

# **ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE**

Wednesday 8 June 2005

Session 2

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# CONTENTS

Wednesday 8 June 2005

Col.

<b>RURAL DEVELOPMENT INQUIRY</b> .....	1957
<b>SUBORDINATE LEGISLATION</b> .....	1991
Common Agricultural Policy Single Farm Payment and Support Schemes (Scotland) Amendment Regulations 2005 (SSI 2005/257) .....	1991

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## ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

### 17<sup>th</sup> Meeting 2005, Session 2

#### CONVENER

\*Sarah Boyack (Edinburgh Central) (Lab)

#### DEPUTY CONVENER

\*Mr Mark Ruskell (Mid Scotland and Fife) (Green)

#### COMMITTEE MEMBERS

\*Rob Gibson (Highlands and Islands) (SNP)

\*Karen Gillon (Clydesdale) (Lab)

\*Alex Johnstone (North East Scotland) (Con)

\*Richard Lochhead (North East Scotland) (SNP)

\*Maureen Macmillan (Highlands and Islands) (Lab)

\*Mr Alasdair Morrison (Western Isles) (Lab)

\*Nora Radcliffe (Gordon) (LD)

#### COMMITTEE SUBSTITUTES

Alex Fergusson (Galloway and Upper Nithsdale) (Con)

Janis Hughes (Glasgow Rutherglen) (Lab)

Jim Mather (Highlands and Islands) (SNP)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

Eleanor Scott (Highlands and Islands) (Green)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Tony Fitzpatrick (Dumfries and Galloway Council)

Ian Fraser (Stirling Council)

Norma Graham (Fife Rural Partnership)

James Knowles (Aberdeenshire Council)

Nick Larkin (South Ayrshire Council)

Ian Lindley (Scottish Borders Council)

Councillor Alan Livingstone (Perth and Kinross Council)

Councillor Ian Ross (Highland Council)

Gordon Todd (South Lanarkshire Council)

#### CLERK TO THE COMMITTEE

Mark Brough

#### SENIOR ASSISTANT CLERK

Katherine Wright

#### ASSISTANT CLERK

Christine Lambourne

#### LOCATION

Committee Room 4



# Scottish Parliament

## Environment and Rural Development Committee

*Wednesday 8 June 2005*

[THE CONVENER *opened the meeting at 10:02*]

### Rural Development Inquiry

**The Convener (Sarah Boyack):** We have a pretty good turnout; I wanted to wait until the final few members had arrived before opening the meeting. I welcome to the meeting those who are here as witnesses, members of the public and anyone from the press. I remind everyone to turn off their mobile phones before the discussion gets going, so that there are no bleeps during the meeting.

Agenda item 1 is our rural development inquiry, for which this is our first oral evidence session. The committee has agreed to focus on accessible rural areas and on the policy response to the needs of those areas compared with the response to the needs of urban and remote rural areas. We have worked on the issue for some time and have made visits to several rural communities. We have taken evidence from communities, councils and voluntary organisations. Therefore, we are at phase 2 of our inquiry.

We were keen to use a round-table discussion format rather than the usual format that involves our firing questions at three or four people at the end of the room. We wanted to have more of a discussion and a dialogue than a strict question-and-answer session. We hope to deal with key issues that we intend to consider in the inquiry, and the discussion will be structured around what people in accessible rural areas throughout Scotland see as the priorities for the development of their areas; what challenges and barriers those people face; how Scottish Executive policy addresses such issues; and your policy development priorities. That will give us a chance to deal with the key issues that we have identified to be covered by our report. After today's discussion, we will consider a case study in Angus—we will go up to Brechin next week—take evidence from key national agencies and wrap up with evidence from several Scottish Executive ministers.

We will try to get round the table and deal with a range of issues. As I said, we want to get a discussion going. Members and witnesses may wish to ask one another questions, to ask questions that everybody round the table may discuss or to make general contributions rather

than ask questions. However, I intend the meeting to be reasonably focused. Therefore, if I judge that anyone is beginning to speak for too long, I will try to indicate to them that they are doing so, so that one person does not hog the limelight.

To help structure the meeting and to ensure that we know who is speaking, for the purposes of the *Official Report*, it would be helpful if both members and witnesses could indicate to me when they wish to speak. I will say your name before you speak. That will help the broadcasting team and the official reporters so that, when the *Official Report* appears on the internet, the right remarks are ascribed to the right person and you do not get into trouble when you go back to your respective organisations. I plan to take a break at around 11 o'clock and to conclude the session at about 12 o'clock.

For those with good eyesight, each person's name is shown on a name-plate in front of them. We will go round the table: I ask members to say which party and area they represent, and witnesses to state the organisation that they represent and their role in it. We will start with Katherine Wright, to my left.

**Katherine Wright (Clerk):** I am one of the clerks to the committee.

**Mark Brough (Clerk):** I am also one of the clerks to the committee.

**Ian Lindley (Scottish Borders Council):** I am from Scottish Borders Council, where I am director of planning and economic development.

**Rob Gibson (Highlands and Islands) (SNP):** I am a Scottish National Party MSP on the Highlands and Islands list.

**Ian Fraser (Stirling Council):** I am head of economic development with Stirling Council.

**Karen Gillon (Clydesdale) (Lab):** I am the Labour MSP for Clydesdale, which covers most of the map that everyone has in front of them, which was provided by South Lanarkshire Council.

**Councillor Ian Ross (Highland Council):** I am a Highland councillor representing an east Sutherland ward. I chair the Highland Council sustainable development select committee.

**Alex Johnstone (North East Scotland) (Con):** I am one of the Conservative MSPs for North East Scotland.

**Norma Graham (Fife Rural Partnership):** I am from the Fife rural partnership.

**Richard Lochhead (North East Scotland) (SNP):** I am an SNP MSP for North East Scotland.

**Councillor Alan Livingstone (Perth and Kinross Council):** I am a Perth and Kinross

councillor and convener of enterprise and infrastructure.

**Maureen Macmillan (Highlands and Islands) (Lab):** I am a Highlands and Islands Labour list MSP.

**Nick Larkin (South Ayrshire Council):** I am the head of enterprise and development at South Ayrshire Council.

**James Knowles (Aberdeenshire Council):** I am the head of economic development at Aberdeenshire Council.

**Gordon Todd (South Lanarkshire Council):** I am the economic development manager with South Lanarkshire Council.

**Nora Radcliffe (Gordon) (LD):** I am the Liberal Democrat MSP for Gordon.

**Tony Fitzpatrick (Dumfries and Galloway Council):** I am the head of economic regeneration at Dumfries and Galloway Council.

**The Convener:** Next to Tony Fitzpatrick are two colleagues from the official report, who will ensure that we have an accurate record of everything that is said. I understand that there are in fact three members of official report staff here today—that is to recognise that there are a lot of us in the room and to ensure that everyone's remarks are picked up. It is a tough job.

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** I am the Scottish Green Party MSP for Mid Scotland and Fife. I am the deputy convener of the committee.

**The Convener:** I am the convener of the committee and the Labour member for Edinburgh Central—one of the least rural areas in the country.

Having read all your submissions, I see that quite a few of you have discussed what we mean by accessible rural areas and whether the Scottish Executive has got it right—should the focus be on facilitating people getting to the cities or on developing local economies? When we did our first round of visits, we were examining the cases of towns and accessible rural areas whose economies had disappeared, whether they had relied on agriculture, fishing or mining. I invite someone to kick off on the subject of overall aspirations and what we mean by accessible rural areas.

**Councillor Livingstone:** We in Perth and Kinross Council would regard our whole area as being very nearly rural. The only exception to that is the city of Perth itself. Our belief is that rural development—economically, socially and in every other sense—should be regarded as development that takes place where people are; we should not try to contrive circumstances and events that give

people aspirations to migrate to larger settlements and to cities, whether that is within our area or to other areas. For us, rural development is about where people are, and that includes towns such as Crieff, Kinross, Aberfeldy, Alyth and Coupar Angus. It is about helping people to find sustainable economic well-being where they are.

