RURAL DEVELOPMENT COMMITTEE

AGENDA

14th Meeting, 2002 (Session 1)

Friday 7 June 2002

The Committee will meet at 9.30 am in Stewarts Hall, Huntly.

1. **Subordinate Legislation:** The Committee will consider the following instruments under the negative procedure—

   The Registration of Fish Farming and Shellfish Farming Businesses Amendment (No.2) (Scotland) Order 2002 (SSI 2002/220)

   The Plant Health (Phytophthora ramorum) (Scotland) Order 2002 (SSI 2002/223)

   The Dairy Produce Quotas (Scotland) Amendment Regulations 2002 (SSI 2002/228).

2. **Integrated Rural Development:** The Committee will take evidence on its inquiry into integrated rural development from the following—

   Peter Argyle (Mid Deeside Ltd.)

   Cameron Ewan (Farmer)

   Mike Stephen (Turriff & District Ltd.)

   Robert Sinclair (Banff & Buchan College)

   Michael Rasmussen (Rasmussen Levie Chartered Architects)

   Margaret Lobley (Gordon Rural Action Group)

   David Beckley (Pig Farmer)

   James Gibb (Gibb’s Refrigerated Transport)

3. **Integrated Rural Development:** The Committee will continue its inquiry into integrated rural development and take evidence from the following—

   Jim Knowles (Aberdeenshire Council)

   Jennifer Craw (Grampian Enterprise).
The following papers are attached or are relevant to this meeting:

**Agenda item 1: Subordinate Legislation**

The Registration of Fish Farming and Shellfish Farming Businesses Amendment (No.2) (Scotland) Order 2002 (SSI 2002/220)

The Plant Health (Phytophthora ramorum) (Scotland) Order 2002 (SSI 2002/223)

The Dairy Produce Quotas (Scotland) Amendment Regulations 2002 (SSI 2002/228)

**Agenda item 2: Integrated Rural Development**

Submission from Robert Sinclair (Banff & Buchan College)

Submission from Turriff & District Ltd

Submission from Mid Deeside Ltd.

Submission from Scottish Enterprise Grampian.
Banff and Buchan College of FE

Written Submission to the Inquiry into Integrated Rural Development by the Rural Development Committee of the Scottish Parliament

Robert Sinclair
Principal

May 2002

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Introduction

Banff & Buchan College of FE welcomes this opportunity to contribute to the Inquiry into Integrated Rural Development. Based in Fraserburgh, and serving the rural areas of north Aberdeenshire, the college is unique in that it is a community college providing training and education for both rural towns such as Huntly whilst being the only mainland UK college providing a full range of training for the fishing industry. This latter provision is of a very specialist nature and the college received a Queens Anniversary Trust Prize for Further and Higher Education in the millennium round, for marine engineering training for the fishing industry.

Context

Banff and Buchan College (BBCFE) has, since incorporation in 1993, undertaken a considerable expansion. In Session 1993-4 enrolments totalled 2,300 whilst the comparative figure for Session 2000-01 was over 8,600. The modes of study range from full-time courses to a range of short courses delivered by day or night classes and open learning. A partnership with Edinburgh’s Telford College enables BBCFE to market their open learning provision in north Aberdeenshire thereby giving clients access to the widest range of open learning materials available in an FE college in Scotland.

Much of the expansion in recent years has been the result of a clear customer focus and the strategic decision taken by the Board of Management to deliver education and training where and when clients required, if at all affordable. This has resulted in the opening of outreach centres in towns such as Ellon, Huntly, Peterhead, Turriff and Banff. These centres have enabled individuals to commence study as a part-time learner and continue through to study at Higher National level in their local communities. These outreach centres have been developed with a range of partners such as Aberdeenshire Council, Scottish Enterprise Grampian, Enterprise North-East and Gordon Enterprise Trust. Both of these latter organizations have now been subsumed within the new Enterprise North East Trust. In addition to the permanent outreach centres, we have offered classes in community and church halls, sports stadia, community centres and various other pubs and clubs, indeed, anywhere where a group of people have got together and requested training. These locations range geographically from Portsoy in the west, Insch in the south-west to Cruden Bay on the east coast.

Whilst not by any manner of means attempting to claim even a small part of the credit, it is apparent that since the four agencies listed above targeted Huntly just over three years ago, the unemployment rate has dropped from over 6% to just over 3%.

Articulation arrangements have also been negotiated with the University of Aberdeen and the Robert Gordon University to enable students who complete Higher National Certificates and Diplomas advanced entry to selected degree programmes. These arrangements thereby provide learners with a seamless progression route from initial
part-time study to degree level programmes. The overall programme of outreach provision was highlighted in a very positive report from Her Majesties Inspectors during 2001 which rated the college “Very Good” for Access.

BBCFE has also been involved in a number of community development initiatives including the Aberdeenshire Towns Partnership, Fraserburgh Futures, Fraserburgh Forward, Huntly Limited, Peterhead 2001, the Rosehearty Project, Sandhaven and Pitullie Harbour Trust, Portsoy Boat Festival and, most recently, Turriff Ltd. We have provided various support mechanisms to these organizations to enable their efforts at community capacity building. BBCFE has also implemented intervention strategies in many of these towns and villages when large-scale redundancies have occurred.

Although a relatively small college in overall terms, BBCFE has attempted to maintain a wide and varied curriculum although the curriculum offered at outreach centres is limited by the capital costs involved.

