

**Cross Party Group in the Scottish Parliament on Rural Policy 2016-17**

**Tuesday 13<sup>th</sup> December 2016, 5.45-7.30pm, Committee Room 4**

**Supply Chains and Rural Scotland**

**Minutes (approved)**

**Attendees**

James Graham (Speaker)	SAOS
Ian Watson (Speaker)	Farmstock Scotland
Kev Bevan (Speaker)	SAC Consulting
Bob Grant (Speaker)	Rural Fuel Poverty Task Force
Donnie Mackay (Speaker)	Lochalsh and Skye Housing Association
Sylvia Crick (Speaker)	ARC Scotland
John Scott	MSP, Group Co-Convener
Graeme Dey	MSP, Group Co-Convener and Chair
Alexander Burnett	MSP
Finlay Carson	MSP
Gordon Lindhurst	MSP
Sarah Allison	SAYFC
Jane Atterton	SRUC
Joshua Bird	SRUC
Anna Brand	RSPB Scotland
Jackie Brierton	GrowBiz
Andrew Brough	Buccleuch Estates
Lindsay Chalmers	Community Land Scotland
Norette Ferns	Scottish Rural Network
Anne Gray	Scottish Land and Estates
Ian Macdonald	Farmer
Michele Macdonald	Farmer
Ruth MacDonald	Scottish Government
Paul Mayfield	SAC Consulting
David Miller	James Hutton Institute
Don Morrison	Scottish Rural Network
Grigorios Moschonas	Argyll and Bute Council
Scott Murray	SRUC
Rachel Norman	
Ann Packard	RSA Fellows Scotland
Chloe Purves	Scottish Enterprise
Ceri Ritchie	SAC Consulting
Dave Roberts	SRUC
Pam Rodway	Crofting Connections
Sarah Skerratt	SRUC
Alan Stevenson	SAOS
Fraser Stewart	Citizens Advice Scotland
Ninian Stuart	Falkland Estate
Steven Thomson	SRUC

David Watts  
David Whiteford  
Mike Wijnberg  
Zixing Yin

University of Aberdeen  
North Highland Initiative  
SAC Consulting

## Apologies

Kate Forbes	MSP
Frank Beattie	Scottish Enterprise
Mike Bonaventura	Crichton Carbon Centre
Andrew Copus	James Hutton Institute
Rea Cris	RSPB
Neil Cummings	Horticultural Trades Association
Karen Dobbie	SEPA
Harriet Donald	Loch Lomond & The Trossachs National Park
David Gass	Upper Quartile
John Glen	Buccleuch
Stephen Graham	Highland Council
Rhoda Grant MSP	Scottish Parliament
Wayne Grills	British Association of Landscape Industries
Marion MacAllister	Stirling
Lorna MacLeod	Community Land Scotland
Deborah Mays	DCM Heritage
Davy McCracken	SRUC
Caroline Millar	Go Rural for Business
John Mitchell	Anderson Strathern
Sarah-Anne Munoz	University of the Highlands and Islands
Fergus Murray	Argyle and Bute Council
Christina Noble	Here We Are Project
James Ogilvie	Forestry Commission Scotland
Julian Pace	Scottish Enterprise
Lorna Philip	University of Aberdeen
Martin Price	UHI
Iain Riddell	SAC Consulting
Eric Samuel	Big Lottery Fund
Madhu Satsangi	University of Stirling
Jane Smernicki	SRUC
Colin Smyth MSP	Scottish Parliament
Alistair Stott	SRUC

Emma Patterson Taylor

SAOS

Kelvin Thomson

David Walls

Lothian Broadband Networks Ltd.

## 1. Welcome, introduction and apologies

Graeme Dey MSP (chair) welcomed everyone to the meeting. Submitted apologies are recorded above. It was noted that several MSPs were in attendance.

## 2. Note of additional Group co-convenor

Following the last meeting (September 2016) Mark Ruskell MSP (Scottish Greens) indicated that he would like to serve as an additional co-convenor. This was approved by the existing co-convenors which means that the Group now has 4 co-convenors representing the main parties (Graeme Dey MSP, John Scott MSP, Colin Smyth MSP and Mark Ruskell MSP).

## 3. Approval of the minutes of the previous meeting (on Brexit and rural Scotland, held on Wednesday 28<sup>th</sup> September)

The unapproved minutes of this meeting were circulated by SRUC on November 3<sup>rd</sup>. The minutes were proposed as a true record of the meeting by John Scott MSP and seconded by Alexander Burnett MSP. SRUC will post the approved minutes on the web page for this meeting [here](http://www.sruc.ac.uk/info/120670/current_secretariat_year_2016-17/1734/meeting_1_the_potential_implications_of_brexit_for_rural_scotland) ([http://www.sruc.ac.uk/info/120670/current\\_secretariat\\_year\\_2016-17/1734/meeting\\_1\\_the\\_potential\\_implications\\_of\\_brexit\\_for\\_rural\\_scotland](http://www.sruc.ac.uk/info/120670/current_secretariat_year_2016-17/1734/meeting_1_the_potential_implications_of_brexit_for_rural_scotland)).

