waterways Board about matters relevant to inland waterways in Scotland which are either owned or managed by the Waterways Board or in respect of which the Board is providing advice or assistance. It would also allow the Council to advise other interested persons about such matters.

11. The Bill strengthens the management arrangements for the Advisory Council, clarifies the functions of the Council in Scotland and improves arrangements for advice. As the Bill progresses through the Westminster Parliament we are also expecting it to be amended to widen British Waterways investment powers arising from the recent review of the Waterways Board. If this is the case we would propose that these provisions extended to Scotland. In these circumstances we would also wish to explore whether it would be within scope to extend British Waterways powers on the sale of water to Scotland. These powers already exist in England and Wales and are desirable in order to encourage British Waterways Scotland to increase its income from other sources and decrease its dependence on grant from Scottish Ministers. Given the difficulties in the short term of securing this change through Scottish legislation these powers might best be achieved by enactment at Westminster under the terms of the Sewel Convention, although the Committee is asked to note that this presents some complexities for the NERC Bill which are the subject of continuing discussions between DEFRA and Scottish Executive lawyers.

Levy Boards (Part 8, Chapter 2 – clauses 78-88 and Schedules 8-10)

12. In its Rural Strategy the UK Government, with the agreement of the Devolved Administrations, made a commitment to commission an independent and fundamental review of the five statutory levy-funded organisations covering the various agricultural sectors. These bodies are the British Potato Council, the Home-Grown Cereals Authority, the Horticultural Development Council, the Meat and Livestock Commission and the Milk Development Council. The review is due to report by October 2005. In the absence of the powers conferred by the NERC Bill primary legislation would be required to implement any significant recommendations arising from the review. Therefore this Bill presents the only opportunity for some time to implement whatever findings the review reaches. The Bill is likely to be well into its passage through Westminster when the review concludes.

13. To avoid introducing significant delay into delivering improvement to the agricultural industries, the Bill therefore provides for general powers to dissolve the existing levy boards

(clauses 82 and 84) and to establish new levy boards in the agricultural sector (clause 78 and Schedule 8). Any new bodies would have the purposes and functions specified in clauses 79-81 and in Schedules 9 and 10. These powers would provide the Secretary of State and Ministers of the Devolved Administrations with the means to implement whatever conclusions the review reaches, and also to retain flexibility for the future. The general powers in the Bill, covering all eventualities, do not pre-empt the outcome of the review.

14. Because the existing levy boards are cross-border public authorities, in terms of the Scotland Act, their dissolution would be effected by the Secretary of State and would require the consent of the Scottish Ministers and procedure in the Scottish Parliament (clauses 87 and 88). Similarly, the establishment of any new cross-border bodies, under clause 78, would require the same process. If, following the dissolution of any existing levy board, it was decided to establish a Scottish-only body, the Bill confers executive powers on the Scottish Ministers to provide for this, with the approval of the Scottish Parliament (clauses 78, 87 and 88). The Scottish Ministers, as the “appropriate authority” in relation to matters concerning Scotland only, would have the power to provide grants and issue directions to any new bodies which they established (clauses 85 and 86). Any new bodies established under the Bill can also be dissolved by Order (clause 83).

Abolition of the Food and Drink Committees (Part 9, Chapter 3 - Clause 91 and Schedule 11, paragraph 26)

15. This part of the Bill abolishes the GB-wide Consumers’ Committees and Committees of Investigation established under the Agricultural Marketing Act 1958. These committees are cross-border public authorities in terms of the Scotland Act. The purpose for which these committees were created, based on the consumer interest in the operation of agricultural marketing schemes, is now obsolete. In March 2000 an announcement was made in the Westminster Parliament “to leave the Committee in abeyance and not re-appoint members” on the basis that the maintenance of the committees (with the associated cost) was not in the public interest. The Bill will remove the legal provision for such committees.