Key Issues & Perceived Barriers

Integrated Planning
Much of the success our rural outreach centres has been the collaboration between the college and the other agencies listed above. Whilst these organizations have made premises available (often at commercial rates) the college has focused on its core business, educational delivery. However, the collaboration which has led to this success has very much occurred on an ad hoc basis. Many of the developments have resulted from college staff (and indeed staff of the other organizations) seizing opportunities as and when they have presented themselves. What has been missing is fully integrated planning between the Council, the local Enterprise Company, other agencies and ourselves. To date, I believe that this has been the result of the structural changes which have occurred at a national level, including the incorporation of colleges, local government re-structuring and the review of the enterprise network. These changes involved many changes of key personnel and an inevitable inward focus whilst undergoing the sometimes traumatic changes. However, I would have to say that we are disappointed with the outcomes of the Local Economic Forum. The learning sector is currently represented on this body by higher education and this representation is scheduled to continue despite our expressed willingness to provide an FE representative. To date, the only correspondence received from this body has been a questionnaire which arrived some days after the original return date. I firmly believe that if we are to play our full potential role in helping to develop communities, further education must be represented on the local economic forums. I would also have to say that both Aberdeenshire Council and Scottish Enterprise Grampian provide the college with first-class economic data and support materials to facilitate our development planning process.

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Funding
Funding is always of course a key issue for any organization. In particular, the funding provided for the college by the Scottish Further Education Funding Council provides a challenge for maintaining a wide variety of provision in a rural context. Although the current funding formula provides a rural factor, I would contend that this factor is insufficient to meet the real costs of operating in the rural environment. There are two elements to this factor, a base sum which reflects the additional costs of operating a rural college and a further sum related to the volume of students based at a distance from the college. A reflection of our success is that we are the second largest recipient of rural funding, second only to a college which is considered “extra-rural”. In particular, no account is taken in the funding formula of the very high costs of delivering say, fisheries training with relatively low group sizes. This, despite the strategic importance of fishing to the north-east of Scotland community. Currently over 70% of UK fishing capacity is based in the north-east and over 90% of certification of skippers, mates and engineers in the UK is undertaken at BBCFE. However, on a pure business case, the provision is uneconomic, consuming over 10% of college resources whilst generating around 4% of income.

This situation is exacerbated by the stop-go nature of funding available to the college, I will cite three brief examples to illustrate my case. Firstly, for the next financial year, the sector as a whole has received increased funding of 1.5%. When inflation is considered, this is obviously a decrease in real terms which is compounded by significantly increased costs including superannuation contributions, increased National Insurance contributions and significant audit and insurance costs. This funding settlement follows a period of significant growth where the sector achieved all the targets requested including those for social inclusion growth. Inevitably this period of growth required significantly increased costs to reach and support those most at risk of social, including rural, exclusion. Now however we are asked to significantly reduce expenditure and it will inevitably be the high cost, rural provision which will require to be pruned first. This setback will send the wrong message to rural communities who will see themselves as the first to be forgotten about and do untold damage to the reputation of the college in those communities. However from a business perspective, it is vital to ensure the continued existence of the organisation. The report into FE Colleges by the Auditor General last year indicated that no college was considered in a “good” financial position. For the mathematicians amongst us, a normal distribution would indicate that at least a small number of colleges should be considered safe. This indicates to me that the overall quantum of funding is inadequate for the job we are being asked to do, and the list of rural colleges highlighted in the report would indicate the parlous state of some of their finances. One example of a programme which will be terminated this year was a partnership between BBCFE and the Scottish Agricultural College which was piloted last Autumn. This innovative programme involved delivery, by video conferencing, of a range of rural diversification training. Delivery was undertaken by staff of the SAC to BBCFE premises thereby enabling the expertise of SAC to reach a wider community and BBCFE to fulfil its mission to serve the community.

The second case that I would cite is that of European Funding. The North and West Aberdeenshire Objective 5b Programme helped the college to undertake the
significant expansion in rural areas. This however has now been cut off, and however hard one has tried to plan for this, the loss of approximately £0.5m in a £6.5m budget is difficult to achieve. The third case is that of ILAs, and though this is not a specific rural issue, it is an exemplar of the stop-go funding regimes which cause major problems when trying to attract the least fortunate in society to study with us. First we promise a subsidised programme then we say that they cannot have it. It is also particularly galling for our staff, having delivered such growth and the social inclusion initiative, to see their colleagues in schools being rewarded with the McCrone settlement whilst they face an unsure future.

One further factor which faces rural colleges is a review of the funding formula used by SFEFC. Original proposals sought to significantly lower the weightings for agricultural and fisheries studies. These changes are currently delayed by one year, but if implemented, will sound the death knell for some of these subjects in Scottish rural colleges.

Emigration of students and infrastructure
One final point in relation to the situation that pertains in north and west Aberdeenshire relates to the final destinations of our students. As part of our quality control mechanisms we contact all full-time students six months after they finish their course. From these studies we are aware that many of the students who study with us do not find work locally, they travel to Aberdeen or indeed further afield for high salaried posts in the oil industry. This situation compounds many of the problems in the local economy in that employers cannot find skilled labour, so they close, leading more people to commute. A distinct support strategy for high skilled enterprises setting up north of Aberdeen is required to reverse this drift, however such a strategy will inevitably fail due to the poor standard of infrastructure, in particular the roads infrastructure. One of our major clients who is reliant on road transport confided recently he now allows two hours for his lorries to transit Aberdeen at peak times.

Concluding Remarks

I would like to reiterate our thanks for being allowed to participate in this Inquiry. BBCFE firmly believes that FE colleges can make a significant contribution to Integrated Rural Development by giving individuals the skills to participate in the rural labour market, and by supporting rural communities by helping to build capacity. However, as outlined in this submission, significant threats exist to our capacity to deliver to rural communities and these detract significantly from our focus.

