RURAL DEVELOPMENT COMMITTEE

AGENDA

15th Meeting, 2002 (Session 1)

Tuesday 11 June 2002

The Committee will meet at 2.00 pm in Committee Room 1.

1. **Item in Private:** The Committee will consider whether to take item 4 in private.

2. **Integrated Rural Development:** The Committee will take evidence on its inquiry into integrated rural development from the following—
   
   Douglas Murray (Association of Scottish Community Councils)
   Jon Harris (CoSLA)
   Andy Baird (STUC)
   Brendan Burns (Federation of Small Businesses)
   Sandy Brady (Highlands and Islands Enterprise)
   David Gass (Scottish Enterprise)
   Ian MacAskill (The Crofters Commission)
   Professor John Lennon (VisitScotland).

3. **Subordinate Legislation:** The Committee will take evidence on draft Codes of Recommendations for the Welfare of Livestock and Farmed Animals from—

   Libby Anderson (SSPCA)
   Mike Flynn (SSPCA)
   Julian Madely (British Egg Industry Council)
   Andrew Joret (British Egg Industry Council).

4. **Integrated Rural Development:** The Committee will consider claims under the witness expenses scheme.

Tracey Hawe
Acting Clerk to the Committee
The following papers are attached or are relevant to this meeting:

**Agenda item 2: Integrated Rural Development**

Submission from the Association of Scottish Community Councils
Submission from CoSLA
Submission from STUC (Transport and General Workers Union)
Submission from Highlands & Islands Enterprise
Submission from Scottish Enterprise
Submission from the Crofters Commission
Briefing from Frank Rennie

**Agenda item 3: Subordinate Legislation**

The draft Code of Recommendations for the Welfare of Livestock: Laying Hens (SE 2002/100)


The Welfare of Farmed Animals (Scotland) Amendment Regulations 2002

**Agenda item 4: Witness Expenses**

A paper from the clerk (for Members only)
INTEGRATED RURAL DEVELOPMENT

The Association of Scottish Community Councils was established in 1993 with a remit to:

- promote the role, effectiveness and status of Community Councils
- ascertain, co-ordinate and express the views of its members
- encourage the exchange of information between Community Councils

The Association is currently in the last year of a three year funding term, supported by the Local Government Division of the Scottish Executive - £24,000 grant for 02/03. Its membership subscription income amounts to approx £7,500 on the basis of a £12 annual fee from approx 650 members. The Association employs one full time Administration Officer who works from her home in the Dumfries & Galloway area, although we rent a small office in Edinburgh which acts as a base for meetings of officers of our Executive when required.

The Association uses a network of representatives for each local authority area, elected from its members, and these currently meet at least three times per year. We try to keep in touch through IT, but this is not always available unless through the benevolence of individual members.

There are almost 1170 Community Councils in Scotland, and by far the majority are in small rural areas. As a rough guide, 750 are small rural, 250 larger/burgh areas and the remainder classed as Urban. The latter have the poorest representation, while those in the smaller rural areas are usually considered to be the most active. The average administrative grant, taken from an ASCC Survey in 1999, was £550. These varied from £90 to £1,000, with a small number in excess of £2,000, while Shetlands CCs were considered to be well funded at up to £17,500.

Therefore apart from Shetland, and perhaps Orkney, most grants are nominal and only intended to cover pure administrative costs and possible venue hires, although some authorities provide some help in kind with venues.

The statutory framework of Community Councils severely restricts them in accessing the normal funding sources available to voluntary groups, and some find it necessary to have coffee mornings, raffles etc. to survive - indeed it has been known for a small number to encounter severe financial problems where they have been asked, for example, to oppose developments in their areas. Strathnairn (Inverness area) is a recent example where they have been involved in opposing a Landfill site, quarry development and Public Inquiry, second landfill site proposal and a large windfarm proposal, all within 18 months. While the statutory right of consultation in planning matters is welcomed, significant financial and voluntary resources need to be committed, and these are seldom covered by the grants available. Insufficient training resources also constrain the rights of communities ‘to be involved’.
Planning itself imposes restrictions on new small scale housing developments. There is a demand for rural sites, but only existing sites or farm steadings can usually be developed. None of the latter were built with the intention of conversion to housing, and many are unsuitable. The locations of steadings were often dependent on factors which are immaterial for housing, and present planning policies frustrate those who want to live in the country, and thus leaves a legacy of declining school roles, depopulation and unsustainable services such as village shops, post offices etc. Unrestricted building is not an option, but equally we must not allow such restrictions to strangle a fragile economy. Integrated Development of housing, with some employment, and a move away from large extensions to existing settlements, can encourage sustainability.

Certainly transport issues then arise, but these can be taken in the context that a larger population can increase public transport use.

School transport is another issue which has been raised. The historical distances used to provide, or not, public transport, does not take account of road conditions, made worse by substantial reductions in road maintenance budgets. There has to be a closer examination of these issues, with more emphasis on the practicalities of a safer route to schools, than just relying on basic walking distance to schools.

The network of Community Councils is perhaps one of the larger, if not the largest, in rural areas compared to other networks such as the local Councils for Voluntary Service etc. Community Councils are usually the first to be consulted and to be asked to provide representatives for many Local Authority and other agency events. Thus ‘it is always the same suspects’ who turn up at such events. The numbers in rural areas can prevent working CCs from attending, hence it is normally those in retirement, or semi-retirement who can attend. It is common practice that Community Councillors are the only unpaid representatives at many of these meetings etc. Travelling expenses cannot usually be paid out of grants and agencies should be considering the effects on low income individuals when deciding on venues. It can affect turnout. It can also explain why Community Councils are seen as being represented by a more elderly age group.

In developing policy, Local Authorities need to recognise that when they decide to consult, they should also inform on the results. Equally, when they decide not to consult, they should be prepared for a backlash of opinion and probable opposition. Policy decisions reached through budget considerations need to be fully developed and sustainable and information made widely available. Recent moves in Scottish Borders area where communities were given options of running facilities, or their closure, with minimal notice does not inspire confidence in the system. Alternatively, moves by communities to manage some local services, or suggest new ways of working, have met with opposition from other Councils. The return of a ‘Village Officer’ concept would be widely welcomed in many rural areas where local individuals undertake a wide variety of services rather than many visits by different departments. The cost benefits of being local, transport reduction, and minimal overheads could offer a wider benefit to Councils. More work being done for the same, or even less cost.

Community Councils in Shetland, and probably Orkney, undertake the direct provision/management, of services in relation to un-adopted road maintenance,
school bus transport, prioritisation of some services and disbursement of small grants to other local groups. They would appear to be very much a practical extension of the Island Councils. They are able to employ part time clerks to undertake the management and supervision of these tasks. There would appear to be merit in a close examination of the systems used and whether it could be replicated in the more remote rural areas on the mainland.

Funding programmes of three year duration should be replaced with five year terms to ensure stability. In rural, as opposed to urban areas, it is more difficult to recruit suitable staff for short term work and a longer time frame would assist with staff retention. Matched funding should have recognition of ‘value in kind’ contributions. Recognition that their work can be valued should help sustain any project.

Community Councils are involved in many aspects of rural development work. Many are actively involved in Local Rural Partnerships, and other Forums and Networks. They are not only Community Councillors, but are involved in a varied cross section of voluntary groups in rural communities. This does however lead to the problem of volunteer fatigue and the ever increasing personal costs that can be incurred. Information, training and other support is not always available. Many have to re-invent the wheel over projects due to a lack of other guidance. The ASCC publishes a quarterly magazine and tries to include case studies but our ability to do this on a regular basis is constrained by our own financial status. We have held events and information meetings throughout Scotland to raise awareness of some issues, but again we have to rely on our own volunteers.

There has been concern that the role originally undertaken by Rural Forum has left a void in networking and information provision. Rural Forum worked largely through Community Councils and assisted the ASCC with access to various national organisations such as SNH. We no longer have this, nor do we have the current ability to sustain such contacts. Some Local Authorities make it difficult for Community Councils to feel valued when they have introduced well funded Citizens Panels, Forums and other groups.

The loss of confidence in the system, and the apparent lack of recognition by the Scottish Executive following on from the McIntosh Report, does not help sustain a network that has a basic and lasting route into rural communities. Changes are required, from within the system, from the Executive, and Local Authorities. They can make or break community engagement in many areas. They do need encouragement at this time of change and the Scottish Parliament can supply it.

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INTEGRATED RURAL DEVELOPMENT
POLICY AND PRACTICE

A DISCUSSION PAPER
BY THE
EUROPEAN RURAL EXCHANGE
OVERVIEW

The European Rural Exchange is an informal network of local/regional authorities with a common interest in development policies and practice which affect rural areas.

The Network was known until the year 2000 as the UK5B Local Authority Partnership and as the name suggests, brought together local authority and other partnership players with an interest in making European Structural Funds and Community Initiatives work for their local communities. Soon after embarking on the sharing of good practice, however, the network began to develop views on the strategic significance of these support streams and the policy issues driving the programmes.

The network developed a practice of devising succinct position papers and discussion documents which they shared with practitioners, regional and member state level government departments and the European Commission. The network, at the same time, expanded to include practitioners from rural areas in other member states and partners from Objective I and Objective II rural areas.

This paper continues the networks tradition of contributing to debate, but not from a policy perspective alone. The ideas expressed in this paper are based on endless hours of discussion, problem sharing and determination to bridge the gap between policy conception and delivery.

One final comment. While the network focuses on rural issues and the rural perspective, members are always eager to stress that we do not argue the rural case in preference to the needs of urban or industrial areas. It is the view of the European Rural Exchange and it's members that rural, industrial and urban needs are inextricably linked and so policy recommendations suggested by our papers come with the precept that such policies must be capable of integration with policies for other areas, member states and accession countries.
1 THE PURPOSE OF THE PAPER

This paper aims to:-

- promote the case for the Integrated Rural Development approach
- suggest a practical framework through which IRD polices can be understood, developed and delivered at the European, national and local levels.

The paper does not attempt to directly enter into the debate on the future of Europe’s reform of the Common Agricultural Policy, or Regional Policy. Rather it seeks to provide a practical framework which might contribute to a clearer understanding of “the Second Pillar” of CAP and in so doing, inform those who might be involved in these wider debates about the future of rural policy. It may even require key players to think radically about how they manage and negotiate their contributions to rural areas.

2 GENERAL INTRODUCTION

2.1 The term Integrated Rural Development (IRD) is once again popular. Ministers, government departments, university fellowships and an array of organisations have been laying claim to the title with the predictable effect that whilst being adopted (and sometimes hijacked) by a formidable range of interest groups, it’s definition has been blurred and loosely interpreted.

2.2 Few of the concepts, proposals or tenets underpinning this paper are new. Rather, the document sets out to synthesise much of what is the current or accepted knowledge on IRD and set this in a practical framework. Although not formally documented, the paper draws heavily on the practical and policy development experiences of members of the European Rural Exchange.

2.3 It is therefore hoped the reader will appreciate that, while the paper sets out to define IRD and proposes a framework for delivery, this is based heavily on grass roots experience in delivering European, national and local programmes. Many of these programmes contribute in some way to effective IRD practice and regeneration within rural areas and are basic components of the emerging debate on the future of rural development.

2.4 The model as described in the paper assumes that in the medium term at least, rural, regional and agricultural policy will continue to be brokered between the European, Member State and regional levels.

3. HISTORICAL PERSPECTIVE

3.1 It is not intended that this brief paper should go into any great depth regarding the history and literature on IRD. A little background is however worthy of consideration.
3.2 Where did the concept of IRD arise from? It is suggested (L Van der Plas, 1985) that it arose from the experience of Western specialists trying to assist Third World farmers and their eventual realisation that the simple application of the west’s focused agri-science approach was meeting with little success in the host countries. It was not until consideration of the wider features of those rural areas as a whole was taken into account that progress was made. This included the life of local communities, non-agricultural employment and cultural/capacity barriers to change as well as the obvious scientific, practical and infrastructure barriers to progress.

