



OFFICIAL REPORT
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Rural Economy and Connectivity Committee

Wednesday 12 December 2018

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
33rd Meeting 2018, 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)

*Jamie Greene (West Scotland) (Con)

*Richard Lyle (Uddingston and Bellshill) (SNP)

*John Mason (Glasgow Shettleston) (SNP)

*Mike Rumbles (North East Scotland) (LD)

*Colin Smyth (South Scotland) (Lab)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Garry Clark (Federation of Small Businesses)

Norma Austin Hart (Third Sector Dumfries and Galloway)

Matt Lancashire (Scottish Council for Development and Industry)

Margaret Simpson (Scottish Borders Social Enterprise Chamber)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 12 December 2018

[The Convener opened the meeting at 10:02]

South of Scotland Enterprise Bill: Stage 1

The Convener (Edward Mountain): Good morning, and welcome to the 33rd meeting in 2018 of the Rural Economy and Connectivity Committee. I ask you all to make sure that your mobile phones are in silent mode. No apologies have been received, but Stewart Stevenson will have to leave during the meeting to attend another committee.

The first agenda item is an evidence session on the South of Scotland Enterprise Bill with organisations that have an economic interest. I welcome Garry Clark, the development manager for the east of Scotland at the Federation of Small Businesses; Matt Lancashire, the director of policy and public affairs at the Scottish Council for Development and Industry; Margaret Simpson, a director of Scottish Borders social enterprise chamber; and Norma Austin Hart, the chief executive officer of Dumfries and Galloway Third Sector Interface.

You have probably all given evidence at parliamentary committees before, but I remind you that you do not have to touch any buttons on your microphone, as it will be activated for you. If you want to come in, just try to catch my eye. I give a subtle wiggle of my pen if I think that you are extending your answers beyond a reasonable time. The pen has never yet flown out of my hand in the direction of a person who has not stopped. I hope that we can continue that.

The first questions this morning will be from Mike Rumbles.

Mike Rumbles (North East Scotland) (LD): This is a question for all the panel members. What are your aspirations for the economy of the south of Scotland? What is your vision for the area in 10 to 20 years' time, and what needs to be done for the area if it is to reach its full potential?

The Convener: Who would like to start? By the way, the other danger is that, if you all look away, I will nominate somebody. Garry Clark, why not start?

Garry Clark (Federation of Small Businesses): I will kick off. To some extent, our

aspirations for the south of Scotland are pretty similar to those for the rest of Scotland, and we want businesses in the south to be supported as businesses in the rest of Scotland ought to be.

However, we must recognise that the south of Scotland has business and economic needs that are different from those in other parts of Scotland. There has been a lot of comparison between the prospective south of Scotland enterprise agency and Highlands and Islands Enterprise, but we see quite radical differences between the north and south of the country. There are greater ties with other parts of the UK, and there is no central nexus in the way that Inverness anchors Highlands and Islands Enterprise.

In the south, there is the Borders region, which is quite reliant on Edinburgh—much of the Borders region is now within a 50-minute train journey of Edinburgh. The south-west is more remote and there are different challenges for places such as Dumfries and Stranraer. We want a new agency to be able to look at what the businesses in the south need and to address those needs rather than take a one-size-fits-all approach. That is the great advantage and opportunity that we have in the south of Scotland. We can look at the particular geographical and sectoral needs of businesses there and address them in a way that fits the businesses.

Matt Lancashire (Scottish Council for Development and Industry): Our aspiration for the south of Scotland is that its inclusive and sustainable economy will grow over the next 10, 15 or 20 years. We know that there is currently a productivity issue across the south of Scotland, and there are many economic challenges to do with wages, housing and other issues that drive the economic development of the region. To overcome those challenges, we need the agency to span public, private and third sectors and, in particular, to find opportunities in the challenges to drive economic development forward.

Our aspiration is that the agency will support a breadth of organisations—not just the private sector, the small and medium-sized enterprises and the large corporates, but the social enterprises and the third sector—that all generate economic growth in a particular region or area.

In 10, 15 or 20 years' time, we want to have changed the dial on productivity in the south of Scotland—that is key. If the agency could support us to achieve that, that would be a success. If we could bring productivity and wages back into line with those in the rest of Scotland, that would be a success and we would have inclusive economic growth that we could drive forward. Our aspiration is growth for all in the region.

The Convener: Margaret Simpson was nodding furiously. Do you want to add to that?

Margaret Simpson (Scottish Borders Social Enterprise Chamber): I totally agree with that. I am a great believer in the need for us to build the capacity of the region from the bottom up. This is a great opportunity to make the whole Borders region more competitive with the rest of the country. We have fallen behind on wages and opportunity. Our young people leave, but we need them to stay in the Borders.

We need to develop the skills base. Our sector generates £60 million and 1,200 full-time equivalent jobs, yet we get minimal support to make the changes that we would love to make to create the wealth that we need in the Borders. We should be looking at research and development, computer coding and 3D printing, and we should be bringing in things that will allow us to compete.

We are only an hour away from Edinburgh and the same distance from the north of England. We need to make those connections better.

The Convener: Stewart Stevenson wants to tackle Garry on a particular point.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Yes. I am looking at the bill because, at the end of the day, we will end up with a bill. The bill describes the aims of the enterprise agency—there is a long list in section 5(2)—but it does not say anything about small and medium-sized enterprises. I wonder whether Garry Clark, in particular, would like to comment on that. The bill specifically talks about “promoting commercial and industrial” and “supporting community organisations” but it does not say anything about social enterprises, which Matt Lancashire referred to, or SMEs.

Given the nature of the challenge in the south of Scotland and the predominance of SMEs as an economic contributor, should the aims of the enterprise agency as expressed in the bill be extended to cover those things, if only to balance the things that are mentioned?

Garry Clark: Yes. That is a fair point. We ought to consider the nature of the economy of the south of Scotland. In the Borders, for example, more than 50 per cent of the workforce is employed by small businesses, which is not the case in other parts of Scotland. In the central belt, only 25 per cent of the workforce in West Lothian is employed by small businesses, with the rest being employed by large businesses. That is the point that I made at the outset when I said that we must address the specific needs of the south of Scotland. Like the Borders, Dumfries and Galloway is very reliant on small businesses for employment, and it is the only area of Scotland that has seen a decrease in the number of businesses—it has seen about a 2

per cent decrease according to the most recent round of figures. There are specific challenges there.

We need to look at the scale of businesses in those areas and the sectoral approach of the new south of Scotland agency. The key sectors that Scottish Enterprise focuses on in its account management are not necessarily what will drive the growth in productivity that we want to see in the south of Scotland. We would certainly welcome a focus on that, but it is important that we support all businesses and recognise the specifics, and small businesses form a huge part of the local economy in the south.