The Hill Farming Advisory Committee for Scotland (HFACS) (Part 9, Chapter 3 - Clause 91 and Schedule 11, paragraph 2)

16. This part of the Bill would have the effect of abolishing the HFACS which is a devolved Scottish-only public body established by section 32 of the Hill Farming Act 1946. The HFACS last met in 2000. As the support mechanism was changing at that time stakeholders from a wider group of interests were engaged in the discussion process and it was concluded that the HFACS had come to the end of its useful life. It was decided to abolish HFACS and its members were subsequently notified of this decision in October 2002. Until now there has been no suitable primary legislation in the Scottish Parliament in which to insert a provision to formally abolish the HFACS and none is in immediate prospect. The Bill would be the most appropriate vehicle for abolishing the HFACS given that it also abolishes the similar committees for England, Wales and Northern Ireland.

Minor and consequential amendments (Schedules 11 and 12)

17. Paragraph 12 of Schedule 11 to the Bill amends the purpose of “nature reserve” to clarify that they can be used for wider public enjoyment over and above the existing purposes of providing a facility for scientific research. This is by far the most common reason for

which people visit the reserves. It is desirable for this cost neutral amendment to be extended to nature reserves in Scotland to help encourage greater public interest in and access to the countryside and more effective management of Scotland's natural heritage.

18. Given the abolition of the Food and Drink Committees and the Hill Farm Advisory Committee for Scotland, outlined in paragraphs 17 and 18 of this Memorandum, the Bill provides for the deletion of references to these bodies from previous Scottish Parliament legislation. Schedule 12, paragraph 170 removes references to the Food and Drink Committees from the Scottish Public Services Ombudsman Act 2002 and paragraph 172 deletes the reference to HFACS in the Public Appointments and Public Bodies etc. (Scotland) Act 2003.

Financial implications

19. Defra's explanatory notes to the Bill make clear that most of its financial implications relate to matters that do not affect Scotland. The Bill is not expected to have substantive financial implications insofar as devolved matters in Scotland are concerned. Indeed, in some respects (i.e. the Food and Drink Committee and the Hill Farm Advisory Committee) the Bill simply gives statutory recognition to the existing position. In other respects (e.g. the levy boards) funding does not fall on the public purse and, in any event, the financial implications arising from organisational restructuring are expected to be minimal. There may be some efficiency savings in the operation of the JNCC as administrative processes are improved but these may not always result in cash savings and are not readily quantified. The financial implications of the reconstitution of the Inland Waterways Amenity Advisory Council are not expected to be significant.

Conclusion

20. The Executive believe that it would be appropriate and desirable for Westminster to legislate for Scotland on the various reforming measures of the Bill described above mainly in order to strengthen the performance of cross border public authorities and to abolish two committees which are no longer required.

SCOTTISH EXECUTIVE
June 2005

SUBMISSION FROM SEPA

SEPA notes that Part 3 of the Bill refers to biodiversity and wildlife issues. It is not readily apparent, from anything in this part or other parts of the Bill, what the geographic coverage of, for example, the biodiversity duty or the pesticide control measures is intended to be. As you are aware, the Nature Conservation (Scotland) Act 2004 introduced a similar, but considerably stronger, biodiversity duty for Scottish public bodies requiring them, in exercising their functions, to further the conservation of biodiversity so far as is consistent with the proper exercise of the function. The NERC Bill should therefore make clear that the geographic coverage of this duty does not include Scotland. In SEPA's view, it would be undesirable for public bodies in Scotland to be subject to two similarly worded duties for biodiversity, with varying levels of responsibility. Similarly, clarification of the geographic coverage of the pesticide powers is necessary to identify whether they apply in Scotland.

SEPA has no specific comments to make on the merger of English Nature and others to form the new agency, Natural England. Similarly, the restructuring of the Joint Nature Conservation Committee, as outlined in the Bill, does not appear to raise any issues of concern for us.

Sections 78 to 88 of the Bill largely concern powers to reform agricultural bodies, particularly the existing five levy boards. These bodies currently operate on a UK-wide basis and focus on marketing of produce and commissioning agronomic research. We have no particular concerns with any of the proposals contained within the Bill and, indeed, we welcome the proposed permissible purpose of any board to improve "ways in which an agricultural or related industry contributes to sustainable development". This acts as a valuable balance to the other purposes relating to increasing efficiency or productivity in the industry.

In light of any recommendations emerging from the ongoing review of these levy boards, and in consequence of any exercising of the proposed powers within the NERC Bill to abolish such boards, and the possibility of establishing any Scottish-only bodies, we assume there would be full and subsequent consultation within Scotland so we offer no particular views on such issues at this time.