In brief, this is what contemporary IRD practitioners would call the more holistic or integrated approach. In the field of economics and planning this would be referred to as a spatial rather than sectoral approach ie the focus is the territory, not just the primary industry (ies).

4. DEFINITION OF IRD

4.1 The working definition suggested here for IRD is based in a synthesis of the literature. Curiously, there seem to exist very few clear definitions. Rather, the literature tends to show descriptions of process or examples of good practice. Perhaps this explains the sometimes conflicting definitions and approaches to IRD. It is therefore hoped that the reader will find the following definition and ensuing framework of practical use. The attempt has been to develop as inclusive a starting point as possible.

IRD 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.

4.2 In a footnote to the definition, it may be useful to consider the following. The use of the word “development” can often imply disadvantage and a predisposition towards a growth-based model or policy is desirable. If one is however reading this piece and living in a prosperous, perhaps over-developed rural corner of the South of England, central Austria or northern Italy, the dominant issue may be that of the sustainable control of development. In either case it is hoped that the model as presented provides an inclusive mechanism to assist the management of change, particularly as the traditional EU based support mechanisms for Regional and Agriculture policy go through what is likely to be fairly radical overhaul over the next decade or so.

4.3 While it is not the purpose of this paper to document the current drivers for change, it is now clear that these drivers are the subject of active policy consideration (e.g. enlargement and WTO talks)

4.4 The issue is not whether change will come or not, but one of how quickly it will arrive and how well this change will be managed. Both poorer and well developed rural economies will feel the impact of these changes. As the substantive monies/support "moves East", the main policy focus is likely to
become the management of the "transition from subsidy" (UK 5B Local Authority Partnership, 1997).

5. NATIONAL AND LOCAL INFLUENCES IN POLICY FORMULATION

5.1 In general, policy formulation has been perceived as the role (sometimes exclusively) of central government in conjunction with the EU. In rural areas this has been compounded by the almost totally centralised nature of CAP policy formulation delivery (Common Agriculture Policy). Both of these factors conspire to stifle rather than support local creativity and certainly generate a view (not least within Farming) that policy and practice are developed in isolation and in a way which often does not take account of local conditions, local opinions or, most importantly, local solutions.

5.2 Experience in recent years however, particularly through the more positive aspects of Regional Policy such as the Objective 5b) programmes (1994-99), Leader II, Interreg 2c) and some aspects of the Rural Development Regulation (EC 1999), suggest that regional/local partnership approaches could provide efficient and viable mechanisms for a more balanced approach to local rural development.

5.3 An inclusive and integrated rural policy, such as proposed in the Framework suggested by this paper, must be capable of addressing and managing the tensions between national and local drivers. This tension is sometimes described as "top-down versus bottom-up" approaches to development.

5.4 The IRD approach to both policy formulation and delivery requires a better working balance between those responsible for strategic ("top-down") concerns and those reflecting local ("bottom-up") interest or needs. The issue is not one of top-down versus bottom-up processes, but one of balance. It is indeed recognised that flexible strategic frameworks for policy development, linked to better delivery, are necessary for the harnessing of creativity and enterprise at local level.

5.5 The urge to negotiate the balance between the top-down and the bottom-up is to a large extent, at the heart of what the IRD definition (4.1) refers to as the "process through which ............" etc. Recognition however of an inclusive policy definition is a pre-requisite if local, regional and national interests are to engage constructively in brokering successful programmes which meet local aspirations but are at the same time in tune with more strategic aspirations.

5.6 To achieve this there must be an increasing focus on clearly linking (thinking through) strategy and local delivery while feeding in the local implementation experience. Some of the better examples from the Objective 5b) and Leader I and Leader II programmes offer a glimpse of how this can be achieved in practice, although we are in danger of losing the legacy of this good practice if it is not documented and encapsulated in the "Post 2006" debate (when Regional and Agricultural policies are set for reform).
6. BUILDING ON EXPERIENCE

6.1 It is the contention of the paper, that the Integrated Rural Development Framework as detailed (7.3) provides a valid policy and delivery mechanism to assist the EU's rural areas through and beyond "the transition from subsidy". The term "transition from subsidy" was coined by the ERE in previous papers and refers to the process of withdrawal and redefinition of EU funding for Regional and Agriculture Policy, a tendency likely to accelerate as the enlargement agenda unfolds e.g. changes involving modulation. Only by involving rural communities (primary sector, business, social and environmental interests) will success be achieved in any sustainable sense (see 3.2).

6.2 It is suggested that we are certainly not starting with a blank sheet of paper. There are many building blocks already in place at EU, Member State and local level and consideration of your own local initiatives/projects will clearly add to the following list:-

- The experience of the more successful partnership arrangements in delivering Regional Policy (Structural Fund/cohesion actions), Leader etc. In this respect, a review of meaningful (not paper-based) partnership would be worthwhile. It could be argued that, where this has been successful, this demonstrates one of the stronger lasting legacies of Regional Policy.

- The EC Rural Development Regulation (spoken of as the "Second Pillar of CAP) which provides a legal framework for the movement of EU funds from direct commodity support for food production into a menu of environmental and rural development actions.

- The process of modulation, the discretionary and controversial facility for EU Member States to vire CAP monies into wider rural development. To date only 3 Member States (including the UK) have taken up this option.

- An array of local and regional rural partnership groupings which have developed across member states in recent years, some with central government support, others through local initiatives. The most successful of these appear to be where the groupings are multi-sectoral and those which have financial resources at their disposal. In some cases, such initiatives are supported by national initiatives eg the Swedish Rural Parliament model and the UK Rural Partnership initiatives.

- The Community Planning policy approach which encourages local, public and civil society actors to plan and initiate local developments through a more collaborative approach.

- The publishing of more central/regional government documents based on a rural strategy rather than an agriculture strategy approach.
7. A NEW APPROACH TO RURAL POLICY

7.1 Building on the definition of IRD as described at 4.1, the most effective description of the IRD model is achieved by diagram as shown below.

7.2 The simplified diagram(s) below show four circle “components” of the Framework for Integrated Rural Development. Several published models for Sustainable Development are based on a three-element concept involving (in broad terms) social, economic and environmental factors. All three of these concepts are implicit in the IRD model, but the model creates a specific place which recognises the unique place which primary and traditional industries still play in the rural economy.

7.3 This is perhaps the single greatest socio-economic feature which distinguishes the rural development model from traditional economic or regeneration approaches, most of which have their origins in urban or traditional economic and industrial development thinking. Interesting also to note that many such models are based on relatively top-down styles of intervention with a considerable focus for example on infrastructure support and “trickle-down” aspirations.

7.4 One difficulty in demonstrating the model is, however, that the framework is dynamic, so the reader is asked to consider the circles outlined below as moving components which will vary for example in how much they overlap, which circles might dominate, changing dynamics over time and different configurations and dynamics between say rural Scotland, central France, southern Italy or Greek island communities. (See Arkleton Centre Trans-national Study "The Dynamic of Rural Areas": 2001).

The Four Components of IRD

![Diagram of the Four Components of IRD]

- Environmental and Agri-Environmental Actions
- Economic Development Actions
- Community Development and Social Inclusion Actions
- Diversification. Actions and new ways of working for agriculture, fishing and forestry

Strategic Influences (EU, National)

Local, Regional Influences and Opportunities
7.5 The extent of effective integration in any one geographic area would be illustrated by the shaded area where the 'component' circles overlap.

7.6 If one were to impose a time-cycle to the model, several possibilities/issues occur. In work previously carried out by the Network, the assertion has been made that part of agriculture's difficulty in adapting, developing and becoming more competitive has been the tendency (by many interest groups, government departments, agencies) to treat agriculture as "an industry apart". This is an observation, not a criticism. There are many historic and current reasons why this is the case.

7.7 The ERE does however assert that it is in the interests of rural communities and their primary industries to see that agriculture, Fishing and Forestry are treated by the Commission, Member States and regional and local players in a much more integrated manner. Implicit therefore in the IRD model is that over time, the component circles, particularly those shown as Economic Development Actions and New Ways of Working for Agriculture .... etc will increasingly come together as the tendency to treat Agriculture etc as "an industry apart" dissipates. This would have implications for those in the public sector whose job it is to engage in economic development activities and also those who support rural primary industries. In several Member States this is being recognised and changes are occurring (eg in the UK the main public sector economic and regional development agencies alongside local authorities, are increasingly engaging with those in the primary sector including agriculture. This is to be welcomed and will in time create stronger policy cohesiveness. There is still a long way to go however.)

8. APPLYING THE MODEL AS AN ASSESSMENT TOOL
THE FOUR STAGE LOCAL INVESTIGATION

8.1 The assertion is that the model can be used as a practical aid in specific rural areas. To pursue this, partners may therefore wish to consider a mapping exercise which could be carried out in four stages:-

1) Scoping the range of actions within their own area across all 4 components. This would involve mapping out the activities in your own area against each of the framework components. Appendix I gives examples of how this might be achieved.

2) Assessing the relative state of integration between the components.

3) Considering the weaknesses and blockages within and between components.

4) Devising strategies to bridge gaps between components and remove or negotiate away barriers to integration (these may be institutional, cultural or resource-based barriers).

8.2 It is suggested that the 4-stage investigation be carried out, perhaps with the use of a facilitator, and involving a mixed agency group of local actors. In order to gain insight into local and national/strategic tensions (used in a constructive
sense), national or EU level actors might be involved either in a Phase I (as above) or Phase II workshop/assessment (see below).

9. DEVELOPING LOCAL IRD PLANS

Stage I
The first stage in developing local IRD plans is as outlined at 8) above. For such plans however to have legitimacy, the active involvement of national/strategic players is essential (see 8.2). Local IRD Plans cannot simply be the “wish list” of a given community. Brokering the balance between the strategic and the local is, again, at the heart of the process (5.4/5.5). Again this is likely to need facilitation but must be legitimised by the EU and Member State levels. (One challenge to be overcome however would be the complex departmentalised strategic structures at these levels. Consider, for example the departmental structures which one would require to place in each of the four IRD “component” circles at 7.4).

Stage II
Use the local map emerging from stage I (and this group) as the basis for developing a local IRD plan by:-

- determining a vision in consultation with local communities
- establishing strategic and local priorities
- determining the critical success factor, objectives, outputs, etc
- setting a time frame eg 3 / 4 years

Stage III
In brief this would require identification of viable income/funding streams for the pursuit of the plan and identifying who would be responsible for what.

Stage IV
The application of the usual monitoring and evaluation apparatus with feedback to the local implementation cross-agency group (including strategic players).

10. CONCLUSIONS AND ACTIONS

10.1 While the model as described is in many senses simplistic, the barriers to and implications of implementing the local plans as proposed are potentially very significant. These challenges are of equal significance to local and strategic players. It is the basic tenet of this paper that only through facing up to and resolving these institutional challenges will we see the “integrated and successful development and application of policy at local level.

10.2 In publishing this paper the ERE seeks:-

1) a dialogue at Member State level on the implications of this paper
2) a similar dialogue at EU level
3) feedback from local/regional players as to the practicality of implementing the IRD Framework and devising local IRD plans
4) to encourage the gathering of best practice in IRD from, for example, Objective 5b), Leader programmes, other local/regional rural development actors/interests
5) engagement in the mid-term review (2003) process for Regional Policy (Structural Funds) and CAP
6) to encourage the European Commission to consider a high level “Developmental Workshop on European Rural Development Policy and Programmes Beyond 2006”. Such a workshop might usefully be jointly fronted by the Commissioner for Agriculture and Rural Development with support from the Commission for Regional Policy.

Tony Fitzpatrick & Steve Smith
On behalf of the UK European Rural Exchange

Views on this paper would be most welcome.