Robert Sinclair
Principal
May 2002

Encs.
Prospectus
College Review
Report into Area Mapping
TURRIFF & DISTRICT LTD
Improving Prosperity in Turriff and District...

29th May, 2002.

Written Submission to the Scottish Parliament Meeting
to be held at the
Stewart Hall, Huntly
Friday 7th June, 2002.

Turriff & District Ltd is an organisation and registered as a Limited Company, established in January 2002 to assist the prosperity of the people organisations and businesses in Turriff and District including the surrounding areas. The organisation has received financial support from Aberdeenshire Council and Scottish Enterprise Grampian. The Board of Directors consists of 10 local business people representing a cross section of various types of businesses in the area, including 3 representatives of each of the Community Councils in the area.

The main areas of concern affecting the area are as follows:
Lack of focus on attracting Industries to create more employment in the area.
Lack of focus on Industrial Site development to attract new employers or to assist existing employers to expand.

Turriff is not included in the Objective 5 Grant assistance area, yet other Aberdeenshire towns such as Banff, Macduff, Fraserburgh and Peterhead are. Turriff was excluded from the Aberdeenshire Towns Partnership Scheme where over £10 million is being provided to assist economic prosperity in 5 other Aberdeenshire towns. Three of the main and large employers in Turriff are having difficulty trading profitably giving cause for concern regarding provision of employment in the future. One of these employers has recently announced the redundancy of a further 80 employees taking their number of employees down from an all time high of 450 to a new level of 200. In recent years Turriff & District has lost a number of agricultural related employers due to down turn in the agricultural economy.

Concern is being expressed at the various Park and Ride Schemes to assist people to get to Aberdeen City at a subsidised cost and the negative effect this is having on the economic prosperity in rural towns.

An immediate ban of all meat and poultry and meat and poultry products coming into the UK from non EC countries where the same high standard of on farm practices and food safety are not applied.

A complete ban on imports of food of any kind that may cause another Foot and Mouth Outbreak which is likely to happen at any time at a horrendous cost to the Agricultural and Food Industries and the Tax Payer unless positive action is taken.

Leadership Plus Funding
Unfortunately Aberdeenshire has been excluded for Leader Plus Funding of £40 million plus, resulting in the loss of funding for Turriff & District Ltd in Year 3.

It is essential that more is done to assist the economic prosperity in Turriff & District since our rural towns and areas are the back bone of the County of Aberdeenshire.

AMD STEPHEN
CHAIRMAN
TURRIFF & DISTRICT LTD

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Scottish Parliament Rural Development Committee

Inquiry into Integrated Rural Development

Scottish Enterprise Grampian submission
in advance of appearance at the Committee on 7 June 2002

Prepared by: Scottish Enterprise Grampian

May 2002
Executive Summary

- Integrated Rural Development is vital to ensuring that all areas of Grampian take part in the relative prosperity of the region as a whole. SE Grampian itself takes an integrated approach to its rural activities with a key focus on stimulating rural employment opportunities, particularly through the growth of micro-businesses and the development of e-business.

- Working in partnership, for example with other agencies, rural businesses and communities themselves, is a vital ingredient of success in Integrated Rural Development. Such work is in evidence throughout SE Grampian’s activities which promote an enduring ‘process’ rather than limited ‘product’ approach to rural development.

1. Introduction

SE Grampian welcomes the opportunity to present evidence to the Inquiry into Integrated Rural Development (IRD). The SE Network as whole has a designated Rural Policy Group to ensure that the Network anticipates and develops Network responses to rural issues in the context of its overall strategy. Within this framework, SE Grampian is very active in rural areas offering them a range of standard and targeted initiatives including skills development, entrepreneurship enhancement, business growth, property and environmental development. SE Grampian and the wider Network recognise the particular needs and challenges of rural communities which include their considerable reliance upon declining traditional industries, divergence and remoteness, compounded often by a lack both of infrastructure and of human and financial investment capital. But these are also areas of significant opportunity as well as of need where, with assistance from agencies such as ourselves, great potential can be realised in order to deliver a sustainable economic future.

2. The SE Grampian Rural Action Plan

- Recognising the particular needs of its rural communities, SE Grampian has developed a specific Rural Action Plan of activity targeted at the rural area of Aberdeenshire (the area bordered by Banchory, Stonehaven, Inverurie and Newburgh) and which is totally additional to other pan-Grampian activities. The Action Plan was drawn up, and is being implemented by, a team that draws its membership from all areas of the company and which thus recognises the importance of rural development in all spheres of our activity. It also includes representation from Aberdeenshire Council, recognising the importance of partnership work in rural development.

- The Plan comprises an additional £2m investment in the rural economy over 3 years from 2001 to 2004. It aims principally to focus on job creation in the rural economy through the stimulation of employment opportunities in new and growing businesses - the formation of micro-businesses and the growth of e-business are in particular seen as vital components. The Plan particularly identifies areas such as forestry and forestry products (where output is expected to double and demand is likely to rise), heath/personal services (where the ageing of the population presents a ready-made market), tourism and new, knowledge-based industries as key areas to be developed for the future.

