RURAL AFFAIRS COMMITTEE

AGENDA

15TH Meeting, 2000 (Session 1)

Tuesday 30 May 2000

The Committee will meet at 2pm at the Hub, Castlehill, Edinburgh.

1. **Item in Private**: The Committee will consider whether to take Item 5 in private.

2. **Inquiry into Changing Employment Patterns in Rural Scotland**: The Committee will hear evidence from Locate in Scotland, the Scottish Council of Development and Industry, the New Deal Rural Sub-Group, the Co-ordinator of the UK Objective 5b funding network, and the Chair of the LEADER network.

3. **Future Business**: The Committee will discuss future business.

4. **Debate on Borders Rail**: The Committee will consider the form of a motion on this issue.

5. **Scottish Executive Budget Proposals 2000/2001**: The Committee will consider a draft paper on the budget.

   **Richard Davies**  
   Clerk to the Committee

The following papers are relevant to this meeting:

- **Item 2**: Papers from witnesses
- **Item 3**: Paper from the Clerk
- **Item 4**: Draft paper
RURAL AFFAIRS COMMITTEE

INQUIRY INTO CHANGING EMPLOYMENT PATTERNS IN RURAL SCOTLAND

BRIEFING PAPER BY LOCATE IN SCOTLAND

Introduction

1. Locate in Scotland has lead responsibility in Scotland for the promotion of Scotland for attraction of inward investment. It is a joint operation between Scottish Executive (SE) and Scottish Enterprise (SEn) and is staffed by people drawn from both organisations. Around half the staff are based in Locate in Scotland’s headquarters in Glasgow with the other half based in a network of offices across North America, Asia and Europe.

2. To maximise the contribution to the achievement of Scotland’s economic development goals, Locate in Scotland seeks to deliver a strategic portfolio of inward investment. The four key themes within this portfolio are:

   - Strengthening key clusters
   - Attracting higher value activities such as research, design and development
   - Supporting the economic inclusion agenda
   - Recognising the special challenges faced by rural economies.

3. A specialist unit aimed at winning additional inward investment business for the Scottish rural economy was established within Locate in Scotland during autumn 1998. The Rural Inward Investment Team consists of two full-time executives and one secondee from the Forestry Commission.

4. The specific challenges faced by rural economies can not be solved by inward investment alone. Locate in Scotland is able to make a positive contribution, however, through working in close partnership with local agencies to ensure the necessary property, telecoms and skills infrastructure are put in place and by targeting projects of a size and type where non-urban areas can offer genuine locational advantage.

Approach

5. Research undertaken during initial strategy development for our rural activities highlighted clearly that there is no uniform rural “product” in Scotland. A major influence on initial strategy was recognition of the need to:

   - depart significantly from the more “traditional” marketing methodology and to develop tailored propositions to match the aspirations, strengths and goals of individual areas
   - contribute proactively to strengthening the “local product” across the diverse range of rural areas.
6. It was also recognised that actual case success would depend largely on not only the strength of the local product but also on the desire of individual areas to attract such investment including the willingness, enthusiasm and cooperation of the range of local partners working together. Early work included the development of a clear understanding of the need for and role of such partnerships.

7. Our approach quite simply has been to engage with local agencies to:

- help identify the types of investment which would best fit with local economic development plans and aspirations
- ensure that the strength of product and market opportunity was credible and available in these areas
- produce persuasive marketing materials and support information to maximise client impact.

Activity

8. The Rural Inward Investment Team continues to focus proactive activities on 4 key target sectors identified through initial research:

- Forestry and wood products
- Care
- Services – mainly telephone-based services and data processing
- Food and Drink

Other sectors also considered important include software, plastics, electronics and textiles.

9. The main activities currently undertaken can be broken down into 3 areas - marketing, lead generation and design of tailored propositions:

(a) Marketing
(i) In line with the move away from more traditional marketing approaches (such as large-scale generic mailings), activity focuses on developing specific propositions to be taken to a small number of target companies. These campaigns are developed in conjunction with LECs and Local Authority partners.

(ii) The development and increased use of appropriate case studies and testimonials form an important aspect of awareness raising and demonstration for the rural proposition. LECs are encouraged to contribute fully to the stock of local “exemplars”

(b) Lead Generation
(i) On-going research continues into existing and potential areas of product strength. This includes research into Rural Call Centres, working with 2 East of Scotland universities to identify suitable targets in technical textiles; and planned work with Stirling University for identification of FDI opportunities in the Care sector.
(ii) Strengthening linkages with “internal” partners throughout LIS and the SE Network

(iii) Building relationships and dialogue with appropriate intermediaries such as trade associations, the Forestry Commission and major consultancy firms.

(iv) Local contacts in rural areas continue to be exploited to develop enhanced co-operation with rural networks. Where appropriate, Scotland’s rural product is represented at conferences, exhibitions and events – both in the UK and overseas.

