



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 27 September 2017

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
26th Meeting 2017, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)

*John Finnie (Highlands and Islands) (Green)

*Rhoda Grant (Highlands and Islands) (Lab)

*Jamie Greene (West Scotland) (Con)

*Richard Lyle (Uddingston and Bellshill) (SNP)

*Fulton MacGregor (Coatbridge and Chryston) (SNP)

*John Mason (Glasgow Shettleston) (SNP)

*Mike Rumbles (North East Scotland) (LD)

Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Isabel Drummond-Murray (Local Government Boundary Commission for Scotland)

Fergus Ewing (Cabinet Secretary for Rural Economy and Connectivity)

Ronnie Hinds (Local Government Boundary Commission for Scotland)

Derek Mackay (Comhairle nan Eilean Siar)

Roddie Mackay (Comhairle nan Eilean Siar)

Douglas Petrie (Scottish Government)

Eddie Turnbull (Scottish Government)

Annabel Turpie (Scottish Government)

Andrew Watson (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 27 September 2017

*[The Convener opened the meeting in private at
08:56]*

10:32

Meeting continued in public.

Decision on Taking Business in Private

The Convener (Edward Mountain): I remind members that this is the 26th meeting in 2017 of the Rural Economy and Connectivity Committee. As we have moved into public session, please ensure that your mobile phones are on silent.

Stewart Stevenson has sent his apologies.

Agenda item 2 is a decision on taking business in private. Does the committee agree to consider item 5, which relates to our scrutiny of the draft budget for 2018-19, in private?

Members indicated agreement.

Common Agricultural Policy Payments

10:32

The Convener: Item 3 is on the common agricultural policy payments. I welcome the Cabinet Secretary for Rural Economy and Connectivity, Fergus Ewing; Douglas Petrie, head of area offices and agricultural profession; Andrew Watson, deputy director for agricultural policy implementation; Annabel Turpie, chief operating officer in the rural payments operation; and Eddie Turnbull, head of agriculture and rural communities information systems.

Before I ask the cabinet secretary to make a two-minute opening statement, I invite members to make any declarations of interest. I have interests in a farming enterprise that can be seen on my entry in the register of members' interests.

Peter Chapman (North East Scotland) (Con): Likewise, convener, I declare an interest as a farmer in Aberdeenshire.

The Convener: Cabinet secretary, you now have two minutes for your opening statement.

The Cabinet Secretary for Rural Economy and Connectivity (Fergus Ewing): I am grateful for the invitation to me and the relevant officials to provide evidence on the specific topics of CAP payments and CAP information technology.

As members know, following my statement to Parliament on 12 September, I announced that I would publish the CAP plan for stabilisation. The driving aim of the plan is to improve our customer service. As part of that, I published an extensive payment schedule, outlining when farmers and crofters should expect their money. That is with the view of focusing all business effort on giving customers what they need, which is certainty.

I am therefore pleased to be able to say that we are doing that. For example, I confirm that 80 per cent of claims from the less favoured area support scheme 2016 customers have been processed and customers will receive their payments this week in line with our commitment to start making payments by the end of September. It is clear that progress is being made, but we are not complacent. We will continue to implement improvements in our systems to underpin that progress.

Another key part of the plan was to offer loans to all eligible 2017 basic payment scheme customers. I confirm that we are on track to issue the first batch of letters to customers this week and I repeat what I urged when I spoke in the chamber recently, that all those who receive a

letter should respond by the deadline to take up the offer of the loan and receive payment in November. People should get their forms back as quickly as possible if they wish to participate—that is the clear message.

I want to make an announcement relating to the Scottish upland sheep support scheme, which is relevant to CAP payments, of course, because they need to be made within time limits. Having listened to farmers and being conscious of the poor weather conditions that have hampered their ability to gather flocks from the hills and draw their future breeding stock, I have decided to extend the window for applications to the SUSSS until 30 November, subject of course to Parliament's approval.

I hope that the committee will recognise that we are beginning to deliver on our commitments and we are making the decisions necessary to improve customer service and business efficiency. I am, of course, happy to take questions on the topics of the day.

The Convener: Thank you, cabinet secretary. The first question is from the deputy convener, Gail Ross.

Gail Ross (Caithness, Sutherland and Ross) (SNP): I want to touch on the subject of disallowance. We have spoken previously about the Audit Scotland assessment of up to £60 million. How accurate were those estimates of potential disallowance and penalties? Was the Scottish Government right not to agree with those estimates?

Fergus Ewing: We do not recognise the figure of £60 million, which the Auditor General has come up with. Andrew Watson is the expert in disallowance and it might be helpful if he responded to the meat of the question, rather than me rabbiting on. As a start, however, we do not recognise the Auditor General's figure.

Andrew Watson (Scottish Government): I am conscious that the Auditor General, Ms Ditchburn and Elinor Mitchell gave quite a bit of evidence on this subject to the Public Audit and Post-legislative Scrutiny Committee fairly recently. Some of the background is therefore on the record.

The £60 million that was quoted by Audit Scotland reflects a combination of potential risk around late payment penalties and wider disallowances. The committee covered that the last time we were here. Effectively, that figure is derived from looking at the interaction between the different regulatory controls that we must abide by and the levels of disallowance that can be levied under particular circumstances. It is a mathematical construct based on the regulatory guidance on penalties.

In response, the Scottish Government said that, while a methodological approach can be used to derive that number, in reality and in practice—as Audit Scotland has indicated—the actual level of disallowance penalties that paying agencies receive depends on a wide range of factors, including experience of individual audits, the evidence that paying agencies can present in response to those findings, questions of interpretation about different bits of guidance and, in effect, an overall negotiation process that can take some months.

On the late payment penalties side, I know that the committee has been interested in that topic in the past. The issue is that the penalties are applied retrospectively after a long process. To be simplistic, you only know what your late payment penalties are when you finish making the payments, so the calculation of the sum depends on how late the payments are.

Overall, we have said that we do not expect to receive disallowance of that amount, for the reasons that I have described.

Gail Ross: Do you have any idea what you expect the disallowance to be?

Andrew Watson: No. We do not have a comparable figure for the £60 million—if that is your direct question. For us, the issue is the overall uncertainty in the different outcomes that you can get from the process and the importance of the negotiation with the commissioner around the different findings.

We have made the known disallowance and penalties clear on a number of occasions. For example, we have made it clear that we expect the level of penalty for late payments for the 2015 scheme year to be up to around £5 million and for the 2016 scheme year to be in the region of £500,000 to £700,000. However, until the processes that I described are completed, those are estimates.

Fergus Ewing: History has shown that we have successfully managed the position. We aim to keep the level of disallowance below 2 per cent of total expenditure. Over the last 10 years we are sitting at 0.99 per cent overall. Those percentages compare favourably with the United Kingdom.

Gail Ross: Some people listening to our discussion will think that £5 million is a lot of money to pay for a penalty. Where does that money come from?

Andrew Watson: That would be absorbed in the overall Scottish Government budget.

Fergus Ewing: That is why it is so important that we pay scrupulous attention to compliance with the rules, even if the rules appear to individual farmers and crofters to be disproportionately harsh

on occasion. Those are the rules and that is why we have a pretty good record over the years of very largely adhering to them and keeping the disallowance element under 1 per cent on average overall.

The Convener: People are concerned that the loan scheme that you have announced for next year shows a lack of confidence in the system that you will be operating by next year. When will the system be fully operational so that there is no need for any loans or late payments?

Fergus Ewing: The scheme is substantially operational. As I have explained to Parliament, the scheme is working, although not quite quickly enough. I am not a fortune teller and my job is not to make predictions about what will happen in the future. My job is to ensure performance now and in the current year. With respect, convener, that is what my colleagues and I are absolutely focused on.

As I mentioned in my opening statement, I am encouraged by the fact that we have made good progress on the LFASS 2016 payments, for example. We have paid 80 per cent of those. Annabel Turpie can provide more information on that.