Norma Austin Hart (Third Sector Dumfries and Galloway): In answer to Mike Rumbles’s question about the aspirations, I think that we want to see a younger, wealthier, better-connected set of communities in the south of Scotland. To add to what has been said rather than repeat it, I note that there are some important questions to ask about the towns and small communities across the south of Scotland, which are fragile. It would be great to see them turn into thriving centres of small communities.

If I could wave a magic wand, I would ensure that we started to think in an integrated way about our economy and place-based regeneration and not about businesses separately from social enterprises, communities and community-based organisations. That is very much where the bill is going, and we, in the third sector, welcome that.

Mike Rumbles: I have listened to your responses. Has Scottish Enterprise not recognised the strengths and assets of the south of Scotland in the way that you would like it to? I do not want to put words into your mouths, but do you think that the new agency for the south of Scotland will be able to do a much better job than Scottish Enterprise has done? If so, why?

The Convener: Norma, you seem to be happy to lead the charge on that.

Norma Austin Hart: I think that that is what is known as a leading question. *[Laughter.]*

Stewart Stevenson: Correct.

Norma Austin Hart: I would not want to be directly critical of Scottish Enterprise, which has been constrained by its powers. One of the very positive things about the bill is that it will bring in a new model that is based on Highlands and Islands Enterprise. We, in the third sector, welcome that, because it represents an opportunity to look at communities and the regeneration of our economy and our area in a different way. The place-based approach is extremely welcome.

The Convener: That was a very adroit answer, if I may say so. Who would like to go next?

Matt Lancashire: We should not look at Scottish Enterprise and the new agency as competing and combative entities. For the new south of Scotland agency to work, it will need to work with Scottish Enterprise in order for them to be more than the sum of their parts. Obviously, we want it to succeed with the business base, the place making and all the stuff that we have just talked about, but we also want it to be able to connect into other opportunities that exist outwith the region. We have talked about 3D printing and imaging, renewables and so on. Those things will be achieved only if the region connects beyond its boundaries into the north of England and the central belt and internationally.

The south of Scotland agency will have a role to play in that, and so will Scottish Enterprise. There need to be conversations so that there is a link. Rather than there being a combative relationship, there needs to be partnership and collaboration in order to move things forward, because both agencies will bring opportunities to the region.

10:15

Garry Clark: That is absolutely right. It is not a case of Scottish Enterprise versus the south of Scotland enterprise agency; it is about the additionality that the south of Scotland enterprise agency could bring to the equation. Scottish Enterprise has a national focus on the key sectors that drive the Scottish economy as a whole. The sectors in the south of Scotland include agriculture, forestry and tourism, which is a key sector. Those sectors are particular to that part of the country, and they would benefit from a greater local focus and greater local resources being brought to bear to support the businesses in those areas.

We are certainly looking for additionality. We will look for the south of Scotland enterprise agency to link closely with existing services, including SE, business gateway, Skills Development Scotland and local services, in order to bring additionality.

John Finnie (Highlands and Islands) (Green): I note that the panel is being very diplomatic and not wanting to be critical of Scottish Enterprise. I represent the Highlands and Islands region. I have been critical of the performance of Highlands and Islands Enterprise, but it has given many organisations more than the sum that Scottish Enterprise has allocated to businesses and headquarters in the south of Scotland. We are told that, in the past two years, Scottish Enterprise has given the region between £3 million and £5 million, which is a very modest sum. Two years ago, Scottish Enterprise gave £2 million to Lockheed Martin, the most profitable arms company in the world. I appreciate that witnesses do not want to comment on Scottish Enterprise, but it is important

that what I have said is on the record. Surely, the level of funding from Scottish Enterprise must impact on the start-up rate and lead to the death of start-ups.

Margaret Simpson: I will be slightly critical. We do not see very much of Scottish Enterprise in my sector, because most firms are small organisations with fewer than five employees. When they need investment, they do not meet the threshold or hit the targets to be account managed. I would like there to be much more flexible support at that level, so that we can develop skills and find places for our young people and, indeed, our older people. Yesterday, we heard that unemployment among our young people in the Borders has gone up by 11 per cent. We do not want more of the same; I hope that the new agency will be the innovation that is needed. I am sorry, but I will hold it to account.

The Convener: That is quite right. Norma Austin Hart wants to come in.

John Finnie: Will you comment on the number of start-ups, in particular, please?

Norma Austin Hart: I will add to what Margaret Simpson said—this is not so much about start-ups. Like many central belt-based agencies, Scottish Enterprise might not have the same grip on, or the same understanding of, rural issues as we have at a local level. The committee will be aware of the recent closure of Pinneys of Scotland in Annan, in Dumfries and Galloway, with the loss of 450 jobs. The impact of that is the equivalent of Glasgow losing 4,000 jobs.

To draw that point out a little further, a place-based approach is important because it allows agencies such as mine, Scottish Enterprise and, I hope, the new enterprise agency to look at communities and consider the impact of the loss of small numbers of jobs here and there. The approach will allow the agencies to see the jobs as a collective group and to look at the whole picture, so that they are able to respond to job losses in a strategic way. For that to happen, there needs to be local understanding and a grasp of what is happening with small businesses and microbusinesses, otherwise we will just paper over the cracks.

Matt Lancashire: I will keep this brief, convener. Obviously, there needs to be support for business start-ups in the south of Scotland. Arguments can be made back and forth about whether there has been enough support until now, and I am not going to comment on that, but we have to look beyond—

John Finnie: Why do you not want to comment on that?

Matt Lancashire: I do not have the figures in front of me. It would be unfair to comment when I cannot see the official figures.

More support needs to be given to business start-ups, but we need to look beyond that, to scaling them up. That is how we keep people in an area and support investment in housing and in transport links. People will be attracted to an area when they see businesses scaling up. It draws returners who have left the south of Scotland—people with a skills base that differs from the existing skills base—back into the area.

One of the critical areas that the south of Scotland needs to focus on is its demography, because of its ageing population and because it is suggested that, by 2030, the population will have reduced by 5 per cent. How do we attract people back into the south of Scotland? How will the new agency support that? Business start-up is one route, and scale-up offers more jobs, more investment and the potential for more people to return to the area, so our focus needs to be twofold, not just on business start-ups.

John Finnie: Before Garry Clark answers, I ask him also to pick up on the point that Matt Lancashire has made about not just attracting but retaining young people, because that is a key factor.

