

Agenda Item	<b>13</b>
Report No	<b>EDI/49/18</b>

## HIGHLAND COUNCIL

**Committee:** Environment, Development and Infrastructure

**Date:** 16 August 2018

**Report Title:** National Council of Rural Advisers Consultation

**Report By:** Director of Development and Infrastructure

### **1 Purpose/Executive Summary**

1.1 This Report identifies for Members the consultation response prepared and submitted to the Scottish Government. Members are asked to consider the response and offer additional comment.

### **2. Recommendations**

2.1 Members are asked to:

- homologate the consultation response prepared and submitted to the Scottish Government; and
- offer comment on the issues raised.

### **3. National Council of Rural Advisers**

- 3.1 Established in July 2017, the National Council of Rural Advisers (NCRA) was tasked to provide Scottish Ministers, with evidence-based advice on the implications of Scotland leaving the EU and to recommend future actions that could sustain a vibrant and flourishing rural economy.
- 3.2 The consultation paper prepared 'A Rural Conversation: Together We Can, Together We Will', sets out a vision for a flourishing rural economy and a number of recommendations. It follows a series of 'Rural Thinks' workshops, including one of the nine which was held in Dingwall earlier this year. The consultation sought a response by 24 July 2018. Officers have prepared and submitted the attached response – **Appendix 1**. Agreement has however, been reached with the Scottish Government, that if Committee have any supplementary comments, these will be accepted.

### **4. Consultation**

- 4.1 The nature of the consultation document and the recommendations made, are all understandably positive from a rural perspective and accordingly easy to endorse. The associated questions asked are in many respects a continuation of the conversation first started in the 'Rural Thinks' workshops.
- 4.2 The core issues identified relate to the rural classification now used and the fact that Highland is now not recognised as having remote rural areas, and the core proposition that rural Scotland requires a separate rural economic strategy as opposed to one that is integrated with Scotland's existing Economic Strategy. The Council's consultation response has not addressed each of the questions asked but rather has offered a more general response.

### **5. Implications**

- 5.1 Resource/Risk – Concern is expressed in the consultation response to the new rural classification being used and a request made that it is changed to better reflect remote rural Highland. The risk is that such a classification will be used by the Scottish Government and its Agencies to drive policy and inform public finances and thus inadvertently discriminate against remote rural Highland.
- 5.2 Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever, Gaelic – While the consultation report directly/indirectly addresses a number of these issues, there are no direct implications for the Council arising.

Designation: Director of Development and Infrastructure

Date: 27 July 2018

Author: Andy McCann, Economy and Regeneration Manager

## APPENDIX 1

### **‘A Rural Conversation: Together We Can, Together We Will’**

#### **National Council of Rural Advisers**

#### **Consultation Response by The Highland Council**

The consultation is shaped around three themes (Vision, People, Infrastructure). The Council offers a general and specific comments for each as follows:

#### **VISION**

The vision for a flourishing rural economy that offers the potential for growth and new opportunities, and is built around people and natural assets, is one that is shared. The aspiration of National Council for Rural Advisers (NCRA) to engage urban Scotland in a conversation about a shared economic future is also welcomed. Representing, as it does, both urban and rural Scotland, the Council is uniquely placed to offer comment.

The Council is concerned that in the Scottish Government’s February 2018 ‘Understanding the Scottish Rural Economy’, Highland is now classified in terms of measuring rurality as a ‘Mainly Rural area’. It is therefore grouped with other areas such as East Lothian, Clackmannanshire and Moray. In contrast, Argyll and Bute and the island authorities are classified as ‘Islands and Remote Rural’. It is understood that remote rural areas of Highland have not been recognised as such because the required data was not available below local authority level and thus the City of Inverness skewed the measurement of rurality facing large areas of Highland. This ‘Mainly Rural area’ classification is by any rational understanding and assessment of the rurality facing large areas of Highland is therefore incorrect and it is critical that this is recognised before such flawed classification is used to influence public policy and finances.

