



OFFICIAL REPORT  
AITHISG OIFIGEIL

# Rural Affairs and Islands Committee

Wednesday 25 September 2024

Session 6



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**Wednesday 25 September 2024**

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**RURAL AFFAIRS AND ISLANDS COMMITTEE**

**23<sup>rd</sup> Meeting 2024, Session 6**

**CONVENER**

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

**DEPUTY CONVENER**

Beatrice Wishart (Shetland Islands) (LD)

**COMMITTEE MEMBERS**

Colin Beattie (Midlothian North and Musselburgh) (SNP)

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

\*Rhoda Grant (Highlands and Islands) (Lab)

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

\*Emma Harper (South Scotland) (SNP)

\*Emma Roddick (Highlands and Islands) (SNP)

Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

George Burgess (Scottish Government)

Brendan Callaghan (Scottish Government)

Jim Fairlie (Minister for Agriculture and Connectivity)

Jesus Gallego (Scottish Government)

Nuala Gormley (Scottish Government)

Mairi Gougeon (Cabinet Secretary for Rural Affairs, Land Reform and Islands)

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP) (Committee Substitute)

Rebecca Hackett (Scottish Government)

Lewis Kerr (Scottish Government)

James Muldoon (Scottish Government)

**CLERK TO THE COMMITTEE**

Emma Johnston

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



# Scottish Parliament

## Rural Affairs and Islands Committee

Wednesday 25 September 2024

*[The Convener opened the meeting at 09:28]*

### Pre-budget Scrutiny 2025-26

**The Convener (Finlay Carson):** Good morning, and welcome to the 23rd meeting in 2024 of the Rural Affairs and Islands Committee. I ask members and those who are joining us to ensure that all electronic devices are switched to silent, please. We have received apologies from Colin Beattie, Beatrice Wishart and Elena Whitham, and I welcome Christine Grahame, who is attending as a substitute.

Our first item of business is an evidence session with the Scottish Government to conclude our pre-budget scrutiny of the 2025-26 Scottish budget. We have about two hours for the discussion. I welcome Mairi Gougeon, the Cabinet Secretary for Rural Affairs, Land Reform and Islands, who is supported by Scottish Government officials George Burgess, who is the director of agriculture and rural economy; Brendan Callaghan, who is the director of operational delivery for Scottish Forestry; Karen Morley, who is the head of agriculture and rural economy finance; Nuala Gormley, who is the deputy director of marine science, evidence, data and digital in the marine directorate; and Rebecca Hackett, who is the deputy director and portfolio lead for corporate strategy in the marine directorate.

Before we begin, I invite the cabinet secretary to make a brief opening statement.

**The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon):** Thank you for the opportunity to speak with the committee in advance of the 2025-26 Scottish budget. As the Cabinet Secretary for Finance and Local Government set out in her fiscal statement earlier this month, the Scottish Government faces a very challenging situation as we continue to manage our finances through the current financial year and look to set the Scottish budget for the forthcoming financial year. In the face of that challenge, my portfolio is playing a substantive and real role in helping the Government to achieve its four priorities.

We remain steadfast in our support for rural and island communities. Scotland's rural and island economy is a major source of growth for Scotland, delivering an economic contribution that was worth

£39 billion—26 per cent of Scotland's total gross value added—in 2021. However, we know that communities across our rural and island areas face unique challenges, including a higher cost of living, which is why we are determined to ensure that those challenges are addressed through all our policies.

09:30

I am clear that the funding that is allocated to my portfolio is targeted at improving opportunities in Scotland's rural, coastal and island communities and has a direct critical role in enabling communities to thrive. Such measures include investing more than £6.7 million in Scotland's islands to support the on-going delivery of the national islands plan; supporting island communities through our islands cost crisis emergency fund; and continuing to support Scotland's islands to become exemplars of carbon-neutral communities through our carbon-neutral islands programme.

We have a strong record of providing direct support to our marine sectors through the European maritime and fisheries fund and, since our exit from the European Union, our marine fund Scotland. We will shortly announce up to £14 million of marine fund Scotland funding for 2024-25, which will support projects to achieve an innovative and economically sustainable marine economy that delivers real benefits for Scotland's coastal communities, reduces carbon emissions and protects the marine environment. That funding will build on grants totalling more than £40 million to more than 270 projects since 2021.

More broadly, in relation to the marine directorate's budget, we continue to prioritise our significant statutory and regulatory functions in key commitment areas, including fisheries science, which continues to be a priority, with its funding being maintained at existing levels.

The read-through of scientific expertise into tangible outcomes for Scotland is clear when we consider the marine directorate's work on international fisheries negotiations. Our scientific, compliance and policy functions collaborate very effectively to seek the best outcomes for Scotland, and that work brought in more than £600 million-worth of fishing opportunities last year.

In relation to our rural economy, the agriculture sector is key to Scotland's wider economy. The rural affairs budget provides essential financial stability to the rural economy through the provision of our direct payments. In 2024-25, more than £600 million is being provided in on-going support for the rural sector. Early payments began to reach farmers and crofters from Wednesday 4 September. In total, the initial payments are worth

approximately £243 million and are being paid to more than 11,500 businesses across Scotland.

Through the agricultural reform programme, we are continuing to support farmers and crofters to reduce emissions and deliver biodiversity improvements through greater uptake of key activities such as carbon and biodiversity audits and soil analysis. That will be key to supporting the transformation of farming and food production in Scotland so that we become a global leader in sustainable regenerative agriculture and support the industry to achieve its targets.

Nature restoration is also key to achieving those targets. This year, in the programme for government, we have committed to planting 10,000 hectares of trees, with more than 4,000 hectares being used for native broadleaf species.

As the committee will be aware, with there being no clarity on future funding levels from the United Kingdom Government or on the extent to which the funding will remain ring fenced, we are missing a key building block for the 2025-26 budget. However, together with my counterparts in the other devolved nations, we are hoping for a reset in the relationship with the UK Government, as we join together to press for a satisfactory multi-annual settlement to be set out in the UK spending review.

I am happy to take any questions that the committee might have.

**The Convener:** Thank you very much. I will kick off with questions about the marine directorate. Will you explain the main purpose of the directorate's recent restructuring? What difference should stakeholders expect to see in the delivery of fisheries policies?

**Mairi Gougeon:** In my opening remarks, I highlighted the different ways in which the marine directorate contributes to our fisheries. As I said, there have been very tangible outcomes for our fisheries industry, such as the fishing opportunities that we have secured over the past few years.

The directorate has been restructured so that it follows more of a portfolio approach, but it would probably be helpful if I passed over to Rebecca Hackett to provide more details.

**Rebecca Hackett (Scottish Government):** The restructure was principally designed to make us more flexible and responsive to future demand. The idea of the portfolio model is about being able to flex and adapt across different areas of delivery based on future need. We are seeking to do more in the future to bring together different areas of delivery more closely. As the cabinet secretary indicated in her opening remarks, we are already working across areas such as policy, science, evidence and digital, and the aim of the restructure

was to enable that to happen in a more flexible and adaptive way. It was mainly an internal reorganisation, so I do not think that it should impact how our stakeholders perceive the marine directorate's delivery on its core priorities.

**The Convener:** What are those core or key priorities within the marine directorate?

**Mairi Gougeon:** Do you mean the priorities that we look to deliver from a policy perspective?

**The Convener:** Yes, your key priorities.

**Mairi Gougeon:** Certainly, from the portfolio perspective, there are a number of priorities. The first of those is delivering on the commitments in the future fisheries management strategy, which was published a few years ago. That will help with our overall transformation.

We are starting to see some of the policy work come through. I appeared in front of the committee in relation to the rolling out of remote electronic monitoring. That is a significant policy development. We are also working on some other critical areas, such as working through the detail of the future catching policy.

At my committee appearance a couple of weeks ago, we also talked about the fisheries management plans. Of course, those are a key priority, too.

International negotiations always remain a key priority. We have talked about the different policy areas and how they all contribute to the outcomes of those negotiations. Ultimately, we want to ensure that we secure the best possible opportunities for our industry in Scotland. As I outlined, we have seen more than £600 million-worth of opportunities over the past couple of years.

The committee will be interested in the work in relation to inshore fisheries. We have introduced some interim measures on inshore fisheries, which is part of the work that we are doing to transform how we deal with those fisheries and the overall road map to inshore fisheries management improvement.

In a few weeks' time, I will appear in front of the committee in relation to aquaculture, which the committee has been looking at in some detail. In our programme for government, we set out some of the commitments that we are looking at on that. Ultimately, the key focus for that part of work is delivering on the recommendations that came out of the Griggs review. The consenting pilot work is a key component of that work that we have been delivering over the past year.

I hope that that helps to give some of the key priority areas for my portfolio and what we are

looking to continue to deliver over the coming year.

**The Convener:** You touched on inshore fisheries, and we have had evidence from a number of stakeholders on them. Elspeth Macdonald, from the Scottish Fishermen's Association, said that

"the directorate is spinning many, many plates and it looks to us as if the resource ... is being spread too thinly over too many things",

and that

"We have many data gaps and poor information in relation to many of our inshore fisheries compared with some of the other fisheries."

Similarly, Elaine Whyte, from the Clyde Fishermen's Association, said:

"We feel that we have less contact with staff and that staff have more pressure on them. Going back 10 years ago, I would make a phone call to a member of staff to sort an issue, but that is far more difficult now."

We know that previous budget documents have stated that an increase in marine directorate has been directed towards net zero, biodiversity and the expansion of offshore renewables. Is that the reason why we are hearing concerns relating to other fisheries policy areas? Has there been a negative impact on the delivery of fisheries policy objectives because of the focus on areas other than the fishing industry?

**Mairi Gougeon:** There are quite a few points that I want to pick up in relation to your comments. Although I recognise some of the challenges that were outlined when the committee heard from some of our stakeholders in your evidence session, broadly speaking, we have quite a strong relationship with some of our stakeholders, and I hope that that came through in some of the evidence that you heard, too.

There is no doubt that the marine directorate, like other directorates across the Government, is under a huge amount of pressure. There is no shortage of work going on in the marine space, which adds to all that. There have been a number of changes in how we engage with stakeholders, and we have tried to put more formal structures in place to co-ordinate that. For example, in the work that we have done on the fisheries management and conservation group, we have set out terms of reference and put it on a more structured basis, which helps us to get a more strategic view and more engagement with the policies that we are looking to implement.

We have also undertaken work in relation to our regional inshore fisheries groups, which we will review to make sure that we have the right mechanisms in place to engage with our stakeholders in such a way that they can help us with the formulation and delivery of policy.

As we move forward, I think that the implementation of the marine science and innovation strategy, which was published at the start of the year, will help. I recognise what stakeholders said to the committee about data and evidence gaps, but, with the best will in the world, the marine directorate's science department would never be able to resource all the work that is needed to fill those gaps or to fulfil all our science needs. Of course, as is the case in other directorates, we must try to prioritise that work as best we can.

The marine science and innovation strategy sets out the efforts that we are making to better collaborate with other academic institutions. There are some quite strong relationships across Scotland. In addition, we have appointed a chief scientific adviser for the marine directorate, who will help with the implementation part of that work.

I do not know whether Nuala Gormley has more information to add on the scientific elements.

**Nuala Gormley (Scottish Government):** Professor Mark Inall and I are already working on designing an implementation plan on the back of the science and innovation strategy. As was the case with the development of the strategy, there will be extensive engagement with external stakeholders. An element of that is a research areas interest exercise, and there will be mapping of capability and capacity for Scottish marine science. That will be a much more obvious route map for the work that we will prioritise and how we will take that forward in the future.

**The Convener:** In relation to the overall budget, basically, the budget for sea fisheries has flatlined. There has been no real-terms increase compared with other parts of the marine directorate. You mentioned the route map, but there was a suggestion that it was based on the budget, rather than on what the industry needs. The committee has dealt with policies in relation to which issues have been raised about the data to back up those policies.

There have been struggles with the Clyde cod box and, more recently, with lobster and crab fisheries. Are you ensuring that the budget matches the ambitions that Nuala Gormley has just set out? Can that be achieved when the budget for sea fisheries is flatlining?

**Mairi Gougeon:** When you mentioned the route map, did you mean the innovation strategy that we have published?

**The Convener:** The annual strategy—the annual plan that is set out.

**Mairi Gougeon:** Oh—our delivery plan. As I said, we have to try and prioritise. I recently met Elaine Whyte of the Clyde Fishermen's

Association on the work on Clyde cod. I set out that, broadly, the science and innovation strategy is about how we can best utilise the resources that we have across the piece and collaborate with others, such as academic institutions and the industry. A number of programmes that involve us working and collaborating with the industry are already under way.

I understand the criticism that that there has been of the interim measures for inshore fisheries, and I have discussed with you some of the specific issues that have been highlighted. An opportunity has emerged from that, in relation to the science in particular, to work with the industry to see how we can improve in areas where data gaps exist. That has been a positive element of work.

That there was a need to introduce those interim measures was not just our view; the industry itself recognised that, given the situation that it is experiencing on the ground. Of course, we must keep those interim measures under review to ensure that they are doing what we need them to do and to look at any potential changes.

We are continuing to engage with stakeholders on those measures. Over the past few weeks, I have heard directly from stakeholders to see how we can continue that collaboration.

**Emma Roddick (Highlands and Islands) (SNP):** Good morning, cabinet secretary. I want to ask about the availability of resourcing in the marine directorate for spatial planning, which I know is an issue that has been discussed for quite a long time, particularly in relation to the Marine (Scotland) Act 2010. It has been suggested that the directorate does not have the resources to progress that in a meaningful way. Could you speak about that?

09:45

**Mairi Gougeon:** Do you mean that in relation to the marine planning element as well?

**Emma Roddick:** Yes.

**Mairi Gougeon:** I will hand over to Rebecca Hackett, who will probably be able to say a bit more about that. I am not leading on the development of the new national marine plan 2; that is being led by the acting Cabinet Secretary for Net Zero and Energy, Gillian Martin, although we work closely together on it. There has been specific engagement with our fishing industry to ensure that we get its views, and discussions are on-going in relation to the development of the new national marine plan, so I would not want to pre-empt what will come out of that engagement process on how we proceed further.

I do not know whether you want to add anything, Rebecca.

**Rebecca Hackett:** We have a lot of activity under way at the moment in relation to marine planning. As well as the development of the national marine plan 2, which is in a very active phase and for which a lot of stakeholder engagement is happening, as the cabinet secretary referenced, we have on-going work on regional marine planning. We are working closely with Clyde, Orkney and Shetland on the development of their regional marine plans, and we hope that that will lead to the adoption of the first regional marine plan in the not-too-distant future.

It is worth noting that we have had some structural changes in the past couple of years, with sectoral planning for offshore wind moving away from the marine directorate. We now have the directorate for offshore wind, which is leading on the development of a sectoral plan.

**Emma Harper (South Scotland) (SNP):** Good morning to the cabinet secretary and the other witnesses. I am interested in finding out a wee bit about leveraging additional funding. Given the current fiscal constraints, cabinet secretary, are you considering any options for raising additional revenue to support the delivery of the policy ambitions for fisheries? We heard evidence about considering a review of landing levies, or exploring options for leveraging private investment from offshore renewables. Are you considering those?

**Mairi Gougeon:** Given that we are working within the constraints of the overall budget settlement, as I outlined in my opening comments, it is especially important that we try to maximise some of the income streams that we have. I highlight that, over the past year, more than £9 million of income has been generated. Much of that comes from marine licensing fees; some comes from our science work; and some comes from other contracts in relation to compliance and our aerial surveillance work, which we undertake on behalf of the joint maritime security centre. We have had £9 million so far, but it is always important that we keep that under review and look at where else we can maximise any potential income streams.

**Emma Harper:** You mentioned that you work closely with Gillian Martin, the acting cabinet secretary, to look at offshore and marine planning. Are there opportunities to continue to make sure that good collaboration takes place, so that any opportunities can be explored?

**Mairi Gougeon:** Absolutely. Although I outlined that some specific responsibilities sit with the other cabinet secretary, I have a strong interest in marine issues. We have close collaboration across the different areas of policy, even though overall responsibility sits in different portfolios.



From a directorate perspective, given the way in which that portfolio work has been established, I am sure that Rebecca Hackett could comment more on how that is working overall—and, I hope, improving things.

**Rebecca Hackett:** One of the advantages of the structure that we have now is that we are integrated across different areas of activity. We work quite seamlessly across both portfolios. Ultimately, the issues are interconnected, and we are able to recognise that in the way that we work. There is a lot of collaboration across the different areas, to think about the offshore wind element, biodiversity and the impact on fisheries when we think about marine planning.

**The Convener:** We move on to fisheries science.

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** Good morning, cabinet secretary. Did you watch the round table that we had on fisheries a couple of weeks ago?

**Mairi Gougeon:** Yes.

**Rachael Hamilton:** What was your reaction to the comments of various academics and former Scottish Government employees about the downfall of the international reputation of the Scottish scientific output on fisheries?

**Mairi Gougeon:** Obviously, it was really disappointing to hear that, and it is not something that we want to hear about the directorate. I know that the committee has undertaken visits and you have spoken to some of the team directly. We are fortunate to have some brilliant people across our marine directorate, who are passionate and really care about what they do. Of course, it is never nice to hear such comments but, on reflection, some of the criticism that was levelled at the directorate—in relation to the science and the international reputation—was unfair, because I genuinely believe that we are well respected and well regarded. When you look at our science, the fact that we have a lead in a number of the working groups in the International Council for the Exploration of the Sea very much played a strong role in the organisation of events that have taken place there. We have strong relationships with different stakeholders and other academic institutions. I do not quite agree with some of the criticism that was levelled in that regard, because I think that our science and our team of scientists are well regarded.

**Rachael Hamilton:** That is really not the picture that was painted. Professor Michel Kaiser, from the Marine Alliance for Science and Technology for Scotland, said that, in the past,

“everybody would have liked to have worked in the marine lab in Aberdeen”,

but that

“To be ... frank, it is not somewhere that you would want to work these days, because, over three decades, it has been systematically hollowed out to a shell of what it was formerly.”—[*Official Report, Rural Affairs and Islands Committee*, 4 September 2024; c 6.]

Dr Robin Cook said that

“It is of real concern that we no longer have a marine institute in Scotland with the capacity to deliver for the future.”—[*Official Report, Rural Affairs and Islands Committee*, 4 September 2024; c 10.]