## 4. Presentations (max. 10 minutes each), followed by discussion

Each of the presenters gave a brief introduction to their topic. Their presentations are available to download via the web page for this CPG meeting [here](http://www.sruc.ac.uk/info/120670/current_secretariat_year_2016-17/1755/meeting_2_shortening_supply_chains) ([http://www.sruc.ac.uk/info/120670/current\\_secretariat\\_year\\_2016-17/1755/meeting\\_2\\_shortening\\_supply\\_chains](http://www.sruc.ac.uk/info/120670/current_secretariat_year_2016-17/1755/meeting_2_shortening_supply_chains)), but short summaries of their presentations are provided below.

- **James Graham (SAOS): “Development Issues in Farming and Food Supply Chains”**
  - James’ presentation noted that the scope for things to go wrong across food and drink supply chains is severe as food as they are often complex with many actors, including live animals and people. If there is collaboration across supply chains then it is easier to plan and invest for the long-term. SAOS have been working on trying to make supply chains more efficient and effective for many years. One approach has been to encourage farmers to work collaboratively, including through membership of co-ops, producer groups, etc. This

helps to bring suppliers together to more effectively meet market demands. When supply chains work there can be many benefits for all stakeholders, including the involvement of new customers, markets and product developments, increased efficiencies, improved traceability, transparency and product integrity, reduced risk and unfair practices, increased trust, commitment and value added, and a more equal and fair distribution of rewards. Key factors affecting the 'success' of a supply chain are aligning the interests of members, a willingness amongst members to invest time in collaborating and trust and openness amongst members. Overall, it is the people that are critical to supply chains.

- **Kev Bevan (SAC Consulting) and Ian Watson (Farm Stock Scotland):** *“Food and agriculture supply chains”*
  - Kev emphasised that both vertical and horizontal integration is critical in supply chains – a clear ‘line of sight’ between the market and the rest of the chain is important, with retailers providing information to processors and farmers as to what the market requires. He emphasised the difference in how farmers and consumers view lamb. Ian Watson continued the presentation outlining the history of FarmStock Scotland, a farmers co-operative which began trading in 1996, including its vision and mission. He noted that one of the key challenges of the lamb supply chain in Scotland is insufficient demand from the abattoirs resulting in half of lambs slaughtered south of the border and a loss of substantial levy to Scotland, increased journey times for animals with welfare implications, etc. Matching supply and demand is critical, but that is hard when communication and collaboration cross the supply chain are poor. However, the price for getting this right is huge – approximately £10 per lamb, or £22.5 million. It is vital that the recommendations in the Scottish Government’s recent Sheep Sector Review are implemented. Ian referred to a SAOS report from 1929 on farmers in the Scottish Borders – the points raised in this report are the same as the challenges we are currently facing today.
  
- **Donnie Mackay (Energy Advice Services Manager at Lochalsh and Skye Housing Association) and Bob Grant (Former Vice Chair of the Rural Fuel Poverty Task Force):** *“Does the current supply chain work in alleviating rural fuel poverty and delivering effective affordable warmth to rural households?”*
  - Fuel poverty is insidious in every rural community according to the Rural Fuel Poverty Task Force Report, but it is at its worst in remote rural Scotland. Two reports have recently been published on rural fuel poverty containing over 100 recommendations. A number of factors contribute to high levels of rural fuel poverty, including the lack of access to gas (the cheapest fuel) in rural areas, there is little/no competition with respect to LPG and heating oil and very restrictive tariffs on electricity. The other market failure relates to remedy providers and the failure of national schemes to work properly in rural Scotland (i.e. demand does not match supply). One more successful approach is the Warmer Homes Scotland scheme which was set up a year ago and has started to deliver effectively in rural Scotland. This provides a secure five year contract, which has encouraged more

suppliers to come forward and contractors to enter the framework agreement, take on apprentices, etc. The presentation also included evidence of the cost of rural hospital stays, which are three times those of urban hospitals so fixing rural fuel poverty will bring an economic benefit. The presentation discussed examples of supply chains that do work well in rural Scotland relating to e.g. care and repair and handyman schemes which are based on local needs, are locally accountable, locally delivered, etc. – this model can be followed in relation to improved energy efficiency and accountable, affordable warmth in rural communities (the Task Force’s Energy Carer model).

- **Sylvia Crick, Association for Real Change (ARC) Scotland: “Self-directed support in rural areas”**
  - Self-directed support (SDS) is a new way of delivering social care and support designed to improve peoples’ quality of life. The vision is that individuals are more in control of their own packages of care and how this is delivered, and the budget that they get (not the amount) to pay for these services. There are four possible options with SDS (once someone is deemed eligible to receive it) and a number of benefits of it, including: a greater opportunity to focus on outcomes and more personalised services; encouraging people to come together (perhaps particularly in rural areas) to find innovative solutions instead of relying on more traditional approaches; the potential to build on higher levels of trust in smaller communities; and Personal Assistant’s having the option of working for more than one employer if they wish. However, there are also specific challenges with SDS for rural communities, the biggest of which is staffing issues. Some rural areas have no providers at all and recruitment and retention are major issues across the social care sector. Transport costs (not always covered by local authorities) and time, and the lack of public transport provision are major barriers. Also, not all individuals want to be employers, and are likely to be especially resistant to taking on people from their local community. Undoubtedly demand is greater than the supply of staff, especially with the ageing population. There is a real tension between meeting someone’s basic needs and providing an opportunity for them to really shape a more fulfilling life and reaching their potential. More people need to be recruited into the sector, including by better explaining the potential benefits and rewards (e.g. women wanting to work part-time, retirees); if not, it will collapse under the demand. The Boleskine example was noted (near Loch Ness) where the community is providing meals on wheels. but there is not enough sharing of best practice.