Please forward comments to :

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### ENVIRONMENTAL AND AGRI-ENVIRONMENT ACTIONS

- Extension of existing A-E actions through the RDR
- Piloting of new/innovative A-E actions outwith RDR
- Exploitation of access/interpretation opportunities
- Enhanced/broadened Rural Stewardship programmes
- Examination/extension of agri-tourism potential
- Promoting the natural heritage of the local countryside
- Developing sustainable energy options including renewables

### DIVERSIFICATION ACTIONS AND NEW WAYS OF WORKING FOR AGRICULTURE/FISHING/FORESTRY

- Promoting Local Added Value, processing and direct and regional marketing options
- Tourism related farming food and environmental opportunities
- Identifying and removing barriers to diversification through capacity building and effective business planning.
- Encouraging co-operative action between businesses at the input, production, process and marketing levels
- See Environmental Actions menu
- Developing niche markets (e.g., organics, special breaks etc)
FRAMEWORK FOR INTEGRATED RURAL DEVELOPMENT
DEVELOPING LOCAL PLANS

SAMPLE ACTIONS

### ECONOMIC DEVELOPMENT ACTIONS

- Developing rural entrepreneurship
- Developing business and communities infrastructure
- European funding opportunities
- Promotion of greater inter-agency co-operation/planning.
- Evaluation/mapping of local development potential (say on a market-town or strategic theme basis).
- Development of cross-sector, cross-industry solutions/opportunities

### COMMUNITY DEVELOPMENT AND SOCIAL INCLUSION ACTIONS

- Community capacity building
- Community Development infrastructure support
- An increase in local/regional partnership working which draws on the skills of small businesses, communities, agriculture, the third sector and public agencies (Community Planning).
- Overcoming problems of accessibility for actors in local development (eg transportation, ICT, etc).
- Using local identity, character and culture and encouraging and supporting innovation and community regeneration actions.
- Developing ICT based solutions
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SCOTTISH PARLIAMENT

RURAL DEVELOPMENT COMMITTEE

INQUIRY

INTEGRATED RURAL DEVELOPMENT

The Rural Development Committee has invited evidence for their Inquiry into Integrated Rural Development. The Crofters Commission submits this paper as evidence from the crofting perspective.

The **Crofters Commission** as the body sponsored by the Environment and Rural Affairs Department is charged with regulating, promoting and developing crofting. The Commission’s jurisdiction is strictly the “crofting counties” – in essence, this means the Highlands and Islands.

Rather than offer a broad thesis on Integrated Rural Development we offer responses from a crofting perspective on the specific issues identified by the Committee for their inquiry:

- funding programmes
- factors assisting communities
- identifying and removing barriers
- impact of EU policies
- community involvement in policy making.

Firstly some attempt at definitions would be useful. The Inquiry does not attempt to define Integrated Rural Development (IRD), however it does imply that IRD is desirable and can be facilitated.

For the purposes of this evidence we have taken Integrated Rural Development to mean –

*actions taken by public and voluntary agencies to assist individuals and communities to identify and utilise assets for the benefit of local people and communities within the context of a market economy and recognising established regulatory constraints.*

**Funding Programmes**

Funding programmes in rural areas fall into three broad types:

1. **subsidies for capital investment to encourage private investment** by reducing the business/financial risk for individuals; e.g. grants from local authorities/enterprise networks
2. **compensation to individuals for the failure of market forces;** e.g. annual agricultural subsidy payments
3. **payments to individuals to change their behaviour;** e.g. environmental payments to crofters to stop agricultural activity on specific land.
It could be argued that only funding in the first category is intended to encourage utilisation of assets for the benefit of local people. In some of the most peripheral and fragile Highlands and Islands communities there are few business opportunities which could justify capital investment. However, there continue to be opportunities to receive agricultural subsidies to supplement an individual’s annual income or receive environmental payments for not farming.

In some crofting households these annual payments will be essential to sustaining those households. These payments do little to develop local assets. They do not assist in creating new business opportunities. Perhaps these schemes do slow up decline in some communities but they do not give clear signals about market opportunities and future development opportunities for communities or individuals.

The funding from market compensation or environmental payments can be considerable. It can exceed funding available for capital projects and it is paid annually as an income supplement. This funding is not paid to encourage development by a local community. It is paid as compensation for market failure and to buy bio-diversity (or other public goods) for a wider society. The three funding types can readily pull against each other to stifle enterprise and conceal market trends.

**Factors Assisting Communities**

Information, knowledge, expertise, risk taking, confidence, success and community cohesion are essential ingredients. Otherwise these ingredients might be described as the capacity to articulate community needs, identify opportunities, and shape and implement responses to needs and opportunities.

In many crofting areas community capacity is weak despite the traditional cohesion of crofting areas. There is less financial or practical necessity for individual crofters to depend on each other to work the land. In some crofting areas communities have two distinct elements – the traditional agricultural crofters and the rest of the community. This tension can undermine community cohesion and work against building capacity.

The Crofting Community Development Scheme and its predecessor the Crofting Township Development Scheme aimed to encourage communities to articulate their needs and identify opportunities. Financial aid through the schemes then aimed to build the communities’ confidence by lessening risk in order that they would identify larger opportunities and take more risk.

The danger in this capacity building approach is that the support provided to communities through schemes such as these by project officers or grants fades away before a community’s capacity has become self sustaining.

Assisting communities to play an effective role in their sustainable development must also involve encouraging individuals to establish and build business enterprises and take risk. It is individuals who will create businesses and jobs from local assets and resources. They may chose to pursue their enterprise individually, collectively or as a community, but it will be individuals who will drive enterprise. Information, expertise, knowledge, risk-taking, confidence and success are also essential to the success of individuals.
**Identifying and Removing Barriers**

Public and voluntary agencies who might identify or influence the barriers to integrated rural development tend to be sectoral or single issue organisations with economic, social or environmental interests. None of these agencies have an overarching rural development role. Some of them have regulatory functions as their primary role. Some of these regulatory organisations can have more influence in some locations on the shape of development in a rural area than those agencies charged with promoting development. There is a need for agencies to understand how their single issue focus impacts on other single issues, for example:

- economic agencies need to consider and anticipate the longer term environmental consequences of their actions
- environmental agencies need to examine the constraints their actions impose on local people
- crofting agencies need to consider the alternative opportunities for croft land beyond agriculture.

There needs to be a mechanism to create a shared agenda between the agencies built on an understanding of their individual obligations and constraints. Community Planning may provide a vehicle to assist understanding and collaboration between the agencies. It may also become a mechanism for the short term distribution of public resources.

**Impact of EU Policies**

The two areas of EU policy likely to impact significantly on rural areas in the next few years are – reform of the Common Agricultural Policy, and review of the Structural Funds.

Reform of the CAP is viewed differently in different communities. For some people it is a threat to annual income, an undermining of crofting agriculture and crofting communities. For other people in wider society it is an opportunity to redirect public funding from “unnecessary” agriculture towards environmental management. Whatever balance emerges in any shift of funds as a result of the reform of the CAP it seems likely that it will entail some reduction, though perhaps only modest reduction, in income supplements for crofters and an increase in opportunities to bid for environmental payments.

The main impact of these changes would be to alter the trigger for income supplements. In essence crofters would be increasingly rewarded for environmental management rather being compensated for the failure of their agricultural produce to make a profit. The long established agricultural subsidy arrangements have given crofters some relative stability in their businesses. The subsidies have for a long period been related to headage i.e the number of sheep or cattle produced. This has meant that at least to some degree the efforts of crofters have been rewarded, and to some degree their income could be increased by their own efforts and risk taking.

Environmental payments are not likely to increase in response to a crofter’s efforts. The genuine business opportunity represented by croft and other agricultural land is likely to
diminish (unless commodity products are replaced by high quality, high value, niche products, produced with a highly tuned market awareness). In crofting households in the most fragile areas where agricultural subsidies can be a disproportionate share of the total income, reduction in the opportunity to secure or increase subsidy payments may well be socially damaging.

Support for strategic infrastructure and community economic development have been major themes of structural fund programmes in recent years. Significant change in these programmes is anticipated from 2006 as the EU begins to absorb new member states from central and eastern Europe. In parallel with these policy changes the impact of deregulation of transport services – e.g. air services – and the application of state aid regulations – e.g. ferry services – increasingly impact at local level.

The structural fund programmes have supported efforts to increase community capacity in many rural communities during the current and previous Highlands and Islands EU programmes. The reduction in areas covered by funding programmes after 2006 may prevent continuation of capacity building efforts. The targeting of the physically handicapped areas of Europe such as island and mountain areas may also focus funds on the extreme periphery where economic opportunities are scarce. Some of the western isles or the Argyll islands could be the new target areas but within these communities wider economic and social pressures will constrain efforts to build community capacity and weaken the prospects of achieving sustainable development.

The beneficial impact of policies on deregulation and state aids could be considerable. More frequent and less expensive air travel could be one result from these. However, in the fragile areas the beneficial impact may be preceded by a period of uncertainty or disruption as established services are exposed to competition and businesses compete for the existing market or strive to expand a market. In some of the fragile areas there may never be sufficient critical mass to provide a viable transport service business without public support. The challenge is to benefit from market competition without damaging services.

State Aid regulations may also directly impact on the support available from the development agencies. Business development aid thresholds in Objective 2 areas are significantly lower than the aid thresholds in Objective 1 areas. The scope to financially support business development and croft diversification may change significantly after 2006 with a change in the Highlands and Islands’ Structural Funds status.

**Community Involvement in Policy Making**

For communities to become involved in policy-making they need to have the capacity to articulate their needs, identify opportunities and frame responses. Evidence from the policy makers that they have listened and acted is also central to inspiring communities to engage in policy making.

Community involvement in policy making is an iterative process. It will only happen if communities see benefit in their involvement. It requires a dialogue between policy makers, the implementers or interpreters of policy (agencies) and those affected by policy (communities). It requires an openness about the future and the potential direction of wider policies and an understanding that the future cannot be about preserving the past, that it must
be about shaping the future rather than being shaped by it. It requires ambition for the future – ambition that may come from policy makers, agencies or communities – ambition which inspires all the partners and is achievable.

The essential need for many agencies to engage in building community capacity to assist rural development creates an opportunity for dialogue, and an opportunity to develop an understanding of the wider constraints on policy beyond the influence of agencies or communities. Different agencies need to build community capacity for different policy reasons and need to establish communication mechanisms with different communities for their own operational reasons. It is these needs which perhaps underline the fundamental requirement for agencies to collaborate together if integrated rural development is to be achieved and communities are to see actions by public agencies as serving their needs.

**Crofters Commission**
**Inverness**
**28.5.02**
Response to Scottish Parliament Rural Development Committee’s Inquiry into Integrated Rural Development

Introduction

As a general union representing workers across all industrial sectors, many of whom live and work in rural communities, T&G Scotland takes a great interest in the development of policies in the area of rural development.

Within our union, our Agricultural Trade Group, whose roots are to be found in the Union of Rural, Agricultural & Allied Workers, has a particular role in promoting the views of our rural membership

We, therefore, welcome the opportunity to contribute to the Rural Development Committee’s inquiry into Integrated Rural Development and we share the view that there is a need for such an inquiry to examine the development and the implementation of policies relating to rural development in Scotland.

The Rural Economy

Our union believes that rural development policy in Scotland must address the reality of rural life. There are a number of problems with rural economies in Scotland relating to:

- The decline of traditional sectors, such as agriculture, over recent years
- Poor transport links and services
- Lack of or poor provision of services such as childcare, housing and other public services
- Low paid insecure jobs – the tourism sector being a prime example of this, the situation worsened by the outbreak of foot and mouth disease last year

The T&G believe that jobs and prosperity are vital to the well-being of all communities in Scotland, whether they are rural or urban and that the narrow economic base, distance from markets and high transport costs, hinders rural Scotland’s development.

We believe that these issues must be urgently addressed. We see scope for co-operatives and mutuals to play a bigger role in rural communities and we also believe that the Enterprise companies should be connected to local communities and that the involvement of local government is vital is the strategic delivery of local economic development services.
However, we also see problems stemming from the current business dominated nature of Local Enterprise Committees and other development agencies. In light of this, we believe that these bodies should be democratised to make them more transparent and accountable to local communities and providing wider representation for local authority, trade union and other community interests.