Those are just a couple of the comments, but, as you are well aware, cabinet secretary, the general trend is that, since 2009, the number of publications that have been produced in Scotland has declined dramatically compared with the output in fisheries research from countries such as Ireland, Denmark and France and, indeed, from the Centre for Environment, Fisheries and Aquaculture Science in the rest of the United Kingdom. The budget has also decreased. As Dr Robin Cook said, it will take a long time to get back to the position that we were in, pre-2009, when the science output was outstanding.

What is your response to that? What will the Scottish Government do to rectify the situation?

**Mairi Gougeon:** There are a couple of different things in there. You referenced some of the different countries and their output. Obviously, other countries and other Administrations in the UK—where marine sits in their portfolio areas—all operate in a completely different way, so you are not necessarily comparing like with like when you make those comparisons. Obviously, CEFAS operates in a different way to the way that the science, evidence, data and digital department does in the marine directorate, where it does more work externally and receives more of its budget that way, rather than it all being funded by the UK Government. That department is funded in a different way.

The science department in the marine directorate is more focused on the evidence that we need to develop Scottish policy and the interests that we have there.

The committee has visited the marine lab, and I accept the points that are made about that. Of course, a number of short-term measures have been implemented there. I realise that the situation is not optimal, because we want it to be an attractive place to work and an environment where people want to come and work. It is also important to highlight that a longer-term piece of work is being developed in relation to that. The Scottish Government corporate team has put together a project board to look at potential longer-term options for the future of that site.

There is a strong level of interest in filling the vacancies that arise, so I still believe that it is an attractive place where people want to work. However, there is no doubt that more work needs to be done on the infrastructure in particular, and that is why the work that the project board will be taking forward is really important. Nuala, do you want to add anything else in relation to that?

**Nuala Gormley:** On your final point on the attractiveness of the portfolio for work, in two recent recruitment exercises we had 124 and 87 applications for posts in chemistry and sea fisheries respectively, which we took as a healthy response to what were relatively junior science posts.

We have done an awful lot more in creating open data access alongside our publications record. We have published more than 1,000 papers since 2010, and we have published a lot of grey literature. We have a research series, and our analytical function produces 15 to 20 papers a day, which are closer to the economic advice and fishery statistics that we publish in a range of other publications. We publish conference papers when we go to ICES and so on; there is a wide range of publication destinations just now.

On engagement with ICES, in the past 10 to 15 years ICES activity has increased fairly drastically as its interests have expanded and its stock assessments have increased. There are more than 150 working groups and the Scottish Government is involved in 70 of those at different levels of influence. We are leading on 19 of the current stock assessment groups, compared with 15 years ago when we were engaged in around 10. We have roughly doubled our ICES engagement over the past 15 years and, at the same time, ICES engagement has become an awful lot more extensive.

We have judged where to engage with ICES by engaging most thoroughly in groups that prioritise Scotland's interests. We are particularly engaged in the emerging stock assessments, which are in the Irish Sea and the west of Scotland sector. There has been a positive change over the period, although I accept that it does not look the same as it did 15 years ago. Academia has changed in that time, ICES has changed and the demand on all of marine science has certainly increased.

**The Convener:** You talked about assessments. We heard about the mismatch between what the Government wants the marine directorate to be and what it actually can be, given the resources. Mackerel is the most valuable stock for the Scottish fishing industry, accounting for a third of the value of total landings. There used to be a really strong pelagic team in the fisheries team in the marine lab, but the stock assessments are now being led by the Dutch, so people in the

marine laboratory who have in the past invested a huge amount of interest in the fisheries are no longer doing that work.

The Government's ambition and desire to be an international leader do not appear to be matched by available resources. That is almost a direct quote from what we heard during the round table. What is your response to that?

**Mairi Gougeon:** I will start off on that, and Nuala Gormley may want to come in after. Mackerel is one example; of course, other states have a strong interest in that as well. It is not unusual for work to be undertaken or led on by other states. You can pick on that example, but there are other examples, such as those that Nuala just talked about—we lead on 19 other stock assessment groups that are important for Scotland. There is also important collaborative work on monkfish to highlight. The work that we did in Scotland led to an increase in the total allowable catch for that species, which is so valuable for our industry. Nuala, do you want to add anything further?

**Nuala Gormley:** I will reiterate two points. It is standard for ICES to adjust the rules across the different stock assessments, such as on the recent monkfish assessment. The Scottish evidence that led the monkfish assessment has been accepted, and there is now a different stock assessment. If that goes through ICES, it will lead to an increase of £30 million in Scottish monkfish income, which is overall £50 million. We have diverted resources and expertise to where we think they are of most value.

**Rachael Hamilton:** Could either the cabinet secretary or Nuala Gormley tell me how many publications were reported in 2022-23 from Marine Scotland science?

**Mairi Gougeon:** I believe that those figures were provided to the committee in our letter. Nuala, do you have them?

**Rachael Hamilton:** Was it 23?

**Mairi Gougeon:** That could be the figure that was provided to the committee.

**Nuala Gormley:** The figure for 2022-23 was 23.

10:00

**Rachael Hamilton:** That is a massive drop. You said that, up to 2010, you had a number of publications—more than 1,000. In comparison to other institutions, that number is very low and it leaves Scotland's fisheries in a parlous state.

You also mentioned the number of applications that you had received for junior positions. Are you saying that we can recover our status? What is the

plan to do that so that we can support rural and island communities?

**Mairi Gougeon:** It is important to address that point. You are saying that fisheries are being left in a parlous state and you are judging that purely on the basis of the number of publications, but I do not think that it is fair to make that assessment or to equate those two things. Nuala Gormley outlined our involvement in ICES for the stocks that are important for us in Scotland, and both of us have touched on the importance of Scottish science feeding into that work. A tangible outcome to our work on monkfish was an increase in the TAC for that species.

It comes back to the point I made previously, which is that we are not comparing like-for-like when we look at external work or work that has been published—I am sure that Nuala will correct me if I am wrong. CEFAS operates in a different way to us, as do marine directorates in other countries. Those bodies may depend more on an external element or publishing work externally. It is important that we are making comparisons that are fair. I do not think that that is necessarily the situation with what you have just set out. Nuala, do you want to add anything more to that?

**Nuala Gormley:** I agree with the cabinet secretary. In the year before 2022-23, there were 108 publications, which was the second-highest publication rate since 2009, so it is fair to say that there is variability across the years. You will know that, in the academic sector, different journals take different amounts of time to approve and publish publications. Since I have come into post, I have approved a number of publications, which are on the way. We still have high quality publications.

**Rachael Hamilton:** I will ask one more quick question. Do you believe that Marine Scotland science has the right skill set, in the number of scientists and their capacity, and the right amount of funding in order to be able to continue to ensure that we are able to keep up with the reputation of other countries such as Denmark, France, Ireland and Norway?

**Nuala Gormley:** Yes, I believe that we have excellent scientists and supporting professionals in the portfolio and that their resources are prioritised according to our obligations in the annual delivery plan. We continue to make capital investments in new equipment, both on our research vessels and in our laboratories, as part of the refurbishment of the laboratory site. New scientists are coming in and we are still involved in a range of collaborative PhDs and those kinds of initiatives. As with many areas, it is a process of evolving, improving and fine-tuning in order to match the skills to the demand. I believe that we have the processes in place and that we are getting it right.

**Mairi Gougeon:** The work that will be taken forward for the implementation plan for the science and innovation strategy will be important. It is not about science as part of the marine directorate in isolation. I have previously mentioned the importance of collaboration and getting that right. The implementation of the strategy will assist us in that.

**Rachael Hamilton:** Okay, well, I do not have a copy of the budget for the marine directorate science, evidence, data and digital portfolio. I have only separate budgets, so I cannot make a judgment as to whether it is being funded properly.

**Mairi Gougeon:** It is £16.5 million.

**Rachael Hamilton:** Has it gone up, cabinet secretary?

**Mairi Gougeon:** I think that the science budget has remained consistent over the past few years.

**Rachael Hamilton:** It is £0.2 million down.

**Mairi Gougeon:** Yes, but, broadly, it has remained consistent.

**Rachael Hamilton:** Thank you.

**Rhoda Grant (Highlands and Islands) (Lab):** When the committee visited the marine lab, we found it pretty grim, to be fair. We were at the Scottish Association for Marine Science on Monday, and the contrast with the working conditions of the marine lab staff could not have been greater. When do you expect to provide a solution to the simple building issues that are hampering people's access to equipment and science?

**Mairi Gougeon:** As I set out earlier, ultimately, we want to provide the best available working facilities for the people there. When the damage was done to the buildings, a number of short-term solutions were put in place. I realise that that was not an ideal approach, but that is where the work that is being taken forward by the project board to identify longer-term solutions will be really important.

However, I am not too clear about the timescales for that work. I do not know whether officials have any further information on that.

**Nuala Gormley:** A range of revisions and improvements will happen this calendar year, but the strategic work that is taking place with the marine lab project board is mapping out improvements for the medium and longer term, and we are in the process of taking those decisions. Some short-term improvements are due this year.

**Rhoda Grant:** When you say medium to long term, how many years are you talking about?

**Nuala Gormley:** As far as the longer term is concerned, any redesign of the overall site is going to take a number of years. That will not happen within five years. However, all being well and subject to budgets, we expect the medium-term solutions, which are about reproviding the current facilities, to happen in the next few years.

**Rhoda Grant:** When will the labs be back on site?

**Nuala Gormley:** There are still labs on site—for example, the labs in the Ellis building are still operational—and some of the short-term work is looking to restore lab facilities in one of the other buildings. There is also an alignment of the lab facility on the site. We are still using lab facilities at the University of Aberdeen, but our priority is to try to get enough lab facilities back on site so that we do not need to do that any more.

**Rhoda Grant:** Are the labs at the University of Aberdeen available? Our understanding was that the equipment was there, but the labs themselves were not working.

**Nuala Gormley:** As far as I know, those labs are up and running. It takes a while to get all the equipment calibrated and so on, but I think that they are part of the zoology building.

**Rhoda Grant:** Okay. That was not our understanding.

**Mairi Gougeon:** We will follow that up and double-check that for the committee, because I want to make sure that we are providing you with the right information.

**The Convener:** It would be helpful to find out exactly what the situation is, because I believe that there are also on-going discussions with the James Hutton Institute. It would be good to get a clear indication not only of the future of that site but of what has been put in place in the meantime.

**Rhoda Grant:** Obviously, not having access to some labs will have an impact on marine science. What impact is it having?

**Mairi Gougeon:** I do not know whether Nuala Gormley can add further information on that or whether we are aware of any particular areas where the situation is inhibiting work.

**Nuala Gormley:** The prioritisation of lab activity is an on-going exercise alongside the reprovion of the site. I think that the main consequence is a build-up of samples; we have a longer queue of samples needing to be analysed, which leads to a delay in the data being available. Some of the capital investments that we are making this year are in better equipment that will allow us to analyse things quicker, and I hope that that will mitigate some of the delay brought about by the problems on the site.

**Rebecca Hackett:** Perhaps I can add a point of clarification on the laboratories at the University of Aberdeen. They are operational—the issue is that they are not accredited yet. They are able to be used and are operational in a working sense; it is just that the accreditation process is still under way. However, we can write to you with further details on that.

**Rhoda Grant:** What difference does that make? One imagines that, if they are not accredited, you cannot really give out scientific information from them.

**Rebecca Hackett:** The accreditation process is under way, so it is just a slight delay, and we are expecting them to be accredited, which will resolve some of the issues. The work is still happening there.

**Rhoda Grant:** Do you have a timescale for that?

**Rebecca Hackett:** We do not have a timescale for the accreditation, but we can keep you updated on that and provide an indication.

**Rhoda Grant:** It would be good to get some information, because we are also hearing from industry that that is causing problems for it.

Rachael Hamilton talked about marine science being an outlier in Scotland with regard to publications. It is also an outlier internationally because it is not independent of Government. Is the current structure of marine science appropriate? Does it have sufficient resources and is it independent enough? Dr Robin Cook said to the committee:

“In laboratories across Europe and, indeed, in North America, science is managed at arm’s length from Government. The perception among other scientists is that those are more independent organisations. There is a lack of trust among people outside Government in Government science, because of the fear that it is being manipulated or influenced unduly.”—[*Official Report, Rural Affairs and Islands Committee*, 4 September 2024; c 23.]

How would you respond to that?

**Mairi Gougeon:** I would absolutely refute that. Again, there could be benefits as well as negative consequences of other models. I would have to do a full comparison to see whether that should be considered. The origins of the current situation are that, around 2009-10, various elements of marine policy were being brought together as well as compliance. However, I have not undertaken the work to see what the benefits are against other ways of operating and what the costs would be. I am not in a place to make a judgment on whether the set-up for marine science in another administration would be more or less beneficial to the way that we operate.

**Rhoda Grant:** You mentioned 2009-10. Since 2009-10, the output of all other comparable institutions has increased, with a slight dip in the past two years. Since 2009-10, Marine Scotland science's output has dipped, so it is not in line with international institutions. Could that be due to the structure of the organisation, and can you reconsider that structure? Is it independent enough? Can it raise enough funds from outwith Government? In real terms, funding has fallen to—

**Mairi Gougeon:** I have talked about some of the income that has been generated, and I think that about £3.5 million of the income of £9 million has come from other scientific work. However, a full analysis of that would have to be undertaken. Rebecca Hackett has outlined the restructure that took place last year, and we need to consider how that is operating. However, with regard to how the department operates, that is largely operational and it is for the marine directorate to look at where the resources are and how they are aligned. There is no question about the independence of our scientists and the work that they undertake. What is important for me is that we see the outcomes and where that work is beneficial for Scotland.

We have talked at length today about the engagement and involvement with ICES across all the stock assessments and the areas that are most valuable for us in the work that is undertaken. What is important for me is that work and the fact that we see benefit from it.

**Rhoda Grant:** It does not concern you that output seems to be in decline compared to that of other international institutions.

**Mairi Gougeon:** Again, you can take a narrow view and look at the overall publications, but we need to look at the picture more widely. The number of publications is being used as a measure of how the directorate is performing, which is not a fair assessment. That is particularly the case given what Nuala Gormley said about our increased involvement in ICES and the expertise that is being utilised in that regard. We need to consider this in the round.

**Rhoda Grant:** I hear what you are saying, but it is surprising to me that the staff are able to publish anything, having seen the conditions that they are working in. I find it concerning that you do not think that there is an issue there.

10:15

**Mairi Gougeon:** I have not said that at all today, and I want to clarify that. I recognise the issues that exist with the marine lab. I hope that I have been clear and transparent about that. Work has to be undertaken on those issues because, as I have said, we want the lab to be a place that people feel proud and enthusiastic to work in and

we want to ensure that the staff have the best available facilities to work in. That is why the work of the project board in delivering that future will be really important. As we have already set out, we will be happy to furnish the committee with further information on that.

**Rhoda Grant:** Okay.

**The Convener:** Much of the information that we have been looking at comes from Paul Fernandes of Heriot-Watt University. In a paper that he produced, he said that what we are seeing

“indicates that the fisheries research at MSS, unlike equivalent institutions, has ... been in decline for over a decade and is now at very low levels.”

As a result, he said,

“the amount and quality of research in the traditional core areas of fisheries has diminished.”

Do you not agree with him that,

“Without adequate understanding of their demise, nor appropriate scientific research into how they might recover, their status, and those of the rural and island communities that depend on them, remain in the balance”?

**Mairi Gougeon:** Our fisheries science is, of course, hugely important. I understand some of the concerns that were raised, and I have acknowledged that. However, although our spend, particularly on fisheries science, has not increased, it has remained broadly consistent over the past few years.

I will not reiterate all the work that we have previously talked about, but already today we have given positive examples of it, including the work in relation to monkfish and all the engagement that there is through ICES. Ultimately, we are trying to ensure that we see the best outcomes and fishing opportunities for our industry in Scotland.

Of course, we cannot do all that on our own. I have already talked about the science and innovation strategy and the development of the implementation plan for it. The strategy will be a critical component, because it will be about how we can use our resources as best as we can, in collaboration with other academic institutions as well as industry.

**The Convener:** Okay.

**Ariane Burgess (Highlands and Islands) (Green):** I will pick up on that last point about using the Scottish Government's resource as best as you can and in collaboration with other academic institutes.

As Rhoda Grant mentioned, we visited the Scottish Association for Marine Science—SAMS—which does incredible work on ocean systems, climate change, marine conservation, aquaculture and food security. I have not visited the marine directorate laboratory, but Rhoda Grant and other

colleagues have mentioned the challenging situation in Aberdeen. SAMS is an absolutely contrasting experience to that, from what I hear.

No one doubts the team of scientists in the marine directorate science division; they are doing a good job, but in a challenging situation. People at SAMS asked us whether they could be brought more closely in and whether more of the Scottish Government's resource could be used in that collaborative way. Our meeting with SAMS was impressive. We saw many of its facilities. I know that the Scottish Government marine directorate brings in SAMS from time to time, but it is looking for an opportunity to bring some of its academic brilliance into the mix. It has an incredible offer on the west coast of Scotland, and a lot of good work is being done there.

**Mairi Gougeon:** Absolutely—especially the openness to collaboration. That is definitely an area where we can look to strengthen such relationships and collaborate more closely. We would absolutely look to do that.

Again, it comes back to implementation—how we are delivering on what we have set out in the science and innovation strategy to make sure that we maximise our resources in the best way that we can and utilise the expertise that exists elsewhere.

**The Convener:** We move on to compliance and enforcement.

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** Good morning. I am new to this topic, so I will put to you a little narrative and then my questions.

My understanding is that the largest proportional share of the marine directorate budget goes to compliance and enforcement—some 37 per cent from 2009-10 to 2022-23. That is what our briefing says. Part of that enforcement is done by—let me just get my glasses here—three marine protection vessels and two aircraft, but remote electronic monitoring is also used. To further set out the stall, we are told that 150 non-UK vessels are fishing pelagic species in Scottish waters throughout the year. I do not have the figure for the UK vessels, and I would like to know that.

My questions flow from those points, although I might have other bits to add. Can you tell me what that budget is? Are there separate budgets for compliance and enforcement, or are they one and the same?

How old are the marine protection vessels and aircraft, and how much do they cost? I appreciate that it is a huge area, but those seem to be inadequate and quite expensive, so I would like to know that figure.

On ensuring compliance, it seems to me that the non-UK vessels get off lightly, because it is easier to deal with the UK vessels, as they will be registered and licensed. How does it work when people are breaking the rules? From what is in my notes, it appears that damage is still being done to the fish stock and the sea bed. In terms of dissuading people, compliance will save you having to go to enforcement, which I would think is more costly. How do we deal with the non-UK vessels?