The loans are a practical expedient to ensure that, in most cases, those who are entitled to payments will receive 90 per cent of their basic payment around the first half of November—if their forms are returned on time. We have also said that there will be an LFASS loan scheme if necessary. Such schemes are designed to provide a reasonable measure of certainty to people who are in business—as I once was, and as you and other members still are, convener—and who need a degree of certainty to pay their bills and run their budgets.

It is not perfect, but it is a pragmatic expedient that has been broadly welcomed according to announcements made by the stakeholders following the parliamentary statement.

The Convener: You are suggesting that the scheme is working. Perhaps I could give you a perfect example of why there seems to be a lack of confidence. On 14 August, 932 payments were outstanding; 53 payments were made on the week ending 18 August and 88 payments were made by 25 August. That is a total of 141 payments out of 932, which leaves 791 payments outstanding. Why were those payments not made at that stage?

Fergus Ewing: As that is a question of detail, I will let Annabel Turpie answer.

Annabel Turpie (Scottish Government): Are you referring to the basic payment scheme for greening and new and young farmers?

The Convener: Yes.

Annabel Turpie: We have been balancing other work alongside that. As I have said to the committee and other members before, given the current position that we are in, we are asking staff to work on several years at the same time—it is an inevitable backlog from the position that we have been in. We are making payments as we go on.

We have to use our system to make payments, but because of the way in which we handle debts in our system—

The Convener: I will interrupt you there, because there were no payments made for previous years in the payment forms that you made available to the committee. When I did further investigation, it was quite clear that 129 of the 791 payments were waiting for inspection, 221 were waiting for system validation and 582 were ready for payment. So there were 582 ready for payment and you paid 141. Given that, why would people feel confident that the system is working and that you are delivering payments when they are ready to go?

10:45

Annabel Turpie: Since then, and as of 26 September, we have made 17,646 payments, which total £378 million. We have to load the debts that are against people to get them off, so sometimes a claim is ready for payment, but it might take a bit more time.

We do not do payment runs every week because we schedule our systems to maximise efforts across all the schemes. The cabinet secretary mentioned LFASS with regard to pillar 2 payments for 2016. We have made 76.7 per cent of land management options payments; we have made 72 per cent of rural payments, which we started in August as our schedule said we would; we have made 26 per cent of agri-environment climate scheme payments, which we started at the end of August as our schedule said; and we have made 47 per cent of forestry grant scheme payments. We are scheduling all the work across the piece.

I appreciate the point that farmers want to get the money to which they are entitled and for which they are eligible as quickly as possible, but we are working through it. We are getting to the point at which we have paid well over 99 per cent of anticipated expenditure on the basic payment scheme for greening and new and young farmers, and we have paid well over 99 per cent on SUSSS—the Scottish upland sheep support scheme—and the beef scheme.

I recognise that they have not been paid as quickly as farmers expect and we are working to

get better on that, but we do quite a complicated scheduling of payments across the period.

The Convener: I will leave it on the point that, of 582 payments that were ready for payment, only 141 were paid two weeks after they were ready.

Jamie Greene (West Scotland) (Con): I know that we will drill down on some of the specific payments that have been made, but I have a general question. What has gone so catastrophically wrong that we are in a situation of constantly playing catch-up? Every time that the committee hears evidence from the panel on payments to farmers in Scotland, we hear the same thing about playing catch-up and never meeting targets. Is it the IT system, bad management, bad workforce planning or bad direction? What is going on?

Fergus Ewing: That is well-trodden ground and, to be fair to us, we have covered that before. Annabel Turpie and Eddie Turnbull can give the technical answers.

It is relevant to compare the performance of LFASS payments for 2016 and 2015. There is no doubt that we were late with the 2015 payments and I entirely accept that, as it took until early November 2016 before the majority of payments were made.

However, I have just said that 80 per cent of LFASS 2016 payments were paid by the end of September so, rather than constantly painting it black, it would be good if members could recognise that, following the stabilisation plan and the hard work that I was engaged in over the summer months with officials, we are starting to see progress. Payments are being made on time and most of the payments have been made to farmers of the net LFASS payments that they are due. It is important that we are not drowned out by negativity when, in fact, we are starting to see the improvements to which farmers and crofters are entitled.

With regard to the technicalities, which I believe that Mr Greene asked for, perhaps Annabel Turpie and Eddie Turnbull can help out.

The Convener: We are pushed for time, cabinet secretary. I would like to move on to questions from John Finnie, as each member of the committee has questions to ask you.

John Finnie (Highlands and Islands) (Green): Cabinet secretary, I had two questions to ask about the Scottish upland sheep support scheme. You have answered one of them very favourably and I am delighted that you have taken on the issues that were highlighted to you about the extension of the application period.

I have written to you about the other question, and you have responded comprehensively but, for the record, it would be helpful to hear your response. The question is on a proposal by NFU Scotland to alter the scheme in relation to application retention periods and the targeting of payments. The significant phrase that jumped out at me prior to my writing to you was that the proposal was “budget neutral”. Will you explain why you have not gone with that proposal?

Fergus Ewing: If I understand correctly, the member’s question refers to the request made by the NFUS and others that we make substantive changes to the scheme. Regrettably, there is no scope to make those changes, because the regulations simply do not allow more fundamental adjustments to be made. It is a case in which the European Union regulations that apply prevent us from so doing.

The issue is very complex, convener, and there is not time to go into it. I am happy to write to the committee and say exactly why that is, because it is important. Mr Finnie and the NFUS are right to raise the issue, and we have looked at it very seriously indeed. Because we think that extending the deadline is a minor change, and because the bad weather has made it very difficult in practice for farmers to comply with the dictates of the time limit set in Brussels—the system is not designed for bad weather in the west Highlands or other places—we have decided to do so.

I am sympathetic to the argument of Mr Finnie and others, including Mr Russell, who has been very active on the issue on behalf of farmers in Argyll, but, sadly, there does not appear to be scope for changes. However, I am happy to work with the committee; if it were able to find a loophole in the regulations, nobody would be happier than me.

John Finnie: Thank you very much.

The Convener: Cabinet secretary, it would be useful to have a letter explaining that, which could be published with the committee’s papers.

Our next question is from Peter Chapman.

Peter Chapman: I will try to be brief. My question is about the IT system’s inability to change the hectarage of a new entrant farmer who has spent three years trying to get his correct area on the system, but it seems to be absolutely impossible to do so. He has had loans, but they have always been a third less than they should have been because the correct hectarage has not been on the system. It seems to be impossible to get that fixed. Why is that?

Fergus Ewing: Have you written to me about that case?

Peter Chapman: I have.

Fergus Ewing: I am not sighted on it today, because Mr Chapman did not raise it with me before the meeting. I am of course very happy to look again at any individual case, but perhaps one of the officials would like to talk generally about the way in which such matters are dealt with.

The Convener: Cabinet secretary, when they do so, it would be helpful for them to talk about the letters that farmers expected in 2015, with entitlements listed, which were a requirement of the EU legislation. A lot of farmers received those, but they have proved to be fundamentally wrong in their assessments of the payments over the period of five years. Would it be possible to issue those letters, which might help?

Fergus Ewing: We take that question very seriously. Perhaps Annabel Turpie could start off in answering it. Douglas Petrie, who is head of the area offices, is here for the first time today. He has bags of experience and I think that he has information about how such matters are dealt with in practice by the area offices, which it would be useful for members to hear.

Annabel Turpie: Mr Chapman, I apologise that, since I do not have in front of me information on the case that you talked about, I do not feel confident in talking about it directly in the meeting. However, we will pick up on that.

As regards entitlement letters, the entitlements are available online, and anybody who is not online but works on paper can ask their area office to print it off for them and send it to them.

The Convener: They are very inaccurate.

Annabel Turpie: I will take away the point that you raise and look at it, but I know that the entitlements that are held on the system are available for people to see. I do not know whether Douglas Petrie wants to come in on that.