Poor economic integration in rural areas limits the scope for integrated rural development in Scotland, and it is vital that barriers such as this are urgently addressed and specific measures should relate to:

- Rural businesses being supported beyond one year
- Co-ordinating enterprise and development agencies
- Reforming the quangos that exercise control in rural areas
- Linking grants and Regional Selective Assistance to commitments on long term job security
- Increasing access to IT training, lifelong learning etc.
- Adopting a community and co-operative approach
- Expanding and utilising trans-national contacts.

**Rural Communities and Social Exclusion**

T&G Scotland believes that due to poor access to welfare benefits and services and restricted family and community support in rural areas, there are real problems relating to social exclusion. It is also apparent that many people in rural communities in Scotland feel that they have a real inability to influence decisions.

Rural policy must address the reality of living in a rural community and address the economic, environmental and social needs of such communities. Rural policy needs to be better informed and formulated relating to the specific needs of those they affect.

**Infrastructure Issues and Access to Services**

The absence of decent, affordable public transport adds to social and economic exclusion in rural areas. As a transport union, we are acutely aware of the effects of bus de-regulation on rural communities. Publicly operated bus services have been replaced by private monopoly, whose profit objectives have led to the withdrawal of routes, frequent changes to timetables, infrequent services and increased fares in rural areas. For many people in rural communities, the use of a private car is now the only travel option.

Transport provision is an important toll of social inclusion and our union believes that the following measures should be supported.

- Dial –a-bus and taxi subsides
- Reduced road tax and petrol charges – reducing cost to tourism, commuters, rural businesses and services
- Improvement of road and rail links to rural communities
- Integrated transport - by methods such as through ticketing, park and ride etc.
- Regulation of fares and services through Quality Contracts
There is a great deal of evidence to suggest that the availability of housing, particularly housing for rent, is very poor in rural areas. The provision of social housing in rural areas must be improved and issues such as fuel poverty and energy efficiency must be addressed.

The T&G believe that four elements must be addressed in regards to housing in rural Scotland. These are:

- Investment in homes for rent
- Easier access to improvement grants
- Restricting the Right to Buy – as it could have a detrimental effect on social housing availability in rural areas.
- Insulation and energy conservation projects.

The issue of housing in rural areas will remain a major political issue and there is concern about the possibility of rural housing being directed at community expansion rather than rural renewal. We are, therefore, of the view that the main objective should be to ensure low-cost, adequate housing for people living and working in rural areas.

Service provision in rural areas is often haphazard leading to feelings of social exclusion. There have been recent suggestions that a concept of “service entitlement” could be introduced to help level up this varying provisions. While the T&G is broadly supportive of this idea, we would also welcome;

- Local authorities working closer with the NHS to improve access to health services
- Citizen-centred web access being developed to utilise IT and communications development.

It is also vital that, as is the case with public service provision elsewhere, that rural services, particularly those operated by local authorities, are properly resourced if they are to be safeguarded and expanded.

**Plan for Agriculture**

Agriculture remains at the heart of rural Scotland and agricultural employment is vital to many remote areas. However, after years of intensive farming there is widespread concern for food safety and public priorities for farming have changed. It is our belief that reform of the Common Agricultural Policy is central to reducing costs to the tax payer and promoting the interests of both producers and consumers.

It is also our view that any plan for agriculture, as part of integrated rural development policy, should;

- Promote complete-chain local systems
- Promote Diversification – support and promote organic farming
- Reduce the use of pesticides
- Target subsidies to community sustainability
The vast majority of our agricultural members live and work in areas where there are few alternatives of employment. Many live in tied housing, where losing your job can also mean losing your home.

In light of this, the T&G welcomed the sentiment of the Scottish Executive’s Forward Strategy for Agriculture in Scotland and the aim of creating a prosperous farming industry, benefiting all the people of Scotland. However, it is our firm view that as the representatives of those that work in the industry, trade unions should have had an integral part to play in the strategy working group, as those working in the industry should have their voice heard, as it is they who policy will ultimately effect.

**Community Participation and Local Democracy**

T&G Scotland believes that increased participation in public life in rural communities is crucial and can assist communities to play an active and effective role in their sustainable development. In this area we believe that particular emphasis should be given to encouraging non-traditional participants, particularly young women, and encouraging local people to have their say.

However, we are concerned that many rural bodies, including community councils and economic development agencies are dominated by people who, relative to others, already exert significant economic and political influence over rural communities.

It is also our contention that the vibrancy of both the voluntary sector and the co-operative movement, which is often vital to the provision of services in rural areas, should be strengthened and provided with supportive resources.

It is clear that there is political will from Scottish Executive to broadening civil participation in rural development programmes. However, such programmes will only be truly effective if people feel they have real influence and can make a difference in the formulation of policy.

**Funding for Integrated Rural Development**

The major problem with the current approach to rural development in terms of funding is that there is little access to information that shows how much is actually spent and by whom.

Looking at SEERAD’s budget it is clear that the majority of it is spent administering the CAP, and it is unclear who actually benefits from the budget in terms of rural development.

Moreover, initiatives that are actually specific to addressing grass-roots issues on rural development, operate on minimal budgets – e.g. LEADER+ works of £12m over 6 years.

It is clear that a more coherent funding system is needed yet the main barrier to achieving integrated rural development is that policies are disjointed and appear to be developed in isolation from each other. It is vital that specific problems that are faced by rural communities are addressed and that policies for the regeneration of rural communities are not treated in isolation from general policy areas.
COSLA AND EUROPEAN RURAL EXCHANGE RESPONSE TO THE INQUIRY INTO INTEGRATED RURAL DEVELOPMENT (IRD)

1. Comments contained in this response have been collated from appropriate COSLA member Councils and also incorporate views expressed by the European Rural Exchange (ERE) which is working in conjunction with COSLA in relation to various rural affairs.

COSLA and the ERE welcomes the Rural Development Committee’s decision to undertake an Inquiry into IRD and we will do all we can to assist the Committee in undertaking the inquiry. Both organisations have long supported the need for IRD. In 1991, COSLA published its own consultation paper “Partnership Structures for the Development of Local Rural Strategies” and in 1995 issued guidance to the new Unitary Councils on the preparation of rural strategies (copies available on request). Most recently COSLA has promoted the development of integrated rural strategies as part of the community planning process. In tandem, the European Rural Exchange is currently developing a paper on Integrated Rural Development Policy and Practice and this will be made available in early course as part of the inquiry. The network has also in the past produced a series of operational and policy papers relating to IRD and the impact and operation of EU policies in rural areas in Scotland and across the UK.

2. The need for an integrated approach to rural development is well documented. While the terms of the Inquiry are welcomed, it is felt that a clearer definition of the term and what it means within a Scottish, UK and European context as required. It is hoped that the paper referred to above will contribute to an inclusive definition and working framework. Effective solutions to the problems and opportunities facing rural communities require an inclusive perspective which addresses the inter-related issues of economic development, sustainability, health and social welfare, housing, transport, consumer and business services, leisure and recreation, culture and identity, etc. IRD should therefore adopt a thematic and territorial focus rather than a predominantly centralist or “top-down” approach. This is the underpinning factor of all the literature on IRD.

3. The growth in the number of public bodies involved in delivering rural policy has resulted in service delivery becoming more fragmented. This in itself militates against the integrated and co-ordinated policy response that is needed. This is why local authorities as democratically elected bodies have been given a duty to fulfil their community leadership role – to empower and to represent the interests of local communities, and to co-ordinate the activities of other agencies in promoting the communities well-being.

4. The local partnership approach to delivering an integrated response is particularly appropriate in the rural context. This view is not new, nor is it only considered appropriate at a Scottish and UK level. As far back as 1990, the OECD’s publication “Partnerships for Rural Development” stated:

“Three dimensions of rural policy-making context provide important reasons for member country interests in partnership arrangements for implementing rural policies.”
These dimensions are the merging broad scope of rural policy, the inherent socio-economic characteristics and conditions of rural areas, and the complex, changing institutional environment within which rural policies and programmes are formulated and implemented.”

5. COSLA in particular believes that the community planning approach provides the overall framework for achieving IRD for the following reasons:

5.1 It provides (or is working towards) a joint strategic vision which is owned by all partners;

5.2 It can act as the bridge between national and local priorities;

5.3 It can provide a basis for joint resourcing and management of services which can help to address the higher unit costs of providing services in rural areas;

5.4 It can add value to the mainstream activities of partners by allowing integration with other funding programmes, for example, EU funding; and

5.5 It provides greater accountability to the local community and greater likelihood of communities being able to participate more fully in the regeneration process.

We would be pleased to organise witnesses from a number of community planning and other local partnerships to give presentations on how they are achieving integrated rural development in a range of different rural settings. A particularly worthwhile focus maybe the integration in certain areas of rural partnerships within the community planning framework being established at local level.

6. COSLA and the ERE believe that the Rural Development Committee should look to engage fully in the consultative process around the mid term review of both the Lowland Scotland Rural Development Plan (RDP) and the Scottish Executive’s contribution to discussions on the mid term review of the Common Agricultural Policy (CAP). Both reviews are due to be completed by the end of 2003 and into 2004. It is felt that important points of principle could be incorporated into these mid term reviews which could lead the way to a more substantive Scottish contribution to the promotion of IRD, an approach which could ease the transition from current support mechanisms to new ways of investing in rural areas.

7. COSLA and the ERE believe that in addition to the CAP and RDP reviews detailed above, consideration should also be given to the forthcoming review of Regional Policy (the Structural Funds) at a rural level across Scotland. Objectives 1, 2 and the former Objective 5b programmes have made major contributions to development across rural Scotland. The Committee’s attention is also drawn towards the experience of Leader I, II and Leader + across rural Scotland which has provided very successful models of IRD (in many cases) which are bound to be interest to the Inquiry.
8. COSLA and there finally submit that the review of EU policies should result in funding being more in tune with an IRD approach as outlined above. We are in the processing of establishing a Task Force on CAP Reform and IRD and will be happy to share forthcoming views/papers from this group with the Rural Development Committee. This is a critical debate particularly with the huge sums of public support coming through agriculture, regional and rural development policy sourced in the main through Brussels. It is important that Scotland is seen to be in step and if possible ahead of the debate at a UK and European level as well as within Scotland. COSLA has previously, for example, expressed concern that the Scottish Rural Development Plan is much less expansive and wide ranging in its menu of opportunities compared to the English, Welsh and Irish plans which are targeting a much wider menu of IRD options. The European Commission is currently carrying out a review of the RDPs and members of the Inquiry may be interested to seek out the trans-national comparisons which will emerge from this mapping exercise. In this respect Scotland is likely to be found wanting. For these reasons the nature of this Inquiry is therefore welcomed.

Contacts.

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The HIE Network welcomes the opportunity to contribute to the Scottish Parliament’s Rural Development Committee’s inquiry into Integrated Rural Development.

The HIE Network’s Contribution to Integrated Rural Development in the Highlands & Islands

The HIE Network was established in 1991 under the Enterprise and New Towns (Scotland) Act 1990 to progress economic and social development in the Highlands and Islands. The integrated approach builds on the success of the Highlands & Islands Development Board, which was set up in 1965 to address social and economic decline in the area. The integration of both the economic and social development remit under the responsibility of one public agency distinguishes HIE from Scottish Enterprise and reflects the unique challenges associated with economic and community development in a rural context.

The Highlands and Islands is one of the most sparsely populated areas in Western Europe, with a population density of 9 people per square kilometre and includes 90 populated islands. The area faces the multifaceted challenges of a rural area including population sparsity, low incomes, inadequate infrastructure, economic peripherality, a narrow business base characterised by small businesses, and dependency on traditional industries such as agriculture and fishing.