With regard to the ageing vessels—although I do not yet know their age—what is a better way of doing what they do? I do not understand how remote electronic monitoring works, so maybe you can tell me, with regard to non-UK vessels in particular.

The level of fines, at the end of the day, does not appear to be hitting the mark. Someone can make more money by breaking the law and paying the fine.

That is my list of questions.

**Mairi Gougeon:** There is quite a lot to unpick in that.

**Christine Grahame:** I wanted to do it in a stream, so that you follow my train of thought.

**Mairi Gougeon:** I will try to respond to as much as possible. If I forget a point, please pick me up on it.

You mentioned remote electronic monitoring. I appeared in front of the committee not long ago to introduce the regulations on that. REM is being rolled out across particular sections of our fleet, not across the whole fleet. It will be used for pelagic vessels as well as scallop dredge vessels. The pelagic measures do not come into force until 2026, to give the industry time to adjust and prepare for them. However, when we introduce REM on Scottish vessels, it will also apply to vessels fishing in Scottish waters.

**Christine Grahame:** How does that work? Is there something on the vessel that sends a signal?

**Mairi Gougeon:** There is a difference between vessel monitoring systems—VMS—and REM. I think that all vessels that are over 12m are equipped with VMS. We are looking to roll out VMS across our whole fleet by the end of the parliamentary session. We have undertaken a consultation on that and are still to publish the outcome.

REM is more detailed. It is about winch sensors and camera footage. It is different for different parts of the fleet. It could be set up differently on the pelagic vessels than on the scallop dredge vessels. I am happy to furnish you with the exact

information but, essentially, REM provides us with more detail and more information, and it would apply to vessels that are fishing in Scottish waters.

**Christine Grahame:** Does that include non-UK vessels?

**Mairi Gougeon:** Yes. That was really important to have. With the roll-out of REM, we want to ensure that we are not being seen as implementing it only on Scottish or UK vessels. It is important that it applies across the piece. I want to be clear on that.

You touched on our vessels and the fleet. You are absolutely right that we have three marine protection vessels. We also have two marine research vessels, two aeroplanes and 18 fisheries offices and, I believe, two rigid inflatable boats—RIBs. We have quite a large fleet and an expense comes with that.

You asked about the budget. Compliance had its own line in the budget until last year. This year, it falls under the operational delivery line of the budget, against which we have £29.3 million available for the year.

Of course, some of the costs in relation to the vessels have escalated in the past few years, particularly the cost of fuel. Staff costs, general maintenance costs and running costs have also risen, even compared with 2021-22. The overall operational costs of the vessels have gone up by about £2.5 million. The rise in fuel costs, particularly since the illegal invasion of Ukraine, has led to huge increases in the overall fuel bill. There was an increase of £1.5 million over one financial year, I think, and the fuel costs are still 30 per cent higher than they were prior to the invasion of Ukraine.

You talked about the age of the vessels.

**Christine Grahame:** Sorry, but I want to ask something before you move on. I am just a simple person, and I have a compliance figure of £29.3 million, but I do not have an enforcement figure. Is there such a thing as the cost of enforcement? I hear everything that you say about the fuel costs and everything else, and I take it that that all comes under enforcement. Do we have a figure for it, or does the £29.3 million cover both things?

**Rebecca Hackett:** We have cost breakdowns of the staffing costs and the operational costs for the vessels, so we can provide a detailed breakdown of the different aspects of the enforcement budget.

**Christine Grahame:** I am just looking for an umbrella cost for something that you might define as “enforcement”.

**Rebecca Hackett:** For the operational costs of the vessels, the figure for the latest financial year

was £12.376 million, which was made up of the staffing costs and the running costs of the vessels.

**Christine Grahame:** Is that additional to the £29.3 million that we already have for compliance?

**Rebecca Hackett:** It would be part of that overall budget.

**Christine Grahame:** Ah. I am trying to understand this. There is no compliance and enforcement budget line; they are separated out. We cannot really disentangle them, because compliance depends on how effective enforcement is. I am trying to get a figure for the cost. I am not saying that people are not doing a good job; I just want to know what the cost is. If you could just let me know what that would be, please. We are talking about a huge bit of the marine directorate’s budget.

**Rebecca Hackett:** Yes, and it has—

**Christine Grahame:** If you cannot do that just now, you could perhaps write to the committee and let me know, in simple terms, what it costs to ensure that illegality is not taking place in our seas.

**Rebecca Hackett:** Yes—certainly.

**Christine Grahame:** So, that was that. What was the other one? I have lost track of my own questions.

Oh, yes, it was about—

**Mairi Gougeon:** The age of the vessels.

**Christine Grahame:** Yes. How old are they?

**Mairi Gougeon:** I think that Nuala Gormley has information on the age of all our vessels. We have two that are probably approaching their end-of-service-life age. The two vessels in that category are the marine research vessel Scotia, which is 26 years old, and the Minna, a marine protection vessel, which is 21 years old.

**Christine Grahame:** What about the aircraft?

**Mairi Gougeon:** I do not have the age of the aircraft, and I do not know whether Nuala has that information.

**Christine Grahame:** I am thinking about when you will have to replace them or use something else.

**Mairi Gougeon:** That is what we are planning for. We aim to go to procurement next year to replace the two vessels that I mentioned.

**Christine Grahame:** Can REM or the other more technological things to some extent replace having old-fashioned things—I do not want to use the word “clunky”—such as aircraft and boats sailing about looking for mischief? Apart from

when people decide to go out and do something, will the more technical systems ever replace that?

**Mairi Gougeon:** Absolutely. We are looking at that all the time, and we are assessing how we can ultimately be more efficient, using new technology to our advantage. There are a number of different areas that we can consider. One is to submit logbooks digitally. Over the past year, only about 3.5 per cent of the FISH1 logbooks were submitted electronically. That proportion is now over 12 per cent, so people in the fisheries offices are clearly encouraging that.

In relation to the technology that is used with our marine protection vessels, I visited one of those vessels a few months ago to look at a pilot that is being undertaken with drone technology.

**Christine Grahame:** Of course—drones. Drones are better.

**Mairi Gougeon:** That has the potential to be really exciting, actually, and quite transformative.

We have discussed REM, which I think will provide a number of benefits, particularly in relation to some issues, and capabilities in terms of overall compliance.

There are a few different areas, but we are always looking to see how we can use new technology to the best possible advantage. Even with the three vessels, the two RIBs and the aerial surveillance, we cannot be everywhere all at once, and we have a vast marine area around our coastline to monitor. That is where all the new technologies can assist us.

10:30

**Christine Grahame:** I should have thought of drones. We fight wars with those now—horrendously—but that is obviously one technology.

We have heard that, even if people are caught, the fines do not deteriorate—[*Interruption.*] I cannot see as I do not have my glasses on; I mean that the fines do not deter illegal activity. Do you have a comment on that? It must cost you more money each time.

**Mairi Gougeon:** You are absolutely right. As part of the fisheries management strategy that we published a few years ago, we made a commitment to undertake a review of penalties. We have a survey that is live at the moment and will be open until the end of September, which asks questions about that. You are absolutely right that we must ensure that the fines are proportionate. I highlight that that work is under way and that we are gathering views.

**Christine Grahame:** Convener, do we know the level of the fines? Do we have information about that?

**The Convener:** I do not have that in front of me, but we have certainly heard witnesses suggest that the level of fines is not a deterrent.

**Christine Grahame:** I am looking for a number. Where would we find that? Is there a statutory level of fines for various things?

**Mairi Gougeon:** There is a scale. I would be happy to provide the committee with that information.

**Christine Grahame:** I would quite like to see that. If we are being told that the fines are not high enough, that has to change. It deters the people who obey the law, which is wrong if others get away with it.

I do not know if I have anything else to say, but I might want to come back in with supplementary questions. I am trying to find my way through my papers.

**The Convener:** It would be helpful to know if you are actively looking at the level of fines, cabinet secretary.

**Mairi Gougeon:** As I outlined, we have a live survey that is looking at attitudes towards compliance and includes questions about penalties. The survey will be live until the end of the month. I will be able to provide further information after that.

**Christine Grahame:** I have found the supplementary question. You need evidence to fine someone. How successful are you? What is your percentage hit rate?

**Mairi Gougeon:** I do not know if my officials have that information to hand, but I will be happy to provide that to the committee after the meeting. All the technologies that we have talked about today can help us to deal with some of the issues that we see but cannot tackle at the moment. As I said, the roll-out of REM will assist us with that.

If it would be helpful, I have the overall figure for how much we received from fixed-penalty notices last year, which was about £140,000. I would be happy to provide a further breakdown of the detail to compare that sum to the number of cases reported to us, but I do not have that information to hand.

**Christine Grahame:** When we look at the millions that you are having to spend on compliance and enforcement, £140,000 does not seem like an awful lot of money. Does that get ploughed back into the budget?

**Mairi Gougeon:** It goes into the consolidated fund.



**Christine Grahame:** My final question—and it is the last one, convener—is whether you can project the savings that could be made to the compliance and enforcement budget if you were to make a transition to using technology such as drones or electronic monitoring, instead of having aircraft in the sky. It may be early days, but are you able to project any savings that could be made to the compliance and enforcement budget, which is very large?

**Mairi Gougeon:** I cannot project that at the moment. Some of the technology is in its early stages and we have not yet seen a wider roll-out. It is also still important to have marine protection vessels and research vessels, so there will still be a cost.

Procurement in that area—the types of vessels and so on—offers us new opportunities. I cannot say that there will be a saving, but we certainly want to utilise the opportunities that exist.

**The Convener:** Thank you, Ms Grahame.

We move to theme 5, which is collaboration and co-management, with a question from Ariane Burgess.

**Ariane Burgess:** I appreciated Christine Grahame's line of questioning, which I found very useful.

At the round table with stakeholders, which was very useful, the stakeholders spoke about the importance of investment in and resourcing of regional fisheries governance and co-management structures. We heard from a number of people, so I will use a couple of examples to give a flavour of that.

We heard from Alastair Hamilton, who is a representative of the regional inshore fisheries groups network. He said:

"More local control would get community buy-in and increase compliance, because what is happening would be known, as opposed to what we have at the moment with the remote service."

Dr Cook said:

"In America, they ensure that the evidence on which the management is predicated is shared so that, instead of presenting people with an assessment of scientific evidence and saying, 'We're going to do this—what do you think?', they go in at a lower level where the industry itself is involved in preparing the evidence on which the management decisions are made. As a result, they get much more buy-in to the whole process."—[*Official Report, Rural Affairs and Islands Committee*, 4 September 2024; c 37, 50.]

I would be interested to hear what work is being done by the Scottish Government to review the existing regional networks, including by looking at co-management models in other jurisdictions to inform potential reform of regional fisheries management in Scotland. I add that we also heard

about the fisheries management and conservation group and the sub-groups, and about the degree of frustration with the lack of movement in some of those sub-groups.

I am asking about co-management models and whether there is scope to increase investment and provide more local powers to support fisheries co-management. We have also been made aware of the models—I think that they are called inshore fisheries and conservation authorities—in England, which are based out of local authorities and have more of a focus on local control.

**Mairi Gougeon:** You raise a lot of really interesting points that chime with a lot of the work that is on-going at the moment. Of course, IFCAs are a separate model with a completely different set-up, but we have been in a process of change over the past few years in relation to putting FMAC on a more structured footing than it was previously and in relation to the regional inshore fisheries groups. I have been involved in a number of different meetings with stakeholders over the past few weeks and I have heard people's different frustrations.

We have been undertaking a review of FMAC to determine how it has been working and how different stakeholders are finding the operation of that format. We are also looking at regional inshore fisheries groups and how they have been operating. The feedback that we get as a result of that will then help us to determine a way forward.

In a previous response, I touched on the overall route map to change for inshore fisheries that we are embarking on. The interim measures were one of the steps in that regard. We also heard quite clearly from stakeholders that they want to be involved in that change. We intend to issue a call for evidence, potentially towards the end of this year, to seek views on future models and on how we can best maximise that engagement. I would be happy to keep the committee updated on that work as we progress with it.

We also have a couple of on-going inshore fisheries pilots that have been working really well. It is really important that we take the learning from those to help to inform the process that we are going through. I recognise the points that you have made, and we are keen to see that more regional approach to management.

**Ariane Burgess:** You referred to inshore fisheries pilots. To be clear, which ones did you have in mind?

**Mairi Gougeon:** There is one on Mull at the moment, but I would have to find details of the others. I am happy to provide more information if that is helpful, because I do not have it to hand.

**Ariane Burgess:** What is the timescale for the call for evidence on looking at different models?

**Mairi Gougeon:** As I say, we will have that call for evidence potentially towards the end of this year, but we are very much working with stakeholders on that. As the timescales become a bit more definitive, I would be happy to provide you with that information.

**Ariane Burgess:** Have you done any work to look at the IFCA model in England? A lot of people seem to point to it as a really valuable, useful model.

**Mairi Gougeon:** I would have to ask officials whether they have looked at that in detail. Again, I do not have that information to hand.

**Ariane Burgess:** If you could update us on that, that would be great.

**Mairi Gougeon:** Absolutely.

**The Convener:** On that point, can you give us a better indication of timescales? The issue surrounding inshore fisheries groups was raised by the Rural Economy and Connectivity Committee in the previous session of Parliament, but there does not seem to have been a lot of progress. You say that there will be a consultation, but what is your target for getting final details about how our regional inshore fisheries groups will look?

**Mairi Gougeon:** Since the previous session of Parliament, there has been a review of regional inshore fisheries groups and some changes have been made over the past few years. It has really been a case of looking at how those changes have been implemented. We want to make sure that we are working with our stakeholders on this process, but as soon as I am clearer on the timescales, I will provide the committee with that information.

**The Convener:** I just want to correct the record—the Environment, Climate Change and Land Reform Committee looked at the issue, rather than the Rural Economy and Connectivity Committee. Thank you, cabinet secretary.

The next theme is access to information on the marine directorate's budget and research programmes.

**Ariane Burgess:** Before I move on, I will stay on the theme of co-management and collaboration. It is important that the Government is looking at that work, because there are so many different fora, such as FMAC, RIFGs, national marine plans—and something else, I think. It is a very confusing landscape for people to engage with and know where they can go to get their voice heard.

**Mairi Gougeon:** Absolutely. It is particularly because there is a lot going on in that space that

we are very much being guided by stakeholders as to how to form and develop the process. We heard clearly that stakeholders would find it most helpful and engaging if we implemented the step of having a call for evidence before formally consulting on measures. We are working closely with them because we recognise that a lot is happening in that space at the moment and we want to take them with us.

**Ariane Burgess:** Thanks for that.

On access to information on the marine directorate's budget and research programmes, we heard from stakeholders that there is a lack of detail and transparency. The Government previously told the committee that work is under way to review what information the marine directorate will proactively publish, saying:

"As for the point about transparency as a directorate, we are looking at what information we can more proactively publish ahead of time, so that it is there and can be accessed readily by stakeholders. That piece of work is under way."—[*Official Report, Rural Affairs and Islands Committee*, 11 September 2024; c 36.]

Will you commit to publishing more detailed annual information on marine directorate budget spending and research activity?

**Mairi Gougeon:** I am more than happy to consider the different issues. When we touched on that a couple of weeks ago, I highlighted one example in particular—the overall level of inspections—in which we look to proactively publish information. We have been doing that for a few years. We are trying to be more transparent—we received a lot of queries about that area. I am more than happy to consider looking at that.

I know that we have a number of open datasets. We also have a huge volume of information pages and documents that are published and made publicly available, but I suppose that that is largely in relation to our marine licensing and planning and the outcomes of marine assessments. If you feel that there are particular areas in which information is not being published but should be, please let me know of any concerns. We certainly publish peer-reviewed scientific papers and our official statistics.

**Ariane Burgess:** It has come up that, even when data is published, it is not that user friendly. It comes out in different forms, which gives the people who want to analyse it and put it together, whether as volunteers or even from within the industry, a lot of work. If we could make the data not only public but user friendly, that would be great.

**Mairi Gougeon:** Absolutely. I take that point on board.

**Ariane Burgess:** I will go into a little more detail. One of the stakeholders at the round table was Open Seas. It made a written submission before the round table in which it raised a point about the marine fund's payments of more than £500,000 to commercial subsidiaries of the Scottish Fishermen's Federation to collect fisheries observer data. It noted a concern about the use of public funding because the Fishermen's Federation is not purely a research organisation, the data has not yet been published, and the data could be collected more easily by REM, which could potentially influence the federation's support for that policy. Finally, it notes that there is little transparency around how that large sum of money is being spent.

Are you able to address those points—they are quite detailed—or provide more information on the detail of the project costs at some point?

**Mairi Gougeon:** Yes, that is fine. I am happy to provide the committee with further information. I do not have all that detail to hand at the moment. However, I highlight one thing about that programme, which we talked about when we were discussing science and collaboration: it is a really important piece of work that the SFF is able to assist us in. I will have to follow up with more information for the committee.

10:45

**Ariane Burgess:** Finally, I am interested in understanding why the Scottish Government chose to spend money on appealing the Open Seas judicial review. That non-governmental organisation, and others, are concerned that it is trying to hold the Government to account for its obligations, and Open Seas won. Why is the Government not carrying out its obligations rather than spending money on appeals?

**Mairi Gougeon:** We felt that we had grounds to appeal that decision. That is ultimately why we did so. I appreciate that proceeding in such a way uses more resource, but we believed that we had grounds for appeal.

**Ariane Burgess:** Is that not a slippery slope? Open Seas won, and the case was about asking the Government to uphold the obligations that are in the legislation on our seas. Surely that should have been accepted and responded to in a positive and constructive way, rather than being appealed.

**Mairi Gougeon:** That is not a good case to use when it comes to how we should respond to all elements of a judicial review. Obviously, such things have to be judged case by case. We do not appeal every judicial review whose outcome we do not agree with if we do not believe that we have

the basis for an appeal. All of that is determined case by case.

**The Convener:** Before we move on to overarching rural issues, we will pause for a comfort break.

10:46

*Meeting suspended.*

10:53

*On resuming—*

**The Convener:** We move to consider the broader themes of the rural affairs budget and other overarching rural issues. We come first to questions from Rachael Hamilton.

**Rachael Hamilton:** The committee has heard, cabinet secretary, that defunding the rural budget and realigning budgets to other areas has had a significant impact on supply chains for land managers and others who operate in rural areas. I give the example of the nature restoration funding, which was reprioritised to fund council pay deals earlier this year. Do you envisage the same thing happening next year with another pot of rural money? Can the Government understand the impact of that on the stakeholders that I have just mentioned?