(c) Design of tailored propositions

(i) Through research outcomes, closer local partnerships and networking, a much more tailored approach is now undertaken to the design of the propositions made to potential investors. Whilst these packages are individually designed for each investor common themes such as the availability of suitable property and appropriate skills have emerged.

10. The Rural Inward Investment Team enjoys a close working relationship with colleagues in Highlands and Islands Enterprise (HIE). HIE experience has added considerably to our efforts across rural Scotland and LIS continues to work on the development of product and project in the Highlands.

Key Conclusions

11. In the relatively short time that the Rural Inward Investment Team has been established significant success has been achieved. The need for effective, enthusiastic and committed partnerships has been accepted. The range of rural partnerships now operating to support inward investment has been a critical element in producing the new “tailored approach” in the development of specific propositions to investors. In order that further success can be achieved, all relevant local partners – but in particular LECs and local authorities - must continue to demonstrate strong support and resource commitment to the rural product.

12. This approach has allowed for significant collaboration and sharing of best practice across Scotland. The Rural Inward Investment Team plays an important role in encouraging partners to identify best practice, facilitating the sharing of information and utilising relevant case study materials and “exemplars”.

13. Competition for many projects remains fierce and international. To continue to meet this challenge will require ongoing pro-active work in local product and infrastructure development.
14. A significant increase in levels of interest and activity in inward investment across rural Scotland in the past year demonstrates the impact of the team, the strategy and the local response to this new Network focus. This is evident from a substantial increase in levels of interest from prospective companies and actual case success well in excess of initial targets. At the same time we are seeing a general strengthening of local product as the opportunities for attracting appropriate mobile investment are more fully appreciated.

15. The Rural Inward Investment Team’s operational priorities and activities will continue to be guided strongly by input from the SEn Network, HIE and local authorities. The Team will continue to focus on the following questions:-

What are the local aspirations and priorities for inward investment?
What are the strengths – products and infrastructure – that can be utilised to market these?
What persuasive case studies can be deployed in support of marketing?
What lessons are we learning in order to spread best practice?

Rural Inward Investment Team
Locate in Scotland
May 2000
DELIVERY OF NEW DEAL IN RURAL AREAS
RURAL AFFAIRS COMMITTEE

Delivery of New Deal in Scotland

1. Policy responsibility for New Deal rests with the Secretary of State for Education and Employment, and the Employment Service has the lead responsibility for delivery of New Deal. The legislative competence for social security and for job search and support, with the exception of training for employment, is reserved. This means that the Scottish Executive has no powers to act or fund initiatives directly at its own hand in these areas.

2. Ministers and officials of the Executive, however, liaise closely with the Department for Education and Employment, The Scotland Office and other UK government departments over policy issues and the implementation of New Deal in Scotland. Close liaison is maintained in particular with the Employment Service on implementation issues. In Scotland delivery of New Deal is on Local Enterprise Company areas; each has a strategy developed by the local Employment Service manager working with a Strategic Partnership, involving the local authority, Further Education colleges, careers guidance organisations, and employers.

3. Advice on the design and delivery of the New Deal is given by the Advisory Task Force for Scotland, under the chairmanship of Sir Ian Robinson, Chief Executive, ScottishPower. The Task Force is made up of representatives of business, education and training, local authorities, the voluntary sector and trade unions from both urban and rural Scotland. The chairman of the Task Force is also a member of the UK New Deal Task Force, and there is also representation from the Task Force on the New Deal Advisory Group, a group of employment and training specialists which advises the UK Task Force and Ministers. Further information on the framework and design of New Deal is attached in Annex One.

4. In recognition of specific issues within the delivery of the New Deal in Scotland the Taskforce has initiated several working groups with specific remits. Among these is the Rural Issues Working Group. Other working groups which tackle issues that cross the urban/rural boundary, such as training and education within New Deal, have members representing the rural dimension.

Rural Issues Sub-group

5. The Rural Issues Sub-group was set up to consider the implications for the New Deal of the different issues and circumstances affecting clients in rural areas. The remit of sub group is:

1. To advise on the development of ways of tackling specific problems faced by New Deal clients living in rural areas in Scotland;

2. To identify and promote practices that would benefit clients living in such areas and reduce their difficulties;

3. To liaise with local partnerships and establish a rural issues network; and
4. To liaise with the Scottish National Rural Partnership and other appropriate bodies or groups to ensure a co-ordinated and strategic approach to problem solving.

6. The group’s membership includes representatives of industries, which play an important role in rural employment (farming, tourism), and the Small Business Federation, as well as representatives from the Employment Service and Scottish Enterprise and Highlands and Islands Enterprise. Officials from Enterprise and Lifelong Learning Department chair the group and the Executive is also represented by the Rural Affairs Department.