- Successful outputs already achieved from the Rural Action Plan have included the production and dissemination of a guide to companies on exploiting the ‘Grey Panther’ market amongst wealthier, older persons resident in rural areas, the launch of an ‘eBusiness through eLearning’ course in conjunction with Robert Gordon University, the completion of a feasibility study for a rural e-business facility offering high quality business incubation space, and the design of a programme to support rural business growth in the early years of company life.
3. Other Pan-Grampian Activity

- The Rural Action Plan work is in addition to that activity which we carry out across the region as a whole but which, in rural areas, adds further value to rural economic development. Such activity includes ongoing business development support, for example fostering new products and processes, and general business growth plans. Tourism work is dedicated to improving both the business performance of the tourism industry and the attractiveness of the product offered through supporting events and activities that spread knowledge of the region to as wide an audience as possible.

- We lead, on behalf of both SE and HIE, a dedicated fish processing action plan to help the fish processing industry meet the challenges it currently faces. Because the industry is concentrated largely in rural areas, this work is a key component of our rural delivery and relates to maximising fish supply and improving the supply chain, enhancing company efficiency, targeting profitable markets, and promoting financial and legislative measures to the benefit of the industry.

- We have recently funded the production of a partners’ booklet Creating a New Business on your Farm to assist agricultural diversification under the Executive’s Farm Business Development Programme. As a LEC, we are currently considering how we respond to the Forward Strategy for Agriculture which includes ensuring that farmers are incorporated as part of our client base.

- Our management and skills development activity help to ensure that rural areas have the best trained workers and most visionary leaders to meet the challenges of the future. Our lIP Workshop Programme and related Management Development Seminars have rural-specific events whilst facilities such as the Huntly Learning Centre (which we set up but have now transferred to Banff and Buchan College), the ECDL Programme, and the Peterhead Learning House are key in raising rural skills levels by taking learning to the heart of disadvantaged communities.

- A considerable contribution is also being made to promoting the physical environment of rural Grampian as a place to visit, shop, live or locate and this is displayed principally in our Aberdeenshire Towns Partnership work with Aberdeenshire Council on such projects as the Stonehaven Square enhancement and major physical improvements to Ballater Station and its environs. We are also piloting the Aberdeenshire Service Achievement Award in Ballater and Braemar to further promote the quality of the area’s tourist product.

4. Response to the issues raised by the Inquiry

4.1. The provision of funding for programmes contributing to IRD

- In addition to the use of baseline funding to promote IRD, provision is also available through programmes such as Leader +, Rural Challenge and Rural Strategic Support funds. Such programmes have been successful in, for example, raising community awareness of the benefits of becoming involved in IRD and in developing the capacity of local organisations and individuals to manage change. However, such programmes also tend to be of a limited scale and to be discontinuous which can militate against the need for strategic, integrated approaches at the local level. We feel therefore that funding support should move from being ‘product’ based as it currently is to being ‘process’ based where support focuses not on an individual project but upon developing community capacity as a whole.

- SE Grampian has recently started to offer rural communities the chance to apply for funding from its own ‘Rural ICT Community Fund’. This mechanism is designed to encourage the process of implementing innovative ICT approaches to rural community enterprise and/or the use of ICT as a process to remove rural skills barriers to employment and training. Awards have already been made under the scheme and projects that have a wider, sustainable economic benefit and which lend themselves easily to adoption by other communities are particularly encouraged.
4.2. Factors for communities to be effective in their own sustainable development

- We feel there are 3 key factors in this area: individuals, the public sector, and processes. Individual entrepreneurship is key to unlocking the potential of rural communities particularly given the constraints on time and finance endured by such areas. The public sector has a prime role in effectively engaging communities and needs to facilitate community involvement rather than to manage it whilst developing the capacity of communities themselves to develop new ideas and plans. In terms of processes, the emerging Community Planning Process and, as already mentioned, a process rather than product approach to funding, together offer the best means of facilitating community contributions.

- SE Grampian is committed to involvement in the Community Planning process (below) and always seeks to encourage and facilitate community involvement rather than to manage it, as displayed by our rural ‘Feedback’ events programme (also below). The third key factor - promoting rural entrepreneurship – has a particularly strong commitment from SE Grampian; over two-thirds (465) of the business we assisted to start-up in 2001/2 were within the rural area and, moreover, almost 40% of these were led by women. In addition to this, of 116 Business Support projects carried out for us by the Small Business Gateway in 2001/2, 79 were for rural businesses. There has also been a steady increase in rural enquiries to the SBG in recent years and these now stand at 25% of the total received. This is pleasing but demonstrates that we need to continue to promote the services of the SBG in rural areas, a need that will be facilitated by the recent formation of a single Enterprise Trust, ENET, for the whole of Grampian.

4.3. Possible barriers to achieving IRD and the best means of removing them

- Barriers include a lack of policy coherence between support for the primary sector and support for rural development with programmes still tending to be implemented separately. In addition to this, there can be a problem of a lack of community involvement and there are also issues of a lack of scale with initiatives that enable only incremental development rather than ‘step-change’. There is also the problem of poor communications infrastructure (transport and ICT) in rural areas.

- SE Grampian endeavours to deliver its Rural Action Plan, Fish Processing Action Plan and other pan-Grampian activities in as ‘joined-up’ and coherent fashion as possible, particularly where work is delivered jointly with other key partners. It also feels that these major action plans can be seen as stimulating ‘step-change’ for the long-term betterment of the rural economy.

- We have particularly sought to encourage community involvement in rural initiatives by organising various “Feedback” events giving rural businesses and communities the opportunity to engage in dialogue with us and to learn more about the assistance available. It is proposed to take these events forward by organising focus groups, drawn from rural communities, to discuss issues such as the Forward Strategy for Agriculture and Rural Scenario Planning. This latter is an exercise we are undertaking to develop alternative scenarios for the rural economy and its communities over the next 5-10 years. It will be conducted in a highly consultative manner, in particular utilising schools, to determine the key factors driving both positive and negative scenarios for rural Aberdeenshire.