Garry Clark: Absolutely, it is. It is not all down to Scottish Enterprise. Business gateway is responsible for supporting a lot of the start-ups in the south of Scotland, but it is not entirely within its gift just to increase the start-up rate. We know that the start-up rate in the south of Scotland is increasing by about 2 per cent, whereas in the rest of Scotland it has been increasing by about 10 per cent, so the south of Scotland is running far behind the rest of the country. Rural areas in general have had that sort of rate, and it is to do with demographics and population, as Matt Lancashire has said. We need to do more to anchor young people, in particular, in the south by creating opportunities for them to start up their own businesses or to work in local businesses. There is a big challenge ahead that involves a great many agencies including business gateway, Skills Development Scotland, the colleges and the councils. There are a lot of players involved in trying to push that agenda forward.

John Finnie: Do other panel members want to comment on the retention of young people?

Norma Austin Hart: One of the biggest challenges that we face is the fact that, despite the very good school results that we get from the local education system, the people who get those good results leave the area for higher education and other job opportunities, which creates a skills gap because those who remain are not trained up for

the jobs that exist in the region. We need to address that skills gap for the new agency and for all the other agencies that can make a contribution, such as Skills Development Scotland and the local colleges.

The other interesting question is why so many people stay. They do not all leave—some young people stay. In my view, something has been changing in the region over the past five or 10 years. There is a new energy and what you might call green shoots. You may have heard of a local organisation called the Stove Network, in Dumfries, which is doing some interesting things with young people and getting them involved in town centre development. It places an emphasis on art, culture and creative activities to encourage them to express themselves and be engaged with what is happening in their own lives.

We could do a lot more, not just through education but by creating the kind of place that young people want to live in. You have probably heard about millennials. We talk a lot about millennials in my office, because they are apparently very different from baby boomers. I will make no comment on which of us around the table might be a baby boomer, but managers tend to be baby boomers and young people coming into the workplace tend to be millennials.

I am told that the key difference is that baby boomers do not really have an interest in work-life balance—we just work, work, work—whereas the middle generation, generation X, are interested in work-life balance and the millennials, who are the youngest group coming into the workplace, are interested in life-work balance. They place as much attention on the quality of their life around work as they do on work. We have a fabulous environment to offer young people. If we could knit together some of the strengths of the natural environment, the art and culture of the area and the job opportunities, we could get more to stay.

The Convener: Maureen Watt has a supplementary question.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): There has been a huge increase in the number of apprenticeships across Scotland. Do you have the figures for the south of Scotland? Are they keeping up with the trends in other parts of Scotland?

Margaret Simpson: I sit on the local skills board. We are making a concerted effort on apprenticeships. The problem is that the bigger firms can take on apprentices, but smaller one and two-man businesses are really struggling. We have been considering making opportunities available through shared apprenticeships. We are working with Borders College to ensure that the opportunities that it provides fit the needs of the

businesses. We also work closely with the Scottish Borders Chamber of Commerce, which is excellent and which is actually a member of our chamber, which I find amusing. Over the past couple of years, we have tapped into LEADER funding and managed to get back into full-time employment 75 young people from deprived areas who would never have managed to do that on their own—or at least their chances of that would have been reduced. We are very proud of that and we would like to do more of it.

There is more to be done on apprenticeships. In our area, the transport issues are another problem. I hope that the new agency lets people reach their potential, because it is super to see young people when they go into their first job.

The Convener: The next question is from the deputy convener, Gail Ross.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Good morning, panel. We have spoken quite a lot about Scottish Enterprise and various people have mentioned the two local authorities, colleges, Skills Development Scotland and the chamber of commerce. I want to drill down into your experiences and perceptions of the level of business and skills support that those organisations offer and how they work together. What role do you see for Scottish Enterprise in working with the new enterprise agency?

The Convener: Who would like to start off on that? Everyone is looking away, which is dangerous. Margaret Simpson sort of looked at me, so I will let her start.

Margaret Simpson: It should not be more of the same. We need the new enterprise agency to work with the place and the communities and to work with the chambers of commerce and the third sector. The agency has to ensure that businesses are engaged, because many of them are disenfranchised. Links should also be made through community planning. For the past three years, Skills Development Scotland has been a brilliant ally of ours and we have worked closely with it. Mind you, it was a shame when it cut the 50 per cent funding that we could get for access to training, but that is another story.

Those sound like small things, but they are important in a rural area where things are hard. We have many part-time jobs and jobs that do not offer real progression. Anything that can be added brings real value, and that is what we want—a real chance for our communities.

10:30

Matt Lancashire: The local authorities, Skills Development Scotland and the colleges and universities—the University of the West of

Scotland and Heriot-Watt University are in the area—all do tremendous work in trying to drive economic development and growth. SDS's regional skills work in the south of Scotland and elsewhere is very positive. Likewise, the local authorities' local economic development teams try to drive progress in certain areas and the colleges and universities support research and development as well as the skills base for the area.

The beauty of the new agency is that it connects all that. Over the period, the south of Scotland region has missed the focal point that an agency such as HIE brings—I do not want to compare the south to the Highlands and Islands; I know that they are different in terms of make-up—because it pulls together the sum of the parts and assets that we have in the south.

The other aspect that we have missed is business. That is the critical element. We can talk about SDS, local authorities and X, Y and Z, but if we do not have the business base working with the new agency, it will not move matters forward, because we would have agencies speaking to agencies and not agencies speaking to businesses about what they need. There needs to be a clear, consistent business voice that does not just represent business to the region internally, but represents it outwith the region.

Norma Austin Hart: I emphasise Margaret Simpson's important point: we cannot have more of the same. If we are to be honest about the role of Scottish Enterprise and the two local authorities, we have to ask why, after decades of working at this, their strategies have not worked—and, in many respects, they have not worked, given that more young people are leaving. I know from personal experience that it is very difficult to recruit to mid-level jobs and to recruit middle managers. Although it is not so much the case for recruiting people at the beginning of their career, it is very difficult to get people of quality and experience in the south of Scotland for that middle level. I suggest that hard questions be asked.

I would look to the new agency for innovative ideas on how to use the third sector to encourage not only young people, but older people to retrain and to take advantage of the career opportunities in that sector. We could be looking at lots of different ways of encouraging that, such as by using modern apprenticeships—the idea of shared apprenticeships is a really good one. Other ways include using community job Scotland and getting graduate career paths through the third sector.

The Convener: When I read the FSB submission to the bill consultation, something jumped out at me:

“Evidence gathered during the Enterprise and Skills Review highlighted that businesses accessing support services often felt a particular product was being ‘pushed’ at them, rather than assistance that would address their particular circumstances.”

You obviously feel that that is an issue. Will the bill enable the new enterprise agency to develop specific products for specific businesses? How do you see them being developed? Should a plan be disclosed annually to show what it is doing? That is a quite complex question, but you have raised the issue, so I am assuming that you are ready for it.