Agenda Item 4

**Environment and Rural
Development Committee**

22 June 2005
ERD/S2/05/19/4c

SUBMISSION FROM SAC – SCOTTISH AGRICULTURAL COLLEGE

Thank you for your letter seeking comments on the above Bill. My comments will be restricted to Chapter 2 which deals with proposed powers to establish or abolish levy bodies for the promotion of agricultural and related industries.

The agricultural industries across the UK are undergoing enormous change, and have changed very significantly since the legislation drawn up in the 1950s established the levy bodies as UK organisations charged with promoting agricultural output in the post-war era. It is clearly timely for those bodies to be reviewed.

From a Scottish perspective it would, in my opinion, be essential that Scottish Ministers retain the right to veto the abolition, or significant diminution in the role, of these bodies as they affect Scottish agriculture. The agricultural industry in Scotland is relatively more important to the general economy, and to the viability of rural communities, than is the situation in England; it is therefore important that the bodies charged with co-ordinating and promoting agricultural activity in Scotland are not adversely affected by any downgrading of activity South of the border.

Scottish Ministers have already taken steps to safeguard the promotion of the red meat sector through the establishment of Quality Meat Scotland, and it is encouraging to note that those decisions already taken by Scottish Ministers will not be affected by the current legislation. However, it will be important to protect other sectors, such as the cereal and milk sectors in future. Scottish Ministers should therefore retain the right to review, and if necessary resist, any changes in levy board structures in the rest of the UK which could adversely affect Scottish producers.

The co-ordination of industry funding for research and development work can only be effectively achieved through industry levy bodies. Such funding is vital to maintain our research base and to supplement government resources applied to rural research and development work. Such funds may also be applied to help fund animal and plant health schemes. It is important that Scotland has an organisation, or organisations, which can co-ordinate the collection, and application, of levies for the benefit of our indigenous industries.

Agenda Item 4

**Environment and Rural
Development Committee**

22 June 2005
ERD/S2/05/19/4d

SUBMISSION FROM SCOTTISH ENVIRONMENT LINK

LINK welcomes the opportunity to comment on this Bill which is going through Westminster, but has no particular comments on the Bill's proposals regarding Inland Waterways and Agricultural Levy Boards. LINK and a number of the Member Bodies were consulted by DEFRA, and others, during the process of the Performance Finance Management Review of JNCC. Many of these comments were incorporated into this review's recommendations and now form the basis of the NERC Bill's provisions in relation to JNCC. We therefore support, in principle, these proposals – they restate the current legislation for JNCC with a number of improvements.

There is one issue on which we would seek clarification from the Executive. Clause 34(2)(a) appears to us to be drafted somewhat ambiguously; this clause should reflect the current practice of JNCC and the individual nature conservation bodies, such as SNH. **We, therefore, seek assurance from the Executive that, while liaison with JNCC and collective action with or through JNCC should occur wherever possible, this clause cannot be used to prevent SNH, or the Executive itself, from taking appropriate action in Scotland if it so chooses.**

One issue that might be used as an example is that of non-native species; this matter was debated by the Committee during the passage of the Nature Conservation (Scotland) Act 2004. Moreover, the Executive has recently taken further actions resulting from this debate (such as the addition, in Scotland, to species listed on Schedule 9). The development and implementation of policy related to non-native species is one that arises throughout the UK, and in all four parts of the UK; indeed, it arises throughout the world. It is therefore desirable to take consistent action throughout the UK, and JNCC should offer advice on this. However, in the absence of such advice (due to lack of agreement, inadequate funds, or any other reason), the Executive and SNH should be permitted to take what action it considers appropriate in Scotland. Without such flexibility, there is a danger that urgent nature conservation issues in Scotland might go unaddressed as the Executive and SNH await a lead from JNCC. Conversely, where advice and agreed policy is available from JNCC, it should be incumbent on SNH to act in accordance with this advice – that is, advice that its representatives (by virtue of Schedule 4, paragraph 1(1)(c)) have agreed to. **We would equally like assurances from the Executive that it would expect SNH to act accordingly.**

Therefore, subject to these re-assurances, LINK supports the substance of the proposals for JNCC set out in the NERC Bill. It is not for LINK to comment on which Parliament should enact these proposals; however, whether they are enacted by the UK Parliament alone, or the UK and Scottish Parliaments acting separately, they should be enacted with any amendment necessary to reflect the issue raised above.