4.3. Impact of reviewing EU policies with regard to traditional rural activities

- The reform of the Common Agricultural Policy (CAP) can be both a longer-term threat – in terms of a reduced funding level – and an opportunity – in terms of presenting opportunities for diversification – for rural communities. Indeed, the reorientation of EU support subsidies towards environmental stewardship may actually in its own right promote IRD.
• SE Grampian’s involvement with the Farm Business Development Programme and the Forward Strategy for Agriculture (above) are examples of how it is involved with assisting farms to diversify to counteract the effects of such policy reforms. We are also represented on the EU East of Scotland Objective 2 Programme Management Committee, a programme which places considerable emphasis on community economic development and covers most of the peripheral area of rural Grampian. In addition to this, we are contributing towards the administration of an EU Leader+ programme for the Cairngorms Partnership area which funds projects to protect and enhance the area’s natural assets whilst promoting the economic and social well-being of communities.

4.4. Involving communities more in the development of IRD policies

• The key to effective community participation is motivation. This motivation can be enabled by public agencies, such as the enterprise networks, if they can successfully foster community confidence that involvement will lead to appropriate local solutions rather than irrelevant prescriptive initiatives. The Community Planning process is an ideal vehicle for achieving this though there is a need within agencies for training to facilitate community involvement.

• SE Grampian has a particularly strong commitment to rural Community Planning where it works in full partnership with Aberdeenshire Council. The vital nature of such partnership working to achieving IRD is also evidenced in other areas, for example through our work on the Aberdeenshire Towns Partnership which seeks to promote the sustainable economic development of 5 key rural towns and the Aberdeen and Aberdeenshire Local Economic Forum which is currently developing a business support action plan for the benefit of all businesses across the region.
MID DEESIDE LIMITED, Victory Hall, Aboyne, AB34 5HY.

Background Information for Members of the Rural Development Committee, Friday June 7th, 2002.

Background to the company.

In 1995 a proposal was generated by the Aboyne Business Club to develop a community economic development company for the Mid Deeside area, to focus on stimulating the local economy. Following a public meeting in the spring of 1996, a working group was set up to take the proposal forward. Funding was agreed with Grampian Enterprise Ltd., Kincardine and Deeside Enterprise Trust (KADET) and Aberdeenshire Council. With the approval of the community, Mid Deeside Limited (MDL) was established in late 1996. Two further CED companies were set up during this period on Deeside: the Braemar Tourism Group (BTG) and Ballater Royal Deeside (BRD). In order to bring about closer integration and to foster co-operation, the Royal Deeside Partnership (RDP) was established. Projects of common interest are managed locally under the RDP banner.

MDL operates as a Company Limited by Guarantee with charitable status. Overall responsibility for the affairs of the company rests with the Board of Directors, all drawn from the community. MDL develops projects that aim to foster community economic development and community involvement, as well as addressing issues such as social exclusion and rural isolation. Current projects include Scotland’s only community operated scheduled bus service, the ‘Village Hopper’ and the possible community purchase of 110 hectares of privately owned woodland on the edge of the village.

MDL has a staff of two part-time employees, together with two part-time drivers of the community bus formerly operated by Community Education. The Transport Co-ordinator post is part-funded (62%) through the Executive’s Rural Transport Initiative.

Mid Deeside Limited is one of a network of CEDOs spread throughout Aberdeenshire. At present there are seven recognised Local Rural Partnerships, together with a number of formal and informal groups, covering most of the shire. These organisations have come together as the Federation of Community Economic Development Organisations (FEDCEDO), to address issues of common concern and to give a stronger voice to a disparate group of community-based organisations. All groups signing the FEDCEDO Accord are community led and managed. Since their inception, such groups in Aberdeenshire have been entirely ‘bottom-up’ in their approach. Whereas in many parts of Scotland CEDOs have been led, even staffed, by Local Authorities, in Aberdeenshire their development has been left entirely in the hands of the communities they serve and are genuinely democratic and community-based organisations.
MDL is one of the lead partners in the Royal Deeside Partnership. Initially established in 1998 as an informal organisation, the Partnership’s structure has been refined over the years and is now in the process of being formalised as a Company Limited by Guarantee with charitable status. In 2000 a new Accord was drawn up and signed by the three lead partners as well as a wide range of local community groups and representatives of significant commercial interests in the area.

Core Funding.

In 1996 a three year funding package was secured from Grampian Enterprise Limited (drawn from Leader II) and Aberdeenshire Council to meet many of MDL’s core overheads. There was an assumption, based on reasonable expectation, that in the future core costs would be met principally through project grants. Further opportunities were anticipated under the replacement scheme for ERDF/Leader 2, which was due to end in December 1999.

These assumptions proved optimistic. A replacement for ERDF has been seriously delayed and only a small part of Aberdeenshire has been accepted for Leader Plus. Whilst funding for good projects has been secured without much difficulty, funding agencies specifically exclude most core costs from project grants. As a result, core funding as been an issue for MDL almost since its inception and has grown more serious over the years. This has led to a considerable amount of staff time being spent on core funding issues rather than on pursuing the strategic aims of the company or focusing on specific projects. Staff morale has also suffered – and continues to suffer.