Douglas Petrie (Scottish Government): From an area office perspective and a customer service point of view, we certainly want to try to address such issues. I do not know the farmer in question, but if we can address the issue through a telephone conversation or a face-to-face meeting, we certainly will. We have had quite a few of those over the past few months and years, looking at entitlements and trying to address concerns where the entitlement level does not match the farmer's expectation. Therefore we have started to address that.

Peter Chapman: It has been agreed at the area office that his entitlement is wrong on the system. It has been stated that it could be changed manually, but nobody seems to be prepared to do so, and it would need a significant upgrade of the IT system to get it done properly. The man is pretty desperate—he is a young lad and a new

start, and he desperately needs the money. These issues have been on the go for three years, and we need to find a way to get them sorted.

Eddie Turnbull (Scottish Government): It might help if I assure the committee that we recognise the fundamental issues that we are experiencing with managing the source information on land. I do not know of that particular case, but we work with Douglas Petrie as head of the area offices and we appreciate the issues that are being experienced.

You will have heard that, as part of the programme, we are implementing a new land parcel information system—that is our current major development. Its focus is to improve the quality of the land information that we hold. That is not to say that we are working from a bad base, but there are instances in which the information that we have is not as good as it should be. That is currently our key point of interest.

Fergus Ewing: Douglas Petrie will have some useful information to clarify the situation. With respect, if members want to raise a case with me, they should give me notice and we can look into it, but we have not been afforded that opportunity. Mr Petrie has an interesting point to make that I think is needed to correct the picture that has been portrayed here today.

The Convener: I will be delighted to bring in Douglas Petrie. We need to take care to look at the overarching aspects of the situation rather than trying to drill down into individual cases.

Fergus Ewing: We cannot drill down, because we have not had any information on that individual case.

The Convener: It is unfair to ask you to do so. If Douglas Petrie wants to give us an overarching response, I am happy to bring him in, and then we will move on to questions from Rhoda Grant.

Douglas Petrie: I just want to put the situation in context. I am not aware of a huge number of calls to area offices from farmers who are questioning their entitlements. There are certainly those who question entitlements and get an explanation, and we come to a settled position, but there is not a huge number of people who are saying that their entitlements are simply wrong. I accept, however, that there will be individual cases.

The Convener: Thank you—we will leave individual constituency cases and move to questions from Rhoda Grant.

Rhoda Grant (Highlands and Islands) (Lab): Cabinet secretary, I want to ask about Scottish rural development programme payments. Some time ago, you answered a question from my colleague John Mason on the changes from 2014

up to the 2017 scheme. There is a degree of concern because there have been cuts in those payments, in particular to less favoured area support scheme payments, which have fallen considerably. LFASS deals with some of the worst areas in Scotland. Why is that happening? Why are those areas suffering more?

Fergus Ewing: I assume that Rhoda Grant is aware that EU rules specify that LFASS payments must be reduced by 20 per cent to 80 per cent of the former entitlement. I am very pleased that the European Parliament is looking again at that; we will see whether the European Commission acts on what I understand is a recommendation from the European Parliament to look at postponing the introduction of that reduction.

The decision to reduce the LFASS payments was made not by us but by the EU. Moreover, I think that I am right in saying that LFASS was eliminated down south seven years ago, whereas we have maintained payments to hill farmers.

Of course, I am very worried about what Brexit holds, because hill farmers are waiting for absolute clarity about whether LFASS money will continue to be paid. We have not had written confirmation from Michael Gove, although I questioned him closely on Monday about the matter and pressed hard for Scottish hill farmers. I asked him whether payments under LFASS, which is a pillar 2 scheme, will continue to be met in the event that Britain leaves the EU, as is intended, in just 18 months' time. We do not know absolutely. Mr Gove seemed to say that the scheme would continue, and I hope that he will put that in writing to us very soon.

I emphasise again to Rhoda Grant that the decision to reduce LFASS to 80 per cent was taken not by us but by the EU.

Rhoda Grant: Was not the reason for that decision that you had not brought forward a new scheme for areas of natural constraint? That would have given people in my area of the Highlands and Islands, which faces the greatest natural constraint, more funding, while LFASS payments would have continued throughout the whole of Scotland? It seems that there was a missed opportunity to rebalance the amount of funding that goes to those who are farming in the worst possible areas.

11:00

Fergus Ewing: We provide as much other support as we can to those areas, including crofters grants and other aspects of the finance available. However, it is not true to say that we chose to cut money to hill farmers. An areas of natural constraints scheme was an alternative approach, but it would not have increased the

available budgetary amount and would have been immensely complex. There was no agreed scheme that would have done what Ms Grant described, so I do not accept that argument. Moreover, I am arguing that LFASS should be reinstated at 100 per cent—that is our preference. I am extremely worried that the real questions hanging over hill farmers at the moment are to do with Brexit and the fact that, even 18 months after the referendum, there is a lack of assurance from the UK Government that hill farmers will be valued not only for livestock production but for being the custodians of the countryside and at the centre of the communities in many rural and island parts of Scotland.

Rhoda Grant: Notwithstanding that, you maybe missed an opportunity to support better those areas. You said in your defence that you were giving more money to crofters, but the CAGS—crofting agricultural grant scheme—has fallen by £2 million. Why is that?

Fergus Ewing: I am very pleased that we have increased substantially the money for crofters. In the 10 years in which we have been in government, we have had 800 crofting grants, which means 800 families getting houses in their own parts of Scotland. I chose deliberately to increase the amount of money available to help individual families get their own house in their part of Scotland. Moreover, we have maintained the bull hire scheme as well as crofting grants. Ms Grant is presumably aware of this, but the general austerity has meant that we have had to make reductions in the budgeting. In many cases, that was achieved because the level of demand in the areas that were affected was not sufficiently high. We therefore chose areas where there would be the minimum impact. However, because of the austerity reductions by the UK Government on our DEL—departmental expenditure limit—budget, we had to take difficult decisions. I accept that but, frankly, that is what it is like being in government.

Rhoda Grant: So it is clear that you have cut the CAGS.

Fergus Ewing: I will come back to the member with individual figures on the CAGS and on crofting in general. It would be useful to demonstrate that we have provided additional support in many parts of the funding available, but I will provide the committee with the figures in respect of CAGS, if that would assist.

The Convener: Before we move on, I have a question on the beef efficiency scheme. It appears that you have cut the moneys that were put aside for that. Is the number of applications still declining? Are withdrawals increasing, or have you managed to stabilise the beef efficiency scheme?

Fergus Ewing: The general position is that those who have applied to the beef efficiency scheme and have relevant applications will benefit from the scheme. It funds direct payments to participating farmers. As to the detail of the number of withdrawals, I do not have those figures to hand. Again, I can write to the committee about that. However, it is important to note that a great many applied to the scheme because they saw the potential benefits, and they have benefited from participating in the scheme. According to some farmers to whom I have spoken, the benefits are substantial. There was of course criticism from some farmers, who are entitled to their view. However, as I understand it, those who applied to the scheme have participated successfully in it. I do not know whether the officials can add anything in order to answer your other questions, convener.

The Convener: It is on the number of people who have pulled out. Do you have those figures, Annabel?

Annabel Turpie: I do not have those figures to hand, but we will update the committee on those following this evidence session.

The Convener: Thank you. The next question is from Richard Lyle.

Richard Lyle (Uddingston and Bellshill) (SNP): Good morning, cabinet secretary. Before I go on to my question, I thank you and, in particular, Douglas Petrie for an excellent visit to the Hamilton area office, where I saw for myself exactly the problem that you have. Aside from the issues with the computer system, people are walking around fields, measuring to the last inch, going over roadways and to the very edge of fields. It is no wonder that the computer system is trying to catch up.

I thank your staff for a very worthwhile visit to the Hamilton area office to see for myself exactly the problem that you have, why we are in this situation and how we are resolving it. I saw the actual technicalities around how things have to be loaded on to computers, and it is like the space age—the final frontier.