Garry Clark: The bill is wide and general; to that extent, it would give the enterprise agency the power to do such things. To link that question to the two previous questions, I say that the agency must not duplicate stuff that is already happening; it needs to enhance it. The agency needs to look at the demographics of businesses and people in the area and—to come back to the skills question that Maureen Watt raised—it needs to recognise that so many self-employed people in the Borders and Dumfries and Galloway are currently prevented from taking on an apprentice. Could we do something about that, to make sure that there are more opportunities for apprenticeships? The rules and the finance prevent people from taking on older apprentices to the same extent that they can take on younger apprentices. Can we do something with the likes of SDS, to enhance the availability of older-age apprenticeships for those who are 25-plus in order to allow people to retrain in those ways? Those are the kinds of opportunities that we would like to see the enterprise agency bring to the table. The bill is sufficiently wide to allow that to happen.

Should the agency produce annualised business plans? Yes, it should. It must set out a clear direction of travel. As Matt Lancashire said, it needs to engage properly with the local business community to enable that to happen, and it is probably not sufficient just to rely on a board to do that. The agency must have greater connectivity with small businesses right across the Borders and Dumfries and Galloway to enable it to get the intelligence that will lead it to provide the services that businesses need.

That brings me back to the convener’s question about our submission to the consultation. In looking at the enterprise and skills review and the review of business gateway that was conducted by another committee in the Parliament, a lot of the feedback that we have received has involved people saying, “I’m being offered support, but it’s not exactly what I need right now.” The issue is how we ensure that the new agency can help businesses to receive the support that they need when they need it, rather than support that they need at the wrong time or support that they do not

need. There are big challenges in making that happen, because the delivery agencies across the south of Scotland—I am thinking of business gateway, for example—do not have a huge number of staff. I presume that the new agency will have sufficient staff to do that work, but there are questions about how staff will be recruited. We have talked about the difficulty in recruiting. The setting up of the agency will provide huge opportunities for local people to stay in the area or to come back to it, but bringing together the people to staff the agency will present big challenges.

The Convener: Jamie Greene will ask the next question.

Jamie Greene (West Scotland) (Con): Good morning, panel. I want to ask some more fundamental questions about the creation of the agency, which I should perhaps have asked at the beginning of the meeting. Given that we already have an enterprise agency that covers the part of Scotland that lies outwith the Highlands and Islands, why is there a need for a dedicated south of Scotland enterprise agency? What is wrong with the current delivery system? What is the problem that the creation of the new agency seeks to address?

Garry Clark: For many years, people have suggested that the economy of the south of Scotland is different from the economies of the bulk of the rest of Scotland—it is different from the economy of the central belt and from the economies of Fife, Tayside and the north-east of Scotland. The south of Scotland area is different even from parts of Ayrshire and Lanarkshire.

Jamie Greene: In what way is it different?

Garry Clark: The south of Scotland has a very rural economy and is very reliant on small businesses and the self-employed in a way that many central belt areas are not. Earlier, I mentioned the example of West Lothian, which is a relatively rural area in the central belt. Only 25 per cent of the employment there is provided by small businesses; about 50 per cent of it is provided by big businesses. In the Borders, the situation is different, and that is largely the case across the south of Scotland.

Compared with the north of Scotland, there has been no economic boom equivalent to the one that there has been in Inverness over the past few years. Inverness has done relatively well. The rest of the Highlands and Islands might have struggled to keep pace with Inverness, but it serves as a nexus in the centre of the region. The south of Scotland does not really have that—its economy is very different. The Borders is quite reliant on Edinburgh, with which there is now greater connectivity. We hope that there will also be better

connectivity with the area south of the border—with Newcastle and/or Carlisle—perhaps through the borderlands inclusive growth deal.

In Dumfries and Galloway, there are big towns at opposite ends of what is a big council area. To some extent, Dumfries looks north and south. Stranraer, which is quite a distance away from Dumfries, might have more in common with the southern part of Ayrshire; it is certainly closer to it. The economy of Dumfries and Galloway is very different, in that it is heavily reliant on agriculture and forestry. Those are big industries in the area that we do not—we probably cannot—put enough focus on at a national level.

Historically, Scottish Enterprise has had a fairly small footprint in the south—it has had a maximum of 200 to 300 interventions in any one year, which is not a lot compared with the number of interventions that it has had in the rest of the country.

We would argue that the new agency will give us an opportunity to recognise and celebrate those differences and to try to ensure that the south of Scotland and businesses there get the best possible advantage from Government support.

Norma Austin Hart: Dumfries and Galloway has a very contained economy as well, which we know because of the impact of the foot-and-mouth disease outbreak in 2001. Although the direct impact was on agriculture and the farming community, virtually every aspect of the economy was affected by that; it affected tourism and the service sector that agriculture buys into. At the time, it felt as if the whole economy was imploding, and it took us several years to recover from that. There is an interconnectedness in the economy that is particular to the south of Scotland and is not the case in other parts of Scotland, with the probable exception of the Highlands and Islands.

The other point about how the economy in Dumfries and Galloway is different is that it is very difficult to identify the deprivation there. We know that 80 per cent of the people who live in formally defined deprivation do not live in the 15 per cent most deprived Scottish index of multiple deprivation areas, which is where we keep targeting our resources—I dare say that Scottish Enterprise has done the same. That is not to say that people in areas such as Upper Nithsdale and Stranraer are not in need, but there is a lot of need outside of those areas that are in the top 15 per cent. We must find ways of being more adept at identifying need and targeting it, and I hope that the south of Scotland agency will be able to take a leadership role in enabling and facilitating that.

Jamie Greene: I am keen to hear everyone's view, so if witnesses keep their answers succinct, I will get through my questions. This question

follows on from my original point about why there should be a dedicated agency. The panel will be aware that there is some debate around what constitutes “the south”. The Government has gone down the road of choosing two local authorities that it feels make up the south, but one could argue that anything south of the central belt is “the south”. Certainly, from a parliamentary point of view, the South Scotland region incorporates other areas. Although it is clear that there is a need for the new agency, what will its focus on the Borders and Dumfries and Galloway do for surrounding areas that fall into the gap between existing and new agencies? What is it that makes, say, Kelso or Selkirk so different from Maybole or Dalry in North Ayrshire, where there are similar economic problems?

Matt Lancashire: Thank you for that one.

The Convener: I knew that you were waiting for it.

Matt Lancashire: I know. How do we define any place? How do we define “place”? I think that what Jamie Greene is getting at is that “place” could refer to someone's village, to a city or to a region. Those defined boundaries are hard to describe and secure. The south of Scotland enterprise agency is to cover the two local authority areas that are right next to the border. I am unsure of what criteria were used to achieve that definition of the south. Comment on that is probably more for the politicians and policymakers who have suggested that that is the case. I cannot give you a definitive answer as to why that area is defined as the south.

