



OFFICIAL REPORT  
AITHISG OIFIGEIL

# Rural Affairs, Islands and Natural Environment Committee

Wednesday 5 October 2022

Session 6



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**Wednesday 5 October 2022**

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**RURAL AFFAIRS, ISLANDS AND NATURAL ENVIRONMENT COMMITTEE**  
**26<sup>th</sup> Meeting 2022, Session 6**

**CONVENER**

\*Finlay Carson (Galloway and West Dumfries) (Con)

**DEPUTY CONVENER**

\*Beatrice Wishart (Shetland Islands) (LD)

**COMMITTEE MEMBERS**

\*Karen Adam (Banffshire and Buchan Coast) (SNP)

\*Alasdair Allan (Na h-Eileanan an Iar) (SNP)

\*Ariane Burgess (Highlands and Islands) (Green)

\*Jim Fairlie (Perthshire South and Kinross-shire) (SNP)

\*Rachael Hamilton (Etrick, Roxburgh and Berwickshire) (Con)

\*Jenni Minto (Argyll and Bute) (SNP)

Mercedes Villalba (North East Scotland) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

George Burgess (Scottish Government)

Mairi Gougeon (Cabinet Secretary for Rural Affairs and Islands)

**CLERK TO THE COMMITTEE**

Emma Johnston

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Rural Affairs, Islands and Natural Environment Committee

*Wednesday 5 October 2022*

*[The Convener opened the meeting at 09:01]*

#### Decision on Taking Business in Private

**The Convener (Finlay Carson):** Good morning, everyone, and welcome to the 26th meeting of the Rural Affairs, Islands and Natural Environment Committee in 2022. I would like all those using electronic devices to switch them to silent, please.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take in private item 4 of this meeting and consideration of a draft pre-budget letter at our next meeting?

**Members** *indicated agreement.*

## Pre-Budget Scrutiny

09:02

**The Convener:** Agenda item 2 is an evidence-taking session with the Cabinet Secretary for Rural Affairs and Islands as part of our pre-budget scrutiny.

I welcome to the meeting Mairi Gougeon, the Cabinet Secretary for Rural Affairs and Islands; George Burgess, the director of agriculture and rural economy in the Scottish Government; Allan Gibb, the head of sea fisheries in Marine Scotland; Erica Clarkson, the joint interim head of the Scottish Government rural and islands futures division, who joins us remotely; and Sheetal Mehra, the head of strategic engagement for budget and spending review in the Scottish Government.

We have about 90 minutes for questions, and I will kick off. Are the ambitions and objectives of the national islands plan being sufficiently supported by the Scottish Government's budget?

**The Cabinet Secretary for Rural Affairs and Islands (Mairi Gougeon):** First, I will talk about the significant situation in which we find ourselves in relation to the budget. The finance secretary will bring forward the emergency budget in due course, but the fact is that we are working under significant constraints, and it is a difficult and challenging time for my own portfolio as well as across Government.

I believe that we are delivering against the objectives of the national islands plan in my portfolio and across Government as best we can. To deliver those objectives, we have the 13 strategic objectives and more than 100 commitments. There is not only the islands-specific funding in my portfolio but spend from across other Government departments—for example, there is spend on rural housing, which falls within Shona Robison's portfolio. When you look at the £50 million that has been committed to the islands growth deal or other funding streams, you can see that we are doing the best that we can to deliver against the strategic objectives in the national islands plan.

**The Convener:** Last week, we heard from local authorities, which expressed concern about the competitive nature of funding. Given the resource issues that some local authorities have, what is your view on their difficulties in getting the funding that they require?

**Mairi Gougeon:** It was interesting to go through the evidence that the committee heard last week. We ran the competitive model for funding this year and the direct allocation process the year before. It

is important for us to hear feedback and find out how local authorities are finding the process.

As with anything, there are pros and cons to both approaches, but it is all learning that we can take forward as we look to develop the islands programme in future years. I know that some local authorities will probably have received less through the competitive process than they would have received through the direct allocation process, whereas other local authorities will have received more. In some instances, it was quite a significant chunk of funding. Orkney Islands Council, for example, was allocated £1.5 million, which was over and above what it would have received through a direct allocation model. It is important for us to listen to the feedback to determine how we take the programme forward.

We decided to go with the competitive funding model this year to ensure that we delivered the funding as effectively and efficiently as we could within the available timescale. I know from evidence that the committee has heard that there were concerns about the local government elections, but we want to ensure that there is enough time to develop bids and that those bids are going to be successful and deliverable in the timescale to which we are working.

The model that we are using was built on the model for the regeneration capital grant fund, with which local authorities are familiar. That is why we adopted it. However, it is important that we take this learning into future years.

**The Convener:** What changes do you think will come about in the policies for delivering funding in future years?

**Mairi Gougeon:** It is a case of taking on that learning. As I have said, there are pros and cons to both the approaches that we have taken.

It is important that we work with local authorities on the projects that have not been successful this time round. We had 15 applications to the fund, 11 of which were successful, and we should see what work can be done to ensure that we continue to take those important projects forward.

The Scottish Futures Trust's work with local authorities throughout the process has been really important. As I hope the committee picked up in last week's evidence session, our local authority partners find its expertise and advice to be very helpful. We can take on that learning as we move forward; in any case, I want to do a full evaluation of the past year's scheme in comparison with the previous year's to determine how we take these things forward in future years.

**Alasdair Allan (Na h-Eileanan an Iar) (SNP):** You have alluded to some of the budgetary pressures that the Scottish Government is facing.

We know about the impact of inflation on the budget in real terms—I understand that the reduction is 5.2 per cent. What rationale are you using in your own budget to cope with that situation and prioritise things?

**Mairi Gougeon:** We cannot underestimate the scale of the challenge that has been presented to my portfolio and others across the Scottish Government. As a result of the United Kingdom Government's spending review last December and the inflationary pressures that you have mentioned, we have seen a £1.7 billion shortfall. The review came when inflation was sitting at about 3 per cent—but just look at the rates that we are experiencing now.

The situation has been particularly challenging. In my portfolio, we are trying to give people as much stability and clarity as we can. We want to protect the work that is being delivered through the islands programme and ensure that we are continuing to deliver across the strategic objectives.

Looking at the Government's overall objectives, we have to try to tackle poverty and help people through the cost of living crisis. The Deputy First Minister will be making more announcements on that as a result of the emergency budget review, but my priority in all of this has been to look out for the communities in our rural and island areas, and, when it comes to agriculture in particular, to do what we can to ensure cash flow, which we know has been of huge concern to the industry.

For example, there were calls to bring forward payments, and this year we brought them forward to their earliest-ever position and we have since made payments of nearly £330 million to more than 14,000 businesses. We have tried to do what we can within the parameters that we have to ease any existing cash flow worries and to deliver on the priorities for our rural and island communities.