**Mairi Gougeon:** On the realigning of budgets to other areas, have you examples of concerns that relate to the rural portfolio? I want to make it clear that the nature restoration funding is not funded by my portfolio.

**Rachael Hamilton:** Okay. Let us talk about the £46 million, then.

**Mairi Gougeon:** Absolutely. First, I apologise to the committee. Last night I sent a letter to you that I hope sets out some information on that, which we had also provided earlier in the year and at previous sessions. I apologise for the lateness of that letter, but I wanted to set out exactly where we are in relation to that funding.

The committee will no doubt be aware—because we have discussed it at some length previously—of the £61 million in savings that had been offered in the course of the two previous financial years. Those were largely drawn from demand-led funds that had not been spent. I would say that, throughout the budget process, our priority has been to protect our investment in rural and island communities and in the payments that we make to farmers. Therefore there were no cuts from funds in that sense. I reiterate that they were largely from demand-led, unspent funds that were then offered as savings to meet the general pressures that every directorate was asked to

meet, given the overall budget pressures that we faced in the course of previous financial years.

Again, it is not possible for me to say what savings will look like at any point in the future. We do not know what the budget will look like next year, so I cannot make that assessment.

**Rachael Hamilton:** Well, I think that you can make that assessment. In the letter that you sent to the committee, you said that £46.1 million

“remains to be returned to the portfolio and further details of how this return will continue will be set out in the Scottish Budget 2025-26.”

That is an indication that you know something of what is going on. Do you plan to move any other parts from uncommitted spend in the rural budget in the future, such as in the 2025-26 budget?

**Mairi Gougeon:** Again, I do not know what the detail of that budget will be. You are absolutely right that in my letter I said that I would provide more detail, but in order to do that I will need to know what budget I have. We have not had yet the UK spending review, so we do not yet know what any of that will look like or what the quantum will be.

**Rachael Hamilton:** The problem is that there are further questions about the Bew review moneys.

I note that the language in table 1 on page 1 of the letter implies that ring-fenced funds and Bew review moneys are two separate matters. However, the phrasing in the rest of the letter implies that both of those are merged into the total agri budget. It remains the case that the £46 million has been removed. That letter was even more confusing than I had thought the whole scenario was originally, which is a shame.

You did not answer my question about impact. Normally, in any scenario where policy is made, a business and regulatory impact assessment is undertaken on what happens on the ground, at the grass roots and in supply chains. Have you undertaken any assessment of the impact that your current payment strategy and budget prioritisation is having on rural communities?

**Mairi Gougeon:** I just want to touch again on my letter. I apologise if you find the position more confusing than it was initially. I do not know whether there are follow-up questions in relation to that through which we could furnish the committee with more information, I will be more than happy to do that.

In relation to the overall impact assessments, where there are any changes, such assessments are conducted as a matter of course. You will be aware of some of the savings that the finance secretary announced at the start of this month. I

believe that impact assessments are due to be published in relation to those. Wherever such decisions are taken, the impacts would be set out. Under the Islands (Scotland) Act 2018, we also have an obligation to produce an island communities impact assessment in relation to any impact that we perceive there would be.

**Rachael Hamilton:** Yes, that is an important aspect, because it is a statutory requirement under, for example, the United Nations Convention on the Rights of the Child or the Islands (Scotland) Act 2018, to acknowledge the impact of any budgetary considerations.

Do you think that, in general, there should be rural proofing for rural areas? After all, it would be easy for the Government to look at uncommitted spending, remove it and put it into, say, the nature restoration budget, which is something that will have an impact on rural communities. Farmers and people in rural communities are angry about the removal of the £46 million and the use of the nature restoration budget to pay for public sector pay increases. You say that there will be an impact assessment alongside the budget, but will it specifically address the removal of the £46 million and the nature restoration funding?

11:00

**Mairi Gougeon:** I think that we are conflating a few different issues. As I have said, the £46 million is what is due to be returned from the overall £61 million in the quantum of ring-fenced funding. Again, that came from unspent funds, and I have outlined where that was. In theory, some of that did not have an impact, because it was money that was not going to be spent anyway.

I understand the more general point that you are trying to make and your reference to the nature restoration fund as an example. If we do not have that fund in place, we cannot fund the extra activities that will help us reduce emissions and enhance nature. Naturally, we are able to do less if we have less funding. One example of that—and, again, this is not where we want to be—is the fact that we have not been able to run a food processing, marketing and co-operation grant round in the past couple of years, because of the nature of the budget situation in which we find ourselves. We know that that will have an impact, because people will not necessarily be able to invest in the way that they would want to. I just do not want us to conflate the unspent funding that is due to be returned with pots of funding in other portfolios that have been utilised for another purpose.

**Rachael Hamilton:** The way to look at this would be to consider another Scottish National Party policy—that is, to reduce child poverty. How

do we know that, even if we are talking about uncommitted spend, its removal is not having a direct impact on rural communities and on child poverty? Do you, for example, make a comparison between rural areas—I was going to say the islands, too, but I suppose that you do look specifically at them—and the central belt? I am trying to work out how this budget is making a meaningful impact in rural areas—or, indeed, a negative impact. It is important that, when you are at the table with the rest of the Cabinet and are making your case, cabinet secretary, you can say—I am sorry to keep using the word “you”—that removing this money, even if it is uncommitted, is going to have a direct impact.

**Mairi Gougeon:** It brings me back to another point that you touched on when we were talking about the island communities impact assessments. We have some helpful tools to help us in relation to that. A few weeks ago, I talked about the work being undertaken on a rural delivery plan and some of the mechanisms that will help us to address some of those issues. I also referred to the rural data dashboard, which will help us look at some of that information.

I accept your wider point, which is about ensuring that there is no disproportionate impact on people who live in rural and island communities. Of course, that is my role.

**Rachael Hamilton:** I want to touch briefly on the Government’s payment strategy. What research is being done to ensure that that strategy is future proofed and avoids any missed payments?

**Mairi Gougeon:** I do not understand—is there a particular issue that you are talking about?

**Rachael Hamilton:** It is just that we have been told that

“The Scottish rural payments system is currently missing opportunities to fulfil national policy and strategy aims”,

and various people have made the point that some of the national outcomes are not being met because the payment strategy is not being adhered to. I suppose that it is just expanding on the points that I am trying to make.

**Mairi Gougeon:** I am sorry—I do not know what you mean. Do you mean the payment strategy that we publish?

**Rachael Hamilton:** Yes.

**Mairi Gougeon:** It largely sets out the targets by when we intend to make payments and when we expect all those payments to be completed. We have been adhering to that.

I am sorry—I am not quite clear what the issue is.

**Rachael Hamilton:** For example, what if there were low take-up by stakeholders of some of the schemes and the payment strategy, I suppose, went out of kilter? Has there been any research into changing that timeline or the payment strategy, because of low uptake? What are you going to do to ensure good uptake, so that you can make the most of what you are trying to achieve through that strategy?

**George Burgess (Scottish Government):** I think, again, that we are at risk of conflating several different things. The payment strategy sets out when applications will come in and when the payments will be made. We met that last year, and we are currently ahead of the target this year, as the cabinet secretary said earlier. The first basic and greening payments went out at the beginning of September, which is at least a week earlier than last year and several weeks earlier than in the past. Therefore, we are more than meeting the payment strategy.

The payment strategy is not about the level of uptake in schemes under, say, the national test programme, including carbon audits and soil testing. It is about whether we in Government are doing what we need to do quickly enough to get the payments out, so that no one is waiting longer than they should be for their money.

**Rachael Hamilton:** So you are saying that the two things are not connected. What about the soil testing scheme, for example, which had very low uptake six months ago? Has that improved? Uptake was very low when we were scrutinising the Agriculture and Rural Communities (Scotland) Bill.

**George Burgess:** I think that, for that set of measures, we had more than 3,500 claims last year. The numbers are still coming in for this year. I think that we have discussed this before, but we make that scheme as flexible as possible, so we are not requiring people to apply in advance and get approval. They simply do the work, and then come to us for payment—and they have until the end of the financial year to make their claim. We know that there is a hockey-stick shape of claims coming in. The system has been put in place that way for the benefit and convenience of farmers.

**Rachael Hamilton:** Just to be clear for the committee, are you saying that for a certain pot of funding—for, say, soil testing—there has been high uptake and, indeed, it has been oversubscribed?

**George Burgess:** No. I think that I was addressing your point that there had been a low uptake for that scheme. In fact, the figures that we have suggest that last year’s uptake was quite considerable—certainly higher than the year before—and claims are coming through in the

current financial year. We know that the uptake for some of the Farm Advisory Service audits has been very high, too. We are seeing evidence of that.

**Rachael Hamilton:** I just want to push this. Are you saying that the greening schemes—shall I call them that?—and other schemes that will possibly become conditional on receiving future payments are all being taken up and that the funding allocated to them has been used?

**Mairi Gougeon:** Again, I do not want us to confuse a variety of issues here. We have some demand-led schemes; as George Burgess has just been talking about, the national test programme and preparing for sustainable farming scheme is one such scheme. Yes, uptake was low when it started, but it has been building gradually. Of course, we have to budget what we think we are going to use for that year. Again, it depends on the various different schemes that we have, and the payment strategy is separate to all of that.

**Rachael Hamilton:** I am looking at the strategy timetable, although I have only the figures from 9 February 2024. I see that the regulatory target for all the different schemes is 95.24 per cent, and I am just trying to work out whether that target is being met in all areas.

**Mairi Gougeon:** Yes, it is.

**Rachael Hamilton:** Okay. I presume that the residual cash is allocated. Does it get reprioritised or does it roll over?

**George Burgess:** Again, I think that we are at risk of conflating different things. The payment strategy is about things such as the basic payment scheme and greening. As you say, there is a target. For some things, we have interim targets, such as how much we will have done by December, and then further targets for what we have to have done by the end of the year.

You mentioned the figure of 95.24 per cent. The remaining few per cent does not represent money that we can reprioritise. It usually arises from cases where there is an issue with the person's application and claim that is still being sorted out. They are still due the money, but it will not be paid out until the issue is resolved. There is always a very small tail of older cases that are still working their way through the system, and those people will get their payments in due course if they are eligible for them. That money will be assigned to the year in which they are paid.

**Rachael Hamilton:** Okay, so the committee can be confident that the money that is allocated to the Scottish rural development programme will be spent. The extra 5 per cent—I use the word “extra” loosely—will be spent, making a total of 100 per cent.

**George Burgess:** Yes. The targets are about the Government doing its job, processing cases timeously and getting the money out. I think that those schemes are sitting at over 99 or 99.5 per cent. There are still a handful of cases that are outstanding.

The budgets for things such as the carbon audits and soil testing are demand led. In previous years, we created estimates at the beginning of the year of the likely uptake, and we monitored the demand. Those are areas where, in one of the previous years, the uptake was not so high—as mentioned in the letter you referred to. If we recognise in year that we are not going to spend all the money, it becomes a saving, but I clarify that that happens with the condition that the money will return to the portfolio—it is not lost to the rural economy. Farmers and landowners at the time may have chosen not to apply for it, but the money is still there for us to bring into the system.

**Rachael Hamilton:** Okay—thank you.

**The Convener:** Cabinet secretary, I accept your apology for the lateness of the letter, but in some instances, sadly, it raises more questions than it answers. You outline the £620.7 million of ring-fenced money, but there is no indication of the Scottish Government's contribution to the overall budget. It would be helpful to know that so that we can see the make-up of the portfolio budget.

I note that the letter says:

“the Bew review recommendations have not been fully implemented.”

Which recommendations have not been implemented?

**Mairi Gougeon:** On your first point, I was highlighting that specific area because we had furnished the committee with all the published information about our overall budget.

As for the Bew review recommendations that have not been implemented, that is really about ensuring that we have further discussions with the UK Government about what future allocations will look like. Despite our raising that repeatedly over the past few years since the Bew review, those discussions have not taken place.

**The Convener:** That concerns the overall budget, but you state that the committee will

“be aware that the Bew review recommendations have not been fully implemented.”

I am not aware of that, and I am asking you which recommendations have not been implemented.

**Mairi Gougeon:** There was a specific recommendation that discussions should take place about the future allocations. The interim situation that we have was never meant to be a full-time solution.

**The Convener:** Another thing that raises questions relates to ring-fenced funding. The first table in your letter suggests that ring-fenced money and Bew review money are completely separate. Is the Bew review money not ring fenced? Is it not a conditional payment from the UK Treasury that is to be used for agriculture?

11:15

**George Burgess:** It is. What we provided is a quote from a UK Government letter—from the Treasury—in 2021, which ring fenced certain sums. Other areas—for instance, in marine spending—are ring fenced, too. In the current financial year, the main ring fence, so to speak, is around the £595 million, which the Treasury has required to be used for supporting farmers, land managers, rural communities and rural businesses. It has then separately identified a sum, which is labelled as Bew funding, of £25.7 million for farmers and land managers, to build on the Bew recommendations.

We report to the Treasury to demonstrate that we are meeting the commitments. You will see that the Treasury's requirements for the two sums are slightly different but overlapping. The exam question for us from the Treasury at the end of each year is whether we have spent at least that amount of money on certain areas. The answer to that is yes. How we spend the money is set out in detail in the budget documentation that the Scottish Government has published.

**The Convener:** That is still a bit confusing. The Bew review was a process to identify whether the ring-fenced money was appropriate. It reflected on the nature of agriculture in Scotland, and it suggested that that money was not appropriate. We had an uplift of £25.7 million per year after that review. The ring-fenced money was not adequate but, as a result of the review, it has been increased by £25.7 million, very loosely—in general. My difficulty is that the cabinet secretary's letter says that

“savings totalling £61.1 million were given up from within this ring-fenced budget.”

The budget is either ring fenced or not ring fenced—that is the difficulty. The £61.1 million does not relate to the £25.7 million. When is the Scottish Government allowed to dip into the ring-fenced budget that is allocated from the UK Treasury for agriculture?

**Mairi Gougeon:** There are a few points for us to clarify. In relation to the budget that is set out, the initial recommendations of the Bew review were never meant to be a long-term solution. In the first year of savings that are set out, all of that is from ring-fenced funding.

We got confirmation that the first allocation from the Bew review, which is highlighted as a specific budget line in that financial year's budget, was coming too late in the year for it to be spent, which is why it then had to be offered up as a saving, as is highlighted in the table. As we set out in the letter, the Bew line was not separated out in other financial years, because it just became part of the baseline that we received from the UK Government budget.

**The Convener:** That is absolutely the point that I was making.

**Mairi Gougeon:** In one of the first tables, we have highlighted the overall quantum that that makes within the ring fence that we receive from the UK Government. I do not know whether George Burgess wishes to add more.

**George Burgess:** We need to be clear that the Bew review was not about reviewing ring fencing. Under the convergence element of the common agricultural policy for 2014 to 2020, the UK qualified for money only on the basis of Scotland's lower per hectare rate. The basis of the Bew review was that that was not being properly passed on to Scotland, which Lord Bew accepted in his report.

The UK Government then did the right thing and made the payments that Lord Bew had recommended. That money came in during previous financial years—earlier than the period that we are looking at—and was added to the payments that went to the farming community.

That left the question of future years. As the cabinet secretary said, in late 2019, there was an agreement for the further £25.7 million to come through. Ring fencing is a later concept—it is about the replacement of what would have previously been European money, and it is there largely to demonstrate that we are still getting the money that we would have had, had we still been part of the CAP.

**The Convener:** Ultimately, all agriculture funding is ring fenced; it is not like any other part of the Scottish settlement, which is subject to the Barnett formula. Agriculture funding in Scotland is not subject to the Barnett formula, so is it not the case that the funding is, in effect, ring fenced for agriculture?

**George Burgess:** The sums that are ring fenced are set out in the cabinet secretary's letter. The Treasury requires £595 million to go to farmers, land managers, rural communities and rural businesses, and there is £25.7 million that will go to farmers and land managers following the Bew review. That is what we are required to do and that is what we are doing. Even with the savings that have been made, we are still spending more than what is set out under the ring-

fencing requirements for those areas. However, we have a commitment, which the Cabinet Secretary for Finance and Local Government has repeated, that those sums will be returned to the portfolio.

**The Convener:** I understand that, but the letter does not suggest that. It says that a total of £61.1 million was given up from within the ring-fenced budget. The letter does not suggest that any of the savings that were made came from the top-up funding from the Scottish Government. We need to look into that a little more deeply, although this may not be the time to do it, given the time constraints. The committee may have further questions.

Before we move on from this line of questioning, I have a question about your position on future discussions with the UK Government on funding. What will be your ask of the UK Government in your discussions and negotiations with it?

**Mairi Gougeon:** First, if the committee has more follow-up questions to clarify the issue, I am more than happy to address them. The savings that were offered, which were outlined in the two emergency spending reviews that we have had, were from the ring-fenced element of the budget, which is why the sums will have to be returned to the portfolio—£15 million was returned this year and, of course, the remaining £46 million is still subject to discussions on future budget allocations that we will have with the Cabinet Secretary for Finance and Local Government.

We have tried for a number of years to address future funding allocations with the UK Government. The interministerial group with our Welsh and Northern Irish counterparts has met for the first time in about a year, and we have had initial discussions on the issue. We see that group as an important opportunity to reset our relationship with the UK Government on future allocations.

There are various asks about what the overall funding settlement for the Scottish Government should be. I am not going to get into any detail of the negotiations that I hope to have with the UK Government, but we have asked all along—and were promised from the start, since we left the EU—that funds would be fully replaced. That has not happened. We need multiyear allocations that allow us to plan, much in the same way as we previously did under the CAP. There are some basic points of principle that we would like to be delivered.

**The Convener:** It would certainly be helpful for the committee to understand the general direction of travel and whether you are looking for a settlement to be based on your rural development plan and your future plan for delivering support for

rural areas or to be based on a formula—I hesitate to suggest that that could be similar to the funding formula that we have for the rest of the Scottish budget. It would be good to understand the situation and whether you are looking for the Scottish Government's ambitions to be funded or whether some sort of formula will be in place for funding in future years.

**Mairi Gougeon:** That is the thing. Of course, we want our ambitions to be funded. We think that we can deliver so much more. We need to deliver in the areas of agricultural transformation, which includes supporting food production, lowering our emissions and enhancing nature and biodiversity. We have capabilities in peatland restoration and forestry, which will not only help to meet Scotland's emissions targets but, more broadly, help the UK. If you look at all that, I think that we should have and are right to expect a higher proportion of the budget for those areas. That will be critical going forward.