SUBMISSION FROM THE MILK DEVELOPMENT COUNCIL

Background

The Natural Environment and Rural Communities Bill was formally introduced in the House of Commons on 19 May 2005. The Scottish Minister of Environment and Rural Development, Ross Finnie MSP, has indicated that the Scottish Executive intends to lodge a motion in accordance with the Sewel Convention seeking the agreement of the Scottish Parliament to Westminster legislating for Scotland in respect of some matters contained within the bill relating to issues which have devolved responsibilities. One element normally forming part of these devolved responsibilities are the future of levy boards, of which the Milk Development Council (MDC) is one, and measures contained within the bill providing ministers with powers to implement the recommendations made by the review of levy bodies currently underway.

Submission

The MDC welcomes the review and believes the services it currently provides – adding value to and increasing demand for milk, providing insights to the market, and helping to increase production efficiency – are of a high quality and give value for money.

In the long term, the Council wholeheartedly believes these vital services should be funded by the market and not a statutory levy. However, it also believes that such a radical change should not be attempted during the period of intense activity caused by the reform of the Common Agricultural policy (CAP) and reform of the WTO, or until the market has completed the transition from a supported to a free market, given that the services provided by the MDC are aimed at supporting dairy farmers through these changes.

The Council are particularly concerned at suggestions that the review could recommend the splitting of MDC into separate bodies relating to the devolved administrations. While it is entirely sensible for such a split to occur in for instance the meat and livestock area due to the premiums obtained for Scottish Beef and Welsh Lamb and the different marketing requirements of these products such a split would be less beneficial to the dairy sector for the following reasons:

- The processing sector of the dairy industry does not operate on a devolved basis with all major purchasers trading across borders. There is no specific brand premium for either Scottish or Welsh Milk or dairy products and such brands will need some years to establish and require separation of supply by processors. (This does not mean that such brand differentiation would not be possible or should not be sought after).

- There would be insufficient Scottish dairy farmers to sustain the current level of services offered by the MDC without significant increases in levy or cross subsidisation from other sectors. In 2003/4 the MDC collected £516k from producers in Scotland this would be insufficient to provide Scottish Dairy Farmers with the detailed market information, including analysis of effects of CAP/WTO reforms; R&D aimed at improving production efficiency and knowledge transfer programmes; and market development and promotion campaigns including the highly successful Milk Moustache Campaign operated in partnership between the Scottish Dairy Marketing Company and the MDC. MDC activities in Scotland aimed at benefiting Scottish Dairy Farmers in 2003/4 had direct spend in Scotland of £1,464k meaning that Scotland was a net beneficiary of the current arrangements.

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**Environment and Rural
Development Committee**

22 June 2005
ERD/S2/05/19/4f

SUBMISSION FROM THE JOINT NATURE CONSERVATION COMMITTEE

Thank you for your letter of 2nd June inviting the Joint Nature Conservation Committee (JNCC) to submit written evidence to the Environment and Rural Development Committee on the elements of the draft Natural Environment and Rural Communities Bill relating to the JNCC.

As noted by the Minister in Annex A to your letter, most of the provisions in the Bill regarding the JNCC represent a re-enactment of existing legislation. The provisions of the Bill that differ from existing legislation are largely consistent with the outstanding proposals in the Government response in 2002 to the Financial, Management and Policy Review of the JNCC which are concerned with improving the efficiency and service delivery of the organisation. As noted by the Minister the terms of the Government response were agreed with Scottish Ministers. My comments on these provisions are outlined below.

Extending application of the special functions from Great Britain to the United Kingdom and associated changes to the membership of the Joint Committee and funding arrangements

The JNCC already undertakes many of its advisory functions on a UK-wide basis through the involvement of Northern Ireland bodies. The proposed changes would extend and formalise these arrangements, and would place all of the UK nature conservation bodies on a similar footing in relation to their participation in the work of the JNCC.