7. The group has meets two or three times a year around Scotland (Arbroath, Inverness, Perth). In order to reach a wider audience, the group held two workshops, the first, in May 1998, to identifying the main barriers to delivering the New Deal in rural areas and the possible solutions and a follow up workshop, in September 1999, looking at best practice and its dissemination. These workshops were aimed at local New Deal partners and providers in rural areas. Many of the barriers identified had far wider relevance than just for the New Deal, these fell into six broad themes; transport, gateway, childcare, the ability of the rural labour markets, training and the role of education and training, and voluntary sector options.

8. The group has been keen to identify examples of good practice which are relevant to rural areas and through the ES this information has been cascaded to their District Managers so that the New Deal Personal Advisers are better equipped to help their clients. In a wider New Deal context the Employment Service produce regular summaries of Good Practice, some of which are relevant to rural areas. These are circulated to all ND Partnerships so that they can decide if any of the practices are worth developing for their own areas.

9. The group continues to benefit from the experience and good practice models of rural delivery of New Deal in England and Wales, as well as links with other groups and agencies with responsibility for the rural issues at policy and delivery level.

**Flexibility**

10. There is significant flexibility in the delivery of the New Deal within the existing design framework. Flexibility at a local level was a prominent issue arising from the workshops and visits the group made around the country. Both the Employment Service and the rural issues group have encouraged an increased awareness of the existing flexibilities in the New Deal design and the through the dissemination of initiatives through out the country, have encouraged innovation and delivery on the ground. Within Scotland a number of initiatives have been developed which are designed to meet specific local needs and to take advantage of the flexibility which exists.

11. Examples of flexibility in delivery at local level which reflect a rural dimension to New Deal include:

- New Deal has a subsidised transport agreement with one of the major bus companies, however, in the Borders the Unit of Delivery has also contacted two other small local companies inviting them to participate in the scheme.
- **Forth Valley**: Clients living in rural areas have the option of joining New Deal after four weeks unemployment.
- **Use of the flexibility** for New Deal clients to progress from one option to another, most often from the full-time education and training or work experience options into a
subsidised job, including in the Environment Task Force and voluntary sector options in Fife.

- A number of Environment Task Force providers, including: Forth Valley and Lanarkshire, are able to make use of ESF resources to offer further support for New Deal clients after the end of options towards improved employability and securing employment.

12. Initiatives under the New Deal Innovation Fund, which encourages innovative ways of locally designing and delivering New Deal, are being taken forward by 8 Scottish New Deal Partnerships including, Dumfries and Galloway, Fife, and Tayside.

Performance

13. The general performance of Scottish partnerships has been strong. Job’s performance is measured in relation to the movement of a three month cohort of young people joining New Deal, into jobs. 11 of the 23 Scottish units of delivery are classed as rural and a further 7 as rural/urban mix. For the July to September 1999 New Deal cohort, three-quarters of Scottish partnerships’ (17 out of 23) performance was above the average, only three of which were not either rural or rural/urban. Eight were in the upper quartile, of which 6 are classed as rural and 2 as urban rural. Within a Scottish context, the rural and urban/rural units of delivery perform above average, and 5 rural units of delivery in Scotland are in the top fifteen units of delivery across Great Britain out of 144. More detail of New deal performance is given in Annex Two.

Evaluation

31. The evaluation of New Deal programme includes a major survey of individuals who joined New Deal in the autumn of 1998. As part of this survey, 6,000 interviews have been carried out across Great Britain. The Scottish Executive has commissioned additional interviews in Scotland to permit more extensive analysis at a Scottish level, giving a total Scottish sample of over 1,100. The results for Scotland of the first stage of this work, which gives information on individual characteristics, previous work history and New Deal experience, has just been completed. The second phase, which will provide more extensive information on experience, of the same clients, after New Deal will be completed by the New Year.

14. The initial findings show that residents of rural areas within Scotland were substantially more likely than urban residents to have experienced problems accessing jobs. Six out of ten New Deal clients in rural areas experienced some job access problems. Health problems were also more prevalent in rural areas, though the reason for this is not clear. There is no significant difference in the prevalence of domestic/financial problems or of those problems group together under the banner of ‘severe disadvantage’ between urban and rural areas.

15. Possession of a driving licence is known to be an indicator of labour market advantage, and might be particularly advantageous for job seekers living in rural areas. Twenty seven per cent of Scottish respondents living in rural areas possessed a driving licence (22 per cent of all Scottish respondents). The proportion of Participants with a driving licence and access to the use of a vehicle was 16 per cent.
ANNEX ONE: New Deal framework and design

The New Deal seeks to address barriers to employment and, where individuals are not job ready, to develop their employability. The design of New Deal is based on extensive research and evaluation evidence on the effectiveness of labour market intervention and training programmes from previous UK and international experience. While effectiveness will depend on the specific characteristics of the target group of unemployed people and on programme design factors, a number of key conclusions emerge from the evidence:

- There is substantial evidence that counselling and jobsearch assistance can be an effective form of intervention. Work by OECD suggests that this type of intervention has a high return for the lowest costs;
- Public training programmes show mixed results. The evidence suggests that specialised, intensive training programmes, delivered on a relatively small scale, with tight targeting on the needs of participants and employers, and a strong on-the-job component can be effective;
- Subsidies to employment can have a positive impact in helping unemployed young people to return to work. Any deadweight (where recruitment would have occurred without the subsidy) or substitution (where a worker is taken on in a subsidised job in place of an unsubsidised one) effects can be justified where additional employment opportunities are created for the target group.