All possible sources of core funding have been explored:

Scottish Executive funding: Early in 1999 RDP was invited to apply to the Scottish Executive for Local Rural Partnership status, which would have opened the way for funding under the Rural Strategic Support Fund (RSSF). The application was unsuccessful; however a second application was accepted, with Local Rural Partnership status being granted in July 2000 and with RSSF support back-dated to April of that year. This funding is on a three-year, diminishing scale, from 50% of eligible costs in year one, to 33% in year two and 16% in year 3; RDP is currently in year three of this programme. At a meeting between the Chair of MDL and the Minister for Environment and Rural Development in December 2001, an appeal for emergency funding was refused. It was made explicit that RSSF should not be regarded as ‘core funding’. Only a donation from one of the oil majors prevented the company becoming insolvent.

European Funding: As noted above, the ERDF programme ended on December 31 1999. However, no replacement scheme had been put in place by January 2000 and there have been continuing delays in establishing the new programme. By the summer of 2000 it was hoped to have funding in place by the end of the year but again that target was not met. An Aberdeenshire-wide application under Objective 2 was accepted in the late summer of 2001 but, at the time of writing, funds have only just started to reach Partnerships.
To date there is not clear how European funds will be made available, or on what scale, after April 2002. Leader Plus will only be applied to that area of Aberdeenshire within the Cairngorms Partnership/National Park boundary.
It is worth adding that the process of application and verification/audit for Objective 2 is extremely complex and requires a huge time commitment from both staff and volunteers.

**Aberdeenshire Council funding:** some funding is being made available by the Council in the current financial year. This will amount to £25,000, spread across all Aberdeenshire Rural Partnerships.

**Scottish Enterprise Grampian:** it is a matter of considerable concern that Scottish Enterprise does not believe it has either a remit or the authority to support CEDOs in Aberdeenshire. There is a perception that SE Grampian does not recognise the value of CEDOs and, as a result, partnership working, even on local projects, has proved difficult. It appears that neither the importance of the rural hinterland as a source of economic development, nor the excellent work being done by CEDOs, has been recognised.

**Charitable Trusts, Lottery and other funding agencies:** there are many such agencies and considerable sums available but these funds are almost exclusively aimed at projects/capital, rather than revenue. Most specifically exclude revenue overheads and the core costs of the organisation. Further, even where an element of revenue funding is available, this cannot be claimed retrospectively and therefore cannot be used to meet the costs of preparing and submitting applications. Again, these require a great deal of research, detailed study and commitment by either staff or volunteers with, of course, no guarantee of success. Grants are usually paid retrospectively, adding to cash-flow difficulties.

- Despite extensive research by MDL and other similar groups, no funding agency has been identified that exists specifically to meet the core overheads of voluntary organisations.

**The commercial sector:** MDL has been able to secure some support from the commercial/private sector. However, most companies decide their charitable programmes well in advance and requests for support far outweigh the sums available. Revenue support for community groups such as MDL does not score highly against companies’ charitable strategies.

**Savings in core costs:** part of the discussions with SE Grampian in 2000 focused on the need to identify savings in the core costs of MDL’s operation. As a result some savings were identified and made but, as the core funding presently available is paid on a percentage basis, the net benefit of such savings to the company’s financial situation are, at best, restricted. As with most organisations, staff costs form the largest single item of expenditure. Savings in this area of expenditure lead to increased pressure on staff and a reduction in the amount of work that can be undertaken or number of projects developed.
Conclusion:
CEDOs in Aberdeenshire have the potential to do a huge amount of very useful work, to
the benefit of their communities. By utilising available volunteer effort, they also offer
good value for money and a worthwhile return on public funds. However, it is not
reasonable to expect such groups to suffer continued uncertainty over the core funding
issue. Some overheads, including salaries, office costs and administration, are inevitable,
however much is done to keep these costs to a minimum.
There is a clear need for long term funding to be made available for this part of the
Enterprise Network if it is to be sustainable in the future. Further, CEDOs should be
recognised -at the highest level- as being an important part of this network. There has
been much said about community empowerment, about communities taking control of
their own futures; without the modest levels of funding necessary to support these aims,
this vision will ultimately fail. Community groups will collapse if it becomes increasingly
difficult to engage with the community or attract volunteers.

MDL has faced insolvency, yet although it has survived there is always an element of
doubt over such fundamentals as whether salaries can be paid. One member of staff left
the company in January 2002 for this very reason; the post has not been filled. Whilst this
represents a saving, it only adds to the pressures on the staff who remain.

Neither the Executive nor SE Grampian accepts responsibility for providing this essential
funding. Aberdeenshire Council’s resources are limited after many years of budget cuts.
Only limited revenue funding can be drawn down through project grants or from
charitable trusts or the private sector. For communities outwith the areas eligible for
Objective 2, European funding opportunities are also limited.
On the other hand, Government policy, before and after devolution, has been to
encourage communities to develop their own solutions to the key issues of rural isolation
and rural deprivation as well as community development generally. On issues such as
access, communities have been expected to take a lead.
Communities in Aberdeenshire have responded to this challenge. In Mid Deeside, some
eighty people have been involved in a voluntary capacity over the past few years with the
company and its projects. Such a huge pool of voluntary good will requires co-ordination;
it is not reasonable to expect that an individual would be willing to undertake what is
effectively a full time job on a voluntary basis. CEDOs require to be funded and this
funding requires to be both certain and simple. At present it is not even clear which
department within the Executive is ultimately responsible for such funding, although it is
understood that there is a review currently underway.

Much has been achieved in difficult circumstances over the years, yet at the price of loss
of morale among staff and volunteers and the ever-present threat of burnout among
dedicated volunteers. Unless these issues are resolved quickly, there is a very real danger
that groups will collapse. In that circumstance, it would be utterly impossible to rebuild
what has become an effective network of community organisations, should funding
eventually become available.