You may want to give us a few updates on that but I want to thank you for that work. I see exactly the problem that you have and why we have comments from people about how information can or cannot be loaded. I would prefer it if people took up such points with you privately rather than in public.

I want to ask about the schedule of dates for Scottish rural payments that you have published. You have said that payments will be made on certain dates. I am sure that many of our excellent farmers are, as anyone would be, waiting for the money to come into their bank accounts. Will those payment dates in the schedule be met?

Fergus Ewing: Thank you very much indeed, Mr Lyle, for your gracious comments about the area staff. It is heartening to hear a member of the committee acknowledging that good work and it will be greatly appreciated by the staff concerned. I think that Mr Mason has visited an area office as well. As far as I am aware, the committee decided not to take up the suggestion that it visit an office, but I hope that it might reconsider that, because there is a lot to be gained from a closer understanding of how things work in practice.

The task is absolutely enormous and there is the physical nature of the task of carrying quite a heavy tablet around. For one individual I spoke to in the Perth office over the summer, it was not unusual to walk 16km with a very heavy pack. It is hard work. We have, I think, 4 million hectares and 55,000 holdings, and the data has to be taken to the accuracy of a goal mouth, so Mr Lyle's question is absolutely spot on and it is a refreshing approach.

We have delivered the payment schedule, which you have in front of you, and it has been welcomed by the NFUS and other stakeholders. It is designed to provide clarity and certainty to farming and crofting businesses. Our job is substantially to adhere to that schedule. It was prepared after a lot of painstaking work with my officials—principally Annabel Turpie in this regard—and CGI. I met the vice-president of CGI numerous times over the summer and previously. We are aware of what we need to do for our customers and we have set out the payment schedule, which seeks to provide the certainty that businesses want. It is our job now to implement that schedule.

Richard Lyle: I have a question for Mr Petrie. I put on the equipment—I have a photograph of me standing in the Hamilton office with that equipment, which was quite heavy. Is it a fact that staff have to physically walk round every field that a farmer has and take in every inch of their land to ensure that the farmer gets the correct payment?

The Convener: Mr Petrie—

Richard Lyle: I would like that question to be answered.

The Convener: I would be delighted for Mr Petrie to answer the question, but I want to correct something before we go any further. A lot of committee members have visited their own area offices rather than taking up the offer of a central visit and a lot of committee members have a huge amount of knowledge.

I ask Mr Petrie to answer the question very briefly, because members have a lot of other questions.

Douglas Petrie: Mr Lyle is correct. Those carrying out land-based inspections are carrying the equipment just as he describes and they have to walk every field boundary and view every parcel of land to determine any eligible features such as the crop in the ground, roads, which Mr Lyle mentioned, buildings and bracken. We are talking about a whole range of things, so I cannot deny the complexity, but we are certainly committed to getting it done.

Richard Lyle: I thank the staff for what they do.

Fulton MacGregor (Coatbridge and Chryston) (SNP): I come back to what was mentioned earlier about the basic payment loan scheme and the possible additional loan scheme. What conversations did you have with stakeholders, and what concerns did they raise that led to the establishment of the plan?

Fergus Ewing: We are more or less in constant dialogue with key stakeholders—the NFUS, the Scottish Crofting Federation, the National Sheep Association and the Scottish Beef Association—and we meet about all sorts of matters, as you would expect. I met the NFUS recently to discuss its future plans. In the absence of being able to predict and guarantee perfection in meeting the expected payment profiles, those stakeholders have all advocated that we provide a loan scheme, precisely because it will give farming businesses the certainty that the vast majority of their income will be paid at a certain time from the schemes where there are loans.

Stakeholders have welcomed the provision to increase the amount of the payment in the basic payment loan scheme from 80 per cent last year to 90 per cent this year, and the announcement that, if we require it, there will be an LFAS scheme—LFASS recipients know that they will get their money next year around the April to May period. Stakeholders obviously want the IT problems to be sorted out—as we all do—but they welcome the pragmatic approach that we took last year and the announcement of this year's improved version.

I was keen to make these announcements in September at the earliest opportunity of the parliamentary year. In June, we decided that we would have several meetings, a workload and a range of discussions with CGI so that we could come back to Parliament at the first available opportunity—namely, on the Tuesday of the second week back. That is exactly what we have done, so that businesses around Scotland have had the maximum notice of when they can expect to receive the majority of their funds.

Fulton MacGregor: You have mentioned Brexit; was that a factor in creating this plan? In the interests of time, I take into account your

previous answer—and I do not think that you will be able to give a definitive answer—but do you know when you would be able to say for definite whether the additional loan scheme for LFASS will be used?

Fergus Ewing: The concerns that are manifest in rural Scotland are now among pillar 2 support recipients, particularly—but not only—among hill farmers. That is because Mr Gove's written assurance, which we welcome, applies only to in-farm support and pillar 1. We are told that there is an assurance for pillar 2 but we have not yet received that in writing. Some members of the House of Lords may have received something, but we are not the House of Lords—we are elected people here. It would be nice if, as elected people, we were shown the courtesy of being told things. I will not dwell on that—it is not like me to labour the point, as you know, convener.

The Convener: On the point that you have made, I can get that—

Fergus Ewing: Can Mr MacGregor remind me of his other question?

Fulton MacGregor: The question was whether you have a date in mind when you will know about the additional loan scheme for LFASS.

Fergus Ewing: That is a good question. We have not fixed a precise date. We have reassured LFASS recipients that they will get their money around a window in April or May next year—probably in May—rather than in September or October. That is the key thing, but we will come back to Parliament—probably to this committee—to provide full information as soon as we can.

That decision will be informed by how well we process everything else in between and by the timing of inspections, which have to be completed prior to payments being made. Mr Lyle has helpfully cast light on the hugely onerous nature of the inspection work that we have to complete. I anticipate that we will come back at some point early next year to say whether an LFASS loan scheme is needed. If there is need for one, there will be one.

The Convener: Thank you. I remind everyone to keep their questions as short and focused as possible, because we have quite a few questions to get through.

11:15

Mike Rumbles (North East Scotland) (LD): It is my understanding that a large minority of farmers did not take up the loans that were available last year. What percentage did not do so? Given that we are now moving to a new loans scheme, what assessment has been carried out to establish why there has not been better uptake of

the loans? I would have thought that it is unusual for farmers not to take out the loans on offer. What proportion of farmers have not taken out one of the loans and why?

Fergus Ewing: We have an array of specific statistics, which Andrew Watson can talk about.

We have been over this ground before. You are absolutely right—a number of farmers decided not to take up the loans that were on offer. You asked what assessment we did. We immediately contacted the farmers to tell them that they could take out a loan and that no interest would be payable, except in circumstances in which the loan was in excess of their entitlement and the excess was not repaid within the agreed time, which is 30 days.

Mike Rumbles: Why would farmers not take out the loan?

Fergus Ewing: We wanted—and want—farmers and crofters to take the loans. I think that some individual farmers might not have liked the idea of taking out a loan. We took the opportunity to communicate individually with those farmers. We told them that, in effect, it was an advance payment. Although we have to call it a loan, it operates as an advance payment to most intents and purposes. Farmers took individual decisions. People are free to make their own decisions in life. The Government is not responsible for overturning such decisions, nor should we be. Some people—perhaps for moral reasons—might not want to take up the facility that is available.

As I stressed to Parliament, the money is for farmers and crofters—it is not being taken away from the national health service or any other Government service. I am pleased that Mr Rumbles has chosen to raise the issue again today, because it has given me the opportunity to repeat that plea to farmers. If you want the stats—

Mike Rumbles: But you do not know why some farmers have not taken up the opportunity to take out a loan.

Fergus Ewing: You would have to ask individual farmers. I have given an explanation in the chamber and again today, and I would be happy to put it in writing if that would help.