I will keep my answer to the first question brief and succinct as well. The new agency represents a recognition of the unique challenges and opportunities—we should not forget that bit—in the south of Scotland in terms of where we are trying to drive forward. We have spent a lot of time focusing on the negatives of the south of Scotland, but there are tremendous positives around some of the new industries that have been created there in, for example, textiles and renewables, which we need to latch on to. The place-making approach allows us to achieve that probably more easily than an approach by a wider, more national agency that might not be as nimble, agile and effective in getting into things. However, Scottish Enterprise still offers opportunity, because it links businesses to those bigger opportunities that exist outwith the region. As I said earlier, the south of Scotland agency should work in an autonomous way, but with a link to Scottish Enterprise to drive aspects of its economic needs. I think that that is what the bill aims to achieve.

I will stop there, given that the convener asked for brevity.

The Convener: Does Margaret Simpson want to add anything?

10:45

Margaret Simpson: I came from Midlothian, which was a mining area and had much more community. In the Borders, there is still the attitude whereby people say, "A day out of Hawick is a day wasted." We are up against that mentality at times.

I would like the whole of the south of Scotland to be involved. That would not worry me one bit. I would like us all to tap into what I see as a real innovation and an opportunity. If we walk down the streets in our small towns at the moment, we find that most of the shops are closing. We need to find a way of getting things back to the level that the towns were at when the mills, which have completely gone, were still running, to give people hope. In so many families we find third and fourth generations that have never worked, which speaks volumes.

I do not know whether that has answered Jamie Greene's question. I think that Ayrshire was able to tap into regeneration in relation to the coalfields. We have not had that to the extent that would get us back to a level playing field with the rest of Scotland.

Jamie Greene: That is a good point.

I think that people are saying that the council areas that adjoin the two that will participate in the agency and benefit from its activities will be precluded from participation and receipt of financial intervention. There is a wider question about whether towns that are culturally and economically similar in nature will look across their borders into neighbouring council areas and wonder why they are not getting the same level of support. That is not a criticism of the new agency; it is just an observation.

Margaret Simpson: I totally agree with you. I would be shouting out for the same for those towns, too, to be honest.

The Convener: That might be a question for the minister when he gives evidence to the committee. I am sure that Jamie Greene's point will be relayed back to him. Let us move on.

Peter Chapman (North East Scotland) (Con): I want to ask about the process that led up to the introduction of the bill. Were the organisations that the witnesses represent, as well as other businesses and third sector organisations, sufficiently involved in the consultation and planning stages? Was the consultation wide enough? Is it reflected in what you see in the bill?

The Convener: The answer might be a simple yes. If it is a no, do not hold back.

Matt Lancashire: Yes—it is the simple answer, but let me quickly add to it. It was not just about sending out a consultation paper. I think that Russel Griggs and Rob Dickson ran about 50 or 60 meetings in various towns and villages in the south of Scotland, which is magnificent. I understand that there was a high turnout at all the meetings and that there was a lot of feedback—positive, negative and challenging—about the aims and focus of the south of Scotland economic partnership and the opportunities for the future. I thought that it was a fantastic consultation exercise.

The Convener: I fear that the next answer might not be the same.

Margaret Simpson: No, it is certainly not. We are having our first real meeting with SOSEP in January, to see where we will fit in all this. Rob Dickson, from Scottish Borders Council, has always been a great ally, but I feel that we could have contributed a lot more if we had been asked. I will say no more on that, because I have to go back to the Borders.

Colin Smyth (South Scotland) (Lab): Margaret Simpson and Matt Lancashire mentioned the agency that is currently in place, SOSEP, which has a budget of £10 million. You talked about the consultation on the development of the bill; have you been actively involved in the workings of SOSEP, which is obviously regarded as the precursor to the new agency? What say have you had in how it spends that £10 million? Have you been involved in the work of the new partnership?

Margaret Simpson: Definitely not. I would love to have been. I do not want to be negative—after all, the partnership has to cover a big area—but I think that we had a part to play, and if we had been involved, we could have contributed a lot more. I can tell you that we will be contributing a lot more as things move forward.

Norma Austin Hart: I was invited to sit on the communities theme group, which is one of the sub-groups of the executive part of the structure. Frankly, it is only because of my involvement in that that I have got to grips with the structure and, to some extent, the processes for deciding how to spend the £9 million.

A wider concern in the third sector is what it perceives to be a lack of transparency in decision making, accountability and so on. In reality, it is probably a case of inadequate communication about what is going on, although communication and transparency are, of course, closely linked. In short, I think that having a better communication strategy for what is happening now would be a considerable help in heralding the arrival of the new agency when it comes along. If we could start

improving that, it would receive a more positive welcome.

Garry Clark: There has been a huge volume of consultation on this issue, and we have certainly been party to it. However, I think that the issue now is quality rather than volume, which is why I have talked about the need not only for the organisation to get going once the parliamentary process has moved on and to get a chairman and board in place but for it to go further than that and engage with all groups and businesses across the south of Scotland to ensure that its direction matches that of the local economy.

The Convener: Surprisingly, that answer leads perfectly to Peter Chapman's next question.

Peter Chapman: There is obviously a disconnect between the various organisations, given the stark difference between the answers given by Matt Lancashire and, in part, by Garry Clark, and the response from Margaret Simpson. However, I will just park that comment.

There has been some debate over where the new agency's headquarters should be located and whether it should be located in two places in order to deal with the geographical issues arising in the two areas, but those will be decisions for the Scottish ministers. What are your thoughts on that?

Garry Clark: We certainly think—

The Convener: I am sorry, Garry, but Norma Austin Hart indicated that she wanted to answer before you did. I will let her come in first.

Norma Austin Hart: Needless to say, this has been the subject of much discussion locally. As I am based in Dumfries, I am tempted to say that the new agency should be located there, and there are several options that have no doubt been discussed. That said, a more important question for me is how we can decide where the organisation should be located before we are clear about its remit, powers and objectives. I am slightly concerned about making decisions about form before we are clear about function.

I do not know whether we are going to be asked about staffing levels, but I have to say that I nearly fell off my chair when I saw that the intention was to employ 125 to 175 people. The decision about how many people will be employed or who will be employed cannot be made until there is a clearer understanding of what we want the organisation to do.

Peter Chapman: Do you have any thoughts on whether there should be one or two locations?

Norma Austin Hart: There are good arguments for having several bases across such a vast region. We may not have emphasised the sheer

scale of the region, and the needs of Stranraer are quite different to those of Hawick, Dumfries or Eyemouth. There is also a good case for co-location with other organisations that have a south of Scotland remit.