Overall, the evidence suggests that measures which support and encourage job search, and can offer some form of work or activity - in the form of support for a private or public sector job, work experience or training - to everyone in the eligible unemployed group can be a cost effective form of labour market intervention.

The New Deal for Young People offers unemployed 18-24 year olds who have been claiming JSA for over six months a gateway period of up to four months where they engage in intensive job search, with the guidance and support of a Personal Adviser (with early access for certain disadvantaged groups). They can also access careers advice and guidance and other specialist provision to tackle barriers to employment, such as literacy and numeracy problems, debt, alcohol and drugs. Work tasters and training to develop confidence, motivation and interview skills are also available. Following the gateway it is mandatory for those young people who have not found work to enter an option offering education and training or work experience. New Deal offers four options: subsidised employment; full-time education and training; environment task force and voluntary sector; there is provision in each of the options to support training. For those who do not find work during an option the follow-through offers a further period of job search and other forms of support.

The New Deal for Long-Term Unemployed People Aged 25 Plus offers advisory interviews with a Personal Adviser for people in this age group who have been claiming JSA for over two years to tackle barriers to employment and support job search, and access to an employer subsidy and education and training option. The New Deal for Lone Parents and the New Deal for Partners of Unemployed People offer a Personal Adviser service and a range of support to encourage individuals to return to work.

Each New Deal is based on a national design which sets out key principles and the framework for delivery at local level. Delivery of New Deal for Young People and New
Deal for over 25 year olds is led at the local level by strategic partnerships which represent the main local organisations which have an interest in delivery of New Deal. Partnerships generally include representatives from business, local enterprise companies, careers companies, further education, local authorities, trade unions and the voluntary sector. Partnership working is the key to appropriate delivery of the New Deal which reflects the issues of the area.

In Scotland the model for delivery gives specific organisations lead responsibility for delivery of the gateway, the New Deal options and follow-through. Its aim is to secure an inclusive approach to delivery which involves key partners with an interest in delivering services to unemployed people:

- **Gateway**: Employment Service working principally through the local adult guidance networks, for whom the careers company generally acts as lead contractor
- **Employer**: Local enterprise company supported by the Employment Service and local business organisations such as the Chambers of Commerce
- **Full-time education and training**: Local enterprise companies
- **Environment Task Force**: Local authorities
- **Voluntary sector**: Scottish Council for Voluntary Organisations/local councils of voluntary service

A key exception to this model exists in Forth Valley where one of a number of pilots across Great Britain is located where the private sector is delivering New Deal under contract to the Employment Service.
ANNEX TWO: Performance

Employment and labour market performance has generally been strong over the past year. New Deal performance in Scotland has also been broadly in line with or better than the rest of the country.

Employment in Scotland over the past year, up to January-March 2000, increased by 26,000 compared with employment growth of 284,000 for the UK. The employment rate in Scotland was 72.1 per cent in January-March 2000, below the UK rate of 74.4 per cent. The employment rate in Scotland increased by 0.8 percentage points in the year up to January-March 2000, compared with an increase of 0.4 percentage points for the UK. The rate of ILO unemployment rose by 0.1 percentage points in Scotland compared with a year earlier, whereas the UK rate fell by 0.4 percentage points over the same period.

There were 4,700 people in Scotland in April in the New Deal for Young People client group – aged 18-24, and unemployed for over 6 months. This was 58 per cent lower than in April 1998, and the lowest April level since records began in 1986. There were 12,000 in the New Deal 25 plus client group – over 25 years old, and unemployed for over two years. This was 21 per cent below the April 1998 level, also the lowest April level since 1986.

The fall in the number of young people unemployed for over six months is because individuals in this group will have entered the New Deal, and once they leave the gateway for a job or a New Deal option, will no longer be claiming Jobseeker’s Allowance. The probability of younger people leaving claimant count unemployment has increased for all New Deal duration groups since New Deal was launched, in particular for those unemployed over 18 months. This confirms that New Deal is already having a significant impact on flows out of unemployment and the youth labour market. It is significant, for example, that the probability of those over 18 months unemployed leaving the claimant count has marginally overtaken that for those unemployed for 0-6 months who typically face much lower barriers to employment.