Whilst voluntary arrangements are already in place, the changes would: ensure that advice provided to the UK Government on matters that concern the UK as a whole takes full account of all of the UK's constituent countries; enable all members of the Joint Committee to contribute equally to the decisions of the Joint Committee; and require common standards relating to nature conservation to be set at the UK, rather than the present GB, level. The Bill's provisions would also enable the financial support to the JNCC provided by Northern Ireland to be determined on a more predictable basis.

Increasing the number of independent members of the Joint Committee

The revised composition of the Joint Committee arising from this change would provide a better balance between the representation of country agency and independent views. It would also enable the JNCC to strengthen its advice through an increased breadth of perspective and range of scientific expertise.

Sustainable development

We are supportive of the proposed requirement for the Joint Committee to provide its advice in the context of sustainable development. The JNCC's strategy reflects this approach and the change would align the Committee's obligations in this respect with those of the nature conservation agencies represented on the Committee.

Funding (Schedule 4, 14)

We have expressed concerns to Defra on some changes to the funding provisions in the Bill since it was published in draft form in February 2005. We understand that a Government amendment has now been proposed to address these concerns.

The proposed amendment to the funding provisions reflect the arrangements set out in the Government response to the Financial, Management and Policy Review, agreed by Scottish Ministers, and implemented in 2003. These arrangements are that the JNCC's budget is set by Defra Ministers, after consultation and in agreement with their Scottish and Welsh colleagues. The proposed amendment would also allow the intention, set out in the Government response, for the JNCC to be resourced at agreed and predictable levels of funding to be implemented.

In summary, and subject to the proposed Government amendment to the funding provisions, the JNCC welcomes the Bill. The proposed changes would enable the JNCC to deliver its special functions more efficiently and effectively. They would facilitate implementation of the JNCC's new strategy, and enable the JNCC to better support Government targets and priorities at international, UK and country levels by providing high-quality scientific advice.

SUBMISSION FROM THE INLAND WATERWAYS AMENITY ADVISORY
COUNCIL

Summary: supports the provisions in the Draft UK Bill for reconstituting the Inland Waterways Amenity Advisory Council as an independent and authoritative advisory resource for the British and Scottish Governments on the inland waterways of England, Scotland and Wales and, therefore, recommends a Sewel Motion be passed by the Scottish Parliament.

The Inland Waterways Amenity Advisory Council (the Council) is the statutory (Transport Act 1968) advisory body to the Secretary of State for Environment, Food and Rural Affairs and the Board of British Waterways (BW) on the use for recreation and amenity of the inland waterways managed by the Board. On BW waterways north of the Border, the Council reports to Scottish Ministers and the Scottish Executive. The Council also advises the Secretary of State generally on inland waterways and is an advisory resource for the Association of Inland Navigation Authorities (comprising BW, the Environment Agency, the Broads Authority, the Loch Lomond and Trossachs National Park Authority and some 20 or so other navigation bodies in England, Scotland and Wales).

The Council warmly welcomes the provisions for its future in the Draft Bill. In particular, the Council would draw the Committee's attention to the way in which the clauses of the Bill:

- reflect the way in which the Council's role has developed in practice in recent years, away from a concentration on purely BW matters to a pan-waterway remit at the behest of the Secretary of State in London. Examples of pan issues covered in recent Council reports include waterway restoration reviews, a planning good practice guide for the future of the inland waterways, social inclusion and the waterways and monitoring of the implementation of the London Government's policies set out in the 2000 report *Waterways for Tomorrow*. A new report will soon be published on ways in which the waterways can contribute more to community revitalisation and will include a case study in Lowland Scotland. The Council will also begin work on a report later this financial year on the implementation of the Scottish Executive's 2002 policy report on the Scottish Canals;
- will give both Governments access to independent and authoritative advice on the inland waterway system as a whole and give the Council an independent source of funding not tied to one navigation authority, both particularly relevant as the management of the system remains so fragmented;

- will retain a strong Scottish element in the Council's consideration of national waterway issues through the two Council members appointed by the Scottish Ministers. Restricting the Council's remit in Scotland to the BW owned and operated canals is fully supported by the Council as it has no expertise to advise on issues related to navigable lochs.
- will allow the Council to consider all matters pertaining to the future health of the inland waterways by removing the word 'amenity' in its title.