**Karen Gillon:** Part of my desire for this inquiry to go ahead came from two sets of personal experience. One comes from my family background in the Borders, and one comes from my constituency work in Clydesdale. There is a gap in Executive policy between the city strategy and the rural strategy, and there is an area of Scotland that falls between the two. My constituency probably falls into that category and parts of the Borders certainly do. There appears to be no clear strategy for small market towns and other parts of rural Scotland that the Executive regards as accessible because they are within notional travelling distance of a major settlement. Executive policy falls down in that regard, which is why our inquiry is important.

**Councillor Ross:** First, I emphasise the important role of small towns, in particular. We are aware of the need for a fairly flexible approach, particularly in relation to travel time. We are acutely aware of that in the Highlands, where areas that are more than an hour from Inverness are affected by the draw of the city. Our approach is very much to seek a degree of integration, because there are strengths in having links with Inverness. We are fortunate, because the Highlands are a single local authority area, which creates opportunities.

The Highland dimension makes us acutely aware of the importance of seeing the whole when we consider the much more remote and rural areas. There are no fine dividing lines between zones.

**Rob Gibson:** In parts of Scotland there are strings of small towns but no much larger towns that act as a draw, as the cities of Edinburgh and Glasgow do. Inverness is a city and it is a large centre, but north of Inverness and along the Moray coast there is a string of small towns, which never grow much larger than one another. There are interesting geographical issues to do with the spatial relationship between populations and towns, because many small towns provide most of the services that market towns provide. How we deal with such small towns is a problem and there are slightly different problems in different areas.

When we consider areas that are within an hour of Inverness—and Perth and other towns, I suspect—we must take a special interest in the importance of relationships not just between the small towns and the centre but between different small towns. We must think about radial as well as

hub-and-spokes services and routes. Part of the problem that many parts of the country face is that the large centre is always regarded as the driver of change. If our inquiry is to be relevant, it must place much more emphasis on the need for change to be initiated in the smaller centres.

**Mr Ruskell:** I want to follow up Karen Gillon's point. I used to be an economic regeneration officer in a local authority and I have worked in the voluntary sector. People who lived in accessible rural areas were frustrated by the funding streams, because defined urban programme or social inclusion partnership funding was available for urban areas and clear lines of European funding, such as LEADER + funding, were available for rural areas, but there was little in between.

I was interested in the submissions from local authorities, which described the authorities' experiences of tackling disadvantage and directing funding into their accessible rural areas. The submission from Fife rural partnership describes the need to tackle disadvantage that is suffered by individuals, rather than considering big areas. What are the witnesses' opinions on that? How best can resources be targeted?

**The Convener:** I think that Gordon Todd wants to say something—sorry, it is James Knowles; I had the two of you mixed up.

**James Knowles:** I want to make a point about rural areas. No particular significance should be attached to agriculture, important though it is, because in my area, rural areas include fishing communities. That needs to be said.

We have good working relationships with the other council in our area, the local enterprise company and Communities Scotland. On that basis, we have sensibly considered community economic development and the bottom-up rather than the top-down approach in the small towns in our area. As has been said, no one solution fits all. We have taken that on board.

10:15

**Richard Lochhead:** I will cut to the chase, because we have only two hours to take evidence from witnesses from all round Scotland. What difference have the first six years of devolution made to your efforts on rural development?

Between 1999 and 2003, I was a member of the Rural Affairs Committee and then the Rural Development Committee, which conducted many inquiries into rural development, including a couple of big inquiries for which we went round the country to take evidence. Many of the issues in the written submissions for today are similar to those that were encountered then, so I want to know whether Government policy, which we are here to

scrutinise, has made any difference in the past three or four years.

The only new issue that jumps out from the submissions is the role of renewable energy in local economic development and rural development. Many other matters such as a lack of land, the transport infrastructure and housing appear just as important today as they were three or four years ago.

I want to know what difference devolution has made in its first six years and what the difference is between the issues that have been raised now and those that were raised three or four years ago in similar inquiries.

**Tony Fitzpatrick:** I have a slight concern about the term "accessible rural areas". In preparing for today, I thought about my region—Dumfries and Galloway—which has an extensive landmass that varies. Some parts of Dumfries and Galloway—such as places on the M74 corridor, including Moffat and Lockerbie—would consider themselves to be fairly accessible but, as we move west, the feeling of accessibility dissipates. Some of our areas are peripheral. My written submission says that, because of that, I have difficulty with aspects of the city region concept. I have a conceptual difficulty with the simplistic application of the term "accessible rural areas", because accessibility can change within 40 or 50 miles. The committee will probably tease out how that links to city regions, but I have conceptual difficulties with that term.

**Maureen Macmillan:** I will ask about how to encourage people in small towns to have a can-do attitude. We can all make comparisons from our regions between towns that have pulled themselves up by their bootstraps and towns that seem incapable of getting their act together.

On the radio this morning, people were talking about Peterhead, which the local council and others are campaigning to promote as a tourist destination. In the inevitable vox pop, two people said, "Ah, no. Nothing ever happens in Peterhead. There's nae thing here for tourists to do." That was totally negative. Such negativity exists not just in Peterhead, but in other small towns. What can we do to turn that round, so that people rise to the challenge rather than sink under the weight of the problems that they perceive they have?

**The Convener:** The submission by Norma Graham from Fife discussed individuals and difficulties in accessible rural areas for older people, young people and people on low incomes. Mark Ruskell talked about that. Will you say a bit more about that?

**Norma Graham:** I may be a bit different from my witness colleagues, because I work not for a single agency, but for a multi-agency partnership, which brings together all the key service providers

to agree their priorities. I work closely with rural communities. I will respond to the point that Maureen Macmillan and possibly Mark Ruskell made by saying what we have tended to do. The background—it relates to some of the stuff that Richard Lochhead mentioned—is that people in rural communities are weary. They are fed up of pump priming and of short-term initiatives. We must remember that such areas are people poor and there are no secondary folk coming in to deliver projects. Whatever people's experience is, it must be positive.

I have had people say to me that they do not want to get involved in a project because they tried doing that in 1977 and it did not work. We tend to do a synergic thing, as we try to give people the confidence, skills and knowledge to deliver their projects and we want to ensure that they have the right support. Because I come from a multi-agency partnership, I am able to call on colleagues from the health board and the council to deliver a project team that will give the communities the expertise and help that they need at no cost.

Similarly, on funding, perhaps it is only a notion that I have, but I think that it tends to be much easier to fund a project in an urban area than one in a rural area because we get much more bang for our buck. For instance, if we wanted to provide a lunch club in an urban area, the transport costs would be lower because we could pick up 16 folk within a 100yd radius whereas, in a rural area, we might have to go 60 or 70 miles to provide the same service.

Those are all difficulties that our rural communities face, but there is hope, as we have managed to deliver certain projects. For example, in Newburgh, there is a waterfront regeneration project. The population has received about £40 per capita in grant funding and about £300,000 in 16 months. It can be done, but communities need an awful lot of support and guidance and we are in it for the long game. We tend to pick projects on which we can engage with the community and that the community wants to see through, rather than adopt a top-down agenda.

**Ian Fraser:** It is perhaps worth giving everybody the benefit of Stirling Council's local community planning experience, because it is relevant to a number of the issues that have been raised. The approach—we call it community futures—is about trying to define and build on the experience of the communities, helping them to create their agenda and helping them to take ownership of some of the actions that come out of the planning process. It has demonstrated that, in many cases, the factors that affect communities are the same, no matter where they are in the rural area, although the emphasis changes depending on whether the community is in a remote rural area or happens to

be within close travelling distance of a major settlement.

Our experience is that rural communities do not consider themselves to be solely commuting communities, even though they might be close to Glasgow or Stirling; they are keen to create real communities. Doing that is all about creating viable communities, and the local community planning exercise—community futures—has helped the agencies to work with the communities to identify and address the issues and to build on some of the opportunities that the areas also provide.

**Ian Lindley:** Market towns exist as drivers of the rural economy but, if we are going to get them to contribute more effectively to city regions, they will need more policy support. We find that there are problems with enabling business communities to adapt to the kind of change that market towns are going through at the moment. Their roles are changing as a result of all forms of competition, so we need to be able to move market towns forward to play into the knowledge economy and niche market themselves more effectively.

The question of how we enable market towns to do that has been exercising minds in a number of local authorities. We formed a network of small towns through the south of Scotland alliance and by working with the Convention of Scottish Local Authorities. We feel that the policy support that is needed is some kind of small-towns review. In England, market town health checks are continuing through the regional development agencies. They are an effective way of engaging the community and businesses, whereby several policy areas are tied together.