**Alasdair Allan:** In that case, does the Government have its own source of information about the kind of inflationary pressures that are on rural and agricultural businesses? You have alluded to that, but how has that information shaped or determined what you have done in the budget for your portfolio?

**Mairi Gougeon:** If we look at agriculture as an example of this—indeed, the term “agflation” has been used—we will see a tremendous increase in input costs across the bit, whether for feed, fuel or fertiliser. For some of those areas, it is not possible for us to make meaningful interventions, because the main levers rest with the UK Government. We have tried to do what we can, both within the portfolio and across the Scottish Government, to mitigate those pressures, but,

without those full powers, I am unable to do everything. It is just not possible to take the meaningful action that we know is needed. Obviously, we welcome the package that the UK Government has introduced—that is, the package of energy reliefs—but, unfortunately, it is for only six months. We do not know what is going to happen after that, which will be of little comfort to those who are really struggling at the moment.

**Jim Fairlie (Perthshire South and Kinross-shire) (SNP):** You have already answered many of the questions that I was going to ask, cabinet secretary, but how is the £1.7 billion reduction as a result of inflation—in other words, the loss of funding that the Scottish Government is dealing with—going to affect your overall budget? I know from farming businesses that, despite the £300 million that has been delivered earlier than planned to deal with their cash flow issues, their budgets will still be affected. How do you see farm budgets and, indeed, your own budget being affected by the £1.7 billion reduction in the Scottish Government's funding?

**Mairi Gougeon:** You will have seen the impact in the figures that have been published and in the statement that the Deputy First Minister provided to Parliament. It has been incumbent on us all to identify the savings that are possible within our portfolios, so that we can help with the cost of living crisis across Government.

As I said in my response to Alasdair Allan, we know that one of the key issues for the agriculture sector is cash flow, and that is why we listened and did what we could to bring forward the payments to as early a date as possible. That cash should help provide some security to the industry, but of course those pressures have not gone away. After all, all input prices, right across the piece, have risen. We know that people are struggling, which is why we have done what we can within the powers that we have to ease some of those issues. Again, however, when it comes to the meaningful interventions that can be made, we need to see action at UK Government level, too.

**Jim Fairlie:** There are going to be serious problems in the coming year, and the costs of fertiliser, feed and fuel will put enormous pressure on agriculture. I get that we are seeing the same situation right across the country, and I am genuinely concerned about where that is going to leave us. However, that was more a statement than a question, convener.

**The Convener:** Cabinet secretary, the islands plan funding announced last year dedicated £30 million of spending over five years, so why has the Government decided to distribute it in single-year rounds? We have also heard councils saying that the funding is not sufficient to deliver the plan's

ambitions. Would a multiyear approach be more appropriate?

**Mairi Gougeon:** To be honest, I have to agree that it would be. Unfortunately, however, we are not in a position to do that, because we do not have certainty of funding for future years. It is therefore simply not possible to deliver to that timescale. I am really sympathetic to those arguments; ideally, we would be running multiyear rounds, but, unfortunately, it is just not possible because of the yearly allocations that we are getting from the UK Government.

When we were members of the European Union, it was different, because we had the clarity of seven-year funding. That made it possible for us to plan things. I know that the situation is difficult for local authorities, but it is just not possible for us to consider doing that at the moment.

09:15

**The Convener:** The budget was supposed to be £30 million, but, as a result of the spending review, it was reduced by £4.4 million to £25.8 million. How will you budget to provide extra funding to cover, say, increased fuel or construction charges in contracts that have already been given? We heard that there was extra budget available for those things, so how much money has been set aside to assist in the tendering process for contracts? I know that Forest and Land Scotland, for example, is reviewing some of its contracts and is providing extra budget to cover them. Are you considering allocating any of the budget to cover rising costs and ensure that those projects go ahead?

**Mairi Gougeon:** Yes, that is built into the programme. I am sure that Erica Clarkson will correct me if I am wrong about the figures, but I believe that nearly £200,000 was set aside for contingencies in this year's islands programme. I see that Erica is nodding, so I am glad to know that my figures are not off. We have built that in, and I recognise the difficulties you have alluded to.

**Jim Fairlie:** I want to go back to multiyear budgeting. Is it because funding is allocated to you on a year-on-year basis that you cannot give multiyear funding to local authorities?

**Mairi Gougeon:** Yes, that is why it is not possible for us to do that. We get indicative allocations.

I should make it clear that what we see through the capital and resource spending reviews are not budgets; those figures are based on a number of assumptions, and we still have to go through the normal annual budget cycles. I should also emphasise that we do not have any clarity on funding beyond 2025; it is therefore not possible

for us to plan in detail beyond that point, because we do not know what our allocations will be. What we have set out in the capital and resource spending reviews are the overall funding envelopes, but we will still have to work through the detail when we know what the actual allocations will be.

**Jim Fairlie:** So, because those allocations are indicative rather than set in stone, they can be changed at the last minute and you will have to make adjustments.

**Mairi Gougeon:** I would like to be an optimist and say that maybe—hopefully—the figures will improve in the coming years, but, from the way things are heading, I do not think that that will be the case.

The allocations are indicative. They are the overall funding envelopes that we believe we might have, and our work is based on that. However, as committee members will be aware from the budget process that we went through last year, we go through the detail and allocate the budget to our proposals in the normal fashion in relation to the legislation.

**Jim Fairlie:** But that makes it very difficult for anybody considering a long-term project, does it not?

**Mairi Gougeon:** I agree with you—it does. Indeed, that comes through in the evidence and the feedback that we get. It can make things very difficult, and I appreciate the difficulties that businesses have when they apply for our grant funding rounds, because of the tight timescales for turning things around. I talked earlier about the model that we adopted for the islands programme and why we adopted it—we did so to ensure that projects were deliverable in the timescales that we had. I am absolutely sympathetic to that, but unfortunately, it is not possible for us to open up multiyear rounds, because we do not have the clarity of the seven-year funding rounds that we previously had when we were a member of the EU.

**Ariane Burgess (Highlands and Islands) (Green):** Good morning, cabinet secretary. Last week, three councils gave evidence to the committee in which they said, on the basis of their first experience of it, that the competitive bidding approach did not support communities. What are your thoughts on the competitive bidding approach, and do you think that it achieves the right balance between funding national priorities and supporting local decision making?

**Mairi Gougeon:** I think that it does strike that balance. Another benefit of the competitive model was that it enabled us to ensure that we aligned national priorities with the needs of our communities on the ground.

In response to the first question that I was asked, I spoke about a project that we funded to build a nursery in Orkney. I think that, during your evidence sessions, you have heard about that project's impact on retaining the population in Orkney and how critical it was. The competitive model has benefits in relation to such projects, and the work that SFT did in working with local authorities and giving its expertise was helpful throughout that process.