***The Highland Council therefore requests that the National Council of Rural Advisers seek:***

- (i) a review of the rurality classification adopted by the Scottish Government in their February 2018 ‘Understanding the Scottish Rural Economy’ research paper,***
- (ii) confirmation from the Scottish Government that this classification will not be used to influence policy and future funding for rural Highland.***

**1. The development of relevant Scottish Government mainstream policies should consider the effect upon a new Rural Economic Strategy and its consequent policies**

- How should policy makers in Government make sure that the economic needs of rural Scotland are taken into account?
- Should there be an ability to call to account Scottish Government and their Agencies to ensure collaboration and actions to meet the objectives of the Rural Economic Strategy?

**2. Create quality job opportunities (that are well paid, flexible, and purposeful) to**

**promote skills and opportunities, but also deal with inequalities in the rural labour market (such as the gender pay gap)**

- What employment opportunities do we need to meet the current and future needs of our changing rural economy? Where should these be? (either by location and/or sector)
- How do we tackle the inequalities we face in rural Scotland? i.e. challenges faced due to age, gender, socio-economic, educational and ethnic background

**3. Build on existing work to gather evidence and data to measure the true value of the rural economy and monitor its growth**

- Going beyond the economic contribution of rural businesses, what positive examples of social (i.e. community cohesion), cultural (i.e. protection of heritage and traditions) and environmental (i.e. carbon reducing) impacts of rural businesses can you think of?
- What specific outcomes of rural businesses should be measured and why?

Strong economies typically have other attributes in addition to the people and natural assets as outlined in this consultation paper. These attributes include being connected places, places which have land for homes and business, where businesses are productive and innovative, and where there is a strong and attractive cultural environment. Across Scotland and across Highland different places have different needs and opportunities.

The Scottish Government Economic Strategy recognises this and sets out an approach to Inclusive Growth which seeks to provide economic opportunities across all of Scotland. Allied to this the Strategy argues for the need to target economic policies to competitive strengths and support growth across local economies.

The National Council of Rural Advisers is clear in their goal of the creation of a defined and ambitious Rural Economic Strategy. It is unclear whether this Strategy is considered as separate to or an integral part of Scotland's Economic Strategy. It is understood that separate Scottish Government Directorates are responsible for Scotland Economic Strategy and Scotland's Rural Economy.

Allied to its concern as detailed above over rural classification, the Highland Council is wary that rural Scotland could, if it has a separate rural economic strategy, be considered as separate and different, rather than as an integral part and contributor to a successful Scottish economy which uses the assets of rural Scotland to best effect. **Highland Council therefore requests that responsibility for economic policy rests with the one Scottish Government Directorate.**

As part of the Scottish Government Skills and Enterprise Review Phase 2, it was concluded that evidence demonstrates “.. *that national economies can benefit from an effective regional tier of governance, that can tailor policy and delivery to suit an economically diverse nation*”. To this end the Scottish Government wished to see Regional Partnerships in place across Scotland, to provide leadership across partners with a clear and compelling economic vision and strategy, based on a good understanding of the assets, challenges and constraints faced. It also sought that its Agencies introduced regional equity/impact in project appraisal; they tailor national products/services to region; proactively engage over resources deployed/ regional priorities, and support regional assets.

The rural community is also made up of a range of non-business actors who are responsible for developing and sustaining local economies by building capacity and identifying needs through community led local development. As such, there also needs to be a local dimension to regional partnerships, for example, the LEADER approach and its associated local structures offer real examples of how this approach could be delivered across large geographic areas such as Highland.

While in practice such Regional Partnerships are still in development, this demonstrates that economic policy and existing/evolving structures seek to ensure that all parts of the economy and all parts of Government are taking an inclusive approach to regional needs/opportunities – be they rural or urban. **Highland Council requests that the Scottish Government is aligned across its Directorates and engages with regional partnerships/existing structures to ensure that this takes place.**

In the Consultation foreword, the NCRA Co-Chairs describe the rural economy as diverse, having undergone significant change, how it has embraced diversity and has evolved etc. Accordingly the corresponding skills sets of the people of rural Scotland have changed and continue to change. Today in many respects the skills needs of rural Scotland match that of urban Scotland, albeit clearly, certain land based sectors have specific skills needs.