As part of our survey of market towns in the Borders, we found that about £300 million-worth of work is needed just to make the buildings in private ownership safe. In that respect, we are sitting on a time bomb. The answer to Richard Lochhead's question about what has happened in the six years since devolution is that there has been no change with regard to policy support for building condition; the condition of buildings is getting worse. As regards buildings in the public realm, we estimate that about £1 million per market town is needed simply to deal with the backlog of works. That is a public sector issue, whereas the condition of buildings in private ownership is a private sector issue.

We need policy support for market towns and some kind of impetus that mirrors and complements—rather than conflicts with—the cities review.

**Nick Larkin:** I support what Karen Gillon said; if it is not too patronising for me to say so, the committee is to be congratulated for recognising



that there is a gap in Executive policy. Everyone round the table would acknowledge that. The commonality of the submissions is interesting. I hope that we can find a common approach to solving the problems that face us.

Flexibility is key because although many of the areas that we are talking about are similar geographically, they are not homogeneous. That leads on to Maureen Macmillan's point about why community involvement works in one place but not somewhere else. Much of that has to do with the people in an area and with identifying projects that may help if groups are worked with to produce results. There is no doubt that community planning is central to that process. If we get community planning right—in other words, if it is done at a local level and then gradually extended beyond that—without being too clichéd, we can engender a spirit of ownership in the local community, which can then be developed.

The various rural funding initiatives have provided support. Although improvement is possible and we would always like to have more funding, we are grateful for what we have. South Ayrshire has adopted a different approach to planning matters. In the joint structure plan for Ayrshire, we have considered how we can move away from the view that we must always try to attract large firms into the area. We have changed our approach in an effort to find out whether we can produce the facilities, the environment and the business culture that will attract smaller businesses, which in our view tend to have a greater commitment to the area once they are established.

I have tried to give a flavour of how we think that progress can be made.

**The Convener:** That was a pretty good opening round of thoughts. There seems to be an acceptance that there is a policy gap on rural development, and a demand not for a one-size-fits-all approach, but for something that people can use in different parts of Scotland. Perhaps we can come back to that. It has been suggested that Government support is necessary.

A recurring theme has been the importance of people having skills and confidence if projects are to be progressed successfully. Several witnesses have mentioned the need to make community planning work. A point was made about planning and what kind of towns we want; this is the first time that that has been put on the agenda. The market town initiative, and business and private sector involvement in investment, have been referred to as well.

I would like us to move on to consider the main barriers and problems that you face in developing your economies locally. I want to come back to

Executive policy and ask what you think the priorities should be. A common theme in your contributions today and during our visits has been that of economic restructuring—what you can do locally to shape the economy positively. What are the barriers and challenges, and what do you want from the Executive and from us?

Ian Ross and Alan Livingstone were cued up to speak before I stopped the previous discussion. Are you happy to move on to the economic agenda?

10:30

**Councillor Ross:** To some extent, what I was about to say links in with the economic agenda. It echoes a point that Maureen Macmillan raised.

In the Highlands, if we compare successful communities with other communities not all that far away, we can see that part of the success is due to support mechanisms. I am not talking only about resources, although resources are important. Such support mechanisms can help to develop confidence and capacity within communities, and we then see a richness within those communities. For example, there will be the generation of small businesses and community businesses. Co-ordination and controlled action help to increase capacity. Ultimately, that control should be vested in the communities themselves. Mechanisms and resources that help with that can be enormously successful.

In Highland Council, we have been involved in a European project with the small towns network. We have seen how that can work very effectively in some cases, and it is also interesting to be able to share experience internationally and within the network area. Resources can allow that to happen.

We have to be careful that we do not stop at consultation, and all the fatigue that goes with it. People want substance, and if we do not have the resources to support that, it can undermine confidence—not only in rural areas but across Scotland.

**Councillor Livingstone:** James Knowles said that being rural was not synonymous with being agricultural. He said that fishing was important. Another important issue is tourism. In some measure, I will now answer the question that was posed by Richard Lochhead about the differences that have come about during the past six years.

Whether this is a consequence of devolution or whether it has simply coincided with the timing of the Scottish Parliament, tourism has been reconfigured during the past six years. I am thinking of the difference between VisitScotland and the Scottish Tourist Board, and all that. We in

Perth are confident that VisitScotland will support us as we promote city breaks and business tourism; we are less confident that it will support us in what I would call rural tourism—environmental tourism and adventure tourism. VisitScotland seems to focus on promoting cities, but we do not perceive that it will put its money where its mouth is in supporting rural tourism. One challenge would be to get Patricia Ferguson and Peter Lederer to be clearer and to come down on the side of doing that.

Perth and Kinross faces some specific challenges. One is the constraints on water, sewerage and drainage. Of our settlements, 60 per cent are defined as rural and 60 per cent are constrained. We can have all the great ideas, projects and practical ideas in the world, but if the settlements are constrained, our hands are tied. That is a colossal challenge—and probably not for Perth and Kinross alone.

Somewhere along the line, we have to get to Scottish Water, to the Scottish Environment Protection Agency and to Ross Finnie, and we have to encourage them to put more money into alleviating our problems. I believe that more funding is on the way, but is it to increase capacity or is it to improve the quality of the finished article? I suggest that we have a colossal challenge.

**The Convener:** When we debated the Water Services etc (Scotland) Bill, the discussion covered capacity issues. We were scrutinising the bill that would set up the framework for who would pay for which part of the network. My understanding is that Scottish Water is meant to be talking to the councils about the priority areas. If that is not happening, we might want to pick up on that.

**Councillor Livingstone:** Can I quote you on that—that Scottish Water is meant to be speaking to us?

**The Convener:** Yes, it has been reported to the committee and the Parliament. That was in the minister's directions. I am trying to remember the title of the document that we debated.

**Karen Gillon:** I do not think that anything has improved or deteriorated in my area in terms of tourism. I did not think that the old tourist board worked to the advantage of my area because we were in with Glasgow, so the focus of that tourist board was predominantly on Glasgow. Nothing will change if we go the way that you suggest, and that would be a considerable disappointment to me.

One of the real challenges faced by the towns in my constituency picks up on Maureen Macmillan's point about whether they are willing to help themselves. I think that they are. One of the biggest festivals in Lanark—Lanimers—is this

week. The town has organised and worked for that for a year and shown that it is desperate to help itself, but because of how the funding is configured by the Scottish Executive, the people involved, and other agencies, find it difficult to attract funding other than from the council. Such areas are not classed as rural or urban, so they fall between two funding stools. It is a real challenge when people in communities try to do things for themselves and work with all the partners, but face real difficulties if the council cannot provide the funding for them to carry projects forward. That can lead to disillusionment, because those people see areas that seem similar to their own attracting large amounts of funding, whereas because South Lanarkshire is classified in a certain way, it loses out. That situation is not unique to South Lanarkshire, but it is a challenge that we have to face if we are going to enable local communities to help themselves, because there is a gap in funding for many communities in what the Executive defines as accessible rural Scotland.

**The Convener:** Would you like to follow through the point about economic problems in local development?

**Karen Gillon:** That is a serious point, and Gordon Todd includes it in his submission. There is a real challenge in trying to get Scottish Enterprise Lanarkshire to take the problems of the rural area seriously when it has to face the very difficult challenges of the post-industrial urban parts of Lanarkshire where there are many more people. However, the challenges in the rural and post-industrial areas and former mining communities in my constituency are just as real, with unemployment and deprivation that are just as high. I would say that it is pretty impossible to get Scottish Enterprise Lanarkshire to focus on those areas, and it will take more leadership from the Scottish Executive to make the local enterprise company focus on its rural challenges as well as its urban ones.

**Ian Lindley:** My submission describes a gap in funding that will grow from 2006 onwards. That is not just European funding but funding from a range of sources. Because at the moment we rely on the Scottish indices of deprivation, we find that there is an increasing drift in the relevance and support that we in a rural area can obtain from bodies such as the enterprise boards and Communities Scotland, which focus on successful business rather than on businesses that might need help to achieve success. Communities Scotland also considers the Scottish indices of deprivation before giving assistance.