**The Convener:** I think that Rachael Hamilton still has a brief question.

**Rachael Hamilton:** I want to follow up on the letter, cabinet secretary. You argued that the Bew funding was part of overall agricultural funding, which meant that it was brought in line with the budget and then applied to the ring-fenced funding. I know that we have been through this multiple times, with regard to £61 million being part of a saving. However, you also said that you are spending more. Do you mean the totals—£609.7 million, £620.7 million and a further £620.7 million—over the years?

**Mairi Gougeon:** The overall quantum that we receive in the ring-fenced funding is not the only spending that we make in the rural economy—you can see that from the published budget. The budget for the portfolio is approximately £1.1 billion. The figures that we have in the letter, such as the £620 million, represent a ring-fenced element, but we have other funding above and beyond the ring fencing that is all for the rural economy and for the other priorities across the portfolio.

**Rachael Hamilton:** Just to be clear, does the £620.7 million remove the £61 million that was made in savings?

**Mairi Gougeon:** Sorry?

**Rachael Hamilton:** I am referring to the £61 million that was made in savings in the 2023-24 line.

**Mairi Gougeon:** If we were to look back over the past few years, we would see that the overall budget that we had in 2022-23 was £1.15 billion, and the ring-fenced element of that in 2022-23 was £609 million. An element of savings was



offered at that stage, which came from some unspent funds in the overall ring-fenced element, and the situation was the same in the following year, although the budget was slightly different. The overall quantum of budget that we had then was £1.17 billion, and the quantum of ring-fenced funding that we had in that was £620 million.

**George Burgess:** It might be helpful to note that what we have provided in the letter is simply a small extract from the letter from the Treasury. I think that the fuller letter would provide a better context, so I hope that we will be able to share that.

To put it as simply as I can, it is not like saying, “Here is a cheque for £595 million—you can spend it only on that.” Rather, the Treasury’s letter sets out the entire funding for the Scottish Government, including the block grant that is determined through the Barnett formula. The letter then says, “Within that, you need to be spending at least this amount on these areas.” The Treasury is saying, “We’ve set out the ring fences for this much bigger, multibillion-pound budget; you must be spending this much in this area.”

I understand that that is confusing. Internally, we probably rate a much larger proportion of our expenditure as being ring fenced—for example, the money that we are giving to farmers, land managers and others. Through doing that, we have had a commitment from the Cabinet Secretary for Finance and Local Government that that money will be returned to the portfolio—unlike, we should make it clear, any other savings in other portfolios that have been given up over the past two years. We are the only ones who have the commitment that the savings are coming back into the portfolio—

**Rachael Hamilton:** I am not going to go into asking whether other portfolios were ring fenced, Mr Burgess.

**The Convener:** There are some questions that are still to be answered, and I am very conscious of time, so the committee will maybe discuss that issue and write for more clarification. Thank you.

We move to the impact of budget cuts on service delivery, with a question from Ariane Burgess.

**Ariane Burgess:** Thank you, convener—I have a number of questions in that area. We heard from the Scottish Agricultural Organisation Society that,

“Cuts to the Agricultural Transformation Fund ... and Agricultural Reform Programme ... have reduced the scope of Government to provide either capital or resource funding to help the farming sector to prepare for change and or derisk trialling new ventures and initiatives.”

I would be interested to hear from you, cabinet secretary, whether you believe that that is the

case and what you are going to be doing in the upcoming budget round to encourage, rather than constrain, innovation.

**Mairi Gougeon:** I appreciate that point. To be honest, capital has been one of the biggest challenges that we have faced in the portfolio. We have seen an overall cut to the Scottish Government’s capital budget of about 10 per cent, which has had huge ramifications. Ideally, we would like to have been in a better position on capital than we are. The cuts to capital also led us to the situation that we faced in forestry.

11:30

However, in relation to the particular funds that you touched on, we saw a decrease in the published budget for the agricultural transformation fund from what we initially had last year—a cut of £2 million. However, we have ended up in a better position with the ATF than we had initially anticipated. We had been prioritising that fund. The water environment regulations are coming into force, and we had therefore focused that fund largely on helping to support slurry stores and irrigation lagoons. When we opened the fund this year, we were hugely oversubscribed—I think that we received applications for about £7 million in total. Fortunately, we have been able to fund all the applications: we were able to use underspends in some areas for that. Therefore, as much as it looked like there was a cut this year from last year, which there was, we have been able to supplement that money and to fund all the applications.

I can highlight other funds that are really important for all the things that you have talked about. For example, we also had a record approval rate for the applications that came through from 2023 under the agri-environment climate scheme; we have been able to fund all of those.

Therefore, although there has been a cut in some areas, we have been able to utilise some underspends or moneys from elsewhere. I do not know what the overall quantum for the budget next year will be. That is a significant concern, particularly if we are set to see further cuts to capital budgets, because those funds are hugely important for enabling all the work that we want to see being done to support food production and to help farmers and crofters to do what they can to lower emissions and to enhance nature and biodiversity.

**Ariane Burgess:** It is great to hear that there has been such a tremendous uptake of the agricultural transformation fund, for example, and I hear your point about the ability to move funding from one budget line to another to cover those

applications. I also hear your point about not knowing what your quantum is for next year's budget. However, will you take the enthusiasm from the farmers and land managers who are applying for that funding and put that into your thinking for the upcoming budgets?

**Mairi Gougeon:** Yes, of course. We have tried to prioritise such schemes at all costs, because we recognise how important that is. Especially in this period of transformation, we want to support farmers and crofters as best we can with that money. I take all those comments on board.

**Ariane Burgess:** The level of detail in the budget lines has also been brought to the committee's attention, in that there is not enough detail to allow for robust analysis. For example, RSPB Scotland stated that

"due to a lack of transparency it is difficult to judge what cuts to the Agriculture Transformation Fund and Agricultural Reform Programme will realistically mean, as there is simply not enough information on what exactly such budget lines are spent on. This is important information for external stakeholders who are looking for detail on what spending changes in these areas could mean for activities such as soil testing, slurry storage and carbon audits."

You talked about carbon audits, cabinet secretary. Going beyond that, could we get a bit more detail? I think that we need level 4 data, and we need a bit more detail to be in the public domain in a user-friendly format.

**Mairi Gougeon:** I appreciate that point; we look to provide that information. I will use ATF as an example. It has its own budget line, and I like to think that we are transparent in that regard. When we open the fund, we set out what it can be used for. I am more than happy to look into particular concerns and to see whether we can provide any other information, but we try to be as transparent as possible.

**Ariane Burgess:** The point is whether we can get a more detailed breakdown of individual budget lines, so that people can easily see where things are going and raise questions and concerns. As you can understand, many people have their eyes on the budget this year, and in an on-going way, because of the transition that we need to make.

**Mairi Gougeon:** Yes, absolutely.

**George Burgess:** The format of, and level of detail in, the main budget documentation is agreed with your colleagues on the Finance and Public Administration Committee. However, for this committee—I believe that this information is published, too—we provide the level 4 breakdown that provides rather more detail. Even within some of the smaller budget lines, there is further granularity, so even taking it down to level 4 might

not provide the level of detail that you want. For instance, you mentioned SAOS, a very—*[Inaudible.]*—organisation that is really helping to join things up across the supply chain. The funding that we provide for that is buried in our food and drink budget line.

**Ariane Burgess:** Yes, indeed. How do we unbury that? How do we unearth it, bring it to the surface and ensure that that information is really clear for people?

**Mairi Gougeon:** I absolutely appreciate that point. We can take that away, because we would have to have discussions with colleagues about the level of information that we can provide, but I understand your point.

**Ariane Burgess:** That is great, thanks.

The good food nation plan is probably a tiny little blip on one of the buried budget lines. Stakeholders have raised concerns about the slow pace and opaque nature of the development process for that plan, and I am hearing how frustrated they are. The consultation closed five months ago on 22 April, and the analysis has still not been published. Stakeholders feel that it is disappointing that the Government is taking more than three years to produce a plan, especially one that they feel is, unfortunately, unambitious. How can the Government ensure that there is sufficient budget allocation to take that work forward at a faster pace? Can you give us clarity on the timetable today?

**Mairi Gougeon:** A couple of weeks ago, I set out some of the timescales that we are working to, and I hope that that was helpful. I hear the comments that you have referred to on what people feel about the initial draft of the plan. Obviously, it was the initial draft that we consulted on, and we saw the feedback, so we will give that careful consideration as we develop the plan.

I know that we have not published the results of the consultation yet, but we had a really strong response to the consultation, and what came through the scrutiny process for the Good Food Nation (Scotland) Act 2022 was the level of engagement that we were required to undertake. Of course, it is also in our best interests to undertake that engagement. That process included a lot of engagement with children and young people, and we generated a significant response.

I ask for a bit of patience, because it is taking time to work through the responses in order to look at what changes to the plan might be needed before it comes back to Parliament for scrutiny. I want to ensure that the plan is in as strong a position as it can be, in recognition that this will be the first iteration and that we do not have all the information and data that we need—although that

situation will improve with further iterations of the plan. We are committed to bringing that work forward, but we need time to work through the considerable number of responses that we received before we bring the plan back.

**Ariane Burgess:** Can you assure—

**The Convener:** Can I stop you there? We are straying off the budget. These are questions that were posed at a previous evidence session, so—

**Ariane Burgess:** I was about to ask whether we could be reassured that there was a budget line for the plan.

**Mairi Gougeon:** Overall within that—

**The Convener:** That should perhaps have been your first question. If you wish to address the question on the budget, that is fine.

**Ariane Burgess:** I did ask about the budget—that was in my question.

**George Burgess:** I will be brief. The analysis of the consultation has been prepared for publication and will be published soon.

**Christine Grahame:** I hope that my question is about the budget and it will be brief—

**The Convener:** I will stop you if it is not—

**Christine Grahame:** I am sure that you will stop me, convener.

I am new to this, but SAOS said:

“Food Processing, Marketing and Co-operation Scheme funding was withdrawn which has starved the farming and food sector from access to capital funding to allow it to invest in increasing productivity, improving supply chain co-operation and adding value to primary produce.”

My understanding is that that capital funding was pump-priming money to allow other money to be levered in. How much was withdrawn? I know that you have to make choices, cabinet secretary, but was it a good choice?

**Mairi Gougeon:** Well, that is the thing. As was outlined in response to earlier questions, we have not had an FPMC scheme—

**Christine Grahame:** You will need to explain—

**Mairi Gougeon:** FPMC is the food processing, marketing and co-operation grant. We have not been able to run that programme for the past two years because of the situation that we find ourselves in of there being significant capital restraints. I am sure that George Burgess will correct me if I am wrong, but I think that, in the last iteration of the scheme, we had about £10 million funding available. I would have to look back at the detail to see the number of projects that we were able to fund through the scheme.

Of course, it is really disappointing. I engage with food and drink businesses and I know the impact that not having that funding has had. It means that some are not able to make the investment that they would like to make. I have also visited businesses that have had FPMC funding previously and have seen the positive impact that it has had on their business. Ideally, this is not where we want to be. and, If we are able to reintroduce the scheme in next year's budgets or whenever we get the opportunity, we will look to do that. We would be pretty much ready to get up and running with it.

We would also utilise the time when the scheme is not running to review it, to see whether it could be improved in any way, and to get feedback from people who applied to it previously. We have taken on board and built in the recommendations, but—again—the lack of capital funding at the moment means that we are not able to fund the scheme.

**Christine Grahame:** I have a brief supplementary question. Was that £10 million the annual figure?

**Mairi Gougeon:** Yes.

**Christine Grahame:** You also said that it had a positive impact. Can that be quantified?

**Mairi Gougeon:** It can be, yes.

**Christine Grahame:** It would be useful if you could write to the committee with that.

**Mairi Gougeon:** Absolutely—I will be happy to send further information. I know from my visits to various processing facilities that the scheme has had a positive impact. It has helped to leverage in funding for equipment and machinery, which has also helped with business efficiency on the whole.

**Christine Grahame:** When I say “positive impact”, I mean cash and funding coming in.

**Mairi Gougeon:** Yes.

**Christine Grahame:** I hope that was short enough, convener.

**The Convener:** Thank you very much. I just want to make members aware that we are very short of time. It is such a huge portfolio and I understand that we could take evidence for quite some time. I ask members to try to keep their questions as brief as possible, which is not easy, particularly when we have to cover forestry and woodland. On that note, I bring in Ariane Burgess.

**Ariane Burgess:** We have been hearing from a number of stakeholders about their concerns with the forestry grant scheme. We heard the Woodland Trust outline that there must be sufficient funding for forestry, peatland restoration, the nature restoration fund, agricultural

environment schemes and the relevant agencies, including those that focus on skills development. It is my understanding that the recent 41 per cent cut to the forestry grant scheme budget is predicted to cause a significant fall from previous years in the amount of new woodland that will be created in 2024-25, and that it will be one of the biggest gaps between target and delivery. That cut is also undermining sectoral confidence.

How does the Scottish Government propose to respond to the view that cutting planting funding will reduce the possibility of the Scottish Government meeting its own annual targets?

**Mairi Gougeon:** You are absolutely right. I think that there is no shying away from that. I have had engagement with Confor and the Woodland Trust, and I have heard those concerns directly. Ultimately, as I have said in this committee previously, this is absolutely not the situation that we want to be in, particularly at a time of record approvals. In the past year, we have planted around 15,000 hectares, more than half of which has been native planting. The cuts to the capital budget for this year mean that we hope to see in the region of 10,000 hectares of planting. That is a huge impact that means that we are not able to meet the targets that we had set for this year.

I understand and take on board the point about industry confidence; I have heard that directly. This is not where I want to be. I want to ensure that there is confidence and that we maintain the trajectory that we have been on, but—as I have already outlined—the capital funding picture that we face as a whole has been devastating to some of those budgets.

I absolutely appreciate the points that have been made. This is not where we want to be but, unfortunately, we will not be meeting our targets. Again, 10,000 hectares of planting is what we hope to achieve.

Brendan Callaghan might like to add further detail, but we are trying to maximise what we can do within that funding. I know that, through some amazing initiatives, such as the integrating trees network, we are looking at smaller-scale planting, which is really important. I also recognise the importance of other lines that you mentioned, such as AICs and other sources of funding. It might be helpful if Brendan Callaghan sets out some of the other work that we are doing to maximise the budget that we have.

**Brendan Callaghan (Scottish Government):** Yes, I can do that quickly.

We have taken a number of actions to try to mitigate the budget reduction. For example, we have allocated a proportion of our budget to a category in which applicants have to accept a reduced level of grant. That does not work for all

projects—it often does not work for native projects—but it can work for projects that have a significant element of future timber income, so we are able to make the money go further. That is in its early days, but it applied to about 2,000 hectares of planting last year, and we think that it might be the case for a similar area this year. That is why cabinet secretary has been tentative about the actual area of planting that we will support. It could be a bit higher, but it will depend on how that initiative goes.

We are also looking to forward commit to give certainty to projects; we have committed to an element of planting into 2025-26. Should money become available or other projects be delayed, we can shuffle the funding around and bring them forward. That will be quite helpful for mitigating the impact on nurseries, because the planting season is slightly different to the financial year and that flexibility is helpful.

We are definitely exploring everything that we can to make the best use of the money and to mitigate the reduction.

11:45

**The Convener:** We move on to questions on agricultural support, from Emma Harper.

**Emma Harper:** I am conscious of the time but, as the convener said, the portfolio is pretty wide and diverse. In the regulatory impact assessment, there is the payments framework, food and drink, climate and nature, genetics, animal health, welfare, forestry, knowledge, skills, innovation and training—there is loads.

I will focus on the tier 1 through tier 4 framework. We know that we have to balance food production and food security with biodiversity and environmental sustainability. We had evidence from the Scottish Agricultural Organisation Society about tier 3 and tier 4 not becoming the poor relation to tier 1 and tier 2. Can you give us some affirmation about tier 1 through tier 4 and that tier 3 and tier 4 will not be forgotten?

**Mairi Gougeon:** You are absolutely right. I would not want to think that tier 1, 2, 3 then 4 is necessarily the structure. They are all interrelated.

I agree with the SAOS that tier 3 and 4 are really important. Tier 3 is for wider collaboration and support and tier 4 is for the agricultural knowledge and innovation system that we have been developing. We are also looking to work on the continuing professional development that is available through that. I emphasise that we recognise how important those parts of the framework are. We have set out where we think the overall proportion of the balance of the funding

would be in the new tiers, but that will be phased in over time, as we have set out in the route map.

**Emma Harper:** Tier 1 and tier 2 will get most of the funding, then tiers 3 and 4—how does it work?

**Mairi Gougeon:** There have been calls for clarity around what the overall split between tiers 1 and 2 would be. We are still engaging with stakeholders on that, so I am not in a position to set that out at the moment. However, in what we announced earlier in the year, we set out that tiers 1 and 2 would make up 70 per cent of the future quantum of funding, with tiers 3 and 4 making up the remaining 30 per cent.

**Emma Harper:** Will we get further detail as it is prepared?

**Mairi Gougeon:** Yes. I am happy to keep the committee updated.

**Emma Harper:** Thank you.

**The Convener:** On that, there is a commitment to 70 per cent just now, so are you suggesting that there might be a degree of modulation in the future that would see some of that 70 per cent redistributed to tiers 3 and 4? Are you considering that?

**Mairi Gougeon:** That is the starting point, and I am not going to predict the future. I certainly do not have in mind what the figure would change to if it was to change. It is really important that we start to implement the new tiers of the framework and see how it all operates.

**The Convener:** Might that be part of your consideration?

**Mairi Gougeon:** Again, we are starting off with what the overall quantum of the funding would be for the immediate future; that is what we have announced. I do not anticipate making changes to that immediately.

**The Convener:** Would it be in the next five years?

**Mairi Gougeon:** Again, we need to implement the new tiers of the framework. It is not possible for me to set that out.

**Emma Harper:** I just have a wee supplementary. You said that tiers 1, 2, 3 and 4 are not really a hierarchy. It is more like a sphere, and some of tier 1 might cross over into other support mechanisms such as those for biodiversity and sustainability. You cannae just pigeonhole every tier, because there is a lot of cross-portfolio work that needs to be taken into account. I see George Burgess nodding, so I assume that that is what it means—you cannae just pigeonhole each tier.