The Council has long argued for these changes, believes that they will be beneficial to the inland waterways of England, Scotland and Wales and will assist both Governments in developing an integrated approach to the future needs of the system.

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**Environment and Rural
Development Committee**

22 June 2005
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SUBMISSIONS FROM THE SCOTTISH INLAND WATERWAYS ASSOCIATION

SUBMISSION FROM ROBIN BLACK, CHAIRMAN

You will be receiving a letter from Mrs Liza Coates, our membership secretary stating her position regarding the proposal. This I feel very much is in line with the feelings of the Scottish Inland Waterways Association.

Since the operation of the Scottish Waterways became a devolved power a few years ago and the management of BW Scotland was handed back to BW in Watford we have had problem after problem with BW Scotland. Indeed a dispute over licence fees on the Caledonian Canal for commercial craft has been going on since 2002 and has not yet been resolved. There is no Scottish Board to take any issues to and the BW Scotland Group is just another toothless quango.

We need powers in Scotland to deal with our own waterways as the handing over management of the Scottish Waterways to BW in Watford has not worked. Half the time we do not know who we are dealing with. Our previous secretary asked the Freedom of Information Commissioner in Scotland to advise on some information he wanted from BW Scotland to be told he would have to deal with the English one as the Scottish Canals were managed in England.

The Inland Waterways Amenity Advisory Council does a good job as far as it goes but with 2000 miles of waterway to deal with in England and Wales they do not have sufficient interest or knowledge of the Scottish waterway system to devote the time or the effort needed to deal adequately with the situation up here.

As well as being the chairman of the Scottish Inland Waterways Association I am also vice president of British Marine Federation Scotland, and I am fully aware of the problems associated with dealing with an organisation which is London based.

Any council set up to advise Scottish Ministers and the Waterways Board on matters relevant to inland waterways in Scotland can only be fully effective if it is constituted in Scotland with members who are fully aware of the Scottish waterways situation, their beauty, their potential and the problems associated with their operation. This is not achievable with an English based body even with a token Scottish representation.

We have now a Scottish Parliament and for the ministers to be properly and effectively advised on Scottish inland waterway matters this can only be done by an organisation who truly represent the interests and aspirations of those who use these waterways and that organisation can only be based in Scotland.

SUBMISSION FROM LIZA COATES, MEMBERSHIP SECRETARY

Thank you for your letter of 2nd June 2005 regarding the proposed "Sewel Motion" on the UK Natural Environment and Rural Communities Bill. The Council of the Scottish Inland Waterways Association does not meet until next Monday [20th June] but I have forwarded your paper to our Chairman, Robin Black.

In view of the short time-scale I am, however, taking the opportunity of replying from my own viewpoint as a narrowboat owner.

It has been my experience, and that of other boat owners locally, that communications with British Waterways are difficult. This is partly caused by the uncertainty about which aspects of the organisation are handled locally, and which are handled from England. For example decisions about building plans, mooring fees policy, and payment of fees, access to information about waiting lists for moorings, are handled at different levels. I am worried that the Inland Waterways [Amenity] Advisory Council will have similar difficulties in their two-way communication with British Waterways.

The England and Wales waterways system is largely interconnected. The Scottish system is separated from them by 200 miles or more. **There seems to be little reason for the Advisory Council to be a cross-border concern.** For that matter it would seem sensible if British Waterways could be fully devolved in Scotland.

Advice of Scottish waterways users to the Waterways Authority might be expected to be different from that in England. There could well be different philosophies in regard to advice about land use for commercial or community purposes. There may well be different values from the Scottish point of view in regard to leisure and tourism.

As a top-down solution the proposal makes sense, that British Waterways should seek advice widely. But seen from the tow-path in Scotland I question whether a council of 12 people will have sufficient understanding of the Scottish situation to be able to advise. Only 2 of them will be required to have "specialist knowledge of Scotland". How will they focus on Scottish requirements when they have 2000 miles of canal in England to be concerned for? I do not believe that this Advisory Council will be sufficiently focused to meet the needs of the Waterways users in Scotland.

Finally will the Council be cost effective? Presumably the great majority of meetings will be held in England. How much time on the agenda will be concerned with Scottish matters?

I would like to see this whole proposal debated in the Scottish Parliament.