On tourism, we have had post-VisitScotland discussions with some of our neighbours. Perhaps it is too early to say, but I was quite surprised that to date, there does not appear to be cross-

boundary connectivity in tourism packages. Edinburgh is still promoting Edinburgh, other cities are continuing to promote themselves, and we are promoting ourselves as a short-break destination point. Where is the connectivity in all that? A whole series of integrated information packages are required if the people who come to a big city are to get enjoyment from going to the rural areas as well, and vice versa.

I return to an earlier question on infrastructure. We too suffer from infrastructure deficiencies in water supply and sewerage systems, with something like 63 settlements being constrained in that way. If we are going to support the city region economy, those development sites need some kind of priority investment. I very much hope that Scottish Water is working with us to that end.

The issues do not start with that kind of infrastructure, however. If we are to achieve connectivity between the rural hinterland and the city centre for the benefit of the city region, we need to ensure, as a matter of priority, that we achieve information technology connections and accessibility by public transport and road. We feel as if we are out on a limb in terms of those resource allocations.

**Tony Fitzpatrick** You asked about barriers to economic success and growth, convener, and I will highlight some uncertainties about major strategic issues. The first issue is demographics, which I mentioned in my submission. There is a commonality of belief across the piece on the issue of our aging population. That has implications in a number of fields, as has the issue of the declining population.

By 2016, Dumfries and Galloway will have a shortfall of about 5,000 in our workforce and will have seen a 28 per cent decrease in the number of workers who are in their most productive working stage. That takes me back to the fundamental issue of people: we have to focus more on how to retain our young people, in order to halt the aging of our population profile.

The second uncertainty concerns the changes to agriculture. Although the significance of agriculture is being played down to some extent, it continues to be a major contributor to gross domestic product in our area—we need only look at the upstream and downstream impacts. A recent study shows that agriculture continues to contribute more than 16 per cent of our regional GDP. When the upstream and downstream industries are added, we can see how fundamental agriculture continues to be to the area.

Those changes are creating uncertainty: we are not sure how the common agricultural policy reform changes will play out. The Scottish

Executive Environment and Rural Affairs Department is examining the issues involved, and that will have to continue.

Dumfries and Galloway is very much in the process of conversion of our primary industries. The secondary post-urban industrial agenda has been referred to, but we have yet to go through our conversion and move away from our dependence on the primary sector, whether that be agriculture or fisheries.

Ian Lindley made a brief mention of the funding gap, which is another area of uncertainty for us. I am talking about not only European funding but policy shifts at European level. The message behind the shift in European funding is increasingly focused on competitiveness. For rural Scotland, barriers to competitiveness and basic infrastructure are the issue, not only how we adjust and cater for changes in soft infrastructure and business competitiveness.

There is also a problem with the indices of deprivation. In the further and higher education sector, for example, the allocation of resources to FE, particularly those based on the indices of deprivation, is creating real anxiety. Although interest from young people and course applications are increasing, constraints on growth make it difficult for our one general college and one specialist college to respond. This is linked to the issue of demographics. The young people are interested, yet funding problems are constraining the one vehicle for retaining them—the further and higher education sector.

10:45

**Rob Gibson:** The committee has been involved in a major report on climate change, which addresses a number of issues that affect all of you. Those include attempting to grow more of our food locally and championing the possibility of life in rural areas, because there is a well-balanced arrangement there that deserves support. If over the past 30 years self-sufficiency in food in Scotland has declined from about 80 per cent to about 60 per cent, we should seriously consider why the Scottish Executive is downgrading agriculture—if that is what is happening.

The industry figures that are continually cited do not seem to match up. I do not know whether a rural deprivation index would be helpful, given that in both urban and rural areas it is individuals who suffer. When people meet those from small towns in other countries, they learn about the importance of making decisions at local level. In other countries, much greater decision-making ability is built into the democratic system at a much more local level. Enterprise companies and health services there do not work in the same way as

they work here—they are under democratic control. Do you think that in order to empower people in small towns we must give them responsibilities at the most local level, so that they can have funding streams not for three years at a time, as happens at the moment, but for 10-year planning blocks? That would require much more hands-on decision making at local level. The basic challenge is for us to break down barriers to making decisions at a much more local level.

**James Knowles:** I will refer to some points that have been made already this morning. With the market towns initiative, we must recognise that our major asset everywhere in Scotland is the people, and we must get them on board. Earlier I said that our approach must not be top down, but bottom up. I acknowledge the point that Mr Gibson makes about empowerment. At what stage should we hand over power, and to whom? We must face that challenge.

Ian Lindley spoke about not backing winners. I believe that we should back winners, regardless of the size of the companies concerned. It is easier to develop jobs and positions in communities by supporting successful businesses than by just promoting the start-up sector. The convener mentioned barriers and challenges; I refer to risks and threats, which are the same thing, in a way. In the north-east, farming and fishing continue to be affected by pressures arising from restructuring, decisions about which are made not in the area but in Brussels and so on. We have a problem with manufacturing industry in the north-east, because it continues to contract. The most important feature of any business is viability.

Another issue is what we do for people in accessible areas. Thirty per cent of Aberdeenshire's population travels to Aberdeen every morning and comes home from the city every evening. Those people constitute 20 per cent of Aberdeen's workforce. We face the challenge of building business centres, IT stations and offices out of town for them, so that they can be green, and do not have to travel to work.

I do not have all the answers, and members would not expect me to have them. Most strategies—from the framework for economic development in Scotland down to local strategies—agree that community well-being, learning, jobs and the economy, and sustainable development are important. We would all love to be perfect, but it takes a long time to achieve that.

**Maureen Macmillan:** I want to ask about transport, especially public transport. The issue was raised on the committee's visit to Fife, and I am sure that it must also be a problem in other rural areas. The perceived expense of public transport is a constraint for people who are trying to access jobs. If they have to travel for a job that

is not terribly well paid, transport costs can be an insurmountable barrier.

The issue of free public transport for pensioners was also raised. The point was made that buses do not always go where the pensioners want to go. There is a need to match public transport to people's needs. What do our guests think about public transport-related constraints on building capacity in their own areas? Do they have solutions?

**The Convener:** We shall add that to the list of topics for people to think about.

**Councillor Livingstone:** As for barriers and challenges, as has been said, people are the crucial component. People can be a colossal asset economically, but sometimes they can be a barrier. Karen Gillon spoke about her local communities in which people want to help themselves. I guess that that is nearly, but not always, universally true.

There are two groups in our local authority area. One has an economic partnership that is absolutely focused. It has self-driven two projects that are still in the embryonic stage, but they will happen. Because the work is self-driven and focused by one partnership in that town, we anticipate that in a year it could bring 200,000 visitors to the town. We are all intelligent and experienced, so we can imagine the economic benefit of that to the whole town.

Another one of our towns, despite our encouragement, has not one economic partnership but several small groups. Those are complementary in some ways but competitive in others. Despite our encouragement we cannot get them to focus. We cannot get them to have a single idea, or even one or two ideas. The people are, on the one hand, a colossal asset to economic development, but on the other they are not quite an asset, and can be a barrier to their own economic success and achievement. A challenge for us is to get the disparate groups in the area to work together, or to become one group so that they can drive forward economic growth. At this stage that is not an easy problem to solve.

**Norma Graham:** May I pick up Ms Macmillan's points about transport? Five or six years ago Fife rural partnership realised that the market would not fix rural Fife's transport problems. We could not ask providers to run endless buses to deliver the appropriate services.

Transport underpins much of what we seek to achieve as a partnership in Fife. Whether for economic activity, training or social activity, people cannot get where they want to go. We have conducted extensive studies. We commend the operators for enabling people to travel from Fife to Edinburgh and Dundee, but studies have shown

that the journeys that people want to make are between one and three miles long. Inter-village linkage is the problem in Fife.

We spoke with health colleagues and local authorities. For example, we asked what missed appointments cost the NHS in Fife when people could not get to their local surgeries. It is obviously better to work as a partnership to deliver the right type of services so that no one is out of pocket. Similarly, we worked with colleagues in transport at Fife Council. They developed the concept of a minibus management centre, which is rather like a Lunn Poly for minibuses. Everyone can plug into it, from the University of St Andrews Students Association to the WRVS. That helps the providers because their buses do not have downtime, and it provides the right type and quality of services and flexible routes.

