

National Council of Rural Advisers

**'A Rural Conversation:
Together We Can, Together We Will'**

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Foreword

It is time to present an ambitious narrative about the rural economy of Scotland and the opportunity it presents.

Scotland's rural economy is diverse, rich in natural and human capital and capable of delivering significant benefit to Scotland. The people of rural Scotland are proud to be part of its community and are committed to ensuring we remain vibrant and sustainable - leaving a legacy for future generations to come.

The global economy is constantly evolving and as a result rural Scotland has undergone significant change in recent decades. This in turn has created a need for diversity – in our population, in our businesses and in our communities. The people of rural Scotland have embraced diversity and through our practical 'can do' attitude have demonstrated innovative ways to evolve.

When the National Council of Rural Advisers (NCRA) was formed in July 2017¹ by Mr Ewing, Cabinet Secretary for the Rural Economy and Connectivity, we were tasked with advising Scottish Ministers. Our remit was to provide evidence based advice on the implications of Scotland leaving the EU and to recommend future actions that could sustain a vibrant and flourishing rural economy.

Our formation marked a recognition that we must re-think our approach to economic development in rural Scotland. Our aim for this document is to mark a sea change within rural development policy of the recent past.

The NCRA's publication of its interim report ([Potential Implications for Rural Scotland of the UK leaving the EU](#)) demonstrated that policy making for rural Scotland is at a cross-roads. There are specific challenges as well as opportunities that rural Scotland faces post Brexit. These range from addressing our reliance on EU workers by nurturing home grown talent, to exploring the potential for funding programme coherence to better suit the needs of rural businesses.

Now presents the best opportunity to work with the Scottish Government and bodies responsible for the delivery of support.

Now is the time to change the way we think, act and operate to tailor bespoke policy frameworks.

The NCRA is ambitious. We need to change the narrative surrounding rural Scotland. We want to instil a sense of confidence to deliver a more aspirational message about our future.

¹ The NCRA is co-chaired by Lorne Crerar and Alison Milne with an additional membership of twelve, details of which can be found in the member biographies section. It functions as an independent body providing advice and recommendations on future rural policy to support a vibrant, sustainable, inclusive rural economy.

We know that rural Scotland:

- Presents vast untapped economic opportunity
- Is well placed to meet the needs of today's world, based on our ability to deliver social and environmental impacts, as well as economic
- Is diverse, resilient and capable of constant evolution

Our vision for a flourishing rural economy is one that offers the potential for growth and new opportunities. We know that it is our people and natural assets that provide the foundation for a vibrant rural economy. It is imperative we nurture and protect them.

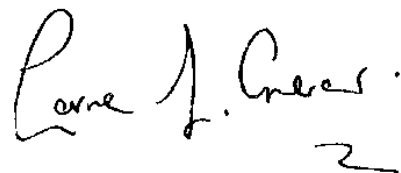
The work of the NCRA provides a unique opportunity to engage with those living and working in rural Scotland. However, we also want to engage urban communities in a conversation about our shared economic future. This is your opportunity to shape the future, and lead recommendations to the Scottish Government on its creation.

Our work is an on-going conversation with communities to take forward a new vision. During the first half of 2018 we held workshops where we have sought views to begin our discussion. We are excited to present our initial thinking below, and look forward to working with you to finalise our recommendations in September.

We invite you to consider our recommendations and to bring your creativity and ideas to help us make Scotland's rural economy vibrant, sustainable and inclusive.



Alison Milne
NCRA Co-Chair



Lorne Crerar
NCRA Co-Chair

Scotland's Rural Economy Defined and Understood

Let's begin with the most fundamental question – what is the rural economy?

In February 2018 the Scottish Government published a paper '[Understanding the Scottish Rural Economy](http://www.gov.scot/Resource/0053/00531667.pdf)', providing valuable information on what is produced, built and delivered in rural Scotland.

The paper presents a new Scottish Government RESAS classification clustering local authorities according to their level of rurality².

The RESAS paper acknowledges that despite this updated approach to measuring rurality, there is no singular definition of the rural economy and that there are limitations to how rural economics are measured.

The NCRA takes the view that we must challenge current thinking on how economic growth is measured in rural contexts. Historical approaches to measuring impact assess economic contribution as a resulting Gross Value Added (GVA)³. Currently this sits at £34.6 billion for rural Scotland⁴.

We believe this value ignores the contribution of a number of crucial factors –

- The large number of non-VAT registered businesses who deliver significant economic and social benefit: Micro businesses seem to be particularly common in remote (91%) and accessible rural areas (89%) compared to large urban areas (83%). With up to 50% of private sector enterprises in Scotland being unregistered, the real importance of micro businesses can only be estimated.
- The value of environmental impact - so called 'natural capital accounting' which measures the flow of natural resource and services.
- Cultivating the social impact of economic activity and its importance in ensuring sustainable service provision and infrastructure.