As I said, the approach was modelled on the regeneration capital grant fund scheme because that model is more familiar to local authorities. There are pros and cons on both sides when it comes to whether to use the competitive model or the direct allocation model. I think that some of the projects that were successful in the rounds show that the competitive approach has delivered on the national priorities and on what our island communities need.

**Jenni Minto (Argyll and Bute) (SNP):** Ariane Burgess asked about how the competitive process may—or may not—have worked for some of the councils involved. We got really clear information from the Scottish Futures Trust about the relationships that had been built up between councils and communities. I would be interested in hearing whether you have any thoughts on that. There was also discussion about the pipeline of projects. You mentioned that projects that were not successful in the most recent round are still being looked at. Do you have anything to add on that?

**Mairi Gougeon:** I would not want anyone to think that the work that has been undertaken in relation to those projects has been wasted. I do not underestimate for a moment how much work goes into preparing and submitting such bids. There were various issues around that, which the committee heard about last week.

One of the key aspects of our work with the SFT has been ensuring that there is on-going dialogue to see how we can get bids that were not successful this time into a position whereby they could potentially be successful in future rounds of the programme. It is important that we continue that work and that dialogue.

**Jenni Minto:** Last week, the representative of my council—Argyll and Bute Council—talked about separation and how taking the process away from island communities was not in the spirit of the Islands (Scotland) Act 2018. What are your thoughts on that?

**Mairi Gougeon:** We have taken different approaches to other funds that we have run. Previously, there were three separate strands to the islands programme, which were allocated in a number of different ways. It is important that we



take the learning from that. I know that there are other funds that are directly available for communities to bid straight into. I think that it depends on the fund and its objectives. There are other programmes, such as the one that we have just done, whereby the local authority is the lead partner.

It is important to have that mix. We certainly do not want to cut people out of the process. We want to make sure that the projects that come forward are ones that will genuinely provide what communities need. It is not for us to dictate to communities what infrastructure they need. All our island communities are unique and different in their own way. Some of the challenges that they face are similar, but some are different. Therefore, it is really important that the projects that are brought forward are organic and come from communities.

I really value the feedback that we get and the learning that we have taken from the previous rounds of the programme, as that will enable us to ensure that, when we bring forward future years of funding, we deliver it in a way that works—most importantly, for our island communities. Our approach is not set in stone. The evidence that the committee took was important. It is important for me to hear about how communities found the process so that we can take that learning into future years.

**Beatrice Wishart (Shetland Islands) (LD):** Good morning. To go back to the competitive bidding approach, some island authorities will have more expertise and capacity to bid for funding than others. How do you ensure that there is a level playing field?

**Mairi Gougeon:** That was another point that I took away from the committee's evidence session last week. I understand the pressures that local authorities are under in that regard. The committee also heard about how the variety of funds that are out there can be a challenge in and of itself.

However, working with the Scottish Futures Trust has been helpful in that regard, too. We wanted to work with the SFT on the latest round of funding because of its experience and expertise in delivering infrastructure and working with partners. It was really good to hear the feedback last week about the advice and assistance that local authorities have been able to get from the SFT. That was really important. We are happy to work with local authorities on capacity issues, because we recognise the challenges that can exist in that regard.

I come back to the point about why we selected the model that was used for the regeneration capital grant fund. We wanted to ensure that the

process was not completely alien to, or overly burdensome on, local authorities. We took that approach because we hoped that that would make things a bit easier. However, I recognise the challenges that were mentioned last week. Such feedback is really important.

**Alasdair Allan:** Not only do different local authorities have different resources available to them, but individual communities and islands within local authority areas have varying opportunities to make their voices heard. How do you manage to hear the diversity of voices from different islands within local authority areas?

**Mairi Gougeon:** First of all, I note that those in our islands team are predominantly based on islands and live within those communities, so they are tuned in to that feedback. George Burgess has made that point to the committee previously. I think that everyone on the islands programme investment panel has had experience of either living or working on islands. That is really important.

It is vital that we do what we can to hear the different voices that are out there. If the committee feels that that is not being done adequately and has any suggestions about how we do that better, I would be more than happy to take away that feedback and learning.

Alasdair Allan makes a good point, and I go back to the point that I made in response to Jenni Minto's questions. We want the projects that are delivered to have an impact on communities and to grow organically, and we want to work alongside communities in delivering them. I hope that we are getting at least some of that right, but I am more than happy to hear from the committee on that issue.

**The Convener:** We have heard repeatedly about the cluttered landscape and the exceedingly complex nature of funding, particularly for islands. What interventions have you made to ensure that the forthcoming budget deals with the cluttered landscape? What will you do to solve that issue? That is particularly important given the resource issues that local authorities are experiencing at the moment.

**Mairi Gougeon:** I am really sympathetic to the points that were made by local authorities last week, because I recognise how challenging that can be. In my portfolio, we will aim to make the processes for the various funding schemes as clear as possible and not too cumbersome for local authorities. As I said in relation to the islands programme, we want to work with local authorities and, through partners such as the SFT, ensure that they have the capacity that is needed. I am more than happy to take away that feedback.

However, things are sometimes outwith our control. For example, the UK Government's levelling-up fund cut across the islands programme when applications were being made. We have also seen that in the marine space. Even though that is a devolved area, the UK Government has provided £100 million of direct spend without—

**The Convener:** Do you not welcome that extra funding?

**Mairi Gougeon:** Any extra funding that we get is, of course, to be welcomed, but not when it is provided without any consultation with the devolved Administrations, which have responsibility for those policy areas. If the money had been given to the devolved Administrations, we could have aligned it with our priorities, and we would not have conflicting processes and priorities, which clutters the landscape and makes it even more difficult for people to apply to the funds.

**The Convener:** We must remember that Scotland has two Governments, both of which have priorities.

**Mairi Gougeon:** Yes, but we have specific powers. The Scottish Government should be given that funding so that we can allocate it in line with our policy priorities.

09:30

**Alasdair Allan:** I am tempted to say that Scotland has two Governments but only one of them is elected.

How does having money spent on those priorities—money that, until now, has always been regarded as devolved money—impact on the work of the Scottish Government?

**Mairi Gougeon:** It adds to the cluttered landscape and it cuts across some of the objectives that we would like to achieve. Among the different pots of funding, the prioritisation can be completely different. When we were members of the EU, the Highlands and Islands was a high-priority area for funding due to its remote and rural nature and the specific challenges that our rural communities face. That area was a high priority when we were in the EU, but it is certainly not as high a priority if you look at spending through the shared prosperity fund. Those allocations all fell far short of what we should and would have received were we still members of the EU. Fisheries is a devolved area, so if there is money there, it should be given to the Scottish Government to distribute in line with our own funding priorities.