The Convener: You are not saying that it should be a week in one place and a week in another.

Garry Clark: Co-location has to be the answer. There is a commonality across the south of Scotland, but there is enough diversity. In the Borders, every town is different and has its individual character, and the same can be said for Dumfries and Galloway.

If the location was Dumfries, people in Stranraer would complain that getting there is a four-hour round trip, and they would be right. In this day and age, does it matter where the nominal headquarters is? I dare say that there will be a nominal headquarters, but the organisation needs to exist in communities across the Borders from west to east and north to south. It needs to be where and when businesses need it; one single headquarters does not make sense in this day and age. If it is to integrate with the functions of Skills Development Scotland, the councils, business gateway and Scottish Enterprise, it needs to co-locate with those organisations.

Matt Lancashire: The location of service delivery needs to be where the highest support need is—that is generally how any service is delivered. However, we should not look at service delivery as just bricks and mortar. The world is changing and we are moving into a digital economy; we all access services in a digital format and the new south of Scotland agency needs to play to that to cover its vast area and to support people. Sometimes people want support virtually rather than face to face, and that needs to be thought through clearly.

The issue comes back to what the south is and ensuring that we have a vision and a mission for the south that is agreed on across the region. Once we have that, although location will still be an issue—and I get the sensitivities about that—it will be less of an issue because people will believe in the south of Scotland, as is the case with Highlands and Islands Enterprise.

There are a number of opportunities in the south to co-locate in SDS or old Scottish Enterprise buildings, and we should look at bringing those assets back into play. That in itself would create further economic development in those communities.

We should focus on need rather than just bricks and mortar, use the digital economy, and create a vision for the south that will lessen sensitivities over where it is placed.

The Convener: I have tried to give everyone a chance to answer each question, but we will have to be a bit tighter on the next section. We are halfway through the questions and very close to the full time that is allocated, but it is important that we continue.

Colin Smyth: I note that you said that just before my contribution.

The Convener: I am not saying that you are verbose.

Colin Smyth: Good morning to the panel. The bill proposes that the board of the new agency should be appointed by Government ministers. Is that the right approach? How do we ensure that the board has the experience and skills that properly reflect stakeholders in the south of Scotland? Crucially, on the point that was made by Margaret Simpson earlier, how do we make the board accountable to the south of Scotland, not just to Government ministers?

Margaret Simpson: I trust Government ministers to make that decision, but they cannot make it without discussion with the area and a real effort to get it right. Ideally, it would be done at a much lower level, but we are where we are. I have never had a problem with working with ministers in the past, so I am not really worried about that. It is more important that we get the right people involved on the board and that it covers the whole of the region. I keep saying that we should not be looking at the same old, same old. We need to get the quality right for the future of the south of Scotland.

11:00

Garry Clark: I hope that the advice on which appointments to boards are made is sound, that local knowledge is very much part of it and that, once the overall board is in place, it will reflect the demographics and the nature of business and communities across the south of Scotland. However, the approach needs to go beyond the board and to have a defined connectivity into businesses and communities across the region. It cannot rely exclusively on the board. The board should be there, it should be knowledgeable, its members should be appointed on the basis of ability and it should reflect local needs. However, there must also be a link into communities and businesses across the area. In particular, as you might expect me to say, there must be a link into small businesses, because they make up such a huge part of the south of Scotland economy.

Colin Smyth: What would be the mechanism for achieving that? The bill does not cover it at the moment.

Garry Clark: It is not in the bill. I am not sure what the formal mechanism for that would look like if there were to be one. However, it would need to have connectivity in some way, to reflect the huge geography and range of businesses that the region has. Although I do not know what it would look like, I know that it needs to be there somehow.

The Convener: Colin, do you want to add to that?

Colin Smyth: I would like to hear from the rest of the panel first.

The Convener: As I said earlier, I cannot give everyone the chance to answer every question, but I am happy to bring in Norma Austin Hart.

Colin Smyth: Well, perhaps it would be helpful to make this point. Garry Clark has mentioned the role of businesses in relation to the new agency. Perhaps Norma Austin Hart and Margaret Simpson could talk about how they see the third sector, in Norma's case, and social enterprise, in Margaret's case, being involved in the activities of the new agency, which will be a new forum for their sectors.

Norma Austin Hart: On the question about ensuring that the ministerial process has influence from the local level, the existing SOSEP structure has mechanisms that could be used for discussion and for channelling views and influence. However, on the specific point on the third sector, I have quite a lot of concerns. There are 2,300 voluntary organisations in Dumfries and Galloway, and I suspect that there will be a similar number in the Scottish Borders. Of course, the third sector hopes for adequate representation on the board, but it seems to me—I speak from some experience, having been involved in different organisations—that it is very hard for one person to represent 2,300 organisations. I do not necessarily have an answer to that, but I think that it needs careful consideration.

Margaret Simpson: I totally agree with what Norma Austin Hart has just said. When I was recruited by the United Kingdom Government as an ambassador for disability, it was a long and arduous process, but I felt that we got there in the end. However, we need to ensure that we have representation from all of the third sector and especially from social enterprise. The committee might expect me to say that, but I feel that social enterprise is a business, so it is driven by business; it is just what it does with its profits that makes it different. If we can be on boards, we can be very good critical friends. We do that now for the local authority, the national health service and all our key partners, and we could do the same for the new agency.

The Convener: Colin, do you have more questions on that?

Colin Smyth: My point has been covered.

The Convener: Sorry—I thought that you had more questions.

Colin Smyth: I am sure that I could come up with more if you wish, convener.

The Convener: No, although I am sure that you could.

John Mason (Glasgow Shettleston) (SNP): There has already been some mention of attracting small businesses, and of business gateway. I am also a member of the Economy, Energy and Fair Work Committee, which is doing a study on business gateway. We have found that business gateway and SE or HIE sometimes work together quite well but sometimes that is not the case. Sometimes there are overlaps, with the same business getting different help from both agencies, but more often there is a gap in the middle and neither business gateway or SE or HIE help. Should we put something in the bill to make that more joined up, or is it just impossible to help every business?

The Convener: There are some nods of agreement.

Norma Austin Hart: Formal clarity on the roles and responsibilities of all the agencies would be extremely helpful; it is not necessarily about removing roles and responsibilities but about being clear about what each organisation is responsible for and how they agree to work together through, for example, a memorandum of understanding. Third sector interfaces could be added to the mix, as well as, for example, the Scottish Enterprise network and Firstport, which also have a role in developing social and community enterprises. It would be extremely helpful if the bill could give formal recognition to, and clarity about, those different organisations and what they do.