The NCRA has used the RESAS definition to provide a base understanding of current research on the rural economy, but has also opted to shape our thinking based on the view that:

The rural economy of Scotland is multifaceted, diverse, and is valued upon the characteristics of its people and heritage: creativity, collaboration, innovation and resilience.

It is of fundamental importance that we celebrate these attributes and apportion value to their contribution in determining Scotland's economic future moving forward. Without a clear understanding of our economic environment, and its challenges, it is impossible to design responsive support mechanisms and policy frameworks to support a thriving and vibrant rural economy.

² Understanding the Scottish Rural Economy <http://www.gov.scot/Resource/0053/00531667.pdf>
RESAS stands for Rural & Environment Science & Analytical Services. The RESAS definition of the rural economy clusters Local Authorities into four categories based upon "Larger cities", "Urban with Substantial Rural Areas", "Mainly Rural" and "Islands and Remote".

³ Regional gross value added is the value generated by any unit engaged in the production of goods and services. GVA per head is a useful way of comparing regions of different sizes. It is not, however, a measure of regional productivity.

⁴ Understanding the Scottish Rural Economy <http://www.gov.scot/Resource/0053/00531667.pdf>

A Shared Future – Shaping it the rural Way

How is the NCRA different?

It is important to acknowledge that ambitious policy making for rural Scotland is not a new concept. We have been here before.

There are many existing policy drivers and initiatives dating back over 25 years - from 'People, Prospects and Partnership' in 1995 to 'Better Still Naturally' in 2007. These documents have gone a considerable way towards putting rural issues on the agenda. It is time now to build upon these and consider how we operate, think, and act strategically.

In considering the rural economy in its entirety, the NCRA offers an alternative. We recognise that one size does not fit all our rural economic regions, but are also ambitious in our view that success is based upon conceptualising industry sectors as inter-connected. We believe that collaborative working and shared aims are the key to growth.

We realise that we still face many of the same issues and challenges identified by previous policy processes. Nevertheless, we understand that now we have a unique opportunity to influence and shape the rural economy as never before. This is because:

- A new image and public perception is emerging of our – the rural economy's - potential. We can use it to create an understanding of the supportive relationship that exists between urban and rural areas.
- The mindset and behaviour of rural people, businesses and communities has evolved with changing economic circumstances. We recognise the need for change and want to be part of shaping it.
- Brexit presents significant challenges for rural Scotland – particularly for those in receipt of EU funding. It is therefore vital that we have meaningful discussion on the transition from leaving the EU to life thereafter, and remain committed to a positive rural vision beyond Brexit.
- The Scottish Government has acknowledged the need for change, and the initiation of the NCRA emphasises the view that rural issues must be better integrated within policy making across government.
- The Agricultural Champions published their report in May 2018 setting out their vision for the future of agriculture, marking a step change in Scotland's relationship with one of primary rural industries (some of the members of the NCRA are also Agricultural Champions and our recommendations should be read alongside theirs).

Rural Thinking workshops

The NCRA have a powerful message for decision makers centred on removing barriers and creating opportunities. To build this future we must foster a sense of ownership and confidence in our future.

This discussion document is the culmination of a series of 11 'Rural Thinks' workshops which took place in 2018. They comprised 127 individuals across Scotland⁵. Participants included representatives and locals from small and medium sized enterprises, agriculture, social enterprises, fisheries, farmers, forestry, renewable energy organisations, government organisations and many more.

We also held a membership stakeholders workshop, presented questions at an Agricultural and Rural Development stakeholder's workshop and engaged with organisations at the National Economic Forum on 16th May 2018.

The 'Rural Thinks' workshops revolved around three key themes:

- Vision – the narrative of rural Scotland.
- People – investing in talent and creating opportunity.
- Infrastructure – enabling success.

NCRA group expertise ranges from agriculture, social enterprise and microbusiness through to financial services.