**Jim Fairlie:** I have a supplementary question. Given that you have levelling-up funds coming into

areas and are having to work around them, have you made representations to the UK Government that that money should come directly to you so that you can use it to deliver the priorities in those devolved areas that the Scottish Government has set out?

**Mairi Gougeon:** Yes, I have. I make regular representations to my counterparts in the UK Government, as do other ministers. I think that the Minister for Business, Trade, Tourism and Enterprise has been dealing with that in relation to the shared prosperity funding. We regularly make those representations.

**Jim Fairlie:** In that case, convener, can we have the UK Government minister for agriculture come to this committee to answer questions on why the Scottish Government has been bypassed?

**The Convener:** The job of the committee is to scrutinise and hold to account the Scottish Government. That is our role.

**Jim Fairlie:** Absolutely—the Scottish Government is being held to account and the cabinet secretary has been here on numerous occasions. If the UK Government is bypassing the Scottish Government, surely it is in our remit to ask the UK Government why it is making things more difficult for the Scottish Government.

**Alasdair Allan:** I second that.

**The Convener:** Mr Fairlie, you will recognise that we had the Secretary of State for Environment, Food and Rural Affairs at a previous meeting, and there is an intention to have him at a future meeting. That is already decided.

**Jim Fairlie:** We had him here before, but we have a new Secretary of State for Environment, Food and Rural Affairs at Westminster now, and there is a whole new budget. The UK Government has also crashed the environment land management scheme decisions—

**The Convener:** Mr Fairlie, this meeting is about pre-budget scrutiny of the Scottish Government.

**Jim Fairlie:** There are direct effects—

**The Convener:** We can discuss that at another time. I call Jenni Minto.

**Jenni Minto:** Convener, you raised the fact that Scotland has two Governments, so it is reasonable to make that request.

As I travel around Argyll and Bute, I get a lot of feedback from constituents, including, in particular, those who live on the islands, who say that they really understand what their island and community need. Looking to the allocation of money in the future, whatever that might bring, how will you learn from the responses that we have had

regarding the funding and the allocations and learn more deeply from the communities that would argue that they know best?

**Mairi Gougeon:** It is important to get that feedback on exactly what the projects have delivered and whether they have delivered on the objectives as we would hope. The projects go through a rigorous assessment process anyway, so I hope that they will achieve those objectives. However, it is important that we get feedback.

As I said earlier, we have had two years of funding for which we have used the different allocation methods. It is important that we now take stock of the evidence that the committee has heard and received in relation to how those funds have operated and what they have delivered, as well as any individual feedback that you receive in your constituencies from people who live in the communities there. I am always open to hearing feedback and considering any learning for the future.

**Jenni Minto:** I will take you up on that, thank you.

**The Convener:** I call Karen Adam. *[Interruption.]*

**Karen Adam (Banffshire and Buchan Coast) (SNP):** Apologies, convener. Which question are we on?

**The Convener:** It is the final one in this section—number 9.

**Karen Adam:** Thank you.

Good morning, cabinet secretary. I know that my colleagues have already discussed this, but what, given the current economic landscape, was the main reason for not going ahead with the islands bond policy?

**Mairi Gougeon:** Essentially, we listened to the people who live on our islands. We had extensive consultation, and the islands team went out and engaged with different island communities. Although, overall, the consultation results with regard to how people felt about the issue were finely balanced, the resounding response from island communities was that they did not want the policy to go ahead. To be honest, that is what we listened to. I do not want to thrust anything on to islands or island communities that they do not want or put in place a policy that would not end up working.

However, even though we are not going ahead with that policy, the consultation events that took place were really helpful. It was, in fact, really important that we undertook them, given how much came out of that engagement, and we are looking at all of that now and will, I hope, be in a place to take some of that work forward.

That is the thing—the people in these communities know them best, and all sorts of different suggestions came out of the consultation events about what could help to retain populations in island areas. We are really focusing on that feedback to find out what learning we can take and whether there might be any other pilot projects that we can take forward.

**Karen Adam:** That is good to know.

In the discussions that the committee had last week, there was a lot of focus on bringing in the voices of the people who live in those areas—that grass-roots, lived experience—and making them part of the conversation and the actions arising from that. Have you seen a shift or change in what people desire or want for island communities in light of the huge economic shift that is happening at the moment?

**Mairi Gougeon:** Just by their very nature, it is our island communities and rural areas that are suffering the most from the cost of living crisis. With fuel costs, for example, the fact that so many people in those areas are dependent on oil and other regulated fuels for heating means that the capping of energy prices does not really help with their circumstances. Our rural and island communities are facing particular issues and challenges, and we are listening to and trying to get to grips with what they are telling us.

With the national islands plan, we have an islands strategic group as well as a national islands plan delivery group. Through those groups, we are engaging with the plan's implementation, of course, but we are also seeking to ensure that the objectives and commitments in the plan are still relevant. It is therefore important that we hear about any potential issues.

We have made one change to the national islands plan delivery group. In launching the young islanders network in Orkney over the summer, I invited those young people on to the delivery group, and their representation on the group will be critical to our getting as wide a representative input as we can. It is really important for me to hear that feedback. As I have said, our islands team officials are based on islands, too, because we need to hear what the people on our islands and rural areas think are their priorities.

**Karen Adam:** I am especially pleased about the involvement of young voices. That will be important.

**The Convener:** We have heard about the £4.2 million reduction in the islands budget, but what are your plans with regard to repurposing the £5 million that was originally committed to the islands bond policy?

**Mairi Gougeon:** Some of that budget had been allocated to this year, and we are taking what we have learned from the islands bond consultation and engagement to see what progress we can make. We will be working through the process with regard to any future budget decisions—no doubt, the committee will be interrogating those decisions in more detail.

As far as the reduction is concerned, however, it is important to remember that our capital allocations have been significantly restrained; indeed, we received £175 million less than we had expected as a result of the United Kingdom Government's spending review towards the tail end of last year. The capital allocations that we are getting are flat and they will fall over the course of the next few years. We have to prioritise as best we can within that context.

It is important not to forget that we have allocated resource funding to the islands programme and the islands plan, in particular. We have allocated an additional £10 million of resource to various projects, such as the appointment of six heritage and culture officers across the different areas and islands and the appointment of an innovation officer in the University of the Highlands and Islands. Those are just a couple of examples of how we are using that money. We are trying to use the funds that are available to us to deliver for our island communities.

**The Convener:** Will the £5 million go back in the pot?

**Mairi Gougeon:** Again, only a small part of that sum has been allocated for spend in this financial year. We have to see what the allocations will be for forthcoming financial years before we take further decisions.

**Jim Fairlie:** In a letter to the Finance and Public Administration Committee, the Deputy First Minister outlined potential budget savings. Where do you see savings being made in areas that are within the scope of this committee?