I commend the Parliament and the Executive for rural community transport initiative grants. That is a great idea for a grant, but I come back to some of the evidence that we have heard about the cyclical nature of those grants. Some of the funding—25 per cent, I think—must come from other sources, and an organisation could have an agreement from the RCTI for 75 per cent funding, but the lottery funding body might not meet for another 14 weeks, by which time the RCTI funding could be gone. That contributes to the problems.

The voluntary sector does well to plug the gap with minibus management and driver schemes, but we cannot keep relying on the voluntary sector to deliver such services. People become weary. If a handful of people—maybe four or five—have to go from the east neuk of Fife to Ninewells hospital for specialist treatment, that takes up a whole day. A more co-ordinated, programmed and focused approach to funding would help greatly.

**The Convener:** I want to finish this part of the meeting at about 11 o'clock, to allow us to have coffee and do some networking. On my list of people who want to speak I have Nick Larkin, Mark Ruskell, Ian Lindley and Ian Ross. This is not your last chance to speak, as we have another hour, but I ask you all to make a couple of comments now, after which we will have coffee.

**Nick Larkin:** Before I talk about the challenges, I will make another related point. I support Mr Gibson's point that decision making should be done locally, but the vehicle may already be in place to achieve that if the community plan in an area is constituted in detail. However, in our experience, the first challenge is co-ordination in the community plan. Conflict is too strong a word to use, but there can be difficulty in relating national priorities to local ones within the major agencies. We can attempt to develop community plans in a way that empowers local people. However, the Executive needs to adopt an

approach that results in better co-ordination, but does not involve telling the major agencies what the priorities are, and does not give them an indication that there may be a degree of inflexibility, which is what has happened in our experience. Local plans and local partnerships must reflect local needs.

If jobs are to be created, we will need educated people to take them up. New technology can help enormously in the provision of education. There is no reason at all why education cannot be provided in rural areas from a central location or major hub using new technology. My colleague from Dumfries and Galloway can advise better on that, given that the University of Glasgow and the Crichton campus are doing a significant amount of work in that field. Although there are funding issues, such a system does not present too great a problem.

I know that time is tight, so I will close soon. I do not want to use clichés, but the greatest difficulty that we experience with the Scottish index of multiple deprivation is that it takes too macro a view and not enough of a micro view, whereas rural communities, accessible or otherwise, often have micro problems. I appreciate that there must be a balance—we cannot go down to house sizes—but the balance must be considered in relation to rural accessibility.

**Mr Ruskell:** Reflecting on what Nick Larkin says, it is vital that we learn from the community planning process in the past couple of years and consider what works and what does not work in certain areas. The community futures scheme in Stirling is a strong example, but we must bear in mind Alan Livingstone's point that different approaches are sometimes needed in different areas, according to the histories of the communities and how groups have developed. A better understanding of that is important.

To wrap up the discussion on the economy, I wonder whether there is a mismatch between what communities want for their economic development and what comes through the structure plans. We know that many communities, such as Tayport in Fife, want a small business infrastructure to be established in their areas, but the pressure is for housing developments—in effect, to make such places dormitory towns for the cities.

That is not the recipe for making a sustainable community. In thinking about the kind of economic development that we want in accessible rural areas, we must consider building in workplaces, leisure facilities and housing. As I said, such places must not be simply dormitory towns. Indeed, the aspirations must emerge from the communities' decisions on how they want to develop.

However, that links in with the fact that the Executive has only a limited amount of money to spend on sewerage and water infrastructure, environmental compliance and all the other objectives that we so desperately want to meet. As a result, there must be some prioritisation, which I suggest should be angled more towards sustainable communities that have economic development built into them than dormitory towns.

11:00

**Ian Lindley:** I want to return to the question of future economic development. I find it interesting that most renewable energy businesses are, at this stage, relatively small. In the Borders we are surrounded by biomass that is largely going unused. Moreover, agricultural waste, putrescible waste in the domestic waste stream, hydro power—respecting the sensitivity over nature conservation issues on the Tweed—solar power, and sustainable construction through the use of local materials, are all huge growth areas in the economy. However, funding such as that from the community renewables fund has usually been overspent six months before the next budget comes out—and because that amount of money is minuscule, many interested companies and individuals are put off applying. We should face the fact that most people do not have such interests, and overcome that rapidly.

There is simply a lack of knowledge about the operation of energy service companies, the benefits for local authorities of working with those companies and ways of integrating renewable energy into the development process. We all have enough information about the various technicalities and the Government incentives for doing these things, but we need to persuade developers that it is in their interest to take such matters into account. I have already suggested, for example, that building regulations need to be reviewed. If we cannot take that route, we will need to introduce incentives—which we simply do not have either.

**The Convener:** It might help to close the gap if I point out that in our climate change report, we made it clear that there were huge opportunities with renewables and recommended that building regulations should be changed to bring in such standards. Perhaps we will come back to that matter after the break.

I will allow Councillor Ross to make a very brief comment now, but I must point out that we are past the 11 o'clock deadline.

**Councillor Ross:** First, we must not lose sight of the fact that decentralising the operation of public agencies can be a key economic driver.

Secondly, on community initiatives, there is a certain amount of frustration about the way in

which, for example, the funding models for community waste recycling, particularly with regard to the strategic waste fund and volume diversion, do not fit. Moreover, we must not forget the issue of affordable housing across the board, but especially in the Highlands and inaccessible rural areas.

Finally, I should point out that one key element of sustainable communities that sometimes gets lost is enterprise and business creation.

**The Convener:** Thank you. In the second half of our discussion, I want to follow up quite a few of the themes that have arisen. For example, we have talked about taking decisions at the most local level; opening up community planning partnerships if they are to be successful; having economic development partnerships that operate at the local level; and having sustainable communities in which people feel that they are part of the decision-making process and part of the solution to some of the problems that we have discussed.

I noticed a certain sensitivity over the question whether jobs should be brought into an area or whether the people in that area should be equipped to create jobs. Perhaps we can discuss that matter after the break. We will also pick up the issues of tourism, and water and sewerage infrastructure.

IT connections have been mentioned. We were under the impression that there was broadband just about everywhere in Scotland; if there is not, it would be useful to feed that thought back in. That gives us quite a good agenda for after the break, when I was thinking about moving us on to Executive policy and priorities for the future. However, if there is anything else that we want to capture from this morning's discussion, we should do that.

Members of the committee have taken part in the waste management inquiry, the CAP reform inquiry and the inquiry into integrated and diversified rural development. There has been quite a lot of discussion on renewables, and a lot of the work that we have done relates to issues that we have raised with the Executive. What we are trying to do now is to focus particularly on accessible rural communities. We have made a good start this morning, and I will let everyone have a break so that we can come back fresh in 10 to 15 minutes' time. Coffee is available for those at the top table—and, on this occasion, for those who are sitting at the back of the hall.

11:05

*Meeting suspended.*

11:19

*On resuming—*

**The Convener:** I am sorry to interrupt what sounded like a serious amount of involved networking outside the committee room. There was quite a buzz when I came out to listen to one or two conversations.

There is just under an hour left. We must focus on what you want out of the session, what you want us to think about for the inquiry's conclusions and what questions we should put to other key agencies—you might remember that I said at the start of the meeting that we will talk to national agencies. It is clear that there are issues to do with community planning, local involvement, stakeholders, involving people at the right level and how that can be facilitated. We will want to discuss those matters with the national agencies.

There is a range of issues that we might want to discuss with ministers. There was general agreement that there is a gap and that we do not want a one-size-fits-all approach. There are particular issues that relate to accessible rural areas, such as whether the available funding is appropriate and whether it is possible to tap into it. A number of people mentioned definitions of deprivation; somebody said that we have macro definitions but not micro definitions. That also arose in a couple of submissions. Economic development was discussed a bit—I do not know whether we finished that discussion—and we had quite a discussion about tourism. Agriculture has not been mentioned much, although changes as a result of CAP reform were mentioned.

Neither has much been said about retail issues. During the discussion that we have just had, it occurred to me that the retail sector and the range of local businesses in a community can be fundamental to its sustainability. I talked to Gordon Todd from South Lanarkshire Council in the coffee break and I wonder whether he wants to say something about that. I would then like to bring in Ian Lindley from Scottish Borders Council, as we have heard on the radio this week that Peebles' rural retail mix has been successful. In the light of Rob Gibson's comment about taking decisions locally and making an economic impact locally, I wonder whether we can play around with the issue a little, as jobs and kinds of community must be common issues. I invite Gordon Todd to pick up on sustainability and other issues.