The Convener: I am loth to bring in Andrew Watson or Annabel Turpie, purely on the grounds of time. The cabinet secretary has answered the question as best he can, so I would like to move on.

Mike Rumbles: Could the Government write to us to tell us what proportion of farmers have not taken out a loan?

The Convener: It would be helpful to get that figure, but we must move on.

Jamie Greene: Which course of action has been decided on in terms of remediation for the IT system? You were presented with a number of options, to which various costs were attached. Each of which had pros and cons. What was decided? What is the estimated cost of going down that route?

Fergus Ewing: The primary finding of the Fujitsu report was that the system was fundamentally sound but that it needed to be remediated. Mr Greene is absolutely right to say that, after we had carefully analysed the Fujitsu report, discussed it with Mr Thorn and CGI and had an interchange—at some length, as I recall—with the committee, we decided what to do. I think that Mr Turnbull is best equipped to provide the answers to Mr Greene's questions.

Eddie Turnbull: We shared with the committee the 23 points that were raised in the Fujitsu report. We have been working through those key recommendations, under each of which there are subordinate actions that we have prioritised. I restate to the committee that the Fujitsu report was not focused only on the CGI element; it looked at the whole of the IT organisation within the information systems division.

We now have an arrangement with CGI on what it is responsible for correcting. When we set out a work order and say what we intend to produce in the next release of the system, we discuss that in advance and we agree a cost.

Jamie Greene: Do you know the cost of that?

Eddie Turnbull: If you are asking whether I know the cost of the full remediation as laid out in the Fujitsu plan—

Jamie Greene: Yes.

Eddie Turnbull: The answer is no, I do not know the cost, because we are working through pieces depending on the impact that the remediation will have. I think that that is the simple answer.

Jamie Greene: Okay. Cabinet secretary, you published a stabilisation plan with six headings and 31 action points, which contained several improvements that you are looking to make across the board in terms of how you work. I have that plan in front of me, and it is missing dates, deadlines and review points. It contains a commitment and actions, but we do not get a real understanding of how you will feed back progress on the action points or, indeed, of any deadlines you have tagged on to them.

Fergus Ewing: To be fair to ourselves, the key dates are those in the schedule of payments. The key dates that our customers—farmers—are interested in are the dates when they will get paid. With respect to Mr Greene, as members know, we

have provided those key dates. That is the whole point. We have provided a schedule with indicative dates in each case. Those are the dates that our customers are really interested in, and I respectfully suggest that we have done that. However, it would surprise me greatly were I not invited to come back to this committee, and in the event of that occurring, I would of course be happy, as I always am, to keep the committee fully updated on all germane matters.

The Convener: Cabinet secretary, I am sure that the committee will take you up on that opportunity to see those dates and probably also a review of what this has actually cost. On that note, I will move on to John Mason.

John Mason (Glasgow Shettleston) (SNP): I thank the witnesses for my visit to the Ayr office. I think that the convergence money is £160 million. Is Michael Gove going to give us it?

Fergus Ewing: I took the opportunity both in my initial meeting with Mr Gove at the Royal Highland Show in June and on Monday this week to reiterate what I believe is an unchallengeable claim—that Scottish farmers, and particularly hill farmers, have been short-changed to the tune of £160 million.

Europe decided some years ago that there would be funding for farmers in the toughest areas who received the least payment. Our farmers in Scotland fell into that category, and £190 million was paid to the UK, as the member state, only because of Scotland. In other words, had Scotland not existed, the UK would have got zero, because the average payment to farmers in other parts of the UK exceeded the minimum threshold of €90 per hectare, whereas our farmers received about half that.

That money was intended by the EU solely to benefit those who received the least per hectare. That was the purpose of the money. A reasonable person would therefore conclude that the money should have come to Scotland for our hill farmers. It would have been worth £14,000 to each farmer over the six-year period. I made the point to Mr Gove that the Treasury appropriated that money because it could. Ever since, UK ministers have repeatedly promised that they will look into the issue and have a review. Sadly—this is a matter of record, and of course it gives me no pleasure to say so—every single minister, including Mr Gove and Mrs Leadsom, has breached that pledge. However, Mr Gove agreed on Monday to have discussions, and I look forward to taking part in those discussions in a constructive manner, as always.

Rhoda Grant: May I ask a supplementary question?

The Convener: If it is a very quick yes or no question, yes.

Rhoda Grant: I wish him well with his discussions, but will he guarantee that, if that money comes to Scotland, it will go to those who are paid the least? That is in his gift.

Fergus Ewing: Well, it will not be him who guarantees that if the money comes to Scotland—it will be me.

Rhoda Grant: That is what I am saying—will you, cabinet secretary, guarantee that?

Fergus Ewing: That is a fair question. I will guarantee that that money must come to rural Scotland. I would not be part of a Government under which this money, if we got it back, went to anyone other than those in rural Scotland who deserve it. That would be absolutely disingenuous.

The Convener: I am not sure that that is an answer to the question, which was quite specific.

Rhoda Grant: No, that is not the answer that I was looking for.

Fergus Ewing: No, because it was a categorical assurance—perhaps you were not expecting that. I want this money for hill farmers, because they have been short-changed by the UK Government. That money has been snaffled by the UK. That is an outrage, and I am determined that it is put right. I am delighted to have the opportunity, thanks to Ms Grant, to raise that point.

The Convener: Thank you, cabinet secretary. We will move on to the next question.

Mike Rumbles: What work is the National Council of Rural Advisers undertaking, and what will be the outputs of that? Will those outputs be made available to the public so that we can see what advice the council is giving you? If so, when will that be?

Fergus Ewing: I was delighted to attend the first formal meeting of the national council just last week. Its role is to provide advice and recommendations on future rural policy and support to create a vibrant and sustainable rural economy. That economy includes agriculture, but it also includes tourism, renewable energy, community developments and a range of other things. It is not only about farming, forestry and fishing. The council also provides advice on the implications, were the Brexit plans to proceed.

The group met informally in August. It includes four agriculture champions, who were appointed in January and cut across rural issues as a whole. They were appointed by me not because of Brexit, but because of the vision that we published in the summer of 2016 at the Royal Highland Show. That vision was the result of a detailed consultation that

my predecessor initiated, which set out a vision for the future rural economy in Scotland.

I am delighted with the council's work. When will it deliver some outputs? We have asked it to give us an interim set of recommendations before the turn of the year and a final report in the spring to summer of next year. I am delighted that so many independent people—which Parliament required them to be, rather than a group of stakeholders—have voluntarily offered their time, expertise and knowledge to inform our future rural policy with a view to maximising sustainable development in rural Scotland.

The Convener: Before we go any further, I should advise the committee that although there are quite a lot of questions on Brexit, we will not get to them today. We are going to ask the cabinet secretary to return to the committee in November, when I hope that we will be able to delve further into Brexit and its effects on agriculture.

Mike Rumbles has a brief follow-up question, which will be followed by questions from John Finnie and Peter Chapman. Those are the last three questions that I can take.

Mike Rumbles: My question is on what the cabinet secretary has just said. If I have got it right, you appointed the National Council of Rural Advisers on 22 June, but it had its first formal meeting only last week. Has it been at work for the past three months, or did it start work last week? The issue is a matter of urgency. Has the council started work yet?

Fergus Ewing: I think that I have answered that question already, but I will restate the situation. The advisers met Government officials informally in August and were briefed fully about the council's remit, its scope and how it would work. They were told that they would have access to information and advice from officials. That was during the summer, when people take their summer holidays—members will accept that it is not customary to have business as usual during the summer, when many people are away—which is why we had the first formal meeting of the council last week. I assure you that it is working hard.

Mr Rumbles overlooks the fact that four very senior people who are known to members—Archie Gibson, Henry Graham, John Kinnaird and Marion MacCormick—have been working hard since January in all aspects of the rural economy. The aim was to have those four individuals sit on the national council with the legacy—the bequest—of the work that they have been doing, and, my goodness, they have been working hard, including in sub-groups. If Mr Rumbles wants hard work, I am not disappointing him.