SUBMISSION FROM MICHAEL COATES, MEMBER

I refer to your letter of 2/06/05 to Scottish Inland Waterways Association [SIWA].

I am replying purely as an individual member of SIWA, and as a retired lawyer (well retired; and not up to date with things devolved).

I do so to put down a marker, because there are already complications arising administratively at the interface between the Scottish Parliament's responsibilities, following devolution of the **funding** of the Scottish Waterways, and those of the Scottish Commissioner of Freedom of Information [SCFI] for a **non-devolved** British Waterways [BW], let alone considering adding more as is proposed here.

I would be concerned that further 'muddying' of the pure waters of devolution would make the Scottish public's lines of communication to the Scottish Parliament in matters relating to devolution of the Inland Waterways of Scotland more complex. The proposed 'Sewel Motion' would seem further to complicate matters in this regard.

I have some questions:-

1. If the 'Sewel Motion' is passed, in what chamber of the UK, or Scottish, Parliament would questions relating purely to **Scottish** issues relating to **Scottish** Inland Waterways and the **Scottish** responsibilities of the newly named Inland Waterways Advisory Council [IWAC] require to be raised?

If it's Westminster, then the proposed motion should be resisted as being contrary to Scotland's, SIWA's and individuals' interests (or provision included to overcome the anomaly).

2. In consequence of the 'Sewel Motion' and the Bill (when an Act), will the Freedom of Information (Scotland) Act 2002 be amended to enable the SCFI to obtain information concerning IWAC's responsibilities for Scottish devolved Inland Waterways matters from them, or from BW Scotland [BWS]?

I ask these questions because of the anomalies I discovered when trying to enroll the SCFI's help in obtaining, from BWS, information about licenses issued by BWS to boats on the Scottish waterways for the financial year past. I print in annexe form my question, and the reply I received. [See my e-mail annexed as No. 1 below and the 'advised' reply].

My last question is :-

When will the Freedom of Information (Scotland) Act 2002 be amended to include BWS (as a 'body/organisation' funded by the Scottish Parliament) as a body from which the SCFI may legally obtain information applicable to the Scottish Inland Waterways?

Annex No. 1.

Dear Freedom of Information Commissioner

I am Michael Coates, Honorary Secretary of Scottish Inland Waterways Association. We have asked British Waterways Scotland for the following information:-

1) How many boats are currently licensed, for the year to 31/03/05, to be moored on the Scottish Inland Lowland Waterways.

We would also like to know:-

2) How many of those boats are licensed to be moored annually and are currently on the canal; and

3) How many of those boats are seasonal licenses?

4) We have also asked them to tell us how many boats are currently on their 2004 /2005 waiting list for licenses to be moored on the Scottish Lowland canals, and how many of applications to be so moored have been refused said licenses in 2004 /2005 because the waiting list is full?

British Waterways Scotland have refused to give us the information. The only reason they have given for their refusal is because of the Data Protection Act. We have never asked for information that is personal. British Waterways Scotland is a monopoly provider. There is no other source that we know of that we can ask for this information. The same information would be welcome for the British Waterways Scotland Highland canals.

I have copied this request to SIWA's office bearers.

Yours faithfully
Michael Coates

Annex No. 2.

Mr Coates,

Thank you for your mail below. I note that you have requested some information from British Waterways Scotland and have been refused. I think the best assistance I can give you is to outline what the function of the Scottish Information Commissioner is and how you can exercise your statutory right to information under the Freedom of Information (Scotland) Act 2002.

I am afraid that we do not have the powers to compel the British Waterways to make information available at the next meeting. There are several reasons for it. First of all the Scottish Act only applies to Scottish public authorities and not to public authorities south of the border.

A quick internet search for BWS shows that they perform a devolved function, and are funded by the Scottish Executive, but they are not necessarily recognised as a Scottish public authority. This is rather strange legal position to be in. They may in future be designated as a Scottish public authority but for now they don't seem to be covered by the Scottish Act. They seem to be part of the British Waterways Board which is public authority within the meaning of the UK Information Act 2000 which applies to all public authorities in England, Wales and N Ireland, but not Scotland. The BWB is covered by the freedom of Information Act 2000 and you should be able to access information you are looking for under the terms of this Act.