**Gordon Todd:** This part of the meeting, I guess, is considering policy responses, which was the overall thrust of my paper. Looking at what must be prioritised as the way forward, I see the need for a fundamental, two-pronged attack. The first is looking at a needs-based approach to rural regeneration in its wider sense, and we must

consider how to define that. One way of doing that is to use the existing deprivation indices and roll that out throughout the rural area.

The second key thrust is to look at an area not only through a needs-based analysis, but through analysis that is based on economic opportunity. That is linked, I would suggest, to the small towns initiative. We always talk about the distinctiveness of Scottish towns, and that must be recognised in policy terms. Only last week, we heard the new buzzwords, "clone towns." As a result of design trends within the retail sector, people largely cannot tell one town from another. That will impact on tourism, if the day trip market and the weekend visitor market are to roll out to those areas. I would be interested to hear what other commentators have to say about those two issues.

On developing a bottom-up approach, I suggest that the structures are in place. South Lanarkshire has been very successful as a result of the LEADER + programme—incidentally, we were not eligible for LEADER and LEADER II assistance because South Lanarkshire Council is defined as an urban authority. Under the LEADER + programme, however, we have managed to carry out many community-led initiatives that are linked to community planning. My key message is that we should consider the role of small towns and their economic opportunities, and a needs-based approach that possibly mirrors what is being done through ROA-type mechanisms in urban areas.

**The Convener:** What does ROA stand for?

**Gordon Todd:** Regeneration outcome agreements.

**The Convener:** I am glad that we captured what that means.

I invite Ian Lindley to pick up on the issue that we are discussing, as Scottish Borders Council was cited as a big success story last week. When I listened to what was said, I wondered whether that was because the council had actively done things or because Peebles was not close enough for a big retailer to be interested in it. Will you give us a perspective on the extent to which the story is a success story and on what you have done to bring that about?

**Ian Lindley:** The success of a settlement has much to do with accessibility—where it is—and its size. Peebles and its immediate hinterland are probably insufficiently large to attract many of the big chains. Edinburgh is accessible and people from Peebles will go to Edinburgh for the big-store experience, but when they go back to Peebles, they want a distinctive local place with distinctive niche shops. There is evidence of individual responses in Peebles that do not happen in other Borders market towns. Certain types of shop are being sustained in Peebles that are not being sustained elsewhere.

That has a lot to do with the commuter belt role that that town plays. To roll small towns forward successfully and change their future roles, we must recognise that architectural distinctiveness needs to be maintained and reinforced and that businesses that operate in small towns need assistance in promoting themselves more successfully than perhaps they do at present. There is a whole range of reasons why some businesses are ticking along and others are heading for closure in the near future.

I believe that there is a policy gap in relation to retailers in the round. We ought to be helping market towns to co-operate with one another. If we consider the clusters concept and the knowledge economy concept, we can see that market towns could play a distinctive role. Not many are playing that role, but we can help them to develop. The future of Peebles is in the balance and it is uncertain whether that particular mix of shops can be sustained. That has a lot to do with transport costs and other macroeconomic issues.

**The Convener:** Thank you. Richard Lochhead has a question.

**Richard Lochhead:** I want to discuss renewable energy. Do you want to come back to me once the questions on retail are finished?

**The Convener:** Yes. Let us do that. I want to capture the renewables issue properly.

Would Ian Fraser like to add to what Ian Lindley has said?

**Ian Fraser:** I would like to pick up on some of the issues relating to retail. Retailing is one of the opportunities that have come through the local community planning process. The issue is twofold. First, there is the question of the sustainability of any bottom-up approach. Our experience has been that we have been successful in getting the initial engagement, getting the ideas going and getting people to work on behalf of their communities. That includes resolving some of the community conflicts that inevitably arise in that process. There comes a point when there needs to be a support framework to enable that process to continue. Some of our communities have established development trusts in their own right, but I believe that additional support is still needed. The current system is too reliant on one or two individuals and if they disappear, for whatever reason, there will be difficulties.

Secondly, there is the question of how we can engage with communities to assist in delivering some of their objectives. Mention has been made of LEADER +, which has been extremely helpful in our area in enabling communities to deliver their ambitions. One of the concerns that I have as a member of the LEADER + local action group is that any major change in what LEADER + does

could severely compromise those kinds of ambitions. Our community planning has perhaps been less successful in engaging agencies at the strategic level as well as enabling those agencies to help to deliver at local level. We have good engagement with agencies at the top level and we have the bottom bit, but the bit in the middle is sometimes the bit that is missing. I look at other parts of Scotland and see models—in the Highlands and Islands, for example—that I think could be adopted and used in parts of Lowland Scotland to make it easier to develop and deliver some of the local economic development objectives of communities, including support for local shops.

11:30

**Councillor Livingstone:** I would like to pick up on what Ian Lindley said about Peebles. I lived in Peebles for seven or eight years and I was involved in the retail trade there. Ian Lindley said that part of the town's success was that there could be a gathering of small, privately owned, unique shops, because the general population would travel to Edinburgh for the big-store experience. That was absolutely right, but the reverse is also true. On Saturdays or public holidays, places such as Peebles attract enormous numbers of people from Edinburgh down to the Borders. Their reasons for coming are, first, that such shops are not easily accessible in the centre of Edinburgh and, secondly, that the 18 or 20-mile drive to Peebles is, on a decent day, a pleasant experience. In essence, part of the town's success comes from giving people from a wider area what they cannot easily get in their own area.

If small rural towns are to sustain retail economic success, it is important that they can give both their own and a wider population something that they cannot easily get elsewhere. Two examples of that from my area come to mind. A business in Aberfeldy took over and rejuvenated an old mill, but it kept the building's essential oldness and tradition and made it into a bookshop-cum-coffee shop that now attracts people. In eastern Perthshire, the council helped to develop a berry festival, which is an attraction that the inhabitants of Dundee and even of Perth and Stirling will not readily get elsewhere. In part, economic success comes from being able to deliver things that, because they are not readily available elsewhere, people are prepared to travel to enjoy.

**The Convener:** I think that Tony Fitzpatrick wants to comment on that.

**Tony Fitzpatrick:** My comments are not so much about retail as about community planning, which has emerged as a theme over the course of this morning's meeting.



The LEADER approach, or bottom-up approach, has been referred to a couple of times. In my view, Ian Lindley made a salient point before the break about the conundrum of how to strike the right balance between the top-down strategic framework approach and that bottom-up approach. As I keep saying, the issue is not an either/or; it is about the balance between, or mix of, those two approaches. Given the need for a strategic framework at a local level, the issue is how we strike that balance.

An example of what has worked well are the regional partnerships, and the partnership between the Scottish Executive and local partners, which grew up around the programming and delivery of structural funds. Along with colleagues from Scottish Borders Council, I have been involved in the South of Scotland structural funds programme. This time around, that process was very interesting, as we had to plan for a seven-year programme. Given the importance of thinking about the long term—the issue of short-termism was mentioned early on in this morning's discussions—we need to be able to plan ahead for a reasonable timeline such as six or seven years.

As with community planning, the structural funding partnerships brought together the social partners and key strategic agencies around the table. That process may not have happened across Scotland, but I am talking about what happened in the South of Scotland region.

Significantly, the strategic framework came from the European level, through the member state level, through the Scottish level and down to the local level. We were made well aware that we had to push the right buttons at all those levels if we were to receive the money for the actions that we wanted to take in the programmes we were delivering. It is interesting to note that Scotland has been able to achieve that in those programmes over the past 18 years.

As the process has become more sophisticated, it has been able to provide us with a good model of the right mix of the strategic and the local. We need to build on that. For example, the LEADER programme that was mentioned is a European model that has involved us in working at the very micro level. In our planning for the next European programming period, which will be quite different, we need an approach that is somewhere between the LEADER-type approach and that of the main structural fund programmes. The LEADER approach is possibly not strategic enough to push the right buttons for the Scottish Executive.