Peter J. Argyle, Chair, Mid Deeside Limited, May 2002.
Scottish Parliament Rural Development Committee

Inquiry into Integrated Rural Development

Aberdeenshire Council submission in advance of appearance at the Committee on 7 June 2002

Prepared by: Aberdeenshire Council

May 2002
ABERDEENSHIRE COUNCIL

Executive Summary

* Integrated Rural Development requires an even greater emphasis on partnership working.

*Integrated Rural Development involving partnerships with all sectors will assist the development of sustainable communities.

*Integrated Rural Development requires the securing of funding to address rural issues and also to provide Rural Partnerships with core funding.

1. Introduction
Aberdeen Council welcomes the opportunity to present evidence to the Inquiry into Integrated Rural Development (IRD).

Much of Aberdeenshire is recognised as rural - agriculture is not the only industry in rural areas and there are many challenges to rural dwellers including social exclusion. Providing services in rural areas can be expensive and from a business point of view tourism, forestry, agriculture, fishing and the service sector all experience problems identifiable with peripherality.

2. Vision
Aberdeen Council has recognised the significance and fragility of its rural communities in its Economic Development Strategy for the period 2001 - 2007 –

“The Council’s vision for Aberdeenshire in 2007 is an economy in which sustainable economic activity, steady growth, low unemployment and a broadening and strengthening of the economic base are established. This in turn will support a high quality of life for all those who live and work in Aberdeenshire.”

3. Strategic Objectives
The Council’s Vision statement in Economic Development has been developed into 9 Strategic Objectives which are being actively pursued –

- To work in partnership wherever possible to enhance the economy of Aberdeenshire.
- To move the Council to a position where a Community Economic Development solution to problems is considered before all others.
- To help create a rural economy that can adjust to the restructuring of rural industries and services.
- To be a leading partner in forming an efficient Local Economic Forum for the North East of Scotland that will offer business support to the Aberdeenshire commercial community.
- To create an efficient lobbying mechanism for the benefit of Aberdeenshire.
- To develop a strategy within the Council to market sites and opportunities in Aberdeenshire.
- To complete the action plans for the Aberdeenshire Towns Partnership along with the communities and our partners.
- To deliver the economic development actions in the Council’s Sustainable Development Charter.
- To make information on the implementation of e-business available to all businesses in Aberdeenshire.

4. Integrated Rural Development (IRD)
Aberdeen Council’s working interpretation of IRD is that it is “the process through which the economic, social, environmental and cultural resources of rural communities are organised in order to achieve and sustain the long term viability of those communities.”

4.1 What are the challenges to IRD?
- The rate and management of change
- The transition from a subsidy culture in agriculture
- Identifying who influences and formulates policy for rural areas.
• The formation and development of viable local partnerships
• Linking strategy to local delivery
• Providing a sustainable economy
• Improving communication and transportation links.

Rural Scotland is expanding and makes an important contribution to the national economy, society and the environment. However, rural areas are shaped and influenced by different factors to those affecting urban areas and IRD policy must reflect this and provide adequate funding, otherwise any vision for rural Scotland will remain unrealised.

5. Community Planning in Aberdeenshire
Aberdeen Council has defined Community Planning in the context of its area – “Working together will help make Aberdeen a better place for all who live in its many communities.” The first Community Plan has been developed with 9 partners who have pledged to work even more closely and effectively together to make Aberdeen a better place. In its delivery, Community Planning will help Aberdeen Council to achieve a number of its strategic objectives by involving communities and organisations in a consistent manner - identifying their needs and enabling the parties to co-operate where harmonisation and rationalisation of efforts will generate more effective and holistic solutions. This approach will help minimise the potential for gaps and overlaps in what the Council undertakes, a key challenge being to provide better value for money.

6. Aberdeenshire Rural Facilities Monitor
Statistics which have been collated over a twenty year period by Aberdeen Council indicate that the number of rural shops in Aberdeenshire has fallen by 181 and significant numbers of post offices and petrol station facilities have closed. There has also been a marked decline in other rural services including banks, police stations, doctors’ surgeries and churches.

7. Aberdeenshire Towns Programme
Aberdeen Council, Scottish Enterprise Grampian and Communities Scotland launched the Aberdeenshire Towns Partnership (ATP) in March 1998 - a joint programme of strategy development and project implementation was agreed which is focused on five towns. The aims are to maintain and enhance these towns’ social, economic, cultural, and environmental viability. Since the launch a wide range of projects has been devised and implemented, aimed at addressing particular issues and opportunities within each town.

8. Aberdeenshire’s Local Transport Strategy
In line with other rural areas, the provision of rural facilities in Aberdeenshire has declined. Against this background the availability of adequate and affordable public and private transport is crucial to the social and economic well-being of rural communities. The Council seeks to ensure that a level of public transport provision is maintained through supporting socially necessary bus services and exploring the potential for unconventional transport solutions, where conventional bus services are not viable. However, the pattern of trend decline in commercial public transport provision in rural areas since the late 1980’s has led to a significant reduction in overall service provision and usage, in turn leading to increasing pressure on limited Council budgets for supporting socially necessary transport services. In addition to availability, affordability is also important and can act as a barrier to social inclusion for public transport and private transport users alike. Fuel, insurance and maintenance costs impose a significant burden on rural dwellers who may have no alternative to using the private car for access to employment, health, education and other essential facilities. Where public transport is available, fares can often be prohibitively expensive, particularly for those on low incomes and those who have no access to alternatives, such as the elderly, young people and women. Aberdeenshire has developed its Local Transport Strategy and is working with its partners in NESTRANS to develop a Modern Transport System for North East Scotland. This includes the delivery of essential transport infrastructure enhancements which are necessary to improve access, support economic development and prosperity, and overcome social exclusion for the benefit of individuals, communities and businesses throughout the North East.
In addition to funding for essential infrastructure improvements, funding for maintenance of existing transport infrastructure in rural areas is also important, in order to support local economies and for ensuring the safe movement of goods and people. This funding is essential if rural communities are to remain viable and to allow the development of emerging businesses of which forestry is one with significant expansion potential.