The HIE Network’s strategic framework, “A Smart Successful Scotland: the Highlands & Islands Dimension” reflects ambitions for the Enterprise Networks expressed in “A Smart, Successful Scotland” in the rural context of the Highlands and Islands. It also evolves from the original HIE Strategy of 1991, and its subsequent 1996 and 1999 revisions. It takes into consideration progress that the HIE Network has made since its launch in 1991, the key trends identified in the local and global economies, the increasing emphasis on environmental responsibility and social justice.

The aim of the HIE Network is to unlock the potential of the area’s businesses, individuals and communities to help create a strong, diverse and sustainable economy where quality of life is matched by quality of opportunity. HIE seeks to achieve its aim through pursuing four strategic objectives:

- Strengthening Communities
- Developing Skills
- Growing Businesses
- Global Connections

In pursuing these objectives, the HIE Network implicitly recognises that sustainable development requires an integrated approach to tackling rural development issues. The four strategic objectives reinforce each other, recognising that the people of the Highlands and Islands form the communities and create the wealth of the area and that strong communities are in turn dependent on economic prosperity and the skills, abilities and confidence of their people. In pursuing these objectives, HIE’s activities need to be environmentally responsible and appropriate to the needs and opportunities of the communities of the Highlands and Islands.
HIE’s budget for 2002-03 is £81.5m. The HIE Network utilises this to achieve its objectives through providing financial assistance, infrastructure, information and advice to businesses, individuals and communities through a network of 10 Local Enterprise Companies (LECs), which are based in the areas they serve. Each LEC has its own board of directors drawn from the local businesses and other key sectors of the local community, which encourages a holistic approach to development in a local context.

The HIE Network also works closely with private and public sector partners to address the particular infrastructure issues that reflect the rural and peripheral nature of the area. These infrastructure issues include encouraging the provision of an adequate transport and business property infrastructure, contributing to the development of a high-quality learning and higher-education infrastructure, facilitating community-led development of social infrastructure and progressing the development of a modern telecommunications infrastructure.

Fundamental to HIE’s approach to economic and social development in the rural context of the Highlands and Islands are the principles of inclusion and balanced development across the entire area. This requires recognition of the greater difficulties that can be encountered in bringing forward projects in remote areas, and the additional costs which living and operating in remote locations can involve. The HIE Network uses area targeting of resources to meet the differential area needs. An example of this is the Western Isles, which has 6% of the area’s population, but which receives 14% of the HIE Network’s funding.

**Communities Contributing to Sustainable Development**

The HIE Network invest over £5 million annually towards its strategic objective of Strengthening Communities. This assistance is mainly delivered through community groups via community projects and Community Action Grants.

Central to the HIE Network’s approach to sustainable development in rural areas is the recognition of the interdependence of social and economic development which sees strong communities both as a result of, and as a cause of, economic growth. The inter-dependence is particularly significant in the more remote and fragile areas where sparsity of population and a small business base require communities to participate in economic development and the provision of social infrastructure such as shops and community facilities in their areas.

A range of EU-funded programmes implemented by the HIE Network including LEADER, LEADER II, PESCA and currently LEADER + and CED (Community Economic Development), focus on empowering communities to progress their own social and economic development. The programmes offer communities the ability to discuss, devise and implement local development initiatives. An example of this is CED, where a committee, the majority of whose members are community representatives, will manage the allocation of resources under the programme. HIE is also empowering the most fragile communities in the area to take forward their own development through the Scottish Executive’s “Initiative at the Edge” programme. A key objective of this programme is to devolve decision-making regarding local development to the 8 participating communities, and to this end, each community has recently been offered £10,000 to allocate as they see fit in the context of their local needs.

Ownership of community assets also enables individual communities to plan and execute long-term ambitions, most notably through community land acquisition utilising the HIE Network’s Community Land Unit and the Scottish Land Fund. Community land acquisitions range from purchasing single buildings or small areas of land for community facilities such as a community hall or play park, through to the acquisition of estates involving thousands of acres of land. All of the fifty community land acquisitions supported by HIE are managed by community-based trusts, for example the Isle of Eigg Community Trust, which are responsible
Community confidence is also impacted through support of cultural elements such as Gaelic and the Arts. For example, Screen Machine, a mobile cinema, has provided a quality of life boost to remote communities with very basic local services. Though hard results are difficult to measure, these types of intervention appear to be important in the decisions of individuals to remain within or migrate to a rural community.

HIE has participated in the Scottish National Rural Partnership since its inception and was involved with the SNRP working group which produced the 2001 report on Services in Rural Scotland. HIE is also subsequently involved in the review of the report’s recommendations, and in the establishment of pilot “rural community mall” projects. These projects will examine the integrated delivery of services in rural areas, blending public, private and community service provision through static, peripatetic and e-delivery modes.

The desire for a more integrated approach to public sector investment in localities lies behind the establishment of community planning. The HIE Network has worked in close partnership with Local Authorities throughout the Highlands and Islands over many years and looks forward to participating in the community planning process. As part of that effort we are represented on the Community Planning taskforce. HIE’s experience of community planning thus far has suggested that as a process it is still in the early stages of development, and has not yet fully realised ways for the community itself to be influential. Insofar as this has occurred, it has been wherever community planning has penetrated down to the truly local level. Further work is required on community sector infrastructure.

**Addressing the Barriers to Achieving Integrated Rural Development**

Overall, the area has seen a significant improvement over the past thirty years, with an unemployment rate now equivalent to Scotland’s and a broader economic base covering a wide range of business activity including salmon farming and processing, tourism, food and drink processing, and more recently tele-service businesses, high-tech and research-orientated manufacturing. However, average incomes and GDP per capita in the Highlands and Islands are still below those of Scotland and the UK and economic progress has been uneven within the area, with some of our more remote communities still suffering from depopulation and a lack of economic opportunities. The HIE Network consider the key factors for future economic and social development in the Highlands and Islands to be as follows:

- Recent and future developments in communications technology, coupled with improved transport infrastructure has reduced the distance between the Highlands and Islands and its markets, opening many opportunities for businesses in the area to compete in the global marketplace;

- Technological advancements in new and established industries including renewable energy, nuclear decommissioning, marine biotechnology and the healthcare sectors are providing new opportunities for economic development and diversification;

- Increasing recognition nationally and internationally of the high quality of life the area offers for people to work, live and visit;

- A highly skilled and adaptable workforce, and ready availability of learning opportunities. Central to this is the development of the University of the Highlands and Islands Millennium Institute, which capitalises on the high education attainment of the area’s
young people, the existing further education infrastructure and the use of e-technology to provide a higher education to all our communities;

- Recognition of the significant cultural and environmental assets of the area and the contribution they can make to the area’s economic development; and,

- Opportunities provided by land reform legislation for communities to own and manage their own assets and to generate associated income streams.

All these factors represent a significant opportunity to create a Highlands and Islands which is sustainable and dynamic, and is making increasing contribution to the economic and social health of the nation, and where the quality of economic opportunities for people living in the area matches the area’s quality of life.

Impact of the Review of European Union Policies in relation to Traditional Rural Activities on Integrated Rural Development Policy

The primary sectors of agriculture, aquaculture, fishing and forestry have a combined turnover of some £930m in the Highlands and Islands with nearly 18,000 FTEs employed within them. Adding the secondary food and drink processing sector brings in a further £600m and 10,000 FTEs so the combined activity is very significant to the area.

The primary sectors are however highly regulated by EU policies, principally the CAP and CFP. The CAP provided some £95m of direct aid payments in 1999 to farmers and crofters in the Highlands and Islands. Further aid comes into the area through the Highlands and Islands Transitional Programme (2001-2006) with an average of £2.8m per annum of EU support for fisheries and £5.3 for agriculture and forestry. These inputs exceed the annual budget of HIE and are vital to the rural economy of the Highlands and Islands.

The most significant impact of changing European policies in the coming decade will be related to enlargement of the EU and the consequential pressure on CAP and CFP budgets. The accession of many former Eastern Bloc countries with their extensive reliance on the primary sector will see less direct support coming to relatively more prosperous economies like the UK. This has implications for regions like the Highlands and Islands where changes in support could be of significant magnitude. In responding to these changes, it is important to consider strategic alliances with other relevant Member States where sparsity of population, peripherality and dependence on the primary sector are important factors in their local economy.

In conclusion, the HIE Network welcomes the Rural Development Committee’s inquiry into integrated rural development and believes it has a significant contribution to make to this important debate, given the long and successful history of integrated rural development in the Highlands and Islands region. HIE would welcome the opportunity to contribute to any further discussion on this topic and would be happy to meet with the Committee on their fact finding visit to Fort William in April.

Sandy Cumming
Chief Executive
Highlands and Islands Enterprise
14th March 2002
Scottish Parliament Rural Development Committee

Inquiry into Integrated Rural Development

Scottish Enterprise Network submission

March 2002
Introduction

The Scottish Enterprise Network (SEN) welcomes this inquiry into Integrated Rural Development. We firmly believe that a greater integration of efforts in all areas of development is key to accelerating improvements but recognise that the challenges of integration may well be different in rural areas.

This paper begins with a brief overview of SEN’s interest and activity in rural development and then moves on to addressing the main inquiry issues.

Overview

Scottish Enterprise and Rural Scotland

The Scottish Enterprise Network (SEN) is very active in rural areas. An estimated 16% of total SEN expenditure is on projects located in rural areas, a figure roughly comparable to their share of population across the SEN area. Local Enterprise Companies (LECs) within the Network undertake a full range of skills, business development, property development and environmental activities in rural areas, meeting local needs and actively encouraging rural entrepreneurship and enterprise development. Some examples of SEN activity are given below:

- **Redundancy support initiatives** - Borders Training and Employment Programme and Training for Tomorrow
- **Integrated Regeneration** - Aberdeenshire Towns Initiative, Wigtown Booktown
- **Integrated community support** – development of Lincluden House in north-west Dumfries, which will include a community learning centre, business advice and job-search support.
- **Inward Investment** – Mainetti Technology Ltd, Strakan, Clanawley; Kilmore International Ltd, Eyemouth.
- **Industry support** – Textiles: ‘Cashmere Made in Scotland’ promotion; Forestry, Tourism and Food Cluster initiatives; Small Business Gateway
- **Local capacity building**: Rural Resource Centre, St. Boswells which supports community capacity building projects – targeting areas excluded by location, lack of skills or self-esteem.

Overall, SEN’s approach is reflected in the devolved structure of the Network with each LEC identifying key issues for their areas and devising appropriate strategies to address local circumstances using the package of economic development tools available.

SEN operates within the Framework for Economic Development for Scotland (FEDS), published by the Scottish Executive in 2000. The Framework sets out a vision for the economy of Scotland involving raising the quality of life of the Scottish people by increasing economic opportunities through:

- **international integration**: securing economic growth through integrating the Scottish economy within the global economy;
- **regional development**: ensuring that all the regions of Scotland enjoy the same economic opportunities;
- **social integration**: ensuring that all in society enjoy the same economic opportunities;
- **the sustainability of economic development**: the integration of sustainability considerations - economic, social and environmental.

FEDS represents the broad context within which economic development activity by Scottish Enterprise, Highlands and Islands Enterprise, the local authorities and others will take place in Scotland.

Since January 2001 SEN (in common with Highlands and Islands Enterprise) has been operating within ‘A Smart Successful Scotland’, the strategic economic development agenda set out by the Scottish Executive for the Enterprise Networks and partners. Derived from the Framework for Economic Development, Smart Successful Scotland specifically tasks SEN with contributing to:

- Growing Businesses: raising the long-term, sustainable growth rate of the Scottish economy;
- Global Connections: ensuring Scotland is a globally connected nation
- Learning & Skills: raising the employment rate across Scotland

Moreover, Smart Successful Scotland places a requirement upon SEN to proactively reinforce other Executive strategies in relation to issues such as Social Justice, Sustainability and, indeed, Rural Development in its own right.

During 1999 SEN established a Network Rural Group to enable the development of Network policy and sharing of best practice in relation to rural development, as well as aiding a cohesive Network response to new initiatives. The Rural Group also involves representatives from the Scottish Executive, both the Enterprise and Lifelong Learning and Environment and Rural Affairs Departments, and HIE.