Those partnerships are a good example of what can be done. From a local authority point of view, an important element of that was the consistent partnership working that we had with colleagues in the Scottish Executive structural funds division,

who became well known in the area. During the three programming periods, trust was built up—a lot depends on the key issue of trust, as MSPs will know from "Following the Public Pound"—but that can be done. It ain't rocket science, so we should be able to do the same in relation to rural development.

My last word is a caution, a health warning: let us not become bogged down by following the debate around the funding streams. I become more and more convinced that policy is being set off the back of European funding streams, for example, and that we focus on that and see what that means for us downstream in the South of Scotland, or whatever area. We need to look at these strategic issues—in the way that this committee is doing—and see how we can join up the dots. The agencies need only get together at national and local level to do that.

**The Convener:** Perhaps we will capture that point. In discussions on community planning, reference has been made to how European funding streams have been used successfully. Clearly, you have made certain approaches work at a local authority level, below that and, I suppose, between local authorities. There have been successful models of how national agencies have worked with you on your agenda, especially if you push the right buttons

Karen Gillon, Ian Ross and Norma Graham all want to make a point about this issue. After that, I wish to move on to renewables because it is now 11.35.

**Karen Gillon:** My question is about those authorities that have larger towns and cities as well as smaller towns and villages in their area. How do you balance your retail development policies so as not to disadvantage the small towns and squeeze them out of the market? My point is based on an experience in Lanarkshire where a vast amount is being spent on developing a large out-of-town shopping centre at Ravenscraig. That could disadvantage the towns that we are discussing and put the retail sector in those towns under even greater pressure. How do you balance such policy decisions in respect of large towns such as Perth in your local authority area?

**Councillor Ross:** I want to make a brief point about the retail sector and the role of the enterprise network, in particular. At times, there has been some inconsistency in its willingness to support the retail sector, especially small-scale local businesses, which are crucial to a viable community when it is looking to diversify, expand or develop. There is reluctance in some areas—not necessarily across the board—to support such action and that could be crucial to how much the retail sector contributes to an area.

My second point concerns the wider policy thrust. We have recognised that there is a gap. The bottom-up structures are in place, but we are concerned about making them work. Emphasis must be placed on how local aspects of such partnerships are in place in large geographical areas such as the Highland Council area and how effective they can be. Initiatives in respect of support mechanisms have worked when there is some flexibility. It is difficult to define at times, but some of the most successful initiatives have been the result of when flexibility has existed around the edges. I think back to some of the original new futures fund approaches, which have achieved a great deal.

We must look for ways in which to promote networking and the benefits of support and shared experiences that come from that. Some people fear the competition aspects of sharing experience, but our experience has been quite the contrary. I believe that certain opportunities have not been fully realised.

**The Convener:** Do you mean that different community areas and agencies should take the same partnership approach, something that we talked about earlier?

**Councillor Ross:** There is a range of levels. For example, project officers could share resources and perhaps have access to funding streams. They could compare and contrast projects in respect of what works and what does not work and bounce ideas off each other. The most successful initiatives have had an international dimension in that they have been based on the experience of good practice in other countries. Some of our initiatives were linked to the northern periphery and they have worked.

**The Convener:** That is a useful point to pick up. Norma, can you finish this section? We will then move on to renewables.

**Norma Graham:** I want to draw attention to strategic and local matters and how to link them up. We had such a problem in Fife, but found that local community planning managed to oil the wheels. We did that by proofing. For example, the rural partnership is always in touch with rural communities so we can run a cyclical proofing programme to see whether a strategy will meet rural circumstances and whether it will impact on rural areas detrimentally. That is important for non-wholly rural areas. If you have a community plan for a rural area, it will fit rural circumstances. However, Fife has 120,000 people in rural areas out of a population of 360,000 so, to ensure that their needs are met, we constantly have to ensure that transport and housing are appropriate. Services and agencies seem to be okay about that. At first they were a bit, "And who are you?", but now they know that it will save them a barrel load of trouble later.

I agree with Tony Fitzpatrick that aspirations should not be artificially inseminated to fit the aims of the funding programme. We should find the funding programme that best suits the aspirations of the community. If we do not do that the tail will wag the dog and we will find ourselves saying, "This is what's on offer, so we'll try to ensure that we fit the funding, rather than the aspirations of the community."

**The Convener:** There was nodding of heads at that point. We have captured quite a few thoughts that we can put to national agencies and ministers to get them to talk about what they view as successful and how they can do more of that work.

Richard Lochhead has put renewables on the agenda. Quite a few of you mentioned them in your submissions, and they have come into a couple of the discussions on economic opportunities. The representatives from Perth and Kinross, Scottish Borders, Fife and Aberdeenshire in particular mentioned renewables opportunities. Richard, do you want to kick off?

**Richard Lochhead:** At the beginning of today's proceedings I said that I was looking for new issues that have appeared on the radar screen since previous Environment and Rural Development Committees examined the issues that we are discussing. One issue that stands out is renewable energy, which a number of submissions state has a role in future rural development. I imagine a rural Scotland in which many communities are energy self-sufficient thanks to renewables and in which jobs are created and energy is cheaper in some cases. That scenario would also contribute to Scotland's efforts to reduce emissions. There would be win-win situations in so many areas. I am keen to hear about the stage that we are at and the role that people envisage renewables playing. Are renewables a side issue or will they be a major economic driver in the coming decades? The committee is fresh from its climate change inquiry, so the issue is topical.

**The Convener:** We have talked about that. It might be useful to go below that level, because the premise is accepted by quite a few of the authorities in their submissions. It would be useful to pick up on Ian Lindley's comments on solar and housing, and Perth and Kinross's comments on biomass and forestry, in terms of the forestry product on its doorstep, and also on how to make public-private partnerships work and create a long-term market.

How do you want current Executive policy to change? What more do we need to do to make that happen? The Scottish community and household renewables initiative was mentioned as a good lever, but one that is vastly oversubscribed. I am looking for a couple of

pointers. Are there particular issues that need to come out of this inquiry to push us in the right direction? Who wants to kick off? Ian Lindley mentioned building regulations, and also different technology.

**Ian Lindley:** In the Borders we have huge biomass potential. Buccleuch Estates, among others, is trying to push and invest in biomass but it is finding that there is limited market demand for it. There are all kinds of reasons for that. There is a lack of knowledge of how biomass works, whether it is as reliable as the mains systems that we have all got used to, what the infrastructure involves, who will maintain it, and what happens when it stops working, given that the industry is so small. Is there somebody you can ring up on Christmas eve when it is snowing and get an instant response from? Most of those are basic questions to which there are answers, but the vast majority of developers and buyers—in local government or elsewhere—are not aware of that, and do not feel that the support mechanisms exist. We have a fledgling industry on the supply side, which cannot grow because the demand side is not there, and the demand side is saying, “We’re not keen on taking up this product because the supply side is so young and so small that we’re not convinced it’s reliable.” We have to overcome that barrier; doing so involves a series of issues about providing information, about regulation and possibly about incentive.

11:45

**Councillor Livingstone:** We are very much into biomass. The project at Breadalbane, which, for those who might not know, is in Aberfeldy in highland Perthshire, is almost an offshoot. Our rural facilitator has done a great deal to focus on biomass, and the project came from that. We are on the point of building six new schools via public-private partnership; we hope that two of those—one in Breadalbane and one in Crieff—will be fuelled by biomass. However, the problem is that company X, which is the preferred bidder, would not be allowed to apply for funding from the usual sources to accommodate and pay for the infrastructure of the boiler and so forth. As a local authority, we could apply for that funding, and we could buy the infrastructure and maintain it, but if we were its owners it would take away the perceived benefit of the PPP. It would be good if the Scottish Executive could be clearer about that issue and could help to resolve it. We definitely want to carry out those plans—we think that the supply of woodchip and biomass is there—but there is ambiguity about how we should fund it. It would be good if that could eventually be clarified.

**The Convener:** That is helpful. There have been quite a few parliamentary questions on that issue, so it would be useful to follow it up.