9. Community Economic Development
In pursuit of its Economic Development Strategy, Aberdeenshire Council is developing community capacity by building through partnership between the community and the public and private sectors. The partnership operates through drawing on the aspirations and skills of the participants. Community Economic Development is very much a bottom up approach to economic development and a key success factor is that communities identify the challenges, the opportunities and the priorities. Experience indicates that there is no universal formula for success and development relies on ownership by the population - their skills, wishes, resources, particular circumstances and funding requirements differ by locale.

10. Issues for Rural Areas to address
Some of the issues requiring consideration with regard to rural areas are detailed below:
1. Problems of rural SMEs and being competitive.
2. Problems relating to Agriculture and the impact of continuing CAP reform
3. Enlargement of the European Union
4. Erosion of services
5. Out migration of people
6. Affordable housing
7. Decline in fisheries
8. Forestry problems
9. Tourism and the market/investment
10. The environment
11. Sustainability
12. e development
13. Growth of social enterprises
14. Skills development
15. Diversification

11. Other pan Grampian activity
- Staff from Aberdeenshire Council are involved in the Rural Action Plan which is led by Scottish Enterprise Grampian.
- Aberdeenshire Council works with Scottish Enterprise on the Fish Processing Action Plan which is a Scotland wide programme.
- Aberdeenshire Council is involved in the Farm Business Development Scheme operated via SEERAD
- Aberdeenshire Council has links with Enterprise North East Trust in the area and works closely with them.
- Aberdeenshire Council participates substantially in the Grampian Food Forum promoting awareness of food from this area.

12. Response to the issues raised by the Inquiry
12.1 The provision of funding from programmes contributing to integrated rural development
There are some external funding opportunities for rural areas in Aberdeenshire in the form of Leader or Rural Challenge. Also within Aberdeenshire Council there is the Support for Aberdeenshire Business Scheme (SAB) with monies available to support business. The scheme is available in the form of grants or loans and supports where appropriate, internationalisation, marketing, exhibiting, plant and equipment, introduction of ICT, web
sites etc. The scheme is similar to local authority business support schemes in other parts of Scotland. Parts of Aberdeenshire Council’s area have access to Objective 2 funding and transitional European funding. Community Economic Development is financed by Aberdeenshire Council and supported by EU funds. In addition, funding is available from the Farm Business Development Scheme operated by SEERAD which covers the Aberdeenshire area. The aim is to have sustainable communities and utilising funds from the various programmes will contribute to integrated rural development.

12.2 Factors for Communities to be effective in their own Sustainable Development

It is appropriate here to refer to the vision and strategic objectives of Aberdeenshire Council’s Economic Development Strategy where the main objective is “to work in partnership wherever possible to enhance the economy of Aberdeenshire”. In this case it is important to continue the work commenced by Aberdeenshire Council in helping and encouraging people within the various communities to identify projects and for Aberdeenshire Council to have a key role in assisting the delivery of these projects. The issue of core funding of these partnerships requires to be addressed. Aberdeenshire Council working in partnership with industry, co-ordinates the North East of Scotland Agriculture Advisory Group and the North East of Scotland Fisheries Development Partnership.

12.3 Possible barriers to achieving IRD and the best means of removing them

Community involvement and participation is a very important component with regard to initiatives in rural areas. Further links need to be co-ordinated between all sectors in rural areas but there are problems with regard to communications infrastructure and in particular Information and Communication Technology framework. The objective is to have an organised framework where all key partners are involved in partnerships providing action plans which pursue the development of sustainable communities.

12.4 Impact of Reviewing EU with regard to traditional rural activities.

There are threats from reform of Common Agricultural Policy related to accession as new countries join the EU when subsidies in rural areas will be reducing. There is a need for the businesses in Aberdeenshire to address diversification but with low incomes and restricted access to services, diversification becomes a problem. Peripherality is also a consideration not to be ignored. The success of the Farm Business Development Scheme in this area has been considerable and the involvement and diversification a necessity, though it is difficult for upland farms in particular. Aberdeenshire Council is involved in the European East of Scotland Objective 2 Programme and in the East of Scotland European Consortium as well as participating in the North Sea Commission and in the Conference of Peripheral Maritime Regions, where a considerable emphasis has been on peripherality and community economic development. Aberdeenshire Council is involved in the Cairngorms Partnership Area which promotes the economic and social well being of the communities in that area.

12.5 Involving Communities more in development of IRD Policies

Through the various partnerships that Aberdeenshire Council are involved in there is considerable consultation with regard to the future which was emphasised in the Council’s vision for the Economic Strategy. The way forward is to address community involvement and build confidence which leads to local community solutions. In Aberdeenshire there is a strong commitment to Community Planning and Partnership through the Aberdeenshire Towns Partnership and other Partnerships which promote sustainable economic development. The Aberdeen and Aberdeenshire Local Economic Forum is reviewing business support for the benefit of business in the North East.

James Knowles
Head of Economic Development, May, 2002