**Mairi Gougeon:** The overall budget savings from my portfolio that have been outlined total around £61.5 million. I reiterate that I cannot stress enough to the committee how challenging the position is in my portfolio and across Government, and that we are trying to tackle some of the challenges that we face.

I just want to make clear to the committee that the vast majority of savings that have been put forward in my portfolio are from ring-fenced funding—although the sum has been offered as a saving, it ultimately has to come back to the portfolio because it cannot be spent in other ways. Some of the other savings that have been put forward are in relation to re-forecasts of some of

our demand-led schemes and controls on recruitment.

We still try to deliver on our priorities as best we possibly can, while recognising the significant challenges that we face. I hope that that gives a broad outline of the savings that have been put forward.

**Jim Fairlie:** The convener asked whether that £5 million would go back in the central pot. Is it in the gift of your portfolio to make interventions to help people with the cost of living crisis outwith your normal funding, or will that funding come from central Government?

**Mairi Gougeon:** I think that I alluded to that point in some of my responses to the initial questions. We cannot just consider my portfolio spend in isolation, because of the wider work that is happening across Government to help with the cost of living crisis. The budget for those interventions—whether those are through discretionary housing payments or what we are doing in relation to fuel poverty—will come from different portfolios. However, those interventions will still have an impact across rural Scotland and in our island communities and we are trying to deliver them as best we can.

**Jim Fairlie:** Are you saying that the Government will deliver interventions via different channels but that the funding for rural affairs is ring fenced and will come back to the rural economy later?

**Mairi Gougeon:** Yes, that is right. The funding will come back to the portfolio.

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** That is exactly what I was going to ask about, cabinet secretary. When will the ring-fenced funding of £33 million come back? Will it be allocated to the same ring-fenced spending that was originally promised?

With regard to the £61.3 million and the spending cuts that we will see, you have given promises to farmers about meeting their demands in relation to net zero and capital funding, in particular. How will you look at that in the round?

I am sorry. I am not feeling well, so I am struggling to ask my question.

09:45

**Mairi Gougeon:** No problem. On your first point, I clarify that the funding will come back to the portfolio. I will discuss with the Deputy First Minister when and how that will happen. It will have to be spent on the ring-fenced purpose. It is ring-fenced funding and cannot be spent in any other area, and it has to be returned to the

portfolio—we are talking about the £33 million of savings that had been identified.

As I said, the capital allocations that we have been given are flat and falling. The funding that we would expect to receive in future years is coming through as resource, not capital, so we face particular issues in that regard. I know how vital capital spend is. The first round of the sustainable agriculture capital grant scheme was very successful. We faced really constrained budgets over the past financial year, which is why we had to target that funding, with a particular focus on slurry, given the new regulations. We allocated the full £5 million of the agriculture transformation fund to that, too.

I emphasise that the savings that have been put forward do not impact on any current spend or on the national test programme, to which we have committed £51 million over this year and the next two years. We are committed to maintaining those levels of funding.

**The Convener:** Why did the agriculture transformation fund drop from £45 million in 2021-22 to just £5 million in 2022-23?

**Mairi Gougeon:** There were a number of factors in that regard, some of which we discussed, I think, with the committee in my first appearance before you to talk about the budget. Around £20 million of funding was financial transactions and loans, and we had not been able to use financial transactions—I am sure that Sheetal Mehra will keep me right. If the Government is to offer loans, we need to do so on a commercial basis, and it simply was not possible to spend that funding. I cannot draw down allocations that I am not able to spend.

I have outlined the significant constraints that we face in relation to capital. I know that it was of great concern to the industry that the capital budget that was available for agriculture transformation was lower than it had been in previous years. There were all sorts of issues tied into that. For example, there were huge delays in getting equipment. There were huge backlogs. Those were not anyone's fault—they were not the fault of industry or Government. We had to ensure that we used the resource that we had as best we could.

**Beatrice Wishart:** We have touched on inflationary costs and their impact on some projects. In general terms, fishing, farming and food-processing businesses in rural and island areas face significant cost increases. How will the Scottish Government's budget support such businesses as they try to weather those increases?

**Mairi Gougeon:** I absolutely recognise the issue. Whenever I have been out and about on

visits, I have not found one area, whether it relates to my portfolio, the wider economy or society, that is not struggling at the moment. The issue is felt particularly acutely in rural and island areas, given some of the challenges that we have talked about—particularly energy costs. The cost of living crisis is affecting everyone, but I think that it affects our rural communities more because of some of the factors that we have talked about.

We have tried to help as much as possible. I have talked about what we have done through agriculture payments to try to ensure that there is at least cash flow to aid businesses as much as possible. We have continued to develop and deliver other schemes, which will have a positive impact. Funding of more than £14 million is available through the marine fund Scotland this year. There is also the food processing, marketing and co-operation grant scheme, on which announcements will be made soon, I believe.

We know how critical such projects are. I hear all the time about what they have delivered in the past. It is important that we have been able to continue schemes, to ease the burden on businesses and communities as best we can with the resources that are available to us.

**Beatrice Wishart:** Thank you.

**Karen Adam:** As you have highlighted, the fishing industry is struggling at the moment. The cost of living crisis impacts on it mostly in the form of energy bills. The boss of the Scottish Seafood Association, Jimmy Buchan, wrote a letter in which he said that the escalating fuel costs are having a “devastating impact” on the sector's ability to remain viable. He stressed how impactful that is, particularly on our food security.

The situation is concerning. People across the board—individuals and households—are struggling, but, when we see the impact on our food security, that is really worrying. What is being done to help the fishing sector?

**Mairi Gougeon:** What you say about the situation is absolutely right. Of course, that is a concern. We are in the process of implementing the recommendations of our food security and supply task force, and we are doing what we can in that regard.

As I highlighted earlier, not all the levers to affect that are in Scottish Government control. That is particularly the case with regard to fuel and energy. Therefore, first of all, we continually make representations to the UK Government to see what other interventions can be made. However, I realise that, for some businesses, the situation is particularly acute, and I agree that, if we are unable to offer appropriate support, the viability of some businesses will be threatened, which will threaten our overall food security.

We also have a number of other forums in place. With the UK Government, we have the seafood industry action group, which enables us to meet industry representatives to try to address some of the challenges that we face. Some of the challenges predate the situation that we are in, but they have only been exacerbated by everything that has happened. For example, we know that the workforce is a massive issue. We need to ensure that, across the piece, we are taking action where we can to help businesses.

**Karen Adam:** As the convener noted earlier, we are governed by two Governments and, as you said, we rely on the UK Government with regard to certain policies, support and its duties in that regard. Is there any alignment there? Are you able to voice exactly what our fishing industry in the north-east needs in a way that enables the UK Government to align with that, or is that difficult to do?

**Mairi Gougeon:** We regularly raise concerns, particularly in relation to areas in which we do not have the powers to deal with some of the most pressing issues. We have done that through the action group that I mentioned, and we participate in an interministerial group with the other devolved Administrations and the UK Government. I have also raised a number of those on-going issues with my new counterpart in the UK Government.