**George Burgess:** Absolutely.

Perhaps I should expand on the nod that I just gave. We are not looking at tier 1 payments as payments that people get for doing whatever and at having all the work on biodiversity and climate change coming in tiers 2 and 3. The conditions and requirements for the whole-farm plan are about making sure that, with all the money that is available, we are moving people in a direction that ensures that they are managing land in a beneficial way.

**Mairi Gougeon:** The likes of tier 4 would help supplement that work. If people are baselining their business and undertaking, say, the soil tests and carbon audits, we want them to get support to work on that information. The tiers very much complement one another, and, as you have said, it is not a hierarchy.

**Emma Harper:** Thanks.

**The Convener:** Just on a point of clarification, 70 per cent of payments will be basic payments delivered in tiers 1 and 2, but that 70 per cent will remain basic payments. None of that money will be transferred to tier 4; however, some payments will be drawn down only when certain conditions are met. Is that right?

**Mairi Gougeon:** Yes.

**The Convener:** Thank you. I just wanted to make that clear.

We move to our final theme, which is the national islands plan, and a question from Emma Roddick.

**Emma Roddick:** We have heard that £20 million has been spent on the islands programme so far, but some islanders have pointed out a lack of progress in meeting the objectives. What value for money have we had so far and what plans are there to ensure that we see results from what is being spent?

**Mairi Gougeon:** You are absolutely right. First of all, I would just highlight the consultation that we undertook last year on the national islands plan and the fact that we are now working on a new plan that best meets islanders' objectives and what they want to see. That will be a really important piece of work.

We have a number of strategic objectives in the current national islands plan, and the islands programme has been established to help to deliver on some of them. However, I remind members that this portfolio and the islands budget are not, on their own, intended to satisfy all those objectives. After all, there is transport; there is housing; and there is other investment that comes from other portfolios.

Over the past few years, the islands programme has delivered more than £12 million of investment

across 61 projects and 50 islands, and it is trying to deliver on some of the objectives that we have set out. Just recently—indeed, within the past few weeks—I visited one of the projects: the new nursery that is being built in Kirkwall on Orkney, which I think had the biggest allocation ever from the islands programme. It has not yet been completed, but it is on the way. That highlights some of the impact of that work and funding.

What is also important in this year's budget is that we are recognising in the resource element of the funding the immediate cost of living pressures that are particularly acute for people living on our islands and the increased cost of living that they face. We have tried to utilise that funding by allocating it to local authorities so that they can use it as best as they see fit to help their communities.

Alongside that, we are working on the carbon-neutral islands programme and providing funding for various projects through that. Indeed, the programme has already delivered some important projects across each of the different islands. We have another fund running this year that involves a competitive bid process, and we really hope that it will help deliver on the objectives that we have set out.

On the whole, I think that the islands programme is an important element of the wider pieces of work that are happening across Government and of how we are delivering for our island communities.

**Emma Roddick:** That is great—thank you.

Does work still need to be done on co-ordination with other departments in order to meet the objectives?

**Mairi Gougeon:** The islands team works really closely with other departments. From the team's establishment, it has been a case of reaching out and ensuring that they have that engagement. That will always be a work in progress, but I would like to think that the team is fairly well known now.

**Emma Roddick:** I absolutely agree with your comments about the progress on the carbon-neutral islands project. I have visited quite a few projects and have seen the difference that they are making. Will the feedback that is provided on the competitive bid process and other elements of the funding be taken into account as things move forward in future years?

**Mairi Gougeon:** Absolutely. We have discussed the various iterations of the islands programme at length with the committee; we have had direct allocations, and we have run the competitive bid model before, too. Of course, there are pros and cons to each of the models, but we have genuinely taken on board the feedback that we have heard

from committee members, as well as from people who are utilising the fund, and we have made changes and adapted the islands programme funding in response to some of that feedback.

Of course, if you or other committee members have been hearing other comments on the carbon-neutral islands programme and how it is operating, I am more than happy to listen to and take on board that feedback to see whether any improvements can be made for the future.

**Emma Roddick:** That is great. Thanks.

**Rhoda Grant:** We are halfway through the financial year, and £3 million of island programme money has not yet been allocated. Why is that?

**Mairi Gougeon:** It is happening imminently. I understand that the board considering the projects met in the past couple of weeks to consider the matter, and the announcements are due imminently.

**Rhoda Grant:** Why has it taken so long?

**George Burgess:** I think that it is just down to the timing of the process. It was only relatively late that we had confirmation that we had a budget. The cabinet secretary has said that the board met within the past couple of weeks, but I believe that it was actually yesterday that the panel met to consider the matter. The team will be cracking on with the work.

**Rhoda Grant:** Will that have an impact? Will the money be spent in time, or will communities and local authorities lose out?

**Mairi Gougeon:** I sincerely hope that we will be able to utilise that funding but, of course, I have not heard what the outcome of that process is or what the projects will be. I am very alive to that issue, but I hope that we will see the funding fully utilised.

**Rhoda Grant:** If there is an issue, will the Government look favourably at allowing more time for the spending to be made?

**Mairi Gougeon:** If it is possible for us to do so. Again, I want to ensure that the funding that we have is fully allocated and that we are able to spend it, and I will be fully aiming to do that.

**Rhoda Grant:** When will the announcement be made?

**Mairi Gougeon:** If the project board has just recently met, as George Burgess has said, then the announcement will be made imminently. Of course, I have not had that information yet, so I cannot tell the committee exactly when that will happen.

**Rhoda Grant:** Will it be a matter of days?

**Mairi Gougeon:** I have not had any submissions in front of me, so it is not possible for me to pull out that information. As I said, it will happen imminently if those decisions have been taken. However, as I have had no submission in that respect, I cannot set that out for you.

**Rhoda Grant:** Okay.

**The Convener:** I thank the cabinet secretary and her supporting act. We very much appreciate the time that you have given this morning in what has been a long session.

I suspend the meeting for approximately 10 minutes to allow for a changeover of witnesses and a comfort break.

11:57

*Meeting suspended.*

12:08

*On resuming—*

## Subordinate Legislation

### **Plant Health (Import Inspection Fees) (Scotland) Amendment (No 2) Regulations 2024 [Draft]**

**The Convener:** We move to consideration of an affirmative Scottish statutory instrument. I welcome Jim Fairlie, the Minister for Agriculture and Connectivity. I also welcome his officials, John Speirs, who is the senior policy adviser, science and advice for the Scottish agriculture policy and pesticide survey unit, and David Corrigan, who is a solicitor.

I invite the minister to make a short opening statement.

**The Minister for Agriculture and Connectivity (Jim Fairlie):** Thank you for making time to consider this draft SSI. As the committee will note, this is a very brief SSI, which makes changes to two dates that relate to plant health import inspection fees.

It extends until 1 July 2025 the end date for easements regarding the introduction of fees in relation to official checks on medium-risk fruit and vegetable goods being imported into Scotland from the EU, Liechtenstein and Switzerland. It does the same for fees in relation to plant health checks on goods arriving into Scotland from the EU, Liechtenstein and Switzerland via the west coast ports.

By way of context for the changes, I draw the committee's attention to the UK statutory instrument, the Official Controls (Extension of Transitional Periods) and Plant Health (Frequency of Checks) (Miscellaneous Amendment) Regulations 2024.

Convener, I wrote to you on 29 August to seek the approval of the Scottish Parliament of proposals by the Scottish ministers to consent to the making of that UK secondary legislation affecting devolved areas, and I thank the committee in advance for its consideration. The SSI before the committee represents consequential changes that are required due to proposals that are set out in the linked UK statutory instrument.

The changes that are proposed to the dates on a Great Britain-wide basis by the UK SI and, through the SSI that is before the committee today, to the application of the related fees in Scotland are as follows. The UK SI makes changes in relation to annex 6 of the EU official controls regulation by extending, from 31 October 2024 to 1 July 2025, the period under which plants

and plant products from the EU, Liechtenstein and Switzerland entering GB through a west coast port are not subject to controls. That helps to address the lack of clarity from the UK Government on the timeline for the implementation of checks on goods entering via west coast ports, which the cabinet secretary and I discussed with the committee at its meeting on 11 September. We remain concerned that the UK Government has yet to communicate clearly to the industry the timescales for the introduction of the range of checks at west coast ports and the complex issues that need to be resolved before that can happen.

Similarly, the UK SI extends to 1 July 2025 the period during which certain EU medium-risk fruit and vegetables are not subject to certain import controls. A statement was issued to the industry by the UK Government on 13 September, setting out the extension, from January 2025 to 1 July 2025, of the easement of import checks on medium-risk fruit and vegetables imported from the EU.

That clarity is welcome, and it is long overdue. As I said to the committee on 11 September, we are trying to reset the relationship between the UK and the devolved Governments. I hope that the clarity on dates that is provided through the linked SI represents a new beginning in that regard.

I ask the committee to support the SSI to ensure that the relevant plant health import inspection fees for Scotland are aligned to the revised dates. I consider the regulations to be necessary and appropriate. My officials and I are happy to take questions from the committee.

**The Convener:** Thank you, minister. Are there any questions?

**Christine Grahame:** The regulations were welcomed by the cross-party group on gardening and horticulture. That is correct, is it not, Ms Hamilton?

**Rachael Hamilton:** Yes.

**Christine Grahame:** Concern about those charges was raised at a meeting of that group, so we very much welcome the instrument.

**The Convener:** We move to agenda item 3, which is the formal consideration of the motion to approve the instrument. I invite the minister to move the motion.

*Motion moved,*

That the Rural Affairs and Islands Committee recommends that the Plant Health (Import Inspection Fees) (Scotland) Amendment (No. 2) Regulations 2024 [draft] be approved.—[*Jim Fairlie*]

*Motion agreed to.*

**The Convener:** Is the committee content to delegate authority to me to sign off a report on the instrument?

**Members indicated agreement.**

**The Convener:** That completes our consideration of the instrument. I will pause briefly to allow for a changeover of witnesses.

### **Rural Development (Continuation of Operation) (Miscellaneous Amendment) (Scotland) Regulations 2024 [Draft]**

**The Convener:** Item 4 is consideration of another affirmative SSI. I note that the Scottish Government has issued a correction slip for the explanatory note that accompanies the instrument. I welcome back to the meeting Jim Fairlie, the Minister for Agriculture and Connectivity. I also welcome his officials, James Muldoon, who is the head of the agriculture support policy development unit, and Lewis Kerr, who is a solicitor.

I invite the minister to make some brief opening remarks.

**Jim Fairlie:** It is almost as though I never left.

Thank you for considering this draft SSI. The 2024 regulations use the powers of the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 to enable the Scottish rural development programme—SRDP—and rural support generally to continue to operate under assimilated law from 2025 to 2030. That is required as the current rural development schemes would otherwise end in 2024.

12:15

Our published agricultural reform route map sets out the timescale for a phased transition from legacy common agricultural policy—CAP—schemes into our new, co-developed four-tier framework. Extending the SRDP will deliver that policy, ensure that there are no cliff edges in support and ensure a just transition.

Existing reporting requirements are extended for a year to ensure that there is no gap before the Agricultural and Rural Communities (Scotland) Act 2024 requirements are in force. The approach that we have taken to that extension is consistent with the previous use of the 2020 act powers to extend the SRDP.

**Rachael Hamilton:** Good morning, Mr Fairlie. Did the Scottish Government consult on the regulations? If not, why not?

**Jim Fairlie:** No, we did not.

Do you want to answer the full question, James?



**James Muldoon (Scottish Government):** In the co-development that is going on through the agriculture reform programme in relation to the route map and phased transition, we sit around the table with NFU Scotland and multiple other partners. The agriculture reform implementation oversight board—ARIOB—is one example of that. The regulations are part of the continuing work to keep the present machine on while that transition happens. All partners have been involved in discussions to flesh out the route map and what happens in it.

**Rachael Hamilton:** Yes, but the committee does not have access to what has been said and fed back in the ARIOB, so we have no idea about what the feedback is in that co-development, which leaves our scrutiny of the SSI to a wing and a prayer, really.

I cannot see how the co-design argument can be used in this case, because it seems as though the Scottish Government is relying on the previous consultation. My question is to Jim Fairlie. Have you read the previous consultation responses?

**Jim Fairlie:** The SSI does not change policy. All it is trying to do is allow us to continue to make payments beyond the current period to 2030. There is nothing hidden in it and nothing that has not been considered by the full industry. It is just to allow us to, as James Muldoon said, keep the machine running so that we can continue to make the payments until 2030.

**Rachael Hamilton:** I understand that. Avoiding cliff edges is incredibly important, but have you read the previous consultation responses?

**Jim Fairlie:** No, I have not.

**Rachael Hamilton:** We are being asked to scrutinise the SSI using the previous consultation responses. Having not read the previous consultation, do you still trust the evidence?

**Jim Fairlie:** I absolutely trust the process that the Government has gone through in complete collaboration with the industry, including the NFUS, which is more than happy for the SSI to be passed because it will allow the Government to continue to make payments. Genuinely, I do not understand where the concern is. The SSI will allow us to keep the machine on and to continue to make payments as we go through the transitional period. Otherwise, payments will stop at the end of this year and we will have a dead end, which nobody wants. I am sure that nobody on the committee wants it.

**Rachael Hamilton:** Why have you left it to the last minute?

**Jim Fairlie:** Why have I left what to the last minute?

**Rachael Hamilton:** Why have you left it to the last minute to lay the regulations before the Parliament if there was no consultation?

**Jim Fairlie:** It has not been left to the last minute. We have laid them at the appropriate time.

**Rachael Hamilton:** There is a deadline and we have not been able to scrutinise the effect of the SSI. We have no idea what the NFUS has said about it. In the past, there has been concern around rebasing the LFASS—I will call it that.

If you do not mind, Christine, that is the less favoured area support scheme.

**Christine Grahame:** Oh, that was patronising.

**Rachael Hamilton:** Well, you asked what the previous acronym stood for.

**Christine Grahame:** I knew what this one was, though.

**Rachael Hamilton:** Okay—sorry about that, Christine. I was just being clear.

There has not been a consultation to allow stakeholders to give their views. The Government is leaving it to secondary legislation, which is being based on feedback from the ARIOB to which we are not party. It is important that people other than those in the NFUS are able to have a say in how the Government delivers the £65 million.

We also do not know whether the payments will continue to total £65.5 million in the 2025-26 budget. There needs to be consideration of whether the Scottish Government will continue with LFASS payments beyond 2030, because the EU has discontinued them and moved on to something entirely different, and the SNP Government's policy is to align with Europe. The committee would like to know what the future holds, because it is not long until 2030. The minister is asking us to ensure that the payments continue, but how are we to know what farmers in general think about the current payments for active farmers?

For example, the LFASS rules say that active farmers would usually own stock, but we know that stock levels, including livestock, are contracting across Scotland, which is a concern. There are young people who want to get into farming, and there is a concern that those who are not necessarily actively farming livestock are unable to access LFASS. We should be supporting young people who are coming through the system to ensure that farming in Scotland has a successful and prosperous future.

**Jim Fairlie:** Okay. Your point is? I am asking you to clarify—

**Rachael Hamilton:** I am sorry, minister, but that is incredibly rude.

**Jim Fairlie:** I do not think that it is rude at all.

**Rachael Hamilton:** No, it is rude.

**Jim Fairlie:** I am asking you—

**Rachael Hamilton:** I have just made my point to you very succinctly.

**Jim Fairlie:** I am still not clear what the question is.

**The Convener:** I remind Ms Hamilton and the minister of the necessity of treating one another with respect. I ask for one person to speak at a time.

**Jim Fairlie:** I am still not sure what the point of the question is. The SSI will merely allow the Government to continue to make payments up until 2030. The committee is well aware that there is a route map and that the LFASS arrangements are being discussed with the ARIOB. As far as I know, the committee is well aware that the NFUS has said that it is comfortable with the SSI. We know that LFASS is being reviewed, but the SSI will simply allow the Government to continue to make the payments in whatever form they happen to be made. There will be far more opportunities for the Parliament and the committee to review what is proposed. The SSI is purely the mechanism to allow us to continue to make payments, in whatever shape or form, as we go from here.

If we do not act, the payments will stop at the end of the year, so we want to ensure that there is a mechanism for continuing to pay farmers. It is that simple. I do not understand what I am being asked to do at this point.

**Rachael Hamilton:** I have taken from that that the Scottish Government is recycling its old homework instead of conducting fresh research to inform the SSI on continuing payments. I will leave it there.

**The Convener:** I have a list of members who want to come in—I have registered the interest of all of them.

**Ariane Burgess:** Good afternoon, minister. Thank you for joining us.

I want to clear something up on reporting. The policy note states that there will be a requirement for an annual implementation report on the old Scottish rural development programme schemes only in 2025 and that, thereafter, any reporting will be wrapped up in the rural support plan provisions that are set in the legislation.

My understanding is that we will not have a rural support plan until the autumn or winter of 2025, and that reporting on that will be required at the end of each five-year period. That means that we will not have that reporting until at least 2030. Is

there no requirement for reporting on any scheme that will continue in the interim, such as LFASS or the agri-environment climate scheme? If so, why is that? Should there not be on-going reporting?

**Jim Fairlie:** There will be on-going reporting. This particular reporting year is being rolled into the requirement under the 2024 act. As that comes into effect, there will be further reporting. I will let James Muldoon clarify the detail of that, because he has far more understanding of it.

**James Muldoon:** As I believe we spoke about in previous committee sessions, a monitoring and evaluation programme is required in relation to the rural support plan under the 2024 act. That will be a better vehicle for assessing the impact of the schemes and domestic outcomes, whereas the current model of reporting fits only with the EU CAP outcomes as they were set in the last period.

We discussed in previous committee sessions how the monitoring and evaluation for the rural support plan will report on the schemes in a way that is appropriate to the support mechanisms. Naturally, our budgeting will be reported annually, but scheme outcomes might be reported annually or on a two-year or three-year basis, depending on what they do.

The purpose of extending the reporting requirements through the powers for only one year is to allow the reporting to be subsumed into that more appropriate monitoring and evaluation programme, which will naturally be public, as we will make sure that we share the information. We need to show that we are spending public money as efficiently and effectively as possible, so we will certainly want to know how that is going.

**Ariane Burgess:** Thanks for that, but the reporting is connected to the rural support plan and we will not get that until the autumn or winter of 2025. The requirement is for reporting at the end of each five-year plan period. Does that not mean that we will have all the schemes but we will not see regular reporting?

**James Muldoon:** Not at all, Ms Burgess. We will do the reporting, as I said, per the different support mechanisms. It might make sense to do a more fulsome report at the end of a five-year plan period, but we want to know the impacts and effectiveness of the different support mechanisms, so regular reporting will be done support mechanism by support mechanism, as is appropriate to understand the impact thereof.