Up until the end of February 48,400 young people had entered New Deal 18-24 in Scotland, and 33,000 had left. Out of those leaving New Deal, 41% had entered unsubsidised jobs in Scotland, similar to Great Britain. Of those leaving the Gateway, 44% entered unsubsidised jobs in Scotland, consistent with percentage in Great Britain. A larger proportion of young people also enter the employer option in Scotland, 22% of those joining options, compared with 18.6% for Great Britain. The number of young people entering sustained jobs in Scotland to the end of February was 16,300, 33% of those who have entered New Deal, compared with 31% for Great Britain.

Up to the end of February 23,300 people had entered New Deal 25+ in Scotland, 8.5% of the GB total. Out of 15,800 people who had left the New Deal from the advisory interview process, 2,100 had entered jobs, 8.5% of the GB total and 220 had entered education or training, 4.2% of the GB total. A total of 8,000 people, 10.8% of GB, had returned to JSA normal jobseeker activity.
CONSULTATION RESPONSE

Inquiry Into The Impact Of Changing Employment Patterns In Rural Scotland

TO THE RURAL AFFAIRS COMMITTEE
THE SCOTTISH PARLIAMENT

SCDI May 2000
CONSULTATION RESPONSE

Inquiry Into The Impact Of Changing Employment Patterns In Rural Scotland

TO THE RURAL AFFAIRS COMMITTEE
THE SCOTTISH PARLIAMENT

INTRODUCTION

1. In submitting a response to this Consultation, SCDI notes that the Rural Affairs Committee considers this Inquiry on the effects that the major changes in employment patterns are having on rural communities to be a priority topic.

2. This pledge is also recorded in the Inquiry Briefing Paper which states that The Scottish Executive is committed to supporting and enhancing all aspects of rural life, including ensuring the sustainability of local economies.

3. SCDI also observes that the terms of reference of the Inquiry focusses on the issues of Employment, Poverty and Housing.

4. In pursuing such top priority issues, it is appropriate to record the very tight timescales allowed in the process, with consultation papers received in mid April, a local Inquiry meeting organised for 15 May, and a deadline for submissions by 18 May.

OBJECTIVES OF THE INQUIRY

5. To ensure a focus on the Inquiry, six key objectives have been set. These objectives are recorded in bold italics at the beginning of each section examining them in this response.

CHANGES IN EMPLOYMENT FRAMEWORK

6. Recent changes in employment patterns which should be considered include:

   ▪ Structural changes, resulting in the decline of land-based activities and some manufacturing sectors, and the expansion of the service sector and certain high technology industries.

   ▪ Shifts in the demand for different skills and for manual/non-manual workers.

   ▪ Changes in the composition of the workforce, both due to changes in the age structure of the population and to social changes such as increased participation by women in paid employment.

   ▪ Changing patterns to satisfy demands for a more flexible workforce, involving more temporary contracts, sub-contracting and self-employment.
EFFECTIVENESS OF CURRENT POLICY

7. In considering the issues to be covered in the Consultation, SCDI highlights an additional area of the Inquiry which is to investigate the effectiveness of current Policy responses.

Greater Control for Local Communities

8. This inspires reflection on the recent consultation, “Towards a Development Strategy for Rural Scotland”. While some issues like Land Reform are being progressed, others like Democratisation and a greater control by local communities in local economic development are not. Non-Government Organisations can still control what economic developments happen or do not happen in rural areas. This requires rectification in order that rural communities can develop socially and expand economically, in relation to local requirements.

A Partnership Approach

9. Sustainable development through Partnership is another strategy which requires progressing. For example, in the Changing Employment pattern Consultation now being considered, little reference is made to Local Authorities. Yet this sector is the major employer in rural communities and plays leading roles in planning, economic and community development, social services and housing provision. SCDI, therefore, presses for a full Partnership approach between Local Authorities, Government Agencies, The Scottish Executive, UK Government and the EU in supporting rural Scotland in meeting the challenges of changing employment patterns.

GENERAL

10. Although the Consultation Process records ten comprehensive questions to be considered, for brevity purposes these are not repeated in this submission. The questions are, however, covered in this response which, in concentrating on the six Objectives of the Inquiry, makes observations along with recommendations on the structural and employment changes in various sectors in rural Scotland.

OBJECTIVE 1

Identifying the key drivers of changes in employment patterns and analysing the reasons behind such changes.

11. In identifying the key drivers and analysing the reasons for change, researching this Paper identifies three key areas of displacement in rural employment patterns.

1. A decline in manufacturing and an increase in services employment similar to urban areas.

2. A continued downturn in farming and seafishing employment along with a reduction in full-time work in tandem with an increase in part-time jobs.

3. The demise of many major employers hitting local communities.

12. All these changes are substantially driven by enlargement within Europe along with increasing competition and other economic factors resulting from globalisation.
The Impact of Changing Employment Patterns in Rural Scotland

OBJECTIVE 1 (cont’d)

13. Another significant factor creating change is the rapid development of technology which inevitably results in lower employment requirements.