**Councillor Ross:** There has been quite a bit of work in the Highlands on biomass. Confidence in the supply chain is crucial. Some interesting work has been done in the Highlands and Islands on promoting wood-fuel clusters. I understand that that will be rolled out throughout Scotland, with wood fuel officers working within the Forestry Commission. That will be crucial. However, although capital support is in place, the issue is the on-going revenue support. It is the equivalent of the old hot ROCs—the renewables obligation certificates—issue, and the difference that on-going revenue support could make. We have been keen to promote the use of renewable energy in PPP projects in the Highlands, but we have come up against the difficulty of the risk transfer within PPP. I do not know whether the Scottish Executive is in a position to encourage more focused thinking on the way in which renewable energy features in the design and build of PPPs. We have felt frustration in that direction.

Another point about biomass is that there is difficult-to-market product, particularly lodgepole pine plantations, and biomass is an exciting option for the use of that product. A range of opportunities flow from that, particularly in relation to the future management of those areas. The other issue about renewables is their relevance to fuel poverty. Parts of the Highlands do not have mains gas, and renewables provide a choice that is not there at the moment. If we can promote that choice it holds tremendous attractions. There is a need to ease the availability of advice and direction there. My final point links in to the built environment and sustainable planning guidance. We think that a great deal can be achieved in that direction and we are taking forward a draft document on additional advice in that regard. The use of local materials, particularly timber, can be an important economic driver.

**Mr Ruskell:** I am very much aware of the issue at Breadalbane Academy, and I have asked a few parliamentary questions on it, but I want to take that a bit further. The Scottish community and householder renewables initiative is under review. How can we change that scheme to make it more applicable? Should we build into PPP contracts a requirement for all preferred bidders to look at installing biomass where it is economically appropriate to do that? Should we instead consider setting up a separate fund? I think that there is a fund in Wales specifically for public procurement, which is separate from the Welsh equivalent of the SCHRI. Alternatively, should we simply be enlarging the SCHRI and changing the rules?

Ministers have clear decisions to make over the next few months, which will impact tremendously on the future of forestry biomass and on the possibility of pump priming the sector in both the

Highlands and the Borders. What options are there, and what are the decisions that ministers need to take?

**The Convener:** Does anyone have any thoughts on that? That is quite a specific question, but I think that Mark Ruskell is right to suggest that there is an opportunity here, and that the existing fund is oversubscribed. That has been brought up in the contexts of PPP, of individual house developments and of how we can get the forest resource used economically in a way that suits local communities. Can we tempt Alan Livingstone to answer that question?

**Councillor Livingstone:** Only in the sense that I do not know what the answer is. Somewhere or other, ministers must make the use of biomass easier and much more available and accessible. Mark Ruskell gave us three options. I do not know which would be the best one. Whether we use one of them, two of them or a combination of all three, we must motivate ministers to take the necessary steps and make the process much easier to get involved in.

**Norma Graham:** I can talk about only one little part of the situation, as it relates to some of the folks we have been working with in Fife. One community aspires to have local wind farms to generate both energy and an income. Everything was going swimmingly until we found out that the start-up costs and the pump priming that was required came to £70,000 to £80,000, with £100,000 for the turbines to be set up. The community was very keen, but if such a project has to be delivered by a community trust—it might be a company limited by guarantee—that might mean that people's houses and mortgages will be on the line. I wonder whether the Executive could consider providing some kind of guarantee or underwriting facility, or perhaps some pump-priming money to allow the communities involved to self-start.

**Councillor Ross:** We need examples of good practice. We have some, but we need more, which would instil confidence. We also need one-stop shops, where people can access advice. A good model of that—I declare an interest, as I am a director—is the Highlands and Islands Community Energy Company. Such bodies can facilitate activity in the community setting. A great deal can be achieved that way, and communities get a direct added benefit as a consequence.

**The Convener:** That is great. We do not need you to write the scheme, but you have identified a set of problems and have mentioned some potential solutions that we could put in our report for the minister to consider.

I am conscious that I said that I would try to wrap up this session at around 12 o'clock. I know

that all of us are busy. The last question is on priorities for the future. What do you think the Executive should be doing to focus on the needs of accessible rural towns and communities? I ask witnesses for their final thoughts. I will simply go round the table. You have this one last chance to say something.

**Tony Fitzpatrick:** I would like Scottish Executive departments to be more explicitly engaged in the community planning process.

**The Convener:** That is quite specific. We will stop you there and leave that as a coherent suggestion.

**Gordon Todd:** Linked to the previous discussion about renewables is the whole question of community benefit and how it can be used as pump priming, to provide long-term, sustainable support for community planning. There is a need for a national debate and national guidelines for negotiations with individual wind farm operators. The present arrangements seem to be very piecemeal.

**James Knowles:** I have two comments to make. First, we have been discussing renewables. They are said to be the thing of the future and all the rest of it. However, if there is no money to support the sector getting off the ground, so that we can get best practice in place from which others can learn, we are not going anywhere with it.

Secondly, I am not sure what the rural growth fund would consist of. That is covered in some of the papers that the committee has received. There is such a fund for cities, but many people stay in rural areas and are looking for a rural fund.

**The Convener:** Okay—you cut to the chase. That is the advantage of being asked to be brief.

**Nick Larkin:** The Executive should recognise the differences between communities and the fact that one size does not fit all. Closer co-operation is needed between national and local priorities. It must be recognised that those priorities must be associated.

**Councillor Livingstone:** I was going to say that the Executive should do what it can to ease drainage constraints, but I have said that before, so I will move on. More funding should be placed before us for affordable housing. If we cannot house people who live in the country, it is much more difficult to achieve economic development and sustainability. Decent houses are needed for migrant labour—for people who come from Poland, Portugal and the Baltic states. Those people need more than caravans and temporary huts to live in. As many such people support the economy in rural areas, we owe it to them and the economy of those areas to provide decent affordable housing.

**Norma Graham:** Notwithstanding what I said earlier, as we have recognised today that a policy gap remains, perhaps the Executive should think about instituting a monitoring framework to take account of rural needs and to take a more subjective rather than objective view, because we have had all the problems with statistics. That would make the committee more able to target and focus work on the right people at the right times.

**Councillor Ross:** We need a genuine commitment to a bottom-up approach. Longer-term resourcing would make that happen.

**The Convener:** Funding should be for a timeframe of not just one to three years but up to seven years.

**Ian Fraser:** A large element is community economic development, in which I think there is a gap. First, Scottish Executive departments should take an integrated approach to what they do on rural development, for example on housing and the environment. Another aspect is agencies such as the local enterprise companies and, in the Stirling area, the Loch Lomond and the Trossachs National Park Authority, which covers a large part of rural Stirling. They must recognise that community economic development is an issue and take responsibility for addressing underlying matters.

**Ian Lindley:** Cheekily, I will return to renewables. I would certainly recommend that the Executive consider carefully the case of Woking, which left the national grid this year. It exports electricity to neighbouring boroughs and a large majority of its energy comes from renewables. How did Woking achieve that? It was not rocket science, but it took 10 years and a constant investment plan. That is replicable and scalable.

**The Convener:** I thank you all for your contributions. Many of you also put much effort into your written submissions. I probably speak for all members when I say that the discussion has been one of the most interesting and—I hope—rewarding that we have had.

Quite a few of you talked about networking. I hope that you do not feel that the conversation stops here. It will be interesting to read the *Official Report* of the meeting and to reflect on the issues that have been picked up, which we will try to put to the national agencies that will appear before us and to ministers. If anyone did not make a point verbally that is in their written submission, it will still be noted, so no one need worry if they feel that they have not amplified everything on their list.

I thank you all for making the effort to appear, for your preparation and for your involvement in today's useful session, which will be exceptionally

helpful to how we progress the inquiry. There is no doubt that you think that a gap exists. You have raised issues about information, capacity building, finance, how to make community planning work and aligning national and local priorities. That is much food for thought for us. Useful industry comments were made, which we will follow up with ministers.

## Subordinate Legislation

### **Common Agricultural Policy Single Farm Payment and Support Schemes (Scotland) Amendment Regulations 2005 (SSI 2005/257)**

11:59

**The Convener:** Do members have any issues with the regulations? I have been notified of no points. The Subordinate Legislation Committee considered the regulations and made one comment. Members appear to have no comments. Are we happy to make no recommendation on the regulations to the Parliament?

**Members** *indicated agreement.*

**The Convener:** I thank members for that agreement, which just saved us about 15 minutes.

Our next meeting will be in Brechin City Hall at 2 pm on Monday, when we will continue phase 2 of our inquiry into rural development.

*Meeting closed at 12:00.*

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