**Ariane Burgess:** Okay—thank you.

**Emma Harper:** Our committee papers say:

“The policy note states the extension of SRDP would allow for a phased transition away from the SRDP over the coming years as post-Brexit Scottish agricultural policy comes into effect.”

Minister, you said that this will take us up to 2030. I am thinking about Rachael Hamilton's comments about active farmers and attracting young farmers and new entrants by supporting them in our less favoured areas, including in my patch in south-west Scotland. At present, Government resources are involved in the work on future policy and active planning. Will the policy remain as it is up to 2030? Is there an opportunity to alter the proposals and allow the rebasing and retargeting of support to continue to support active farmers and, in particular, new entrant farmers?

**Jim Fairlie:** The policy will change and develop as we go along. The SSI purely provides the mechanism to continue the payments, whatever they will look like. Whatever the scheme will look like—I am not going to say anything about that on the record in case people expect that to become the scheme—we are absolutely committed to continuing to support LFASS. I do not say that on the basis of the programme; I am purely talking about the principle behind it. Whatever the scheme looks like, the SSI will allow us to continue to make the payments.

Emma Harper and Rachael Hamilton have both mentioned new entrants. I think that I have said to the committee before that I am absolutely committed to ensuring that we do as much as we can to get new entrants into farming. I was desperately trying to do that myself, so I know the barriers to it.

As a result, the programme for government asks public bodies with public land to look at how they allow new entrants to get on to that land. This is purely the start of that process. I do not know what the scheme will look like, but we are in the early stages of saying how we will get young folk and new entrants into the industry and how we will support them as we move forward.

12:30

**Emma Harper:** The SSI is about providing on-going stability and certainty up to 2030 while other programmes are being developed.

**Jim Fairlie:** Yes. It is purely the mechanism that will allow us to continue to make the payments. The programme—whatever it looks like—will develop as we go along.

**Emma Harper:** Thanks.

**The Convener:** Before we go any further, I think that we need to put the discussion into context. The Delegated Powers and Law Reform Committee has suggested that

“under regulation 2(4) the instrument keeps the rate of payments under the Less Favoured Area Support Scheme at the current rate (which is the rate that applied in 2018) until 2030.”

Is that the case or not, minister?

**Jim Fairlie:** I will hand over to James Muldoon to answer that question.

**James Muldoon:** The LFASS payment rate was previously set in regulation, and the model advised by our lawyers was simply to keep things as they were. We have to be aware—we have to advise ministers on this, of course—that, if budgetary arrangements change and there is still uncertainty about what will be coming from the UK Government, further advice and further changes to the rate might be required, if budgets do not allow for it.

**The Convener:** Just to get this on the record—this is a question for you, minister—do you agree with the DPLR Committee that the instrument keeps the rate of payment the same as that applied in 2018? Is that your understanding?

**Jim Fairlie:** My understanding is that that is where we are at the moment, but, as James Muldoon said, that will be determined by—

**The Convener:** But that is what we are deciding today.

**Jim Fairlie:** Yes.

**The Convener:** Thank you.

**Emma Roddick:** I just want to dig into that a little more. The regulations, in effect, freeze the way in which everything operates at the moment. Is the minister saying that, between the introduction of the SSI and 2030, he will be open to making changes to the scheme? After all, we have heard the arguments about rebasing and encouraging new entrants. Could further regulations be brought to the committee?

**Jim Fairlie:** Regulations are highly likely to be brought to the committee as the scheme develops.

**Emma Roddick:** What would be the timescales for consultation and for giving us an opportunity to scrutinise such changes?

**Jim Fairlie:** That would be done through the regular process of how such things happen. We have an ARIOB meeting tomorrow, and there will be more discussions about what this and LFA payments might look like. As all of that is developed, we will go through the normal process, and those regulations will be brought back to the committee.

**Emma Roddick:** It feels as though we are taking a lot on faith if we agree right now to freeze things up until 2030, when LFASS is already based on historical data. We have all been contacted by people who are concerned about that. Although I appreciate the need to avoid a cliff edge, we need a bit more clarity about what the

options on the table are and how we can influence and scrutinise things.

**Jim Fairlie:** We can write to the committee with further details as we go along, if that would help.

**Emma Roddick:** Would it be possible for us to get a bit more information and to consider the SSI at a future meeting instead?

**Jim Fairlie:** No, we kind of need to get this done.

**The Convener:** That is a decision for the committee, not the minister, but thank you for putting that on the record.

**Emma Roddick:** I am talking about the cliff edge and decisions needing to be made by a certain point. If the committee wants a bit more information, will that cause an issue with payments?

**Jim Fairlie:** I will let James Muldoon clarify that point.

**James Muldoon:** I hope that I will not reiterate too much of what the minister has said.

The SSI is about keeping the LFASS machine, so to speak, as it is and paying money on this basis. In relation to future less favoured area support or area of natural constraint support, at last year's NFUS conference, the former First Minister committed to the future model of support being housed in tier 2 of the future support framework. Work is on-going with partners on that, and there is a public commitment from Scottish ministers that the form of support will allow active farmers to be supported in their activities in areas of natural constraint.

How we work that out comes back to our commitment to co-development and to working with partners, but the SSI is purely about keeping the existing mechanism going while that co-development work continues, enacted—subject to all being happy, of course—through the Agriculture and Rural Communities (Scotland) Act 2024 as we transition to a support mechanism.

**Emma Roddick:** Okay. I can probably say no more than I did in my previous question with regard to our needing to be able to scrutinise what is going on and what the options are. From the Government's point of view, does a decision on the SSI require to be made today?

**James Muldoon:** The SSI is required to keep the payment machine going just now. The future LFA model—the ANC model—will, of course, be set out in secondary legislation that will come to the committee.

**The Convener:** We need to be completely certain about that. Ms Roddick's question was

whether there needs to be a decision today. Can you answer that?

**James Muldoon:** It depends on parliamentary timetables thereafter.

**The Convener:** That is incredibly important, but I can tell you that there does not need to be a decision today. There is flexibility—there will be no cliff edge if we do not make a decision today.

I beg your pardon, Emma. Would you like to come back in?

**Emma Roddick:** I think that I have asked everything that I can ask.

**Christine Grahame:** I am learning as we go along, but I want to highlight one key thing—only one. I understand that this is an interim measure and that the aim is to keep policies as they are—blah-di-blah-di-blah—but I note that, as the convener has pointed out, the DPLR Committee has said:

“under regulation 2(4) the instrument keeps the rate of payments under the Less Favoured Area Support Scheme at the current rate (which is the rate ... in 2018)”.

According to the report, the instrument will keep payments at that rate for the next 12 years. That is the first thing.

Secondly, as I say, I am new to this game, but the word “interim” does not usually mean that it will take six years to get something sorted out. I understand that farming is a long-term thing, but we are talking about an interim measure lasting for six years. I want clarity on what is being said.

The DPLR Committee report also talks about

“the current rate (which is the rate that applied in 2018) until 2030.”

In other words, there is a line in the sand at 2030. Are you saying, minister, that this interim measure could finish in 2027, or is 2030 the deadline? Is that the date that will be kept?

Therefore, there are actually three points that I want to make: one about the level of payments; one about the fact that, although we are talking about a date that is six years away, this is still called an interim measure; and one about the fact that 2030 seems to be the actual date—it does not say “up to 2030” or “no later than 2030”; it is 2030.

**Jim Fairlie:** The quantum of the SRDP funding will stay the same. At this moment in time—

**Christine Grahame:** I know that.

**Jim Fairlie:** —the quantum will stay the same.

**Christine Grahame:** I am talking about the level of funding.

**Jim Fairlie:** That is what I am talking about, too. That level will stay the same as it stands.

**Christine Grahame:** For 12 years.

**Jim Fairlie:** Yes, as it stands.

**The Convener:** Minister, in your previous response, you said that that could change, depending on the UK budget.

**Jim Fairlie:** That is exactly the position that we are in.

**Christine Grahame:** But this is law. This regulation says that payments will stay at the current rate—the one that applied in 2018. The legislation will say that. I do not think that you can just say, “Well, if we get more money, we’ll not actually do that. We’ll change the date.” It will be in black and white.

**Jim Fairlie:** If the quantum has to change, we will have to change it, but we will not know that until we have certainty about the UK funding that comes to the Scottish Government.

**Christine Grahame:** So, there will be another regulation that says, “Well, it will not be the rate that was applied in 2018; it will be the rate that applies in 2024.”

**Jim Fairlie:** There might well be, if that is what happens, but we will not know that until we have certainty from the UK Government.

**Christine Grahame:** I understand the point about budgets, but I am talking about legislation. If you put something in black and white that says, “The rate is going to be what it was in 2018”, that rate will have to be applied. Would other regulations be needed to change the rate? I do not know. That is all that I am asking.

**Jim Fairlie:** CAP rates are set in legislation. We are dealing with the legacy of the CAP, which is why the rates are in legislation.

**Christine Grahame:** I do not understand this. If somebody says to me—

**Jim Fairlie:** I will let James Muldoon try to make things clearer.

**Christine Grahame:** If somebody says to me, “Ms Grahame, I am going to pay you such and such at the 2018 amount and the interim position is that that will be fixed for 12 years”, that is the position. You are saying to me that, if the Government gets more money, people might get more than that, but that is not what the law will say. The law will say that it should be 2018 rates.

**Jim Fairlie:** I will let James Muldoon try to clarify things better than I have been able to do.

**Christine Grahame:** Please.

**James Muldoon:** Our CAP legacy system is designed for a multiyear EU funding window. We are now applying year-to-year budgeting to that

system, and it is not designed for that. That means that our CAP legacy payment rates, whether they be for the basic payment scheme or LFASS, which is what we are talking about in this instance, are set in regulations so that the administrative schemes can then get the money out to eligible farmers and crofters.

When it comes to LFASS, we are required to set in regulation what the payment rate will be—

**Christine Grahame:** At 2018 rates.

**James Muldoon:** Indeed. However, we have to remember that the agriculture budget is ring fenced from the UK and is based on land rather than population. If budgeting realities changed and the quantum that we received changed, with the advice to ministers being that the money could not be spread as it had been, a further regulation would, of course, be needed to change the rate. Just now, for the administrative systems, we have to set the rates in regulation to allow the money to flow.

**Christine Grahame:** I think that I am right, then. There would have to be another regulation to change the rate.

**James Muldoon:** Yes.

**Christine Grahame:** That is all that I wanted to know.

I had another question. Why does it take six years?

**Jim Fairlie:** It will not necessarily take six years. It is like a safety net to give us enough time if we have problems. Again, that does not need to be set in stone. The regulations have been laid, but we can change things as we go along.

**Christine Grahame:** So

“at the current rate ... until 2030”

should probably say “at the current rate”—whatever that rate is—“not beyond 2030” or something like that, because you are saying that the rate could be changed earlier. The report made me think that the rate would stay the same until 2030, but it could be changed earlier. Is that correct?

**Jim Fairlie:** It could be changed earlier, yes.

**Christine Grahame:** Am I being pernickety again by saying that it should say “not beyond 2030” or whatever other language? [*Interruption.*]

Oh, a lawyer is coming in. I am in trouble now.

**Lewis Kerr (Scottish Government):** Is the specific text that you are referring to in the policy note?

**Christine Grahame:** Yes. I have both in front of me. Is the exact wording in the regulations “until 2030”?

**Lewis Kerr:** I am sorry, but I am not entirely sure where you are pointing to.

**The Convener:** It is the wording from the DPLR Committee’s report.

**Christine Grahame:** Yes. That is what I am reading.

**Lewis Kerr:** Ah. I do not have that report to hand.

**Christine Grahame:** All that concerns me is providing clarity. If the minister is saying that the rate could be changed earlier, perhaps there should be a different phrase before “2030”—perhaps “not beyond” or whatever. I do not know. I just raise that as a concern.

**The Convener:** The question is: why should the date be 2030? If we assume that there will be some changes to the rate, why should it not be 2025 or 2026? Why should it be 2030 at the 2018 rates?

**Jim Fairlie:** Basically, that gives us time. I am fairly sure that we do not anticipate that the regulations will last until 2030, but they give us time so that we do not have to come back in 18 months or in two years to do this all again.

**The Convener:** But that is not unusual. The first SSI that was dealt with today looks to extend the time, but not to some time far in the future. It covers a realistic time in which some issues can be resolved. We see that regularly. Minister, you will be well aware of the number of times that we have dealt with SSIs relating to extending border control legislation. Those covered not years but a matter of months, which is a reasonable time for these things to be resolved. That is one of my concerns.

I will bring Emma Harper back in.

12:45

**Emma Harper:** I am seeking assurances on how you will give farmers the confidence that the SSI will not fail to support less favoured areas and new entrant farmers. How can we convey that the Government’s interest is in continuity, stability and certainty—all the words that we have been hearing—to deal with the Brexit cliff edge? What is the best way to convey to farmers that the regulations will just continue the current situation so that there is no cliff edge?

**Jim Fairlie:** Well, all that I can tell you is that, for as long as I am the minister, I will be absolutely committed to ensuring that we allow farmers to

farm in less favoured areas. I am well aware of what that feels and looks like.

The purpose of the SSI is not to be duplicitous or to hide anything. It merely gives us the ability to continue to make payments under this particular programme up until 2030, but the likelihood is that things will change as the policy develops in conjunction with full consultation with the industry. That is all that I can say. I cannot give any more of a guarantee than that.

**Emma Harper:** Thank you.

**Rachael Hamilton:** James Muldoon, could you or the minister run through what you said about how the future of LFASS or any replacement scheme will be shaped by stakeholders?

**Jim Fairlie:** We will be at the ARIOB meeting tomorrow and LFASS is on the agenda. We will be discussing what the early iterations of that look like. Is that on the agenda tomorrow?

**James Muldoon:** I am not sure whether it is. I will have to double check.

**Jim Fairlie:** I could be wrong in saying this, and I will correct the record if that is the case, but I think that there will be some scrutiny of LFASS at the ARIOB tomorrow. It is in the on-going programme for developing the future LFASS payments—I am calling it LFASS purely so that we all understand what we are talking about—and deciding what they will look like and how they will be delivered in the coming years.

As I have just said to Emma Harper, we are absolutely committed to making sure that the policy intent behind LFASS continues to be to make sure that we stop farmers working in more disadvantaged areas so that that key element of our more remote—I hate to use the word “remote”—areas is properly supported. That is its whole purpose.

**Rachael Hamilton:** What mechanism will the feedback from the ARIOB meeting be put through? Will it be used through the rural support plan?

**Jim Fairlie:** What do you mean by where it will be used?

**Rachael Hamilton:** Will the feedback from the ARIOB meeting shape the rural support plan?

**Jim Fairlie:** It is part of the process of developing the policy, as we go forward.

**Rachael Hamilton:** The Agriculture and Rural Communities (Scotland) Act 2024 is a framework act and the SSIs are subject to the negative procedure, though. The regulations that are before us are subject to affirmative procedure. The DPLR Committee warned of the Government using

Henry VIII powers: this is an example of that, is it not?

**Jim Fairlie:** No, I do not believe that it is.

**Rachael Hamilton:** Can you explain why?

**Jim Fairlie:** The whole policy has been developed in conjunction with the industry—not just the NFUS, but the Crofters Commission, too. Everybody who was involved in development of the policy was sitting around the table. As we bring regulations out, the committee will be able to scrutinise them.

**Rachael Hamilton:** We are not able to scrutinise the regulations wholly and fully right now, in my opinion. We are being expected to make our decision on a wing and a prayer. Unfortunately, I do not feel comfortable with that.

**James Muldoon:** I can clarify one point. As we have said, we are talking about the present LFASS mechanism. On the future mechanism that you are asking about, the cabinet secretary lodged an amendment at stage 3 of the bill to put a duty on Scottish ministers to include, in the rural support plan, who we have spoken to and their thoughts on each support mechanism. The rural support plan will, of course, include a full articulation of the policy development rationale, who has been spoken to and what their views were.

**Rachael Hamilton:** Will any forthcoming decisions be subject to the negative procedure?

**James Muldoon:** Lewis Kerr might correct me, but I am fairly sure that affirmative procedures apply to the first use of powers under the 2024 act.

**Lewis Kerr:** I would have to go away and look at that. I do not have that information with me.

**Rachael Hamilton:** Reporting on legacy CAP schemes is a requirement of the rural support plan, but that uses negative procedure.

**Jim Fairlie:** That is for future iterations rather than this—

**Rachael Hamilton:** But we are talking about the future. We are going round in circles. The rural support plan will be published in 2025, but we are being asked to continue this scheme until 2030.

**Jim Fairlie:** I do not know how else to put this. You are not being asked today to support the policy that will be developed through ARIOB. All that you are being asked to support today is the mechanism to allow the payments to be made as and when that policy is developed. If, at a later date, we propose a policy that the committee does not like, it will be able to say no to it. For whatever is proposed, the committee will be able to say no, yes or whatever the decision is.

The SSI purely provides the mechanism to allow payments to be made: that is it.

**Rachael Hamilton:** Mr Fairlie, future SSIs will be subject to the negative procedure.

**Jim Fairlie:** That is not what today is about.

**Rachael Hamilton:** I know, but you are trying to tie that in with—

**Jim Fairlie:** No, I am not. I am genuinely trying to keep the focus on what it is that we are looking at right now.

**Rachael Hamilton:** I have no further questions.

**Christine Grahame:** I understand that this is an interim measure and that the regulations are about providing certainty for the time being until we get to where we want to be, now that we are not in the European Union.

However, I have looked at the regulations, and regulation 2 includes a list. It states:

“Scheme 2025 payment’ means the sum to which the applicant is entitled in respect of the period from 1st January 2025 to 31st December 2025”.

I will skip the others, but it then states:

“Scheme 2029 payment’ means the sum to which the applicant is entitled in respect of the period from 1st January 2029 to 31st December 2029”.

It then says the same for the scheme 2030 payment. Therefore, in relation to management of the payments, the system is rigid and fixed in the regulations. People will get the payment at the 2018 rate from 1 January 2030 to 31 December 2030. The system is fixed; it is not flexible.

I am looking at the regulations to try to understand things. They are important, because they are the basis on which payments will be made for specific periods of time. The regulations cannot be amended—if they go through, that is that. As I understand it, other regulations would need to be made. Am I right? I do not know. I am asking.