Scotland's skills system is underpinned by regional and sectoral skills strategies which seek to respond to the existing needs of business and to anticipate future skills needs. This in turn influences public investment in education and training, be that in higher or further education or work based learning.

For this system to work correctly in rural Scotland requires skills evidence to be gathered and for it then to be used to influence the provision of education and skills. Across rural Scotland, where businesses are small and dispersed it is typically difficult to establish business skills needs and operationally challenging to deliver the education and training required. **This places particular challenges on the public sector, for example, Skills Development Scotland and the Scottish Funding Council, together with business organisations and rural businesses, to ensure they have the mechanisms in place to ensure the skills needs for rural Scotland are identified, accessible and delivered.**

Much of the above is true when the challenge of inequality in the labour market is also considered. Small client numbers and large geographies, make service delivery challenging and, in relative terms, more expensive than urban areas where economies of scale can be beneficial for service delivery and, for example, outcome payment models, work best. Unfortunately, as is the case with the recently (April 2018) Scottish Government's Fair Start Scotland employability programme, a one size fits all approach is often adopted which is considered fit for purpose at the national level, but considered locally as unresponsive to local remote rural Highland client needs.

The Inverness and Highland City Region Deal has a commitment from the Scottish and UK Governments to work with the Council to pilot an innovative approach to employability and skills in Highland. Work is ongoing to scope out this innovative approach. It is anticipated however, that to be responsive to Highland needs (both rural and urban as it is impossible in practice to separate), national programmes and delivery mechanisms will need to change and be delivered in a co-ordinated manner with local provision including, for example, community led solutions and delivery options.

## PEOPLE

The Highland Council area, while having a growing population, also has an ageing one and thus by 2029 will on current projections it will have experienced a reduction of some 9% in its working age population. Once new and replacement jobs are factored in, Highland will experience a major shortfall in its labour force with adverse implications for all aspects of life. The challenges posed by BREXIT and the adverse impact this may have on migrant labour in particular in a Highland context for tourism, food and drink processing and the public sector, simply brings this issue into early and sharp focus.

To this end Highland Council together with partners across the Highlands and Islands is participating in a collaborative talent attraction and retention programme. The Council is also, with partner local authorities, making the economic and social case for migrant labour and the contribution it brings to Highland life.

See also above for reference to skills system and interrelationship with jobs.

### **4. Encourage future entrepreneurship by ensuring the Scottish Government's rural skills action plan meets the needs of the Rural Economic Strategy**

- What skills are required to have a vibrant rural economy?
- How do we best ensure that people of all ages, genders, areas, socio-economic, educational and ethnic backgrounds receive appropriate support?

### **5. Develop opportunities for the businesses of urban and rural Scotland to share ideas and work together**

- How do you think we could do this? (for example through schools or membership organisation groups)
- Facilitating learning/sharing between urban and rural areas to improve and have a better understanding of the opportunities that are available would be new for Scotland. What would interest you in this approach? Are there any benefits/drawbacks?

### **6. Create communities of interest (digital, physical) where businesses and people can come together to solve problems, share ideas and understand opportunities**

- Is there any place that you can think of in your community where people already do this? Can you please tell us about it?
- What might be the benefits of this approach?
- What things would your local community need to help people in your local area come together

As detailed above successful economies typically have clusters of innovative businesses and clearly the geographic challenges and large distances involved make networking more difficult. There will always be at times a need to meet face to face and across the Highland area, the large number of destination management groups in existence for example, demonstrate the willingness of business to do so. Opportunities however exist to add to this through digital means. The Council's Business Gateway service has recently organised an online webinar with five networked workshops on business opportunities afforded by the success of the North Coast 500 tourism route. This has usefully demonstrated that

innovative thinking and use of existing facilities and infrastructure (facilities and online platform afforded by the University of Highlands and Islands) can be used to enable business to overcome the challenges of geography, to access experts and to network to mutual benefit.