14. Rationalisation into larger more economically efficient businesses is creating havoc in employment patterns with ever decreasing job opportunities.

OBJECTIVE 2

Identifying who gains and who loses as a result of changing employment patterns.

15. The losers in the foregoing scenario are the local communities, whether they be rural or urban. The winners are our world-wide competitors and company shareholders.

16. However, it has to be emphasised that the development of technology can be a significant boon to rural and remote communities as is already happening, e.g., in call centre development. Meantime, the expansion of e-commerce in rural and peripheral areas is recognised as vital, not only to expanding business but in many instances for business survival.

17. To promote the social and business development of rural Scotland, the challenges to be overcome are limited competition, lack of economies of scale, higher transport costs, limited accessibility, high reliance on SME’s, great dependence on traditional activity, excessive cost of the provision and maintenance of infrastructure and a large proportion of seasonal employment.

OBJECTIVE 3

Assessing the impact of changes on rural communities, particularly on income levels and housing.

Loss of Job Security

18. While the impact of the national minimum wage in rural Scotland has yet to be identified, it is generally recognised that low pay in rural regions is more prevalent than in urban areas. However, a similarity in rural and urban comparisons is the trend towards flexible labour markets and short-term contract work creating a general loss of job security. In this regard, job security is of equal importance to young and old alike. For example, how does a young couple on short-term contracts obtain a 25 year mortgage for house purchase?

A Return to Job Security Essential

19. A return to a policy encouraging security of employment would create the background for a sustainable future for the social and business communities of rural Scotland.

Falling Incomes and Rising Costs

20. Income levels have fallen in rural areas with a downturn in the fortunes of the traditional industries like agriculture and fishing. Meantime, living costs have risen in comparison to urban areas in fundamental needs like transport (with particularly high fuel costs) and other services.
OBJECTIVE 3
Falling Incomes and Rising Costs (cont’d)

21. Support for farming is essential in direct payments relating to the countryside stewardship role and environmental support as the revised CAP decouples funding assistance from production.

22. Similarly, the fishing industry requires support at top Governmental levels to ensure that relative stability is retained in the review of the CFP in 2002. Regional Fisheries Management should be pursued actively, as should be the protection of both the Inshore and Offshore sectors as separate entities.

23. In general, the key areas requiring attention in rural Scotland are quality of jobs, adequate wage levels, transport infrastructure, training opportunities, childcare, under employment, job security and housing.

Adequate Housing Vital

24. In remote rural localities, adequate housing is vital in promoting social and economic development. In many areas, such development is currently constrained by lack of suitable land, high costs of building and the acquisition of suitable properties as holiday residences. Added to these shortcomings is the fact that a third of rural dwellings are old, in a relatively poor state of repair with many suffering from defects like dampness, condensation and poor energy ratings. The identifiable costs of reasonable repair to the existing rural housing stock is around £400m, which is some 25% of the Scottish total.

25. This Inquiry consultation should be taken as an ideal opportunity to ensure that the Scottish Executive’s broader policy framework is geared towards promoting access to affordable, energy efficient housing for all in rural Scotland together with the related support services.

Community Involvement in Housing

26. The current Healthy Homes Initiative should give priority to the elderly, and those on low incomes. Community Involvement and Partnership between authorities, agencies and associations should be developed further, with the New Housing Partnerships playing the leading role. The range of housing initiatives set out in the recent Housing Green Paper – Investment in Modernisation - should be pursued actively. The forthcoming Housing Bill should provide measures which are responsive to the diversity of needs in rural, and indeed, urban Scotland.

OBJECTIVE 4

Reviewing current policy to support employment in rural Scotland.

Government Pledges and Agency Support

27. In considering current policy support, it is worth reiterating in relation to this Inquiry, that “the Ministerial Committee on Rural Development has identified the rural economy as a priority issue and will be seeking to ensure that policies which are developed across The Executive help rural economies to flourish, thus ensuring that those living and working in rural communities enjoy a high quality of life”.
OBJECTIVE 4
Government Pledges and Agency Support (cont’d)

28. The enterprise agencies should continue to have key roles in the support and development of rural business and social communities. While Scottish Enterprise has both urban and rural responsibilities, Highlands & Islands Enterprise is predominantly a rural economic development agency. Although it is important that the strategic objectives of SE and HIE inter-relate with each other and with The Scottish Executive’s policies, it is also important that the Local Enterprise Companies continue to provide the local knowledge in progressing policies which lead to growing businesses, job creation and thriving communities.

29. The LECs are ideally placed, both geographically and operationally, to disseminate best practice initiatives throughout their networks and onwards to the parent agencies and The Scottish Executive.

Rural Inward Investment

30. Opportunities should be taken to expand the Locate In Scotland initiatives in identifying local needs and developing competitive relocation arrangements through the recently established Rural Inward Investment Team.