#### **Key issues raised in discussion:**

- *The potential for cross-commodity ‘out of the box’ thinking to develop supply chain networks across sectors.* The scope for collaboration is infinite and there may be huge benefits from collaborating across sectors. Policies may be required to assist with this building on good examples, such as Scotland Food and Drink which brings together public, industry and private sector actors. Policies/resources are required to be aligned to the outcomes desired e.g. only very little support is available through the CAP for supply chain improvement programmes. Brexit provides an opportunity

to redesign farming and food policy in the UK. It may also be necessary to review codes of practice, competition law, etc. to make it easier for farmers to negotiate collectively.

- *There are barriers that have prevented co-operative working in the past, but Brexit presents a potential opportunity or catalyst to get the farming/food market working more effectively again.* On the other hand, there is also the possibility that WTO rules might be stricter. There are some very good examples of co-operatives in Scotland (e.g. in the soft fruit sector), but a lack of good examples in the more 'traditional sectors' e.g. beef and lamb, although we are beginning to see change (Farmstock and ANM are examples). The current agricultural support system is often cited as a barrier to change, and the soft fruit sector may be a good example to learn from when designing post-Brexit agricultural support. However, we need to understand how to positively change behaviours and that change will take time. There is a key role for sector organisations, including NFUS and for the younger generations.
- *Brexit and the potential limitations on migrant and seasonal labour is a potentially huge challenge across the social care, hospitality and agricultural sectors.*
- *There is the potential for SDS to be viewed as an economic development opportunity.* Growbiz has been working with microenterprises providing care and services that people can purchase through SDS. There is a care and wellbeing co-operative in rural Perthshire with 23 members. Two challenges experienced by this co-operative relate to the local authority systems which are not fit for purpose to support such an initiative, and confusion surrounding the self-employed status of carers. Health and social care integration has also started to dominate the agenda which has 'muddied the waters'. There needs to be more work done to spread information about what is working well in different parts of Scotland.
- *We should seize the opportunities provided by this current period of change to do things differently and get people talking who wouldn't otherwise talk, in order to come up with creative and innovative solutions.* We also have access to technology which will help us to design new approaches.
- *We need to build on Scotland's reputation for quality,* e.g. in relation to lamb. Retailers are part of the supply chain and everyone needs to work closely together, not criticise one another. Understanding different elements of the supply chain is critical, including what (different) consumers want, as is getting the premium level right.
- *There are some examples of successful local fuel buying co-operatives, e.g. in the Ettrick and Yarrow Valleys (through LEADER money).* Here, a fuel buying consortium has been set up, which has resulted in a larger order and has brought margins down significantly. The community is working together and advance planning has resulted in significant savings. One particular challenge in remote rural areas in Scotland though is that there is no competition in terms of the supply of heating oil (i.e. there is supply chain failure), unlike in Northern Ireland, for example, where there are more competitive suppliers.
- *The suggestion is that the Energy Carer model could be piloted in 10 different parts of Scotland and encouraged to work differently in different places.* There is flexibility for local people to choose how best to deliver it in their local area. The Task Force is awaiting a formal Government response on the report and its recommendations. However, a recent Parliamentary debate confirmed three actions: the Warmer

Homes Act will be taken forward in 2017, the Housing Minister is appointing a group to review the definition of fuel poverty and a fuel poverty strategy is being developed.

- *Some innovative solutions discussed across the supply chains, included:* storing quantities of heating oil until the time that it is needed (although this brings challenges in terms of the flammability of the product itself and the volatility of its price); money invested in methods of storing other products e.g. lamb (although this storage represents a cost for someone along the supply chain); insulation banks (although rural houses tend to be irregular shapes and sizes so often the industry claims the work can't be done for health and safety reasons – an example of the failure of a national policy in rural Scotland); use of anaerobic digestion by farmers and use of hydrogen in heating systems – both require the innovative use of technology to find out how feasible they are; the Primary Growth Partnership in New Zealand was mentioned which required match funding from industry for every government dollar invested.

Graeme Dey MSP concluded the discussion by thanking all of the presenters for their excellent presentations and all contributors from the floor.

#### **5. Next meeting: Tuesday 7<sup>th</sup> March 2017**

The next meeting will take place on Tuesday 7<sup>th</sup> March 2017 and will be on the subject of 'Tackling mental health issues in rural Scotland'.