The Rural Group agenda for 2002/03 includes:

1. To co-ordinate and proactively encourage the Network response to the Forward Strategy for Agriculture
2. To develop and agree a set of indicators and strategic guidelines to enable the Network to take account of rural needs and opportunities in the Network planning and allocation processes
3. To establish an active and dynamic rural “community of practice”
4. To raise awareness of the Network’s rural activities amongst key audiences
5. To develop a 5-10 year vision of the Rural Economy

In SEN’s experience, rural economies face the same types of economic challenges and problems in the emerging global knowledge economy as the rest of Scotland and hence Smart Successful Scotland is as applicable in this context as in urban areas, for example. However, there are a number of circumstances particular to rural areas – sparsity of population, access to markets, distance, critical mass e.g. an insufficient
concentration of entrepreneurs, limited job opportunities, labour supply, availability of development sites and limited range of services – that need to be taken into account when intervening in rural economies.

However, there is no simple dividing line between rural and urban areas and rural areas themselves are not homogenous; they differ significantly across Scotland – from the rural hinterlands of major centres of population to extreme remote areas distant from urban centres and main transport routes; from fertile agricultural communities to coastal and other areas principally dependent on tourism; and from prosperous communities to depressed communities. The nature of the challenges in each – economic, social and environmental – are substantially different, and it is critical that approaches are sufficiently flexible to accommodate this. We fully recognise the desire to maintain a separate identity and character for rural communities and, indeed, success for rural areas may rest upon retaining a sense of uniqueness, involving support for the heritage of the past whilst living in the present and preparing for the future.

**SEN and Integrated Rural Development**

In SEN’s view there are two dimensions to Integrated Rural Development:

1. **Achieving sustainability – integrating and balancing objectives across social, environmental and economic issues.**

As mentioned previously, both the Framework for Economic Development and, more specifically, Smart Successful Scotland places a requirement upon SEN to actively consider how it can support sustainable development through its policies and actions.

Moreover, the First Minister’s recently stated commitment to ‘environmental justice provides an imperative for SEN and other public agencies to increase efforts to support sustainability. However, in rural areas SEN has found that, by and large, the integration of environmental, social and economic objectives at a local level provides the most effective way to lever economic value in it’s own right. Consider the example below of Scottish Enterprise Borders involvement with the River Tweed initiative.

**River Tweed Initiative**

The River Tweed is one of the great rivers of Europe and is designated a SSSI. It is important to communities in the Borders as an environmental, social and economic resource. In economic terms the River contributes some £14 million to the local economy. Over 27 partners including Scottish Enterprise Borders have formed the Tweed Forum which aims to promote the wise and sustainable use of the whole Tweed catchment. Partners have managed to attract significant funding from Europe and the Heritage Lottery Fund to deliver a wide range of rural development initiatives - all integrated to maximise the environmental and economic assets of the river.
2. Working in partnership to promote integrated rural development

There is a tradition of partnership working in rural areas with more examples of effective local approaches between Local Authorities, the LECs and other partners developing through the work of the Local Economic Forums (LEFs), established last year across Scotland to provide a specific mechanism for improving the effectiveness and efficiency of local economic development. SEN has been heavily involved in the development of the LEFs and their agendas.

The initial agenda for LEFs has been around eradicating duplication and hence much of this year’s activity has centred around understanding the complex relationship between the partners’ services. However, forthcoming work will turn to the integration of local economic development services and will not only increase efficiency but provide the public with a less confusing picture at a local level.

Projects are also undertaken in partnership across LECs, Scottish Enterprise National teams and with other national bodies on issues where a wider view is required. Examples of SEN’s involvement in national partnerships are given below:

- Scottish Natural Rural Partnership – an interface between national government, rural partnerships and other major stakeholders such as NFU and CBI.
- Scottish Coastal Forum – the coordinating national body for local coastal forums and the development of an integrated coastal zone management strategy for Scotland.
- Loch Lomond and Trossachs National Park – SEN has been a very active partner in this initiative, enabling the convergence of strategic and local needs and aspirations through managing a highly participative process.

The development of a ‘cluster’ approach to economic development by SEN can be seen as a route to integration. The work being undertaken within the food, tourism and forestry cluster teams are of particular importance to rural areas and has played a significant part in encouraging collaboration in economic development across rural areas, rural industries and rural economic agencies.

The value of a local partnership approach was demonstrated by the coming together of a whole range of agencies in both Dumfries and Galloway and the Scottish Borders to address the problems resulting from Foot and Mouth disease.

Finally, SEN welcomes the forthcoming Local Government legislation that will introduce a duty on the Scottish Enterprise Network and other key partners to engage in the Community Planning process. We recognise that the Community Planning process is central to successful integrated rural development in local areas and has a key role in acting as a bridge between National and local policies/priorities. Clearly effective local community plans can only be developed when all key partners are effectively engaged in the process. SEN is committed to Community Planning and indeed already has a great deal of relevant experience. A good example of this is the leading-edge work undertaken by SE Forth Valley in relation to the development of community plans within the forthcoming Loch Lomond and Trossachs National Park, which has attracted national attention – see Appendix A.
The Inquiry Issues

1. The provision of funding for programmes designed to contribute to integrated rural development;

A variety of EU and nationally funded programmes have aimed to promote the development of integrated approaches to rural development within SEN’s area. For example:

- EU Leader II Programme (now Leader +)
- EU Objective 5(b) Programmes (now Objective 2)
- Scottish Executive initiatives such as Rural Challenge and Rural Strategic Support Fund

Successes

In general the types of programmes mentioned above have been successful in:

- Raising the overall awareness of the potential benefits from engaging community oriented decision-making structures,
- Enabling a better shared understanding of different approaches and improving the identification of local needs.
- Supporting the desire of local people to influence local development
- Creating and supporting linkages between activities thus exploiting synergies between sectors and actors and in turn helping to increase the overall effectiveness and sustainability of individual actions.
- Stimulating innovation and enabling the transfer of innovative ideas, projects and processes to other areas.
- Developing the capacity of local organisations and individuals to manage change.

Weaknesses

- Limited scale, resulting in funding and other resources being spread thinly across large geographical areas
- Lack of access to revenue funding for community and development groups and organisations, an important factor in providing confidence to undertake development activity.
- Shortage of local match funding for some strands of EU (and other) assistance.
- Discontinuous, often short term nature of funding which has not allowed capacity building.
- Sources of funding from public agencies are often disjointed which has resulted in local groups switching between approaches in order to take advantage of current assistance as opposed to pursuing a longer term integrated strategy of development.
• ‘Challenge’-type funding, often aimed at supporting individual projects, has not encouraged the type of strategic, integrated approaches required at the local level.

Potential developments

• Funding for rural development should be process, rather than ‘product’, oriented, developing the skills and mechanisms through which communities can develop and implement integrated policies. By definition this implies that support, including funding should move from its current predominant project basis to one which is process-based i.e. providing support which focuses on developing and supporting the communities capacity to contribute.

• Some programmes, such as LEADER+ and Rural Challenge, are designed to stimulate new and innovative approaches to rural development and to share the lessons more widely. These programmes offer a valuable opportunity for closer linkages between national policy makers and local practitioners and communities to develop new, leading-edge methods and approaches as well as (in the case of LEADER+), collaborative links with other EU rural areas.

2. The factors which assist communities to play an active and effective role in their sustainable development

Individuals

• Individual entrepreneurship is a key ingredient in an effective community contribution to local development. In this regard rural communities could be regarded as being well-equipped. Self-employment and "pluri-activity” have always been strong features of the rural economy, and hence in a sense, an entrepreneurial culture already exists in rural economies. However, constraints on time and finance often make it difficult for people in these areas to express these strengths in practice and hence ways have to be found to enable individual participation.

Role of public sector

• The public sector has a prime role in enabling the effective engagement of communities with a shift required from the public sector ‘management’ of communities to an approach which provides facilitating, orchestrating and supporting processes and skills. This new approach also has to include mechanisms to develop the capacity of communities themselves to develop ideas and plans.

• A key factor here is the ability of the local agencies to display to local communities that they are all pulling in the same direction, with a sensible /agreed framework for the delivery of actions and a clear channel for those agencies to respond to /encourage local communities.

• “Animateurs” or community agents have been used successfully in Scotland and elsewhere as a means of stimulating local development from within communities.
National and local processes

- Consultations have been used extensively to realise community input to policy development and debate. The range and nature of this involvement varies by agency and subject matter but there are some interesting examples of new approaches to public and community consultation which could be built upon. These include the Forestry Commission’s major community consultation exercise in developing the forestry strategy. In this Community Councils were sent copies of the consultation paper and this was followed up by six regional seminars, all involving national level personnel.

- The emerging Community Planning Process offers the best means of facilitating community contributions to local policy. Some areas are relatively well progressed in respect of Community Planning with some good examples of effective practice emerging. However it is recognised that other areas will require assistance in developing appropriate mechanisms for facilitating rural community input into the process.

3. The barriers that may exist to achieving integrated rural development and the best means of removing these barriers;

Barriers to integrated rural development include

- **Lack of policy coherence between support for the primary sector and rural development**: In spite of the recognition for the need for joined-up approaches among politicians and rural development practitioners, support frameworks for the agricultural, fisheries and forestry industries at both EU and Scottish levels still tend to be implemented separately.

- **Poor community involvement**: Barriers to effective community involvement include
  - Lack of time for community entrepreneurs to invest in voluntary work
  - Lack of resources for communities;
  - Poor access to, and provision of, information;
  - Lack of time to engage local communities effectively resulting in a lack of understanding;
  - Poor understanding within communities of the operational roles, remits and constraints of the public sector.

- **Rural planning**: Noticeably more restrictive than urban planning and not properly integrated with the entire development of communities. For example, in some cases major developments of social housing have been established when in reality local communities desire smaller developments of social housing that contribute to keeping the community alive.

- **Lack of scale**: Very often initiatives enable only incremental development as opposed to ‘step-change’ which can be crucial to rural areas. A good example is that of transport. Poor public transport one of the most significant factors in inhibiting employment, training and community and economic development in rural areas and requires major investments.
• Lack of access to the necessary infrastructure, such as broadband ICT networks

4. The impact which the review of European Union policies in relation to traditional rural activities might have on the future development of policies in this area.

Agriculture

A major issue for rural areas is the progress of the European Commission reform of the Common Agricultural Policy. Currently, CAP is worth in the region of £400m each year to Scottish agriculture. Obviously, there is concern that any significant changes arising from reforms could potentially have a very significant impact on Scotland's rural economies. Indications are that levels of funding will at least remain stable until 2003 – 2006.

While in some respects CAP reform represents a threat to rural areas it may also present opportunities for supporting new and profitable activities for those currently engaged predominantly in agriculture, i.e. their role could evolve to include both a greater custodial and an environmental dimension. Moreover, the re-orientation of EU support subsidies towards environmental stewardship may in its own right promote integrated rural development.

As the trends towards free trade and reduced levels of financial support continue in agriculture it is very likely that more farmers will seek to leave the industry. Fewer young people will seek to enter farming. Alternatives need to be encouraged and more people will need to be assisted into different employment opportunities.

If, as is currently being proposed, support becomes more directly associated with stimulating competitive farm businesses, then issues such as diversification, adding value to farm activity and quality assurance will become key.

The Scottish Executive’s Forward Strategy for Agriculture launched last year is addressing many of the change issues facing the industry and SEN is an active member of the implementation effort. For example, SE Borders’ experience in providing business advice to farmers through the SE Small Business Gateway will be used as the model for a national approach advising the agricultural sector.

More generally, EU funded activities to promote competitiveness across all areas of rural economic development will require an integrated approach across public agencies in support.