The task force's recommendations are important. We are in the process of delivering some of the ones that are within our areas of responsibility, such as the establishment of a food security unit and the corralling of some of our business support to make it easier for people to access. However, the task force identified a number of actions that are the responsibility of the UK Government, and I have written to the UK Government on those to press to get that meaningful action taken.

**Ariane Burgess:** I understand that the fleet of the enforcement arm of Marine Scotland—Marine Scotland compliance—is composed of just three vessels. I am also aware of stakeholders' concerns that Marine Scotland's enforcement of marine regulations is underfunded, of the many instances of illegal fishing that are going on unchecked due to a lack of enforcement capacity, and that enforcement officers undertook industrial action earlier this year.

Given that work is being taken forward on inshore fisheries through the Bute house agreement, is increasing enforcement capacity a priority for the Scottish Government? Do you expect there to be increased funding in the budget for the coming year? If not, how will enforcement be improved?

**Mairi Gougeon:** There is a lot in there. I hope that I am able to address all the points, but I am sure that you will come back if I do not do so.

On the workforce, we have had the extra £10 million of investment this year in recognition of the scale of what Marine Scotland has to deliver in relation to the ScotWind process—in trying to ensure that there are the planning and consenting resources that are needed—and of our ambitious environmental agenda.

Of course, I have to work within the parameters that I have. If I had an unlimited budget, it would be great to invest more money in more vessels for enforcement. Unfortunately, however, that is not the case. We have three marine protection vessels and two aircraft to help us with that enforcement, and we take a risk-based approach to the vast marine area that they have to cover. I reiterate and re-emphasise that, if anyone witnesses any activity that they deem to be illegal or have concerns about, they should feed that back to us, so that we can analyse it and see how best to allocate our resources.

**Ariane Burgess:** Is any consideration being given to increasing the size of the vessels, given that we have such a vast amount of water to cover and that stakeholders are raising concerns?

**Mairi Gougeon:** I recognise those concerns but, again, I have to work within the parameters that I have. I have talked about how significant the challenges in the portfolio are. That applies particularly to our capital spend, which is what is involved in our enforcement, so I cannot make a promise to the committee that we would look to enhance that at this moment, because of the sheer levels of costs that would be involved and the significant pressures that are already on the capital budget.

**Ariane Burgess:** Thanks.

**The Convener:** I call Alasdair Allan.

**Alasdair Allan:** To be honest, convener, my points have been raised.

**Jenni Minto:** May I ask something?

**The Convener:** Certainly.

**Jenni Minto:** Thank you, convener. If I understand things correctly, the European maritime and fisheries fund share for Scotland, based on the evidence and on sea area, would have been around £62 million per annum. I do not believe that we have received that, despite Scotland's other Government promising to match European funds on withdrawal from the European Union. How has that impacted on the work that Marine Scotland can do and on the flexibility that your department has?

**Mairi Gougeon:** That is right. We are significantly constrained. Obviously, we could do a lot more if we had the full allocation that we believe we are entitled to, but, instead, we received £14 million. From the regulations that we passed earlier in the year, the committee will be aware of what we can fund. We can fund a broader range of activities now, which is good, but we still have the same budget, of course. The resources that we have significantly constrain our ability to do more.

**Jim Fairlie:** Let us turn to the national test programme. What has the £10 million that has been committed so far this year been spent on? Is more detail available on what the remaining £41 million, which I am pleased to say is now guaranteed, is expected to be spent on over the next two years?

**Mairi Gougeon:** The £10 million that has been allocated for this year is for the first track of the national test programme, which we have started to roll out. We have had the claim window for carbon audits. It is not possible for me to say right now exactly how much has been spent, because our schemes are, largely, demand led. The claim window will also open soon for soil testing, I believe. That is largely what the funding this year has been allocated for.

For the second track, we have talked about doing a more focused pilot project with a number of farmers, to test what conditionality would look like. The first part of that was about trying to engage members in a survey to be undertaken over the summer. That closed towards the end of August, I think.

It has been about getting that roll-out—offering the incentives for people to engage in the variety of different measures and get a baseline understanding of where their businesses are on climate performance at the moment.

In relation to how the remaining £41 million will be allocated in the next couple of years, carbon audits and soil testing are just one element of that. I initially made the announcement, and issues were raised through the agriculture reform implementation oversight board about the importance of animal health and biodiversity audits. We have not been able to roll out biodiversity audits across the country in the first part of the programme, because their stage of development has not allowed that. However, we are looking to add that element to the programme. We also have a working group that is looking at measures that can be taken on animal health.

10:00

Those are key areas that will be added to the programme as we progress through the next

couple of years. We also have the livestock performance feedback. It is expected that the programme will grow over the next few years.

**Jim Fairlie:** My understanding is that the £51 million is basically to get agriculture into the shape that it needs to be in to continue food production and at the same time meet the demands of the climate change targets that have been set. Are you confident that the programme will deliver that for agricultural production? As the committee has heard time and again, agriculture should be about food production.

**Mairi Gougeon:** Absolutely. I go back to what we set out in our vision for agriculture, in which we focus on food production. It is about lowering emissions to their lowest possible level and doing what we can to enhance nature. I think that the three issues are intertwined.

Given all the challenges that we now have, food security has jumped right up the agenda. That is why we undertook the work with the task force and why we have committed to maintaining direct payments. We know that food production is vital. Ultimately, the £51 million is to support the transition to net zero and to support people going along that journey. Many farmers and crofters are already undertaking the types of practices that we want to see. We want to ensure that everybody comes along on the journey, which is where the work of the ARIOB has been really important. It is helping to shape incentives that will, we hope, work for industry; developing claims processes that are simple and straightforward for people; and ensuring that we offer the correct incentives. That development work has been really important.

**Jim Fairlie:** You talked about food security being much higher on the agenda. I assume that that means that the conditionality is absolutely going to stay, so that farmers will be encouraged to grow food.

**Mairi Gougeon:** Yes. We set out those commitments in our manifesto and in our vision for agriculture, in which we talk about introducing 50 per cent conditionality by 2025. That commitment is still there.

**Jim Fairlie:** I have one final question. I have concerns about the reports in *The Guardian* in the past week that the UK Government is talking about changing the system in England, that the environmental land management scheme may be discarded and that there might be a return to area payments. If that happens, will it affect the budget that comes to Scotland in relation to agriculture?

**Mairi Gougeon:** I cannot give an answer on the direction that the UK Government is taking or where its policy is heading at the moment. I have still to meet with my UK Government counterpart to discuss the issues that we have talked about

today in more detail. We have concerns about future funding, and I know that the committee has taken evidence in relation to the United Kingdom Internal Market Act 2020, and the impacts of the Subsidy Control Act 2022. We still have concerns about that, but I cannot give a categorical answer at the moment.