I think it would be best if you contacted the UK Information Commissioner's office at Wilmslow for further guidance. It is important to determine under which Act the BWS

comes. You can contact the UK Commissioner's office on 01625 545 700. Their web address is <http://www.informationcommissioner.gov.uk/>

At any event, under the Scottish Act, there is a particular statutory procedure to follow. You need to make a request preferably in writing. The authority has 20 working days to respond and if you are not happy with the response you have the right to ask for an internal review of that decision. The authority has another 20 working days to review that decision. If you remain unhappy with the review decision, you can then appeal to us for a decision. It is only at this point that we are able to investigate the case and make a decision.

I'm sorry this is not the response you had hoped for but I do hope it points you in the right direction.

Please don't hesitate to contact me should you have any further queries.

Regards

Simin Abrahams
Freedom of Information Officer

SUBMISSION FROM THE MINISTRY OF DEFENCE (MOD)

Reference:

Scottish Parliament, Letter to Scottish Access Forum regarding the proposed 'Sewel Motion' on the UK Natural Environment and Rural Communities Bill dated 2 June 2005.

INTRODUCTION

1. As corresponding members of the National Access Forum, MOD welcomes the opportunity to respond to the consultation (Ref. A). MOD is a major landowner with significant holdings within the UK natural environment including large areas of land within Scotland. The sustainable use of the natural environment within Scotland for military training is integral to our prime purpose of defending the nation.

ISSUE

2. The consultation requests views on the proposal by the Scottish Executive to seek the Scottish Parliament's consent to the UK Parliament legislating on certain devolved matters in the Natural Environment and Rural Communities Bill.
3. The Minister has advised that the areas of the Bill relating to devolved responsibilities relate to the reform of various cross-border public authorities including:
 - Changes to the constitution of the Joint Nature Conservation Committee;
 - Powers to implement the review of the agricultural levy boards;
 - Changes to the constitution of the Inland Waterways Amenity Advisory Council.
4. The MOD recognises the differences within the devolved administrations and management of the estate at both a policy and operational level fully accounts for this.

RECOMMENDATION

5. We are content that the proposals will not adversely affect the management of the defence estate in Scotland and therefore have no further comment to make. We would welcome the opportunity to comment on any further consultations.

Consultation response prepared by:

Ceri Daugherty, Senior Countryside Policy Adviser, Rural Sustainability and Heritage Team, Defence Estates, in conjunction with
Alan Cumming, Head of Land Management Services Scotland, Defence Estates.

SUBMISSION FROM SCOTTISH NATURAL HERITAGE

Proposed 'Sewel Motion' on the UK Natural Environment and Rural Communities Bill

Thank you for inviting Scottish Natural Heritage to submit evidence to the Scottish Parliament's Environment and Rural Development Committee about certain devolved matters in the Natural Environment and Rural Communities Bill. You asked for views on three specific areas in the Bill and our views are set out below.

Inland Waterways Amenity Advisory Council

We are content with the provisions in the Bill regarding the changes to the constitution of the Inland Waterways Amenity Advisory Council.

Levy Boards

We support the review of the agriculture levy boards, which should bring these boards in line with changes in agriculture across the UK.

Joint Nature Conservation Committee

We are advised that the measures relating to the JNCC are a re-enactment of existing measures that we support and we do not perceive these are likely to change. We have existing procedures in place to make these measures work in practice. For example, on international matters, the country agencies (of England, Wales and Scotland) together with the JNCC agree appropriate work programmes and SNH contributes to the delivery of the programme as resources and priorities allow.

We strongly welcome the inclusion of Northern Ireland within the common standards for nature conservation. I confirm that we work closely with the JNCC on both reserved and devolved matters and we welcome the requirement for the Joint Committee to provide its advice in the context of sustainable development.

In concluding this response we recommend that the Scottish Parliament consents to the measures.

The Scottish Executive has asked us for specific advice relating to an amendment to the Natural Environment and Rural Communities Bill regarding legislation concerning National and Local Nature Reserves. We have submitted this separately and I have copied this response to the Countryside and Natural Heritage Division of SEERAD.

Should you have any further queries on this subject please contact our head of national strategy, Jane Clark (jane.clark@snh.gov.uk) or telephone 0131 446 2208.

Ian Jardine