31. The new Scottish Tourist Board strategy should be commercially driven forward by improving services and facilities to match the best in the world. The customer, i.e. the tourist, through effective marketing, should be stimulated to visit rural Scotland and, having experienced excellence in service and facilities, should be inspired to return.

32. Agriculture should be assisted in restructuring and diversifying through the EU Rural Development Regulation.

33. The fishing industry should continue to receive assistance in capital investment through the Financial Instrument for Fisheries Guidance (FIFG) programme. With the end of the PESCA Community Initiative in 1999, from which rural areas were the principal beneficiaries, equivalent funding should be added to the on-going ERDF and FIFG programmes. Support for Aquaculture should include research and development assistance, the practical control of disease and protection from unfair competition especially from Norway.

34. Assistance to Forestry should include the formulation of Policy to create processing operations, and therefore jobs, in the immediate forest areas.

Information and Communications Technology

35. In developing Information and Communications Technology in remote rural areas, a specific Policy is required to facilitate the installation of ADSL and ISDN facilities without which much of the business communities in rural Scotland cannot expand into e-commerce.

Decentralisation and National Employment Programmes

36. The stated Scottish Executive policy to decentralise Government and other Public Sector employment through a presumption against location in Edinburgh is welcome. Every opportunity should be taken to establish the related employment in rural areas when new units or agencies are established or existing units reorganised.
OBJECTIVE 4
Decentralisation and National Employment Programmes (cont’d)

37. National programmes like the New Deal, Skillseekers, Training for Work and Lifelong Learning should be continued and expanded where appropriate. All such employment related initiatives should be delivered actively to rural communities.

38. Much of the foregoing Policy programme will be progressed through SE and HIE, both of which should have the full backing of The Scottish Executive to offer full assistance to remote rural communities which in turn should be encouraged to offer input through their own development proposals like those provided by Initiative at the Edge.

OBJECTIVE 5

Identifying best practice and areas for improvement in Policies.

Training, Business Expansion and Consultation

39. As this Inquiry is specifically concerned with employment, consideration of best practice and areas requiring improvement will significantly focus on training issues and economic development through business expansion.

40. The commissioning by The Scottish Executive for investigation through the Central Research Unit to evaluate existing policies and consider new codes of practice is to be commended. Consultation with industry and with local interest groups and individuals, and liaison with SE and HIE progressing through the LECs is a very welcome procedure.

Shortcomings in Pursuing Established Policy

41. However, the Consultation Process requires streamlining. For example, very often the timescales are too tight and sometimes the outcome is a foregone conclusion. The consultation on The EU Habitats Directive may come into these categories. Also, there are now possibly too many Consultations with duplications becoming apparent. The recent consultation “Towards a Development Strategy for Rural Scotland”, which now appears to be forgotten, covered many topics relating to rural economies, including employment.

42. While it is recorded that research includes the study of issues like rural social inclusion, service provision, rural retailing, the role of rural shops, enterprise and employment issues and transport, each of these economic components are under threat in rural Scotland through the closure of local shops, post offices, banks, filling stations, petrol and diesel price differentials, deteriorating roads, high air travel prices, poor housing standards and fragile employment patterns.

43. This Consultation response, therefore, urges the Ministerial Committee on Rural Development to remedy the growing impact of the foregoing shortcomings, which all have a detrimental effect on employment patterns, in pursuing established Policy.

44. The mechanisms in place to respond to major redundancies should be reviewed in order that the response by The Scottish Executive can be improved.
OBJECTIVE 6

*Reporting on the Inquiry and making recommendations for action to address likely future challenges.*

**Driving the Inquiry Forward**

45. In order that the weakening position in rural employment can be reversed towards achieving a strengthening jobs infrastructure, it is vital that the responses to this Inquiry be analysed fully by the Rural Affairs Committee and that corrective measures be driven forward by The Scottish Executive.

**CONCLUSION**

46. In concluding this Response, SCDI identifies the main changes in rural employment patterns as a reduction in general employment and incomes, resulting from an imbalance following a fall in manufacturing and primary sectors of agriculture and fishing along with a downturn in tourism, in tandem with a less than proportionate increase in the overall service sector.

47. The solution lies in reversing the deteriorating trends in the manufacturing and primary sectors while, through diversification where appropriate, maintaining the increase in service sector employment like IT activity and call centre operations.

48. The main driver in gaining a competitive position for rural Scotland, like integrated transport at the right price and contact with the world through appropriate Information and Communication Technology, should be The Scottish Executive. The Scottish Parliament should pursue these issues through the EU, the UK Government, Local Authorities in progressing the Community Planning initiative, and SE, HIE and LECs by adequate funding, training and other assistance.

*Scottish Council for Development and Industry*

*May 2000*
Table: Percentage of total number of clients who have joined from the beginning of the New Deal for 18 - 24 programme, moving directly into jobs from Rural and Urban/Rural Units of Delivery, compared to Scottish overall percentage.