11:30

John Finnie: Cabinet secretary, I have a very brief question on an issue that I have written to you about before; I appreciate that you have a heavy workload.

I do not doubt the quality of the people who are involved in the council or their endeavours either to date or in the future. However, at a meeting of the cross-party group on crofting, a concern was raised that the crofting communities were not directly represented on it. Is that something that you will consider?

Fergus Ewing: As I think I said recently to Parliament, I have written to more than 200 stakeholders. At its meeting, the council decided that it wished to engage with the crofters union, the NFUS and others. We have already involved stakeholders, as Parliament has required us to do. The council will absolutely engage with crofters. I am happy to give that undertaking to Mr Finnie, and I will make sure that it is followed through, because I think it is absolutely essential that their voice is heard. Of course, separate from that, we are working on a crofting development plan, which I hope will encapsulate some of the aspirations of people in the crofting communities.

The Convener: The final question—and it will have to be one question—goes to Peter Chapman.

Peter Chapman: With regard to the SRDP funding, why has the agri-environment climate scheme funding been cut from £350 million to £308 million?

Fergus Ewing: As I think I have explained, there was a need to make savings in SRDP schemes across the board, because with the setting of the UK budget there was an overall reduction in the Scottish DEL budget. Our budget is dependent on that budget, and we had to take certain decisions to avoid the scenario of our receiving less money from Europe and to maintain the maximum amount of European money available. I am sad to say that the UK Government cut our budget. When you run a budget, as I do, you have to manage things accordingly, and that is what we had to do. We had to make adjustments to many of the components of the SRDP budget—indeed, one or two have already been alluded to—but that is the reason why we had to take that step.

I should point out that, compared with 2010-11, the overall discretionary budget in Scotland is expected to be 9.2 per cent lower in real terms in 2019-20 as a result of UK austerity cuts. Of course, that is on top of the £160 million that has been mentioned, which I hope that all members of all parties agree should be paid to Scotland for our rural communities as intended.

Peter Chapman: It is a complete red herring to mention the £160 million, because it was never in the budget in the first place.

Fergus Ewing: In that case, I hope that, like former members of the Conservative Party, you will support moves to get this money for Scotland. I will wait and see what the Tory party says about it; I do not know what will happen, but it is obviously a decision for the Conservative Party. In any case, the budget cuts were imposed by a UK Conservative Government, and there is no hiding place as far as that is concerned.

The Convener: We will allow you to have the last word on that, cabinet secretary.

I thank the cabinet secretary and his team for coming along this morning. We will welcome the bits of written evidence that you have said you will provide, and we will take you up on your kind offer to return to the committee at the relevant time to discuss Brexit and CAP IT.

11:33

Meeting suspended.

11:36

On resuming—

Islands (Scotland) Bill: Stage 1

The Convener: Item 4 is the committee's third evidence session on the Islands (Scotland) Bill. This session is specifically on part 4 of the bill and the financial memorandum.

I welcome Ronnie Hinds, the chair of the Local Government Boundary Commission and Isabel Drummond-Murray, who is the secretary. I also welcome Roddie Mackay, the leader of the Western Isles Council, and Derek Mackay, who is its deputy returning officer.

There are questions for all of you. Please indicate when you wish to respond. There will not be the chance for everyone to answer each question, so try to pick the ones that you would like to come in on. If you indicate, I will call you in. To remind those who have not given evidence before, you do not need to touch any of the buttons in front of you. It all happens automatically.

Rhoda Grant: Historically, Orkney and Shetland have had protected boundaries for election purposes. Why is that not the case for the Western Isles?

Roddie Mackay (Comhairle nan Eilean Siar): It seems an anomaly. People have said that it was as if the Western Isles were just forgotten through an administrative hiccup.

You are correct that Orkney and Shetland were specified in the Scotland Act 1998. The council is pleased that the opportunity has been presented to address the anomaly. That will allow the Western Isles to be treated consistently with the other island areas. We are the largest in terms of population. It just ensures that the Western Isles will be represented at parliamentary level.

The Convener: Does Ronnie Hinds have anything to add, or are you happy that that answer summarises the position?

Ronnie Hinds (Local Government Boundary Commission for Scotland): I have nothing to add.

Rhoda Grant: Will the proposal in the bill have any implications? Will it provide confidence? Do you expect that, because it provides for the status quo, it will work well? Are there likely to be unforeseen consequences?

Roddie Mackay: On that particular aspect?

Rhoda Grant: Yes.

Roddie Mackay: No, none whatsoever.

Rhoda Grant: Is everyone happy?

Roddie Mackay: Yes.

Rhoda Grant: Good.

The Convener: Do you want to ask that question of the boundary commission?

Rhoda Grant: My question about the implications of the change was to the boundary commission.

Ronnie Hinds: We work within the legislation. I see no implications of an adverse nature from the proposal for the Western Isles to become a single constituency. It should be straightforward.

Rhoda Grant: Will the proposal open the floodgates for other requests?

Ronnie Hinds: Requests from other islands?

Rhoda Grant: Or from other parts of Scotland.

Ronnie Hinds: We do not anticipate any.

Richard Lyle: Good morning. Hello, Mr Hinds, how are you?

Ronnie Hinds: Fine, thank you.

Richard Lyle: It has been a long time since you and I have seen each other.

As you know, I was previously a councillor in North Lanarkshire Council. The change in the law in 2004 brought in the new multimember ward. How do the Local Government Boundary Commission and the council take account of the practical issues created by the current three or four-member ward system, and what impact will switching to a one or two-member ward for a particular island or islands have on the number of councillors covering island areas?

Ronnie Hinds: I will have first go at that; Isabel Drummond-Murray may also want to contribute. One of the things that we said in our submission is that in the course of carrying out the fifth reviews of local government as a whole, we were given notice by several councils that it would have been helpful to have more than a three or four-member option to work with. That response came from across Scotland, and not just from the island areas.

The commission welcomes the proposal in the bill that there could be occasions where one or two-member wards could be applied in the designated island areas. That gives us additional flexibility, which is always welcome when you are trying to draw boundaries, particularly in island areas. We think that that is a good thing.

Do you want to add anything to that, Isabel?

Isabel Drummond-Murray (Local Government Boundary Commission for

Scotland): It is about the greater flexibility that it offers us.

The Convener: Would that have an impact on the Western Isles? Is there something that we need to consider there?

Roddie Mackay: We agree. Getting more flexibility in general for the boundary commission around a one or two-member rule as opposed to three or four-member wards would be an achievement.

We strongly support the provision because it provides an opportunity for us to address concerns in some island areas where a council is too remote from the island community that it serves. There are anomalies in our system. The natural townships and communities within our island areas should be the drivers for the ward and the ward membership should be built on that.

We feel that sometimes, because it does not have flexibility, the boundary commission is driven solely by numbers and ratios, which has led to some unnatural combinations, leaving one village or township with much less representation than another. If the commission had flexibility in the island context, island communities and natural communities would be better represented, which would enhance democratic representation in the process. It would be good for us.

The Convener: I apologise, Richard. I asked a question in the middle of your line of questioning.

Richard Lyle: In the past, the boundary commission and councils looked at the sizes of particular wards and tried to even it out—they took the line down certain streets even when people like me said, “No, we shouldnae go there”. Bearing that in mind and the fact that there will be a lower proportion of electors on an island compared to the three or four-member ward that straddles it, what is your view on creating smaller one or two-member wards where the electorate may be 50 per cent less than the three or four-member ward of which it was previously part?

Ronnie Hinds: It would not matter if the electorate was smaller because it is the ratio of electors to representatives that really matters. However, I think that I get the thrust of your question. Given that we are focusing on island and, in the main, rural communities, it raises the possibility, especially if we have more strings to our bow—that is, one and two-member wards as well as three and four-member wards—that you could have quite different ratios within a given council area. We have to go into that with an open mind. We have not sat down and deliberated on our strategy, approach and methodology. However, we recognise the spirit of the bill.