I think that the director wants to come in.

**George Burgess (Scottish Government):** I will just add something briefly, and I will maybe link back to the previous question. An important part of the national test programme is the test element—it is our opportunity to test out with farmers and landowners what measures will help them to progress towards lower emissions and a better contribution to biodiversity, rather than going in with both feet, establishing a new scheme and then discovering that there are issues with take-up and barriers that have not been identified in the design. We will all be aware that there have been concerns with the scheme south of the border and that take-up was potentially heading to be low. The benefit of the test approach that we are taking is that we can try out some measures and then work out what works well, where we need to tweak things and how we can improve things before we proceed to full-scale implementation.

**Mairi Gougeon:** The consultation on the agriculture bill is important in ensuring that we have future flexibility. We know that there will be a lot of learning as we go, so we need that flexibility and that ability to adapt to all the changes in technology and innovation that there could be within that time. We also need to recognise the various crises that we have faced—no doubt, there will be more in the future, as well as more challenges, so it is about ensuring that we have the flexibility to deal with those and adapt.

**Jim Fairlie:** Will the ARIOB still sit after the consultation has finished?

**Mairi Gougeon:** Yes, it is an iterative process, so we will need the ARIOB and that co-development process as we continue.

**The Convener:** Cabinet secretary, looking at the future of agricultural budgets, the process around developing an agriculture bill has failed. It is failing to the point that NFU Scotland and farmers will be protesting outside the Parliament in the first week of November, and we have the president of the NFUS suggesting that the NFUS is being consulted by the Scottish Government

“on a future agricultural policy ... in an information void”

and that it is

“hugely frustrating that despite several requests”

it is still unclear how this new bill will deliver on putting food production at the heart of the policy.

**Mairi Gougeon:** I come back to what I said in response to Jim Fairlie’s questions on food policy and food production: it is a key priority. That is why we identified it as one of the key pillars of support going forward and why we committed to maintaining direct payments.

I know that there is that call for more clarity, and, of course, we are developing that policy and working with industry because, ultimately, we want to deliver a policy that will work for people.

We are consulting on the bill right now, and it is vital that we get the feedback before we develop it further, because we want to make sure that the proposals that we have set out for a future framework in relation to modernising agricultural tenancies and a number of measures within that are the correct ones and that we are using the correct enabling powers to address some of the challenges that we have. We are looking to add some powers through the bill that are not open to us at the moment in relation to the action that we can take.

We want as many people as possible to take part in that consultation, because it is vital that we get that feedback and that we introduce a bill to Parliament that will work and deliver on everything that we need it to deliver on.

**The Convener:** Do you accept that there is an “information vacuum”? We have had the ARIOB and we have had focus groups and whatever, but the industry that you are talking about consulting is saying that there is this vacuum and yet it is being asked to participate in a consultation, which is not the right way to do it. Do you accept that there is an “information vacuum” in relation to the direction of travel?

**Mairi Gougeon:** It is an enabling bill that will introduce those powers. We have to have a consultation, because we need to get that feedback in the development stage. Again, that is where the work with the ARIOB has been really important. I talked about some of the initiatives that we have introduced as part of the national test programme. We are shaping and delivering schemes and systems that we know will work, based on that, and we are trying to deliver either the incentives or the mechanisms to make it as simple and as easy as possible for farmers to take part and get on board.

We have tried to provide as much clarity as we can at this time. We have committed to maintaining direct payments. We have talked about the conditionality, and there will be more detail on that in due course. I engage with the industry regularly and I take that feedback, but I would come back to the point that it is really important that we get that feedback on the bill before we introduce it.



**Ariane Burgess:** In relation to the good food nation, the Government has estimated that the proposed Scottish food commission will cost about £1 million per year to run. We would be interested in hearing the timescale for establishing the commission and any details that you have on its coming into existence.

**Mairi Gougeon:** I will be happy to keep the committee informed as plans for the commission develop. I am not able to provide too much more information on that today, because we are committed to timescales in the Good Food Nation (Scotland) Act 2022 in relation to when a good food nation plan will be introduced. Given the nature of the food commission as set out in the legislation, we will be working to establish the commission on a similar timescale to that for the development of the plan.

The budget that we have projected for the food commission is based largely on that of similar-sized Government bodies. We believe those figures to be representative of the size of the food commission and what it will be expected to deliver. As I say, I am not able to give much more detail on that today, but I would be happy to keep the committee informed as things develop.

**Ariane Burgess:** How is the process relating to the Government's good food nation plan going?

**Mairi Gougeon:** It has only been a few months since the Good Food Nation (Scotland) Bill was passed, so we are still in the early stages of developing the plan. We will look to produce a draft plan on the timescales that are set out in the legislation.

**Karen Adam:** Most of my questions on the food commission have been answered, although I could be a bit sneaky by trying to pull out more information on what it will look like. I know that it is in the works, but will it provide any monitoring or reporting on the state of food poverty?

**Mairi Gougeon:** Again, we will probably look to develop that. From our initial discussions during the committee's scrutiny of the bill that became the 2022 act, I know that there are a lot of outcomes, whether in relation to food poverty or health, that we can look to address in the plans. The way in which we will monitor our delivery against some of those outcomes will, I think, be included in the plans. Given the range of evidence that the committee heard and received, you will know just how many areas food policy touches. It is important that the good food nation plans bring all that together in a coherent way and ensure that we deliver those outcomes. How we monitor that will be really important, and there will be more detail on that in the plans.

**Karen Adam:** That is great. It is exciting, and I am looking forward to that.

**The Convener:** On the topic of food, there is the idea of having a food task force. Where does that appear in the budget? What is the likely cost of creating it?

**Mairi Gougeon:** Do you mean in relation to the recommendations about the food security and supply task force and the food security unit?

**The Convener:** Yes.

**Mairi Gougeon:** George Burgess can give a bit more information on that.

**George Burgess:** Obviously, the food task force already exists. It produced its report earlier in the summer. There will be further meetings of that task force; the next one should be taking place shortly.

The point about the food security unit allows me to pick up an earlier point from Ms Adam. Convener, you wrote to the cabinet secretary—just last week, I think—with some of the questions that we did not get to the previous time we appeared before the committee. The cabinet secretary wrote back yesterday, and that letter includes a detailed response that provides an update on the task force's recommendations.

The budget for that work will sit in my food and drink division within the agriculture and rural economy directorate. A number of officials have been working on the issues for a long time. We have had the food sector resilience group and other engagements with stakeholders, and we have been working on issues such as the CO<sub>2</sub> shortage for some time. The unit will be built from that existing group of staff, and the budget will be in the food and drink division. However, there will obviously be work across Government, as it is a cross-cutting issue in the same way as food is generally.