Garry Clark: I am not sure that how the new organisation will relate to other bodies that provide services has to be in the bill. However, it will certainly have to be in the organisation's plan, which we would hope to see come forward fairly quickly. It is important that the bodies talk to one another and that, as I have said, the new organisation delivers additionality.

It is important for a business seeking support that it has that one-stop shop that has been talked about in the business gateway debate as well. To such businesses, the structure does not matter, because they just want help when they require it. They need to be able to go to the new agency or to any part of the economic support in the south of Scotland and get that full range of services. If they

pop into the local office, ring the number or go to the website, all that support should be there, whether it comes from business gateway, the south of Scotland enterprise agency, Scottish Enterprise or SDS. They need that support there and then.

We are looking for the south of Scotland enterprise agency to provide that additionality to ensure a better service for local businesses. We have an opportunity to get it right in the south of Scotland. The service from business gateway has been patchy in the rest of the country, because there are areas where it works brilliantly and areas where it does not work so well. The new enterprise agency is an opportunity to get it right in the south of Scotland.

John Mason: As I understand it, Scottish Enterprise focuses on growth and on specific sectors. Therefore, it would not look at a real growth business in retail or international recruitment because it would be in the wrong sector. Should that also apply to the south of Scotland enterprise agency?

Garry Clark: In terms of account management, the south of Scotland agency should be able to define its own sectors, and to provide support accordingly. Only a handful of businesses in the south of Scotland in key sectors such as tourism are supported by SE on an account managed basis. The south of Scotland agency will provide an opportunity for support to be given to a wider range of businesses, as reflected by the local business demographic.

Matt Lancashire: This goes back to what I said earlier about complementarity of support and a no-wrong-door approach. If a business in the south of Scotland walks through the new agency's doors and finds that the agency can support the business on the basis of its being in a growth sector or give it business support, that is what it should do. If that is not within the new agency's remit, it should give the business guidance and support to signpost it to agencies such as Scottish Enterprise and SDS that have an aligned approach. When we get caught up in a discussion about whose remit is what, people fall through the cracks quite quickly. There needs to be a collaborative no-wrong-door approach to move things forward.

The other interesting question is how we connect beyond those agencies to things like the UK industrial strategy and the Scottish national investment bank, which will drive investment in some of the great opportunities that exist in the region. I do not think that we have picked up that sort of focus yet in this conversation—it is probably a discussion for later.

My point is that we cannot be too rigid with regard to people's remits and responsibilities. We need a complement of services that people can be signposted to and pushed towards when better support is available from, for example, Scottish Enterprise, SDS and others.

Margaret Simpson: I totally agree with Matt Lancashire. For organisations that we have started up, we have brought business gateway in for support. We do not bring in Scottish Enterprise to the same extent, but that is because of size. There is no wrong approach: we simply have to ensure that whoever is best placed to offer support to businesses does so when businesses are starting up or looking to grow. My real hope is that we will start to see some real growth.

John Mason: I also want to ask about attracting investment. Do we want more big branches of international organisations in the south of Scotland? I think that you had a bad experience with Pinneys of Scotland. To put 400 jobs all in one factory sounds a bit like putting all your eggs in one basket. Would you prefer to keep lots of small businesses and help them to do better? I clarify that I include social enterprises in "businesses".

Matt Lancashire: Business is good in terms of providing jobs and economic growth whether it is an indigenous microbusiness, a 10-person business or a 1,000-person business. The agency should focus on supporting and driving high quality fair-work jobs in the region, as well as on supporting indigenous businesses that want to scale up.

That support requires investment in infrastructure, including transport infrastructure—roads and railways. There is a role for the Government and for private and public sector investment in enabling opportunities to attract global or national companies, and in enabling the scaling up of businesses in the area. There should be a twofold role.

I am not saying that we should run after every international business, but would anyone come here if they did not think that there were skills in the area and that there were good transport links and so on? We cannot think about attracting large corporate entities in isolation from thinking about the other needs of the area and the requirements for infrastructure investment, which also allows indigenous businesses to grow. Digital connectivity is part of that infrastructure investment.

Norma Austin Hart: The short answer is that we need both. This is an opportunity for the new agency to show leadership. Success will depend on the new agency developing close links with the Scottish Government, Scottish Enterprise and the

other agencies that attract inward investment, so that it can ensure that the priorities for the emerging south of Scotland economy, which will continue to change as the economy grows, are known and understood at national agency level. That will mean that the investment will come, if it is available.

John Mason: Has Scottish Enterprise been keener to get businesses into East Kilbride or Fife than into the south of Scotland? Has it forgotten about the south of Scotland?

Norma Austin Hart: You have to judge Scottish Enterprise on its results. The economy of the south of Scotland is clearly not flourishing.

Margaret Simpson: I am all for inward investment, because I believe that we have to build on the infrastructure. I hope that the city region deal will benefit us in that regard. However, I do not want to see again what happened in the past, with investment in the area being taken by organisations that then just go away and leave us to pick up the pieces. That is not the kind of investment that I want for my region. I want us to have sustainable and long term skills-based investment.

11:15

Richard Lyle (Uddingston and Bellshill) (SNP): Margaret Simpson is right that investment should be sustainable and long term.

Two weeks ago, the Scottish Government bill team confirmed that the Government does not propose to give south of Scotland enterprise

"compulsory purchase powers, powers to enter on to land without permission, and powers to require people to give information under penalty of criminal sanction for not providing it ... those powers are not being pursued for the south of Scotland agency."

Do you believe—I am sure that you do—that for south of Scotland enterprise to work, succeed and drive investment in the region, it should have the same powers as Scottish Enterprise and HIE have, which include

"compulsory purchase powers, powers to enter on to land and powers to require people to give information"?—*[Official Report, Rural Economy and Connectivity Committee, 28 November 2018; c 13.]*

In my view, south of Scotland enterprise should start with full powers, not partial powers.

The Convener: I am sure that that was not a leading question. Who would like to respond?

Norma Austin Hart: My answer is yes.

Margaret Simpson: Why would we want to tie the agency's hands in any way? It should be given all the powers that it needs.

Matt Lancashire: To be frank, I cannot really answer the question, because I have not read the relevant part of the bill, but I can come back to Richard Lyle. There are different thoughts on whether compulsory purchase powers and so on should be in the bill. The SCDI does not have a position on that, but I can get back to you after the meeting.

Garry Clark: I have not had people constantly on the phone asking about such powers, but I think that the organisation will need to be agile. Whatever happens south of the border today, we face an uncertain economic period. The new agency will probably come on stream in the middle of all that, so it will need to be agile and able to deal with economic shocks across the south of Scotland. Scottish Enterprise was, perhaps, slow to act in the wake of the big recession of 2008 to 2009.