The existing Highland LEADER Programme and its devolved structure (one strategic LAG with 7 Local area partnerships), also provides an excellent example of local control, inclusion and local decision making, ensuring that all citizens have the opportunity to contribute to their local area/economy.

## **INFRASTRUCTURE**

The consultation paper states the obvious that infrastructure often proves to be one of the greatest challenges facing rural Scotland. It recognises that at times it cannot be overcome and thus adversely impacts on the people and businesses of rural Scotland to realise their full potential. It argues that a national conversation is needed on a new model for infrastructure investment and development.

The Highland Council agrees with this statement and thus is consistently making the case for infrastructure investment, be that investment secured by the Inverness and Highland City Region Deal, or European Structural Funds, or investment it can make itself.

Digital connectivity in particular is now an essential utility and its provision at an acceptable standard is critical for economic growth and wellbeing. In Highland good progress has been made with fibre provision but efforts remain, for example, via the Scottish Government's R100 Programme, to ensure that "not-spots" in rural Highland or indeed in urban Highland are addressed and serviced.

In addition to the above, infrastructure should not only be seen as that needed for businesses to prosper, but also the infrastructure needed to support local communities and wellbeing such as community halls, leisure facilities etc.

### **7. Help ensure there are the same opportunities and access to services between urban and rural areas**

- For people living and working in rural areas there are often big differences compared to urban areas in what services might be available (things like broadband, childcare, transport, community development etc.) What do you need to enable you to choose to live and work in rural Scotland?

### **8. Make sure Government policies, regulations, planning and support mechanisms help local businesses**

- What types of policies, regulations, planning and business support need to be strengthened or removed to help a wide variety of small and micro businesses in rural areas?
- Can you think of any problems in transport, housing, social care and digital infrastructure that prevent economic growth for your industry sector, business or community

### **9. Make sure that community resources that contribute to our economy (like tourist attractions) also deliver benefits to their communities.**

- Can you think of any examples of resources in your community e.g. that attract

visitors and make money but do not benefit the community?

- Are there examples of attractions in your community that you would like to promote? What could help you do this?

The infrastructure and service challenges listed, cross rural and urban Highland and therefore the Council consider that the distinction made between the both is not necessary or beneficial. If you are a working parent with young children, you need childcare wherever you live. If your business has a digital dimension, and most increasingly do, then broadband connectivity is critical wherever your business is based. This list of core infrastructure and service provision could go on. Their relative importance across different areas and the manner in which they are delivered may vary but not the fundamental need for them if you choose to live and work in rural Scotland.

In Highland, as is the case across much of rural Scotland, communities are increasingly empowered and have been more involved in identifying solutions and delivering infrastructure and services for themselves. Sometimes this is direct by communities themselves, while other times this is achieved in partnership with the public sector. This is to be applauded and supported going forward. Programmes like LEADER need to be sustained over time, encouraging communities not only to deliver projects and services themselves, but to be proactive, setting out and being part of the vision for their community.

It is unclear within the consultation document what is meant by popular tourist attractions not performing better for local communities/the rural economy. Possibly this reflects the day trip market to more accessible rural areas as opposed to the Highland situation where most visitors stay overnight and thus immediately have a wider involvement and beneficial impact on the local economy. Accordingly, a more positive approach would be to celebrate such assets and encourage the tourism supply chain and attraction providers to work collaboratively to mutual benefit, for example, via Destination Management Organisations/local business organisations.

**10. Please tell us if there are any issues you believe we may have missed.**

The nature of the consultation and breath of subject means that it is difficult to capture all relevant issues in detail. It is anticipated that this will be true to differing degrees across Scotland, with certain areas wishing to see more prominence given to, for example, crofting, forestry, high levels of employment/labour dependability, importance of tourism as a growing import and a key driver for change in certain rural economies etc.