Although we continue to have to work under the rules that apply for all local government reviews—namely that parity is paramount—we have been able to use special geographical circumstances in the past as a way of evening that out. We will probably have to do that to a greater extent when we consider island communities. Part of our approach will be to talk to the councils and communities and take their views carefully into account when we decide how to strike the right balance between parity and closer community representation.

Fulton MacGregor: You are talking about different types of representation in different places and different ward sizes and numbers of members. What do you think about council numbers overall? Can you see that changing for all the island communities and the Western Isles in particular? Will you go with the current number of councillors, following the most recent reviews, and distribute them about? Is there a possibility of an increase or decrease in the number of councillors?

11:45

Ronnie Hinds: I will try to pick that apart a little. We do not have a pre-set notion that the existing number of councillors—either in the islands or in Scotland as a whole—is a limit on the work that we are about to take on. If you look at how we went about our business in previous reviews, you will find as many examples of areas where the number of councillors in a council went down as examples of areas where the number went up. That was not because there was an overall total that we were trying to work to; it was a reflection of the work that we had done.

The same approach would apply to the island areas. We do not go into this with the idea that if there are currently 22 councillors on Orkney there will always be 22 councillors on Orkney; that is not our approach. In spirit, the bill seems to offer a different recognition of the nature of island communities, and I think that we would be tying our hands if we went into the business saying that the number of councillors that councils currently have is some kind of ceiling.

Members should bear it in mind that when we ask councils what the right number of councillors is, the answer can sometimes be a surprise—the Western Isles can testify to that; they have told us on previous occasions that they have too many. Some councils have said that they would rather have fewer councillors, others have wanted more. We go into the exercise with an open mind and take councils' views into account. I would not assume that our working to different legislation in this context will necessarily result in more councillors overall, although it could do.

The Convener: I will bring in Roddie Mackay—you do not have to answer the specific question about whether there are too many or too few councillors.

Roddie Mackay: I think that I am happy to say that our main aim today is to see an amendment to schedule 6 to allow the boundary commission to set different ratios for individual islands or for groups of islands that differ from mainland areas. That is our focus in relation to the question of having one or two-member wards as opposed to three or four-member wards.

We did not think that we would be focusing on the total numbers. Let me give you an example. We have 31 members at the moment. In earlier days, the boundary commission suggested that we should have around 28, but—like turkeys voting for Christmas—we suggested 26. We are quite flexible about the total number: we are realistic about that. That is not our driver today; our driver in this context is to get more appropriate and flexible representation for the islands.

Jamie Greene: North Ayrshire Council said that, although the bill makes provision for an adjustment to ward sizes, it does not make provision for altering the electorate to councillor ratio. It is far easier to serve a few thousand voters in an urban area than it is to serve voters who are spread over multiple islands. Should such provision be in the bill? Should there be an ability to change that ratio?

Ronnie Hinds: To do that would be tantamount to saying that parity was no longer paramount. That parity is paramount remains the position under the main legislation within which we work.

Our feeling is that, in the spirit of what the bill is seeking to achieve, the ability to have a choice between one or two-member wards and three or four-member wards in the island areas would probably get us to a position comparable to what is being sought. For example, we can readily construe a means by which we would change the current representation in Arran. That might mean that a ratio applied in Arran that was different from the ratio that applied in the rest of North Ayrshire, but to achieve such an end there would be no need for a new provision in the bill; it could be done by means of what is being offered in the bill.

The commission advocates not having different ratios in council areas, because the rock on which we are founded must be parity. We can work around it, as we have done in the past and will seek to do again in this context, but not having it would not give us a strong enough framework in which to work. I return to the point that the main objective of what we do is to ensure that democratic representation in this country is as fair

as it can be. Comparable ratios within a council are an important part of that.

Derek Mackay (Comhairle nan Eilean Siar):

The comhairle is not advocating a move away from parity. The boundary commission has flexibility to take account of geographical circumstances in an island area. We do not see a great move from parity. A change of more than 10 per cent might sometimes be needed to take account of circumstances, but parity remains a key issue.

The Convener: Does Roddie Mackay want to add to that?

Roddie Mackay: No. Our thinking is the same. I know that the boundary commission considers parity to be paramount. If I could find a word that was a wee bit below paramount, I would go for that. Parity is crucial, but it should not be the sole driver of how we calculate things. We should work on the flexibility that we both agree would be good in the island context. It might inform and feed into different ways of doing things in other areas in the future.

Jamie Greene: That leads me nicely into the next questions, which concern any proposed changes. Ronnie Hinds mentioned that the commission would deliberate internally. What sort of external consultation might it participate in officially? How might that consultation play out—which stakeholders might be involved in it and what timescale would be involved—to ensure that everyone's opinions and voices are heard?

Isabel Drummond-Murray: We recognise that consultation is always an important part of our work, but that is particularly the case with the islands for implementing the bill.

Jamie Greene: I ask the broadcasting staff to turn up the volume. I am still struggling a bit to hear.

Isabel Drummond-Murray: We recognise that consultation is important. The commission has not yet met to discuss how it will go about it, but there will be an absolute commitment to engaging not only with councils but with communities on the islands. Taking that consultation forward will be a priority.

There is a question of timing and not pre-empting any changes that might occur during the bill's passage, but we will seek to undertake the review in time for the next local government elections. That points to our beginning the consultation early next summer.

Richard Lyle: I have just thought of a question that I do not think has been asked yet. Anyone can stand for anywhere in the area in which they live. I stay in North Lanarkshire, and I previously could stand anywhere there. However, for a two-

member island ward, should we stipulate that the candidate must live on the island? Can we do that or should we encourage political parties to ensure that the candidates that they select for island seats live on the island? I know that Ronnie Hinds does not like to get into that.

The Convener: I am sure that you will not want to answer that last question, Ronnie, but please address the general point.

Ronnie Hinds: The general point is probably more a question for the Electoral Commission than for the boundary commission. The witnesses from the Western Isles might want to comment on the matter, but we could make our approach so restrictive that it would be difficult to get candidates to stand. When we consider the possibility of going down to a single-member ward such as is provided for in the bill, there is an important question of proportionality. As we draw the boundaries more narrowly—that is the way in which your question tends—we have an issue straight away about proportionality if one part of the council is represented by a single member and other parts by two, three or four members. Compounding that by putting a territorial stipulation on candidacy would make life difficult to manage.

The Convener: When we went to Mull, we heard about where the council works and the difficulties that some members face in travelling around more than one area. I ask Roddie Mackay to work that into his answer, because it seems to be a genuine concern.

Roddie Mackay: It is a genuine concern. I agree with Ronnie Hinds about the need to avoid having too many stipulations about who can or cannot stand. It would be a can of worms and would not work. We think that having the flexibility to go down the one or two-member ward route will give us more natural community representation anyway. More people will stand in their area because they know it well. We all aim to get the representation of the people as close to the people as possible, and what Richard Lyle asks about will happen through that process.

That will address the travel issues. There may also be savings, because people will not have to travel for two or four hours to serve the community. They will be able to attend their community councils, for example, for a much lower cost. We will be able to release member expenses—not that you want to vote for that—for front-line services, so there is a win in that too.

The Convener: That is a very clever lead-in; you must have seen the next question from John Mason.

John Mason: You will not be surprised to hear that it is on the finances in the financial

memorandum. I will start with the Local Government Boundary Commission. It is a routine part of your work to look at boundaries; you are doing a lot of work on that anyway. How much extra work will be involved under the bill? Are the finances that are specified in the financial memorandum realistic? Some people would say that looking at boundaries is just part of your normal work, but others might say that there will be a lot of extra work involved.