The Convener: Does Richard Lyle have more questions?

Richard Lyle: I have a comment rather than a question. Since we started looking at the bill, my view has been that we must give the agency full powers. When I worked for the Royal Bank of Scotland, I was in Dumfries and Galloway and in the Scottish Borders. I know all the towns that the witnesses have talked about, which all have different needs. Stranraer has more need than Dumfries. Do the witnesses want something that will work rather than be just a sop?

Witnesses *indicated agreement.*

The Convener: Everyone is nodding.

Richard Lyle: I think that that is a yes.

Jamie Greene: I will follow on from those questions, but my points are not necessarily about the powers that the agency should have. We often hear complaints from small and medium-sized businesses about access to working capital to grow their businesses. Will the agency have additional resource for that, or will it just co-ordinate the work of existing Government bodies that can provide funds for businesses?

Norma Austin Hart: The agency absolutely must have money to invest. I would be concerned if the amount that was spent on running the agency dwarfed the amount that it had to give out for business and social enterprise development.

The Convener: That is an important point.

Margaret Simpson: I totally agree with Norma Austin Hart. The amounts do not need to be massive; a small amount can make a big difference. A combination of that and support is needed.

Matt Lancashire: I agree.

Garry Clark: There are many pots of money out there that businesses can access, although some are restricted to particular types of business. If the agency can help to co-ordinate and ensure easy access to those funds—and perhaps provide additionality; I keep making that point—that will be great.

The Convener: It is coming up to Christmas, and we are all used to writing wish lists. I am not in the Government, so I cannot promise to deliver your wishes, but is there anything that has not been included in the bill that you feel should be included? You can each add one thing that is on your wish list, if you would like to add anything.

Garry Clark: I would not necessarily add anything to the bill, which is enabling legislation. However, we want to see a plan. Businesses in the south of Scotland need to be part of the development of a plan, which we want to see as soon as possible.

The Convener: Is it important that the bill does not mention a plan and reviews?

Garry Clark: I do not think so. The bill will create the agency; it is a means to an end. Businesses will want a clear say in how the agency operates.

The Convener: I will go straight down the line and call Matt Lancashire.

Matt Lancashire: To follow on from what Garry Clark said, my point is not about adding to the bill. As I have said, the new agency needs a clear vision that people, including businesses, can get behind. Outcomes on economic growth, productivity and so on, which we have discussed, need to be attached to the operating plan that it comes up with. The agency also needs to look beyond the region: the danger is that its thinking will become too local. Such thinking is good at the start, but it will need to get past that and consider opportunities beyond its local boundaries.

Margaret Simpson: I echo everything that has been said, but I also make a plea for my sector—the third sector—to be involved.

Norma Austin Hart: I am not sure whether a per capita approach to funding should be in the bill, although I would like it to be. The agency should be given funding that relates to the population, as HIE has had. We have never had that before. It would be a good starting point.

The Convener: I thank the witnesses for coming to give evidence on this important bill.

I suspend the meeting to allow the witnesses to depart.

11:21

Meeting suspended.

11:27

On resuming—

European Union (Withdrawal) Act 2018

Common Fisheries Policy (Amendment) (EU Exit) Regulations 2018

Rural Development (EU Exit) (Amendment) Regulations 2018

Rural Development (Implementing and Delegated Acts) (Amendment) (EU Exit) Regulations 2018

Common Provisions (EU Exit) (Amendment) Regulations 2018

Common Agricultural Policy (Direct Payments to Farmers) (Amendment) (EU Exit) Regulations 2018

Common Agricultural Policy (Rules for Direct Payments) (Miscellaneous Amendments) (EU Exit) Regulations 2018

Trade in Animals and Related Products (Amendment) (EU Exit) Regulations 2018

The Convener: The next item is on consent notifications under the European Union (Withdrawal) Act 2018. The committee has received consent notifications in relation to seven UK statutory instruments, which are detailed on the agenda. They relate to the common fisheries policy, the common agricultural policy and trade in animals and related products.

All the instruments are being laid in the UK Parliament in relation to the European Union (Withdrawal) Act 2018 and they have all been categorised by the Scottish Government as category A, which is to say that they will make minor or technical amendments. Six of the proposed SIs on the common agricultural policy could also be considered as being in category B, to the extent that the transition from the European Union to the UK framework would be a major significant development. Do members have any comments before I suggest possible outcomes?

John Finnie: The phrase “minor or technical” is dotted throughout the statutory instrument documents. Although on one level that is correct, as changes are often just replacement of “EU” with “UK”, many of the amendments have far-reaching implications. I know that we will come on to options, but I certainly want us to maintain a watching brief—in particular, on things like

common agricultural policy payments and trade in animals and related products.

Jamie Greene: I have just a brief comment to make. The committee will note that two of the SIs are England-only instruments. I would like to ask the Scottish Government whether it will produce Scottish statutory instruments to reflect similar changes.

The Convener: As I am going to pass comment, I declare an interest as a partner in a farming enterprise in Scotland.

Based on what John Finnie and Jamie Greene have said, my only comment is that it is appropriate for the committee to write to the Scottish Government to confirm that it is content for consent to be given for the UK SIs that are referred to in the notifications, but to request a response on the wider policy matters that have been identified. Does the committee agree to take that approach?

Members *indicated agreement.*

Petition

Marine Fish Farms (Legislative and Regulatory Control) (PE1598)

11:30

The Convener: The next item is public petition PE1598, by Guy Linley-Adams, on behalf of Salmon and Trout Conservation Scotland, on protecting wild salmonids from sea lice from Scottish salmon farms. The committee is invited to consider whether it wishes to take any further action in relation to the petition. The options include closing the petition, given that the issues that are raised in it have been addressed in our salmon farming in Scotland inquiry, and agreeing to take other action that the committee considers appropriate.

Richard Lyle: I agree that we should close the petition, given that the issues that are raised in it have been fully considered in the salmon farming in Scotland inquiry that we recently completed.

Jamie Greene: Although I agree that the petition should be closed in the light of the significant work that the committee has done on the issue, it would be prudent for the committee, during the remainder of the parliamentary session, to consider whether the recommendations in the report that we produced have been implemented or taken on board by the Government. We should do that at some point before the end of the session.

The Convener: Does anyone else have comments?

Richard Lyle: I take on board the comments that Jamie Greene has made. I do not remember putting in a sunset clause, but I am quite relaxed about his comments.

The Convener: We will write to the petitioner to say that we have closed the petition, and we will inform the Public Petitions Committee of what we have done. Do members agree to that approach?

Members indicated agreement.

11:32

Meeting continued in private until 11:51.

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