**Jim Fairlie:** Is that correct?

**James Muldoon:** Yes. The reason why the rates are set in regulations is that they are for large administrative schemes. It is to allow—

**Christine Grahame:** I understand the reason, but they are fixed.

**James Muldoon:** No. As the minister said, they are fixed until a replacement less favoured areas, or areas facing natural constraints, support scheme comes into play through the 2024 act. The development of that scheme will be articulated in the rural support plan. The regulations are simply to act as a backstop to keep the machine alive.

**Christine Grahame:** Honestly, I understand that. Maybe you are saying that we have a system set up until December 2030 but that, if another payment method was developed sooner, the regulations could just be annulled.

**James Muldoon:** The present scheme would no longer be relevant.

**Christine Grahame:** The regulations would be annulled because they would no longer be relevant.

**James Muldoon:** Yes, and the—

**Christine Grahame:** That is all that I wanted to know. I am just trying to get my head around the law.

**Rhoda Grant:** The real concern is about the timeframe. In the farming community, there are already concerns about the length of time that it is taking to produce the rural support plan and all the bits that are attached to it.

The timeframe in the regulations creates a fear that we could still be on 2018 funding for LFASS in 2030, because, if we pass this legislation, there is nothing that the committee or the Parliament can do to change it or to force the Government to change it. That funding rate could just go on, and that is not acceptable. That is what we are trying to say loud and clear. You can give us assurances, but you cannot set it in stone that that will not happen.

**Jim Fairlie:** You are right. All that I can do is give you the assurance that we are working incredibly hard right now to bring forward the legislation that will allow us to continue to support agriculture in the way that we want to support it. If the 2030 date is the problem, I can take that point on board, but that date is purely to allow us time to get things done and to get things moving in the right direction. However, I reiterate to you what I said to Emma Harper—namely, that I am absolutely committed to ensuring that we bring forward policies and proposals that will work with and for the rural and agricultural community to ensure that we can continue to support it as best we can in the future. That is all that I can give you.

**The Convener:** I share the committee's concerns that the 2030 date will have the effect of retaining until 2030 the current rate of payments, which was set in 2018. We just have to take it on your good word that there will be further statutory instruments, over which we, as a committee or as a Parliament, have no control. Therefore, unless the Government is minded to do otherwise, we could see the current rate of payments lasting until 2030 through another Government, potentially, and through multiple ministers. We are expected to put that into law today. Is there any reason why

that date could not be 2025 or 2026? What is the reason for pushing it to 2030?

**James Muldoon:** The route map sets our timetable for the phased transition, through the 2024 act, of new schemes to replace the present models. The rationale for the longer date is very simply to avoid unnecessary use of time on this. The core point is that we are not changing the SRDP policies; we are not changing the outcomes that the policies work towards—

**The Convener:** I am sorry, did you say to prevent undue time on—

**James Muldoon:** To—

**The Convener:** To who?

**James Muldoon:** To all who are involved in this.

**The Convener:** One of our biggest concerns about the new agriculture act was the lack of scrutiny. We all accepted that a framework bill was the way forward, to allow policy to be fleet of foot in order to address issues that come up. One of the biggest concerns was about the situation in which Parliament would lack the ability to scrutinise this type of thing. Given Parliament's desire to be involved, I do not understand why you would see potentially revisiting such a policy in a year's time—or six months' time or two years' time—as an issue. That is exactly what Parliament wants to do—we want to scrutinise it.

Today, we are expected to pass a regulation that would allow the Government to pay the current rate up to 2030. That is very restrictive; we would then rely on the Government to introduce further secondary legislation to address that. That appears to be the committee's view, at the moment.

There is another important consideration. Minister, what your views are on rebasing payments?

**Jim Fairlie:** The rebasing argument is on-going. I know that some committee members have been approached about it and that some farmers wish payments to be rebased. That is an on-going conversation. At one point, the NFUS brought it to a conversation in a committee—I cannot remember which committee—and it wrote to the cabinet secretary to ask her to carry out rebasing. The idea was rejected at that point, because we were looking at the whole structure of the policy programme for the future. I am more than happy to look at every potential opportunity to make the best use of the funding that we have to make it work in the best way possible, which goes back to the point that I made at the start.



**The Convener:** Would this piece of legislation mean that rebasing was off the table, potentially until 2030?

**Jim Fairlie:** No, it would not, because, if the position that we took was that rebasing was desired, that could be brought in at a later date, but before 2030, in other legislation that might come forward.

13:00

**Emma Harper:** I want to clarify something. You said that there is potential flexibility with regard to retargeting or choosing to support new entrants. You have already said that that is part of the potential future plan, so that the matter is not just pigeonholed—so that the issue of rebasing is not just kicked into the long grass.

**Jim Fairlie:** We will look at all the opportunities to allow us to pay in the best way for the less favoured areas, and that is still up for discussion.

**Emma Roddick:** Surely the fact that this SSI describes the 2030 payment means that there is not really a rush to consider anything in the meantime, and that it will not be a priority for Government to change something if there is certainty up to 2030. As it is written, does the SSI not risk nothing really happening in the meantime?

**Jim Fairlie:** No. As I said, the programme is ongoing. The ARIOB is meeting again tomorrow—it meets regularly—to flesh out what we are going to try to deliver. This SSI is purely about making available the mechanism to be able to pay. That is it.

**Emma Roddick:** Was there a discussion about how many years to include in this SSI, and why was the number that is in it reached?

**Jim Fairlie:** As James Muldoon pointed out, the 2030 date is to give us plenty of flexibility so that we do not take up any more time than is absolutely necessary. This bit of the instrument is nothing more than a mechanism.

**Emma Roddick:** Four years would also be quite a bit of flexibility, would it not?

**Jim Fairlie:** Yes.

**Emma Roddick:** So, why is it six years?

**Jim Fairlie:** The convener has already asked why we did not make it 2026 or 2028. The year 2030 is what was picked. I am not sure that the relevance of that is going to enlighten us any.

**Emma Roddick:** So, there were not particular discussion points when choosing that date.

**Jim Fairlie:** It is the date that was picked.

**The Convener:** We have had a wide-ranging discussion. There is still quite a level of uncertainty

over this. The committee has no desire to reach this cliff edge, but there is flexibility with regard to when we can make a decision on the instrument. Therefore, I am minded to defer formal consideration of the motion to approve the instrument until a future committee meeting, if members are happy to do that. That would also give the minister time to consider whether it would be wise to reconsider and to withdraw the instrument for future considerations.

On that basis, does the committee agree to defer formal consideration of the motion to a future committee meeting?

**Members indicated agreement.**

**The Convener:** We will suspend briefly to allow for a change of witnesses.

13:03

*Meeting suspended.*

13:05

*On resuming—*

### **Charges for Residues Surveillance Amendment (Scotland) Regulations 2024 (SSI 2024/218)**

**The Convener:** Item 6 is consideration of a negative instrument. At last week's meeting, the committee agreed to defer consideration of the instrument in order to take evidence from the Minister for Agriculture and Connectivity before we disposed of it.

I welcome back to the meeting Jim Fairlie, Minister for Agriculture and Connectivity, who is joined by Scottish Government officials Jesus Gallego, senior policy advisor, animal health and welfare division, and Keith White, solicitor.

I invite the minister to make some introductory remarks.

**Jim Fairlie:** I thank the committee for giving me the opportunity to clarify the intended consequences of the instrument, taking into account the comments that were made by the Delegated Powers and Law Reform Committee, and by this committee at its meeting last week.

The primary aim of the instrument is to ensure full cost recovery for services relating to the surveillance and inspection of animals and animal products for residues of veterinary medicinal products relating to the national residues control programme, or NRCP, which is managed by the Veterinary Medicines Directorate, or VMD, across Great Britain.

On anticipated costs, the policy note accompanying the regulations states that the

annual cost of delivering the NRCP currently costs around £5 million per year, which is forecast to reach around £8 million per year by 2028. The increase is due to a rise in the costs of procured services that are necessary to deliver the programme such as sampling, testing and consumables.

Without the proposed revisions to the current charges that NRCP participants pay, it is forecast that there will be an underrecovery of the costs of the programme by £1.2 million in the current financial year, and the deficit is expected to rise to £3 million per year by 2029.

It should be stressed that the increase in cost is the estimated cost across Great Britain, so Scotland will contribute less to the overall increase, given that there is a smaller concentration of participants here. Currently, more than 500 companies across the various sectors are included in the NRCP.

I want to pick up Rhoda Grant's point at committee last week about whether an island impact assessment was considered. As this is not a new policy, strategy or service that is likely to have an impact on an island community that is significantly different from the effect on other communities, it was considered that, on balance, no assessment is required.

By way of conclusion, I reiterate that the NRCP is a statutory programme and is designed to help protect human health by identifying unsafe residues of banned substances, veterinary medicines and contaminants in products of animal origin before they enter the food chain. The NRCP helps to protect human health. It also provides assurances to the UK's trading partners about the quality and safety of exported food products of animal origin. The programme helps to support international trade, which is worth around £12 billion to the UK economy per year.

I am happy to take any questions, with my officials.

**The Convener:** Thank you, minister. Do members have questions?

**Rhoda Grant:** My concern in relation to an island impact assessment is that I believe that the regulations could have an impact.

The minister will be well aware that people have been talking for a long time about micro-abattoirs and the benefits—both animal welfare and economic—there would be if island communities, and smaller communities away from markets, were able to have abattoirs. They would be able to sell their own meat locally, the tourism industry would benefit, because there would be local produce available, and people could sell online. It would make for a huge economic boost.

Anything that adds to not only the cost but the bureaucracy of the process pushes all those things further and further away, and my concern is that the regulations might do that. They might just add another hurdle to get over. I am not suggesting for one moment that we are making great progress with having abattoirs—in fact, some that we have are already under threat—but the regulations could, first of all, dispense with those that are there and, secondly, stop us from getting others.

**Jim Fairlie:** I concur with what you have said about abattoirs, particularly in island areas, and if we could do more to help that situation, I would absolutely get on board with that. However, the SSI is about protecting human health and ensuring that nothing has been added to animals and animal products. Abattoirs already have to comply with the measures, so bureaucracy wise, the SSI will not make any difference.

I get that there will be a cost increase—and percentage wise, it looks like a lot—but as far the cost to a small abattoir is concerned, I think that, given that it applies on a cost-per-animal basis, it will not be enough to put that abattoir over the edge, as it were. As a result, there was no need for a separate island impact assessment.

**Rhoda Grant:** I guess that what I am trying to say is that, at the moment, abattoirs are clinging to the edge by their fingertips. We are struggling to get others in place—which is what we really want to happen—and the cost increases just push the direction of travel the wrong way. Is there anything that you can do, especially for island communities but also for other communities that are a long way from the centre—we have been talking about Skye abattoir and so on for a long time now—to mitigate the challenges that are posed not only by the cost increases but by some of the other challenges, if we are to be realistic about making that increase in provision a reality?

**Jim Fairlie:** The fundamental thing that we have to remember is that this is a statutory programme that we must carry out order to protect human health. The testing system is about making sure that no residues go into the human food chain.

I completely take on board all of your points about how difficult this is, and I have already agreed to meet other members to talk about what more we can do to help the more remote—again, I want to stop using that word— island communities with regard to slaughtering provision. However, I do not think that the increase in charges will be the clincher here. In any case, we have to carry out the programme to ensure that we are protecting human health, as much as anything else.

**Rhoda Grant:** Could I be included in those discussions? After all, I represent an area where the issue is crucial.

**Jim Fairlie:** Absolutely.

**The Convener:** This discussion sounds a bit similar to the one that we had on the previous regulations. Minister, have you done any assessment of the impact on smaller abattoirs or processors?

**Jim Fairlie:** Not on an individual basis, no. We looked at what we needed to do in order to achieve full cost recovery on the programme of surveillance of veterinary residues.

**The Convener:** Do you know by what percentage the price of an average test for cattle will go up?

**Jim Fairlie:** I think that it is about 64 per cent.

**The Convener:** Surely that will have a significant impact on some of the smaller abattoirs. Everybody will agree on the need for the inspections—and that situation is not changing—but we are talking about a significant rise in costs that might have an impact on smaller processors. In fact, one plant that I have been in contact with has suggested that its costs will increase by almost £20,000. That is not inconsiderable—indeed, it could put them over the edge.

The point is that we are making a decision today on whether to make any recommendation on the instrument, and we want to be sure that the Government has considered the potential adverse impact on small abattoirs. We know that we have a critical mass situation in Scotland, with our abattoirs, auction marts and so on worried about the cliff edge and the number of cattle that are going through. What were the Government's considerations on that issue?

**Jim Fairlie:** I will let Jesus Gallego answer that question about what considerations happened on the ground, as it were.

13:15

**Jesus Gallego (Scottish Government):** The consultation document contains a worked example for a typical slaughterhouse, but it is for a typical large slaughterhouse. The estimate in that example is around 100,000 cattle per year. However, because the charge is on a per headage basis, it can be applied equally to any size of slaughterhouse. Therefore, for a typical micro-abattoir on an island slaughtering, say, two cattle heads per week—or 100 per year—the increase of 20p per year will mean £20 per year in total. The amounts that we are talking about in that scenario are very small, simply because the throughput is very small. The amounts for the large

slaughterhouses are very large, because their throughput is very high.

We did not look specifically at an island-versus-mainland comparison, but we know that most micro-abattoirs in Scotland happen to be on the islands. The fact is that you can estimate the cost based on the size of the abattoir, not necessarily on its location. Generally speaking, though, even though the percentage increase from 50p to 70p per cattle head seems very high, the increase per year for a very small abattoir is very small.

**The Convener:** I call Rachael Hamilton.

**Rachael Hamilton:** The same consideration will apply not just to abattoirs but to game processing plants, milk producers, fisheries, aquaculture products and so on. I note that Salmon Scotland responded to the consultation. My point about this SSI is that it is disappointing that, although most of the responses came from GB-wide stakeholders, there was only one Scottish response. Salmon Scotland's response speaks to some of the concerns that the committee has raised in the past about the engagement process and ensuring that people are not taken unawares by the potential for increased costs.

As my colleague Rhoda Grant, in particular, has pointed out, we are in a difficult trading environment, with costs rising as a result of inflationary pressures. What efforts are being made to ensure that, in this scenario, there are no cliff edges?

**Jim Fairlie:** Again, I go back to the point that Jesus Gallego made: the charge is based on headage going through the abattoir, so it will be consistent with the throughput of a particular slaughterhouse.

**Rachael Hamilton:** But what about a small dairy—

**Jim Fairlie:** I just want to reiterate that this is a statutory programme that we have to carry out in order to protect human health, which applies across the whole of the UK. As the £3 million excess that we are looking at affects the entire food sector in the whole of the UK, it should have minimal impact. I have to say that we had very little in the way of responses; people have not been responding to the Government to say that there is a real problem with this.

**Rachael Hamilton:** Just to be clear, most people wanted the sector-based and tailored option. You have talked about headage of cattle, but how is that equated? Is it according to, say, litres of milk? With a game processing plant, is it a brace of pheasants? How does it work?

**Jesus Gallego:** I can take that, minister. For cattle, sheep and pigs, it is per headage. For most

of the other commodities, it is per weight—that is, per tonne, per 100 tonnes et cetera.

**Rachael Hamilton:** How is that equated and worked out? How do the sectors know how much they will be charged? For example, a small game processing facility might have only a tonne of output.

**Jesus Gallego:** In the case of game, the charge is £1.04 per tonne. Estimates of the costs are made sector by sector and, interestingly, wild game is the only sector in which the charges are not going up at all—in all the other sectors, the charges are going up.

The national programme is based on collecting, in total, around 30,000 samples in all sectors across the whole of Great Britain, but they are split between commodities and so on, based on risk. Some samples are more efficient to collect than others. The Veterinary Medicines Directorate apportions the costs based on the cost of each sample. For example, it is much easier to collect samples from establishments that have a permanent presence, such as abattoirs, than it is to collect them from places where people would have to go specifically to do that. The consultation showed that the industry supported each sector being considered on its merits, rather than an approach being taken across the board. That resulted in there being no increase at all for some sectors, such as wild game.

**Rachael Hamilton:** I am very interested in the issue. I do not think that there will be a motion to annul the regulations or anything like that; we are just interested in scrutinising them.

I notice that you have the costs handy. What are the costs for milk production?

**Jesus Gallego:** The current cost is £0.0276 per 1,000 litres. This year, the cost will go up to £0.0373 per 1,000 litres, and, from 2025, it will go up to £0.0405 per 1,000 litres.

**Rachael Hamilton:** Okay. The only thing that I will say in relation to there being no business and regulatory impact assessment because the Government says that there will be no “significant, effects on ... business” is that, if a dairy business or the owner of a game processing plant were here, they would probably say something different. I just want to put that on the record.

**The Convener:** I have a couple of questions. Who evaluates the delivery of the service in Scotland? What is looked at in the evaluation? Prior to considering increasing the costs, was any additional work done to look at whether the service is being delivered efficiently? Were any mitigation measures considered before it was decided to increase the costs for industry?

**Jesus Gallego:** We evaluate the programme. The Veterinary Medicines Directorate produces an annual report on the conclusions of the programme. For example, we have to present our conclusions to the European Union in order to maintain our export approval. We are also involved as customers when the contract for laboratory services is procured. That contract is outsourced.

A large proportion of the costs come from sampling, which is completed mostly by competent authorities. In our case, that tends to be done by either our staff or contracted staff from the Animal and Plant Health Agency, for example. A large proportion of the costs relate to staff costs and staff time, so the costs are going up due to inflation.

**The Convener:** The lack of vets or anything like that has not had an impact; the increase is simply down to staffing and laboratory costs.

**Jesus Gallego:** It is generally down to costs that are associated with staffing, outsourcing labs and consumables.

**The Convener:** Is there still a requirement to test for some residues? Does there need to be a review of that? There might have been an issue with some antibiotics, chemicals and pesticides in the past—I am thinking of dichlorodiphenyltrichloroethane, or DDT, or other things for which there needed to be testing—but is there scope for reviewing what residues need to be tested for to ensure public safety? That might result in a reduction in costs.

**Jesus Gallego:** The national control plan is reviewed annually. It is a risk-based control plan that is based on findings from previous years. Some things cannot be changed because of international obligations, but, yes, there is scope for reviews.

**The Convener:** That is most helpful.

We move to formal consideration of the instrument. As no member has any further comments, does the committee agree that it does not wish to make any recommendations on it?

**Members indicated agreement.**

**The Convener:** I thank the minister and his officials for attending the meeting. That concludes our business in public.

13:26

*Meeting continued in private until 13:26.*

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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