Ronnie Hinds: The Local Government Boundary Commission works cyclically. The fifth reviews that we have just completed, which we mentioned earlier, have to be done every eight to 12 years. That means that, for a large part of the decade, the commission is dormant. A lot of people think that that is a good state for it to be in, but I think that we should be doing our work more continuously. That would work better. It would be less surprising to people if we did not appear only once every 10 years and say, "We're going to have a look at your boundaries again," because, in many cases, collective and organisational memory has been lost.

With regard to this piece of work, you will know that, for the three islands councils as they are conventionally understood, the Minister for Parliamentary Business took a decision not to go ahead with the proposals that we had produced. That work had already been done. From that baseline, therefore, one would say that, for us to do the work again will constitute additional work.

We think that it is the right thing to do—we had no difficulty at all with the minister's decision. The additional work is part and parcel of what I would like to see in any case, which is a more continuous approach. It would be a better way of using the scarce resources that we have and of managing the business. The reviews would always be going on somewhere in the background, and the island reviews will be a step in that direction.

John Mason: You said earlier that you will be talking to councils and communities. There are six councils, so that is not too bad, but there are quite a lot more community councils. Are the costs in the financial memorandum realistic? You could visit all the islands, although that might be expecting a bit much. I presume that there will be an impact on mainland communities that currently share a ward with islands, so you may need to speak to them as well.

It strikes me that there could be a considerable amount of work involved. Have you really thought through yet how you will go about it in practice?

Isabel Drummond-Murray: The costs are an initial estimate. You are right, and we recognise the scale of the challenge, but it is difficult to pre-empt the commission's consideration of how it

wants to go about that work—for example, whether all commissioners will visit all islands or whether the work will be divided up. Similarly, for the team that I manage, there is a question around how we will address and engage people. We want to do so positively, and we are happy to take advice. I know that the committee has been out on visits, and other people have been consulting in the islands. Before we came into the meeting room today, we were talking about the challenges of visiting a lot of the islands, but we will want to do that. The cost is a ballpark figure—it may well go up.

John Mason: The memorandum specifies:

"Costs for travel, promotion and consultation £160,000."

Is that feasible?

Isabel Drummond-Murray: The largest part of that is for a consultation portal. Until now, we have used an externally hosted portal, but we are exploring whether we can do that in-house, which would bring down the cost significantly and free up more money for things such as travel within the overall budget that has been set.

John Mason: The memorandum also specifies:

"Additional staff: £35,000 to £70,000".

Isabel Drummond-Murray: Again, the challenge for me is to ensure that we have the resources to service the Local Government Boundary Commission and the Boundary Commission for Scotland, because we work for both. There will be questions around finishing the 2018 Westminster review. Responsibility for Scottish Parliament election boundaries was transferred between the two commissions back in May and decisions are pending about the timescales for that review. There is a bit of juggling, but we estimate that we will need one or possibly two more members of staff to help with the review. That is broadly realistic.

John Mason: I want to ask the council about costs, too. The memorandum suggests a cost of £30,000 per local authority, which I guess is to do with consultation in which councils can seek the views of their communities. It seems a bit odd to me that the cost is simply £30,000 for each authority times six, which is £180,000. As far as I am aware, North Ayrshire Council has two islands to talk to, whereas Argyll and Bute Council and Comhairle nan Eilean Siar have quite a lot of islands to talk to. Are the witnesses from Comhairle nan Eilean Siar comfortable with those figures?

12:00

Roddie Mackay: We are comfortable with ours. You would have to ask Argyll and Bute Council about its figures. Because we live in, work in and

move around our islands, a lot of the consultation that we do is possibly more real and on-going than the consultation in a lot of other areas. Given that we are so close to the people in our communities, we are continually garnering information. The issue of one or two-member wards, for example, has been on our agenda for a few years. There have been lots of consultations about different aspects of island life and different Government initiatives, but the issue of one or two-member wards is often a by-product that arises in consultations. We therefore already have a lot of information and feedback around that from our community consultations—we use a range of community consultation tools—and we think that £30,000 is more than adequate.

John Mason: Do you anticipate that it will be simple and straightforward in some areas, where everyone is going to agree, but that it will be more challenging in other areas and you may need to do more work?

Roddie Mackay: I do not think that we have such challenges in the Western Isles. I will not preempt what will happen and say that everyone is going to agree, but, in every consultation that we have had to date that has included the subject of one or two-member wards, people have said that they like the idea. They think that it will be more realistic and a more appropriate representation on the islands to have the flexibility of one or two-member wards.

John Mason: They agree with the principle, but that does not mean that they agree where the lines should be.

Roddie Mackay: Absolutely. We have not gone into the detail of where the lines would be. However, I think that we would put the lines where we know innately that people would like them to be, as long as they stack up with the boundary commission's requirements.

John Mason: Okay. Thank you.

The Convener: I do not normally do this, but I am conscious that Roddie Mackay has travelled a long way, and I am mindful of Ronnie Hinds's comment that he was dormant for 10 years. Given that we have you in front of the committee today, is there anything that you feel we have missed in our questioning that you would like to bring to our attention before I close this part of the meeting?

Roddie Mackay: We are gracious and recognise that Ronnie Hinds has been dormant, but we are offering him the potential to get out and about, meet people and see our lovely islands. Isabel Drummond-Murray has requested not to attend in the winter but only in the summer.

To be serious, we have been working very well on the our islands, our future initiative over the

past few years—particularly on the Shetland and Orkney relationship, through which a lot of ideas have come up, which is great. The Islands (Scotland) Bill has also been useful, and we welcome the opportunity to come to the committee and say what we have to say about it all. However, we are being realistic and offering an alternative that will bring people closer to decision making. We are following the community engagement and community empowerment agenda that we constantly hear about, and the bill fits in well with that. In terms of island proofing, which has become an in-phrase at the minute, the bill will give a different slant to how we do things in the islands around the wards, so it is a welcome opportunity and the islands are a good place to test it.

The Convener: Thank you, Roddie. You will excuse my flippant remark. If Ronnie Hinds wants to add anything, we would like to hear it.

Ronnie Hinds: I will respond in kind. We are turning this into a mutual admiration society, but I have fond memories of the visits that we made to the islands in the course of the fifth electoral reviews, and I anticipate the same when we repeat our visits.

Mr Finnie's question about the bill is a good one. It is not clear to me whether the £30,000 per council is supposed to be an allocated sum for each of the six or whether it is a pot from which they would draw. It might be worth getting some clarity on that, because I would not want to think that some of the work that we have to do with the councils would be constrained by the sense that £30,000 was not enough to cover their expenses. I do not think that that would happen, but it is worth getting some clarity on that.

There are one or two additional points that we want to emphasise in the light of the need for flexibility and the fact that we welcome the additional flexibility that the bill proposes. The bill's wording regarding the possibility of one or two-member wards refers to islands that are "wholly or mainly" within a ward. We think that it would be more flexible to use the phrase "wholly or partly", because there could be examples of an island being a minority part of a ward and not necessarily falling within the ambit of what the bill, as it is currently drafted, discusses. We think that it would be equally valid for one or two-member wards to be considered for such an island. We leave with the committee our view that "wholly or partly" would be better wording than "wholly or mainly".

In a similar vein, with regard to having more flexibility for local authorities that have both an island and a mainland component—for example, North Ayrshire—the bill does not provide for us to consider one or two-member wards for the mainland part but provides for us to consider only

the island part. For flexibility, it would be helpful if we could also consider having one or two-member wards on the mainland. That would avoid any clunky, knock-on consequences of saying that one or two-member wards might be the right solution for Arran or Bute, for example, without seeing the ramifications of that for Ardrossan and the surrounding area. We would be happier if we had the option of having one or two-member wards in the surrounding areas, too. That would be in the spirit of what the legislation is trying to achieve.

The Convener: Thank you. The committee is looking forward to its trips to Orkney at the end of the week and the Western Isles in the middle of October to take evidence on the Islands (Scotland) Bill. I thank the panel for attending the meeting.

12:05

Meeting continued in private until 12:20.

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