**The Convener:** On that cross-cutting issue, I will jump back to the islands plan. Will there be a focus in the budget document on how your spending plans across all portfolios will help to deliver the islands plan? You touched on that earlier.

Can I also clarify whether, in relation to the islands plan, you are ruling out longer-term funding allocations? Are you saying that those will not be possible in the future?

**Mairi Gougeon:** I am not ruling out future allocations, but I come back to my point about the CSR, the RSR and the broad funding envelopes. They are not budgets in and of themselves, so more detail will come forward on that.

The islands plan, in essence, brings together all the other pieces of work across Government. Obviously, islands is not a policy area on its own; there are many areas and interests across

Government, including housing, that impact on our islands. I hope that that came across in my evidence session with the committee on the national islands plan, which, I think, was in June. The reason why we have an islands team, and why my role in Government exists, is to ensure that we consider any potential impacts on our islands and rural communities across all policy areas.

10:15

**The Convener:** In a previous evidence session, some local authorities suggested that housing and transport issues were the main drivers of rural depopulation. Is it possible that the islands plan, along with its associated funding, is too broad at the moment? Given the cost of living crisis, would it not be better to focus more specifically on a smaller number of objectives?

**Mairi Gougeon:** We need to ensure that all the objectives that we have identified are still relevant, and a lot of them are. There is one on population—you touched on housing and transport—and one on fuel poverty. All those things are vitally important.

I attended the meeting of the convention of the Highlands and Islands in Oban at the start of this week, and we talked about a lot of those issues. When I am out on visits, housing is often identified as one of the key issues, if not the key issue, that people face at the moment. It was also identified as such at the convention's meeting. I visited Orkney in the summer and heard exactly the same thing. We do not necessarily see a jobs shortage in rural and island areas, but there is a lack of affordable housing for people to stay in our communities.

That is where our objectives are still relevant. It is also not up to the islands programme in and of itself to fund those interventions; that is where the work that has been taken forward on housing is critical. We are developing the remote, rural and islands housing action plan and I am happy to follow up with colleagues if the committee wants more information on that. We know that there are particular challenges in our rural and island areas that we need to address, and our objectives are relevant, but the other interventions that we are making across Government are also important. It is not just about the islands programme.

**Ariane Burgess:** I was just about to ask the cabinet secretary about how involved she is in the remote, rural and islands housing action plan. Do you collaborate with the Cabinet Secretary for Social Justice, Housing and Local Government on that?

**Mairi Gougeon:** Yes. I have had meetings with the cabinet secretary to discuss those issues. I

engage with a lot of stakeholders, including community groups and housing organisations, due to the nature of my role. Those issues are relevant to almost all policy areas, so my engagement with ministerial colleagues is really important.

There is also a ministerial task force on population, which is about those cross-cutting issues. I lead on the rural and islands strand of that work, which is led, overall, by the Cabinet Secretary for Constitution, External Affairs and Culture. We try to ensure that we deliver on those objectives, and we are engaging with stakeholders, because it is critical to do so if we are going to deliver the changes that our island communities need.

**Jenni Minto:** It was really helpful to hear about the work that goes on with the island boards and what have you. We have heard a lot of evidence today and in previous weeks about the importance of feedback and listening to communities, and of feeding back to the communities on how things will change.

I will take the convener's lead and jump around a wee bit. Can you confirm that the NFUS co-convenes the ARIOB and that, therefore, there is a relationship between the NFUS and the organisation? I also introduce the idea of a vacuum—is there a vacuum, if that is the right word to use, of information and collaboration in relation to Scotland's other Government, which it did not elect?

**Mairi Gougeon:** You are right in relation to the NFUS's co-convening role. The ARIOB exists because we want to work with industry and with our farmers and crofters to develop future policy. That is critical to me, because I want to make sure that we get it right and that we deliver a policy that we can implement and that will deliver everything that we hope it will in relation to emissions reductions, food security and enhancing nature.

Everyone in the group is an individual, and they will have different perspectives and views. There are things that we will have to do as a Government that not everybody will necessarily agree with, whether that is because of legislative constraints or budgetary constraints. However, that co-development is really important in ensuring that they feed into that process.

**George Burgess:** I will come in briefly on the relationship with the NFUS and will pick up on the convener's earlier comment. I understand that the event that is being set up outside the Parliament early next month is intended by the NFUS very much as a celebration of the importance of farming and food production for Scotland—something that we can all get behind.

**Rachael Hamilton:** After what we have heard about the budget cuts to farming, it is important

that the Scottish Government offers clear support. However, on the news that there is going to be a rally outside Parliament, I will quote the NFUS:

“It remains hugely frustrating that the Scottish Government, despite several requests from NFU Scotland and other stakeholders has yet to set out any clear options as to how any new powers created by the proposed new Agriculture Bill will put food production at the heart of delivering all the economic, social and environmental benefits that active agricultural businesses will be asked to deliver.”

That is absolutely damning. We have reached a position in which the NFUS has to bring people together because there has been such a lack of clarity. What do you say to that?

**Mairi Gougeon:** On your first point, that is not a budget cut to farming. As I said earlier, it does not impact on any current schemes or on what we are delivering through the national test programme. Again, it is ring-fenced funding that must come back to the portfolio. I want to be clear on that point.

We are restricted with regard to the changes that we can make and what we can deliver in that interim time, because of the legislation that was passed in 2020 and because of our previous commitment that we would deliver stability and simplicity throughout that time. It has been a really important piece of work to ensure at least as much stability as we can provide, given all the different crises and upheaval over the past few years.

I absolutely understand and take the point that people are planning for the future—they want to know what future policy will mean for their business and they want to see the detail of that. The consultation was not going to deliver that detail, because it is about the enabling powers that we need for future legislation.

However, set out within that is the broad framework of what we are looking at, and we also have our commitment that we will continue to support food production through direct payments. That is the conditionality bit, but, of course, the co-development that I mentioned is critical here, because we want to ensure that we get that right. That is why that work is important. We want to deliver something that will deliver on all our targets and that is, ultimately, workable.

I am absolutely committed to that work, and, of course, we want to provide as much detail as we can. More detail will emerge in due course.

**The Convener:** I thank the cabinet secretary and her officials for joining us. That concludes our question session. Thank you for the information that you have provided.

## Subordinate Legislation

### Non-Commercial Movement of Pet Animals (Scotland) Amendment (No 2) Regulations 2022 (SSI 2022/262)

**The Convener:** Agenda item 3 is consideration of a Scottish statutory instrument. I refer members to paper 3, from page 17 in the pack. I see that members do not have any comments on the instrument, so I propose that we write to the Scottish Government to ask for further information, as is set out on page 19. Do members agree to that?

**Members** *indicated agreement.*

**The Convener:** That concludes our business in public.

10:24

*Meeting continued in private until 10:48.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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