Fishing

Like agriculture, Scotland’s fishing industry is subject to structural change, with moves to strike a balance between direct assistance to the fishing industry (to manage the change which it faces as it adapts to a sustainable level) and the diversification of fishing based economies, through business development, the promotion of tourism etc.
A range of diversification measures are required to enable fishing based economies to become more robust. These include fishing based diversification measures to promote local added value for example, through local landing, processing etc.

It is clear from the above that a large number of issues surround the management and conservation of marine environments around Scotland before the goal of sustainable development can be achieved. This is important because the marine environment, properly managed is one of the greatest resources for island and coastal communities. Fishing, shellfishing and aquaculture, including both fin fish and shellfish, produce high value products that could become a continuing source of employment for local communities. The growth in employment in aquaculture industry, including graduate calibre jobs, indicates the potential that the industry has to support some of the most remote communities in Scotland. At the same time the continuing difficulties with fish diseases and the environmental impact of fish farming point to the need to improve our understanding and better management in the industry.

Infrastructure

In recent years EU support for physical infrastructure development has greatly reduced. Given that many rural areas have major barriers to competitiveness, and indeed survival, associated with poor roads, ports, rail and telecoms then this could create major problems for these areas. SEN are currently working with various public and private sector partners to address this, particularly in relation to telecoms.

5. How communities can become more involved in the development of IRD policies.

The key to effective community participation in policy development is motivation. The following text discusses how motivation can be enabled.

Role of public agencies

Communities will be motivated to take part in policy development if they are confident that solutions appropriate to their local situation will emerge from the process. Although there are some examples of good practice in this respect, it’s clear that public bodies have some way to go in ensuring the development of appropriate solutions. To quote the Greengage Report for DEFRA. “Government (and public agencies) encourage local decisions but undermine that with prescriptive initiatives that aren’t relevant to the local area.”

As stated previously, Community Planning creates the means for communities to become deeply involved in integrated rural development in a way which ensures appropriate solutions. In this respect, public agencies have a clear role to play in creating the right conditions for the Community Planning Process (CPP), encompassing open dialogue with communities and empowering citizens to take decisions. However it is likely that a measure of re-training and re-skilling in the public agencies will be required to support the CPP.
As part of the CPP, the main public agencies under the aegis of the Scottish Executive need a unified programme of training for the facilitators both within the agencies and the communities, structured procedures enabling communities to think through and articulate their needs; structured and appropriate procedures for controlling the design and implementation of community policies; more appropriate forms of measuring and setting community sustainable development objectives, etc.

**Funding**

The lottery and millennium funds demonstrate that communities will want to become involved in developmental activities if there is a potential funding resource available to them.

However, too often government initiatives come forward without provision of the local resource – both human and financial – that is required to deliver the initiatives or develop the local capacity.

In tandem with this, demands are placed on public agencies which they will never be realistically able to deliver to a high standard from within their existing budget. The result is that agencies such as LECs struggle to give communities an undertaking on the funds available to assist them, particularly in a situation where there are other (often national) priority outputs against which these agencies are measured. This does not encourage the community to become involved in development.

It is apparent that integrated and sustainable development does require more ‘pump priming’ to deliver future benefits and hence there is a requirement for a specific resource for that purpose. If the funding is there, and the local agencies can make it available, then there is a greater chance of communities becoming involved.

Appendix B gives an example from the SEN experience of how local communities have been successfully involved in major aspects of rural development.
Appendix A - example of innovative approach to Community Planning

STIRLING RURAL COMMUNITY FUTURES

Stirling Rural Community Futures is a process designed to promote community planning at a local level while developing the capacity of local communities to manage and take forward projects identified as part of their community plan. The process has been supported by a consortium of funders including Stirling Council, Scottish Enterprise Forth Valley, European Funding and Rural Challenge Funding. The project is co-ordinated by a joint steering group of the main funding partners.

Each community has been helped to:
- prepare and publish Community Action Plans based on an open participative process
- link these local plans to the development of the wider Community Planning process
- progress priority projects and actions identified in Community Action Plans by providing feasibility funding
- create local development trusts as the vehicles for drawing down funding from sources such as charitable trusts, lottery funding etc that would not normally be available to the public bodies for this type of activity.

The programme funding covers:
- the cost of community agents, normally economically inactive people who are recruited from within the communities who assist the community prepare the Community Action Plans
- technical assistance from external experts to provide additional input in developing the local Community Action Plans; and to support and train Community Agents
- a budget to assist communities publish their Community Action Plans and carry out feasibility studies.

The outputs from the Community Futures process:
- provide useful information on the social, economic, and environmental needs and assets, and the constraints and opportunities within communities
- provide useful ‘baseline’ data for identifying the current state of each community - which can be used to identify strategic priorities and provide an invaluable base for monitoring the impact of projects and the process on communities over the longer term
- identifies and articulates community priorities
- helps identify common themes and needs across communities which can inform the wider community planning process
- increases and promotes the democratic process through active participation
- creates opportunities for active citizenship, individually and collectively
- develops community capacity to enable communities to become partners in their own development.

From the initial four communities, three have established Development Trusts. All are working on various projects specific to each community. They range from the opening of a community shop and information centre providing a link between an historical attraction and town centre; the development of a new community centre, the creation of
a community web site to allow local businesses to promote themselves and to share
information about events; and plans to develop new business workshops to meet a
latent demand identified through a local business survey conducted through community
futures.

Community Futures is helping to empower local communities and untap their collective
entrepreneurial potential while harnessing this to meet local needs identified by the
communities themselves. It is a process that connects community planning at the
community level, where local aspirations can best be expressed to the broader and
more strategic needs of an area which are expressed through community planning at
the local authority level. The combination of these processes is allowing a more
community sensitive, integrated and sustainable approach to rural development.

The process is currently being extended to every community in the Loch Lomond and
Trossachs National Park through funding from the Interim Joint Committee and Scottish
Natural Heritage. This will help the convergence of strategic and local needs and
aspirations through a managed and participative process.
Appendix B – example of successful community participation in development

Town Centre Business Environmental Programme

In rural areas, the small town or village provides a vital role. It meets the needs of tourists whether visitors staying in self-catering accommodation or those staying in B&B’s and small hotels. A ‘smart attractive’ village can perform a vital function in persuading passing tourists to stop and shop there. Secondly the town provides the basic facilities for the local residents.

These two activities are wholly interlinked. No tourists - and there is insufficient income to sustain the facilities required by the local residents. Tatty and inadequate facilities for the residents - and the tourist traffic dries up.

SE Dumfries and Galloway is funding a programme, which is being implemented over the next two years in twelve towns across Dumfries and Galloway. The towns were selected on a competitive basis following the Foot and Mouth crisis. The programme has two arms to it.

Firstly, there is the facelift, where the enterprise company is offering 70% of total funding costs to businesses to carry out external upgrade works on their commercial properties. We expect to assist in excess of 400 businesses.

Specifically it is the local community and local business groups who bring forward the ideas. Projects do not proceed unless local business is actively involved and supports the project.

Secondly, a dedicated business adviser works with all of the applicants in the twelve towns on a one-to-one basis to discuss the need of every business in terms of marketing advice, training needs and promotional initiatives. The business advice is available to every commercial business in the twelve specified towns, regardless whether the owner is taking part in the facelift part of the programme.

Wherever possible the communities are themselves asked to identify a relevant overall theme under which their town can be marketed.

What is being created is an initial 'string of pearls’. A series of attractive towns and villages, with each community effectively creating, sustaining and marketing their own distinctive identities, and which together enhance the region by providing a chain of unique ‘must visit’ locations across the region.

The property upgrade is designed to help boost confidence and improve the general look of the towns. However, the Business Development Support is the critical element of the programme by establishing long-term sustainable benefit to the towns, giving the traders help and advise in identifying marketing needs, customer care initiatives and business skills opportunities.
Federation of Small Businesses in Scotland

Response: Rural Development Committee - Integrated Rural Development Inquiry

Background:

Small businesses (employing 49 or less) comprise 98% of the 300,000 recorded Scottish businesses. As rural businesses tend to be smaller than their urban counterparts, they are even more significant in a rural and remote context than for the Scottish economy as a whole. Small businesses are embedded in their social communities in a way that big businesses are not and the viability of small businesses underpins much of rural life.

The vibrancy of the rural economy depends on integrated rural development based on an effective balance of social, environmental and economic factors. Integrated rural development must be seen as much more than agriculture/forestry/tourism and the broader sweep of the rural economy must be prioritised. For Scottish rural businesses the key issues are distance and risk – constrained access to customers, markets and labour; constraints on opportunity, investment and competitiveness.

Issues:

Policy Intervention:

- The ‘one size fits all’ model does not accommodate rural and remote businesses. This can be particularly acute when the intervention is via a European Union Directive. For example recent research has shown that every single piece of environmental legislation impacts more severely on Scottish small businesses than anywhere else in the UK.

Location:

- the FSB ‘Lifting Barriers to Growth in UK Small Businesses’ survey 2002 revealed that the Scottish businesses 79% dissatisfaction with fuel costs and 61% dissatisfaction with road tax made Scotland the are of the UK where transport costs are most onerous. For rural businesses the impact of differential fuel pricing plus distance to market and services renders transport and transport costs a real burden.
- The lack of economies of scale means that public transport can never be an effective solution in a rural context.
- Planning constraints delay and impede business growth and the average £2000 cost of professional help with planning application is a barrier.
- Multiple definitions of rural and remote (which generally exclude coastal areas) are confusing and do not address the vital ‘distance to wholesaler’ element.

Communication:

- Access to fast, affordable, competitive broadband Information and Communications Technology (ICT) infrastructure is both limited and limiting.
Mobile phone coverage is still inadequate.
Due to the way telephone tariffs are set, telephoning suppliers and customers is more expensive for rural businesses than for their urban competitors.

**Business Support/funding:**

- Highlands and Islands Enterprise expertise has not transferred to Scottish Enterprise Network (SEn), which is however responsible for much of rural and remote Scotland.
- SEn does not recognise the fragility of remote communities and regards rural micro-businesses as lifestyle concerns which do not merit support.
- Much rural business funding comes via the Local Enterprise Company and/or EU funding streams – intensely bureaucratic to access.

**Statistics:**

- Foot and Mouth has highlighted the paucity of information on business activity in rural areas. Parish based survey work has indicated that formal sources are significantly underestimating the number of rural businesses by as much as 50%.

**Dialogue:**

- Dialogue with small businesses is very weak. The FSB ‘Lifting Barriers to Growth in UK Small Businesses’ survey 2002 showed that only 6% of businesses were satisfied with consultation with the local authorities whereas 49% were dissatisfied.
- Small business involvement in community planning is minimal.
- Public sector or academic discussion of rural business issues rarely engages the businesses themselves and does not recognise the difficulties that small business owners have in allocating already limited resources to participation.

**Skills:**

- Access to a diverse labour market is impossible for small rural businesses, placing them at a competitive disadvantage
- Access to training for both managers and staff is restricted in rural and remote context.

**RECOMMENDATIONS:**

- Development of an accurate statistical base.
- SEn to develop understanding of rural businesses and support accordingly.
- Skills delivery to rural businesses to be developed to meet needs of businesses via distance learning and flexible, work based delivery.
- Planning procedures to be expedited for small businesses with no cost assistance provided for individual applicants to ensure that business growth can meet environmental and integrated development requirements.
- EU funding to be used to deliver enduring, post 2006, benefit for the rural communities and to be more accessible for businesses seeking growth.
- Portfolio businesses and diversification (not solely for agriculture) to be prioritised by economic development agencies, using access to microfinance as a key tool.
• Current patchwork of broadband access approaches is viable but progress must be accelerated.

• Community planning in rural areas must be reassessed to engage the business interests.

• Resources must be made available to fund business owner/managers prepared to participate in analysis/discussions - dialogue in general – on integrating the development of the rural & remote economy.
The Rural Development Committee,  
Committee Chambers,  
Edinburgh.