<table>
<thead>
<tr>
<th>Unit of Delivery</th>
<th>Cluster Group</th>
<th>Joined</th>
<th>Total entering Jobs</th>
<th>% of total number entered New Deal into Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayrshire</td>
<td>D</td>
<td>4665</td>
<td>2240</td>
<td>48.0%</td>
</tr>
<tr>
<td>Tayside</td>
<td>D</td>
<td>4475</td>
<td>2310</td>
<td>51.6%</td>
</tr>
<tr>
<td>Borders</td>
<td>A</td>
<td>740</td>
<td>391</td>
<td>52.8%</td>
</tr>
<tr>
<td>Dumfries &amp; Galloway</td>
<td>A</td>
<td>1317</td>
<td>647</td>
<td>49.1%</td>
</tr>
<tr>
<td>Fife</td>
<td>D</td>
<td>3800</td>
<td>1799</td>
<td>47.3%</td>
</tr>
<tr>
<td>Forth Valley</td>
<td>D</td>
<td>2774</td>
<td>1364</td>
<td>49.0%</td>
</tr>
<tr>
<td>Grampian</td>
<td>C</td>
<td>1856</td>
<td>810</td>
<td>43.6%</td>
</tr>
<tr>
<td>Moray, Strathspey &amp; Badenoch</td>
<td>A</td>
<td>424</td>
<td>243</td>
<td>57.3%</td>
</tr>
<tr>
<td>Lanarkshire</td>
<td>D</td>
<td>6956</td>
<td>3533</td>
<td>50.7%</td>
</tr>
<tr>
<td>Argyll &amp; The Islands</td>
<td>B</td>
<td>507</td>
<td>268</td>
<td>52.8%</td>
</tr>
<tr>
<td>Caithness &amp; Sutherland</td>
<td>B</td>
<td>285</td>
<td>122</td>
<td>42.8%</td>
</tr>
<tr>
<td>Inverness &amp; Nairn</td>
<td>C</td>
<td>494</td>
<td>250</td>
<td>50.6%</td>
</tr>
<tr>
<td>Lochaber</td>
<td>B</td>
<td>91</td>
<td>57</td>
<td>62.6%</td>
</tr>
<tr>
<td>Western Isles</td>
<td>B</td>
<td>227</td>
<td>123</td>
<td>54.2%</td>
</tr>
<tr>
<td>Orkney</td>
<td>A</td>
<td>75</td>
<td>42</td>
<td>56.0%</td>
</tr>
<tr>
<td>Ross &amp; Cromarty</td>
<td>B</td>
<td>348</td>
<td>195</td>
<td>56.0%</td>
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<tr>
<td>Shetland</td>
<td>A</td>
<td>64</td>
<td>37</td>
<td>57.8%</td>
</tr>
<tr>
<td>Skye &amp; Lochalsh</td>
<td>B</td>
<td>87</td>
<td>49</td>
<td>56.3%</td>
</tr>
<tr>
<td><strong>SCOTLAND</strong></td>
<td></td>
<td>48421</td>
<td>22984</td>
<td>47.4%</td>
</tr>
</tbody>
</table>

Notes
1. There are 23 New Deal Units of Delivery in Scotland, of those 18 are clustered as either A: Rural; tight labour market, B: Rural; high unemployment, C: Rural / Urban; tight labour market, D: Rural / Urban; high unemployment.
2. These figures originate from summary information up to the end of February 2000 from the March 2000 Unit of Delivery Tables.
FOR RURAL AFFAIRS
COMMITTEE

ND 18-24 (PERIOD APRIL 1998 - FEBRUARY 2000)

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>% of Scot</th>
<th>Rural Urban</th>
<th>% of Scot</th>
<th>Other</th>
<th>% of Scot</th>
<th>Scotlands % of Scot</th>
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</thead>
<tbody>
<tr>
<td>Numbers going into New Deal</td>
<td>4165</td>
<td>9%</td>
<td>25020</td>
<td>52%</td>
<td>19236</td>
<td>40%</td>
<td>48421</td>
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<tr>
<td>Numbers entering Employment</td>
<td>2174</td>
<td>9%</td>
<td>12306</td>
<td>54%</td>
<td>8504</td>
<td>37%</td>
<td>22984</td>
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</tbody>
</table>

**RURAL (CLUSTERS A+B)**
- Argyll & The Islands
- Borders
- Caithness + Sutherland
- Dumfries & Galloway
- Lochaber
- Moray, Strathspay & Badenoch
- Orkney
- Ross & Cromarty
- Shetland
- Skye and Lochalsh
- Western Isles

**RURAL / URBAN (CLUSTERS C+D)**
- Ayrshire
- Fife
- Forth Valley
- Grampian
- Inverness
- Lanarkshire
- Tayside

**OTHER (CLUSTERS E,F+G)**
- Dunbarton
- Edin
- Glasgow
- Renfrew
- W Lothian