Written Submission- From the British Egg Industry Council

The Welfare of Farmed Animals (Scotland) Amendment Regulations 2002 (draft)

The British Egg Industry Council (BEIC) welcomes the opportunity to submit evidence to the Rural Development Committee (Scotland) on the draft Welfare of Farmed Animals (Scotland) Amendment Regulations 2002.

BEIC Background

The BEIC is an inter-professional organisation of 11 trade associations in the UK, which cover all aspects of the egg industry – breeding, hatching, rearing, laying, packing, egg processing and marketing. This includes production from all systems – free range, barn, organic and cage.

The principal function of the BEIC is to represent the interests of its Members (the UK egg industry) in discussions with Government, MPs, MSPs, the European Commission, European Parliament, and other bodies. BEIC also finances research and development. BEIC is recognised by Government and Parliament as the representative voice of the UK egg industry.

The 11 representative Trade Associations are:

- British Egg Association (BEA)  
- British Egg Products Association (BEPA)  
- British Free Range Egg Producers Association (BFREPA)  
- National Egg Marketing Association Ltd (NEMAL)  
- National Farmers’ Union (England and Wales) (NFU)  
- National Farmers’ Union (Scotland) (NFUS)  
- Northern Ireland Poultry Breeders and Hatcheries Association (NIPBHA)  
- Pullet Hatcheries Association (PHA)  
- Pullet Rearing Association (PRA)  
- Scottish Egg Producers Retailers Association (SEPRA)  
- Ulster Farmers Union (UFU)

BEIC is funded exclusively by a voluntary levy on a number of packers and producer/packers who between them represent over 75% of egg output in the UK. These ‘Subscribers’ to the BEIC adhere to the ‘Lion’ Code of Practice, and are authorised to use the ‘Lion Quality’ registered trademark, which is owned by the BEIC.

The BEIC supports high standards of animal welfare. The ‘Lion’ Code of Practice sets higher standards of food safety and animal welfare than is currently required by UK or EU law.
For free range (including organic) and barn production, the animal welfare standards reflect those of the RSPCA’s Freedom Food scheme. For all hens kept under the Lion Code of Practice, there are strict controls on beak tipping, on the handling of hens, and a prohibition on forced moulting.


**Implementation of the Directive into domestic legislation**

We were pleased to receive confirmation from The Secretary of State for DEFRA, The Rt Hon Margaret Beckett MP, that all systems of egg production (free range, barn and enriched cages) are to be made available to egg producers in the UK when Council Directive 1999/74/EC is implemented into domestic legislation.

The British Egg Association (one of the trade associations within BEIC) is part funding a DEFRA funded study into enriched cages that is currently underway, and one BEIC subscriber is currently involved in providing the ‘commercial partner’ role in this study.

We firmly believe that any decisions concerning future egg production systems must take place on a EU wide basis to avoid distortion of competition. We also believe the results from the research into enriched cages must be available ahead of any further public consultation. This would allow for the inclusion of scientific evidence, which would assist a properly informed debate, as opposed to one based on emotion, which heretofore appears to be the case.

**The cost of the Directive**

The Directive will place a huge financial burden on the industry, estimated at £431 million capital and £109 million in additional annual running costs. The industry simply cannot afford to bear these costs, particularly in the light of the current low or negative returns. These costs do not reflect market demand, as consumers can already choose eggs from a wide variety of production systems.

The UK egg industry is currently unsupported, receiving no production subsidies. However in this situation, if the UK / EU industry is to remain competitive, compensation must be made available for both the capital and running costs associated with the Directive.

BEIC calculations show that after full implementation of the Directive, the cost of production of eggs from enriched cages is significantly less (25% less) than eggs from barn systems (the lowest cost alternative). In comparing the production costs between barn eggs and enriched cages, the RSPCA’s Hardboiled Reality Report failed to recognize that the cost of barn egg production will increase as the bird stocking density requirement in the Directive decreases from 11.7 birds/m² to 9 birds/m², and indeed the Report calculated barn egg production at a stocking density of 25 birds/m², which is not permitted in the UK. The UK has 61% of all EU barn hens.

Currently 72% of the eggs on the UK market are supplied at the lowest cost (from conventional cages), despite the fact that consumers have the freedom to choose eggs from alternative systems, clearly labelled, and with the major retailers consistently pushing sales of eggs from alternative systems ahead of cage eggs.

Many other countries in the EU are expected to permit enriched cages, as has already happened in France, Italy and Spain. Without this system in the UK in the future, a large proportion of our low cost market for eggs and egg products would be supplied from other European competitors, such as Spain, France, Italy and Poland (after 2004).

There is also a food safety issue here. The UK is the only country with an effective assurance scheme that ensures the highest standards of food safety and animal welfare across the majority of egg production. If low cost eggs are imported, it is extremely unlikely that they would conform to these high standards of food safety.

The UK egg industry also relies on the loyalty of the major retailers. Without the availability of domestic low cost eggs from enriched cages, it is highly unlikely that the major retailers would continue to support us.
The Lion Quality Scheme subscribers have worked hard and invested large amounts of their own money to improve food safety. It is imperative that consumers are not put at risk by factors beyond our control. Another food scare, especially for eggs, would be disastrous.

This issue is most acute for consumers on low incomes. The egg industry wants to continue to have the opportunity to provide safe food for all UK consumers. As noted above, enriched cages will be the lowest cost production system once conventional cages are prohibited. If enriched cages are not permitted in the UK, only consumers who can afford to choose eggs from alternative systems would be protected by the Lion Quality Scheme.

Review of Directive
It is important for the egg industry that the report to be made by the Commission to the Council (Article 10 of Directive 1999/74/EC) must take place on time (i.e. by 1st January 2005), in order that the review of the Directive can be completed on time. This is essential for our industry in order to make considered and prudent long-term investment decisions. Any delay in the review is neither in the interests of the industry nor the consumer as it leads to stagnation and serves to slow down our ongoing improvements in food safety and animal welfare.

Beak trimming of laying hens
Having received written assurance from the Secretary of State for DEFRA, the Rt Hon Margaret Beckett MP, that the Directive would “not be added to in any way”, we were surprised that the timescale outlined in the draft SSI on the Welfare of Farmed Animals (Scotland) (Amendment) Regulations 2002 is only until 31st December 2010. In the BEIC’s response to the DEFRA consultation on draft implementing legislation (August 2001), we asked the World’s major breeding companies to provide an honest assessment of the timescale in which the need for beak trimming could be removed. All responded with similar conclusions, i.e. that they required at least 5 generations (5 years) of breed testing, followed by a further 5 years of in-field testing, until they believed the need for beak trimming would be obviated.

We must also stress the difference between the UK practice of ‘beak tipping’, compared with the continental practice of ‘de-beaking’. We would also support the licensing of beak trimmers and offer to prepare a code of best practice.

We would point out that Council Directive 1999/74/EC, whilst allowing beak trimming to take place on birds less than 10 days of age, does not require a timetable for its prohibition. This must be based on the progress by the World’s breeding companies in obviating the need to beak trim.

We believe therefore, that it is absolutely vital that, if there is to be a prohibition on beak trimming of laying hens from 1st January 2011, a review of progress must be carried out at least 12 months before any such ban comes into operation. Failure to carry out such a review could lead to bird welfare suffering immeasurably if sufficient progress has not been made by breeders.

World Trade Organisation
The BEIC recognizes the scale of the achievement in securing the issue of Non-trade Concerns on the agenda for the Doha Development Agreement negotiations, but remains very concerned about our future competitiveness. Council Directive 1999/74/EC will increase the cost of production in all systems (cage, barn and free range), at the same time as a new round of trade liberalisation talks are likely to result in a reduction in import tariffs and allow greater market access.

The BEIC believes it is vital that the EU is successful in securing animal welfare provisions in the final Doha Development Agreement. We do however have concerns about the effectiveness of the three areas outlined in the EU’s Comprehensive Negotiating Proposal, these being;

- Negotiating welfare standards in a multilateral agreement
- Labelling
- Support payments to producers to take account of increased costs of animal welfare legislation.
We are aware that other trading blocs regard the EU’s proposal for a multilateral agreement on animal welfare as protectionist and will fight to resist such measures. Even if such standards were to be included, they would only be minimum standards while the EU industry adopted much higher standards.

A recent amendment to the Egg Marketing Regulations (Commission Regulation 5/2001/EC) will introduce compulsory labelling of all eggs from 1st January 2004. The Commission believes that by identifying EU eggs produced to higher animal welfare standards (and therefore more costly eggs), EU consumers will purchase such eggs in preference to those produced in third countries. This is quite simply not the case. Research and sales patterns have consistently demonstrated that price is the most important factor in consumers’ purchasing decisions, as confirmed by a recent Food Standards Agency poll.

While labelling does have a role to play in enabling consumers to make informed choices, it will not provide the level of protection needed. The Lion Quality scheme requires each egg to be marked with the Lion and a best-before date. In addition many also carry the type of farming system. Concerns at the use of terms such as “farm fresh” on cage produced packs have been addressed by prohibiting their use in the Lion Code. Indeed, practically all packs of cage produced eggs now carry the term “eggs from caged hens”.

Consumers therefore already have the freedom to choose eggs from a wide variety of production methods, easily identified, yet despite this there remains a significant proportion who continue to buy cage produced eggs.

Whilst ‘Green box’ compensatory payments would be one way of recognising the egg industry’s higher animal welfare standards, budgetary pressures in the EU (especially following enlargement) may lead to the reduction, or eventual removal, of such payments, leaving EU producers unable to compete with imports from third countries.

The fast growing egg products sector is most vulnerable to third country imports. The use of egg products is increasing (as food ingredients) and it is anticipated that the proportion of UK egg production which is consumed as egg products will increase from the current level of 20% to 30% by 2010. (25% to 40% in the EU). By comparison, 30% of eggs are currently processed in the USA, and this is forecast to increase to 50% by 2010.

Powdered egg products can be transported internationally at low cost. Both UK and European food manufacturers buy ingredients based on quality and cost, with the origin of these products not a key purchasing issue. These companies increasingly pursue global purchasing strategies.

If the UK loses its egg products sector, there will be a knock-on effect to other sectors of agriculture, as the UK laying flock consumes 820,000 tonnes per annum of cereals. The UK egg industry also directly employs an estimated 10,000 people, with a further 13,000 employed indirectly.

The BEIC therefore strongly urges the UK Government to push for the inclusion of all three measures contained in the EU’s Comprehensive Negotiating Proposal in the final Doha Development Agreement. In addition, tariff levels must remain at such a level that reflects the industry’s ability to remain competitive. Failure to provide for this will lead to increased imports of eggs and egg products produced to lower standards of both food safety and animal welfare. This is not in the interests of the consumer, animal welfare or the egg industry.

**The Lion Quality Scheme**

Lion Quality egg producers and packers have to date invested some £24 million in both the effective eradication of Salmonella in laying hens via the vaccination programme, coupled with other hygiene measures, as well as the first above the line advertising for eggs for 15 years.

The results of this investment are that there has been a 54% decrease in incidents of human salmonellosis during the last 3 years (England and Wales), which has been attributed by the Public Health Laboratory Service to the poultry vaccination scheme. In May 2001 the Government’s
Advisory Committee on the Microbiological Safety of Food published its second Report on Salmonella in Eggs, which led with the headline “We believe we are seeing a real success story here”.

**Conclusion**

Successive Governments have encouraged the private sector to improve their efficiency (by both reducing costs and adding value) and responding to consumers needs. The egg industry has responded to this challenge. It is arguably one of the most efficient sectors of UK agriculture. It has responded to consumer demands in recent years – currently the UK has 46% of free range and 61% of barn laying hens in the EU.

The UK egg industry is not afraid of competing with the best in the world – that is competing on equal terms. However the Government, the Commission, and Council have a responsibility to ensure that the two seemingly conflicting goals of further liberalising trade and improving animal welfare can be met without leaving the egg industry unable to compete.

The BEIC looks forward to the opportunity to provide oral evidence to the Committee on Tuesday 12th June, and will provide any more information that is required.

Yours sincerely,

Mark Williams.

Chief Executive.