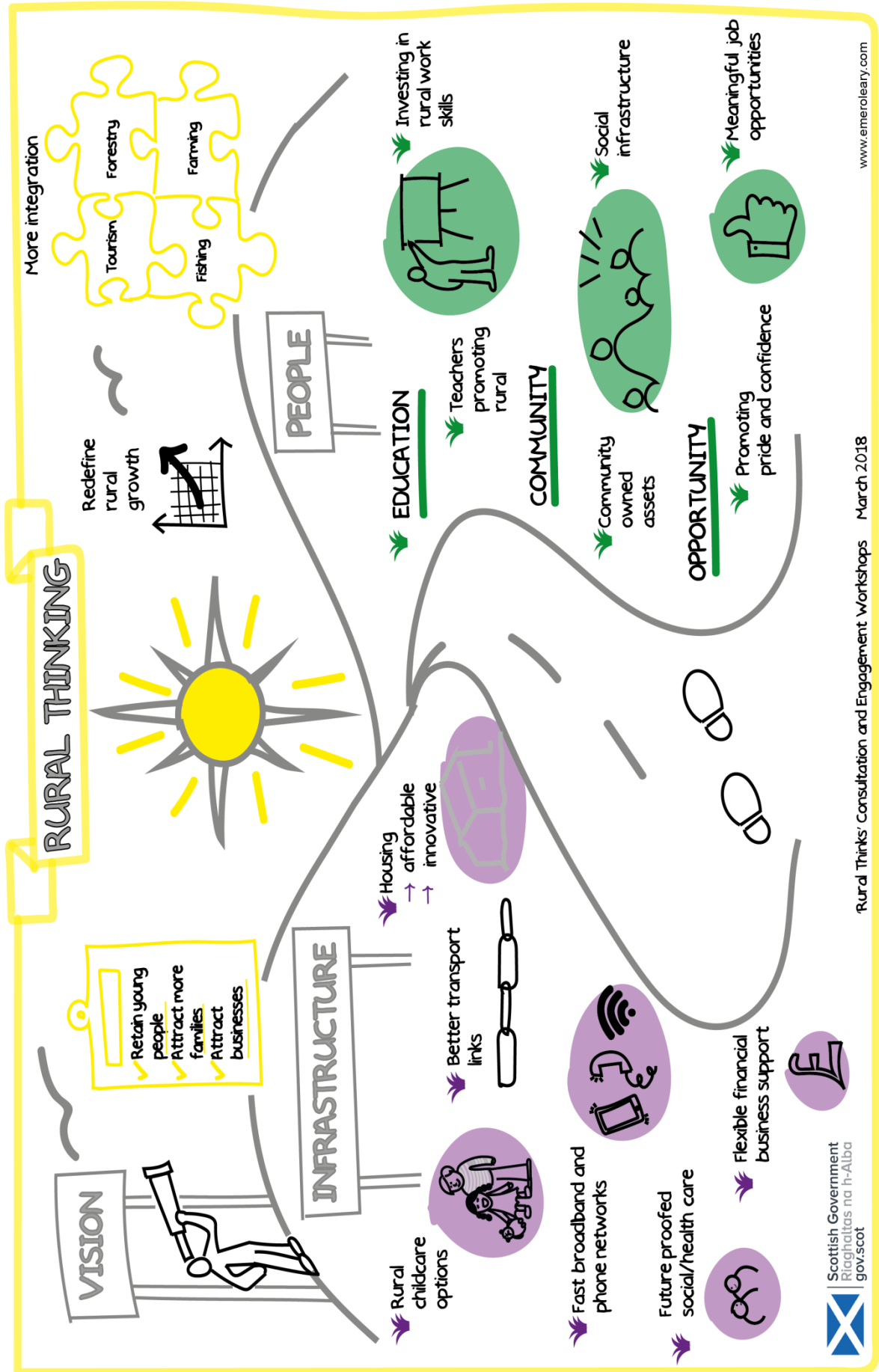
Whilst we understand that economic outputs are primary, it was the inputs that were our focus. We understood that at the heart of our rural economy were communities, people, small businesses - and the environments within which they operated. To create a compelling narrative for the future, we would need to inspire a new vision and work with others to create it.

Through working with external facilitators to refine our thinking on what the rural economy meant, we arrived at this set of three themes for exploration. We were overwhelmed by the enthusiasm and expertise of participants. They were the source of inspiration in drafting this discussion document and their outputs are visualised creatively overleaf⁶.

The following chapters explore each theme followed by preliminary recommendations. We hope these offer everyone the opportunity to co-create a vision for rural Scotland alongside us.

⁵ Workshops were chosen based on geographical spread within Scotland and were held in Perth, Dumfries, Kilmarnock, Forth Valley, Inverurie, Melrose, Kirkwall, Dingwall, Oban, Uist and Stornoway.

⁶ For a report summarising the 'Rural Thinks' workshops, please see our consultation website at <https://consult.gov.scot/agriculture-and-rural-communities/a-rural-conversation>



Vision

“We want policy to be driven by people – regulations and governance to be people-led, bottom-up.” (Rural Thinks, Kilmarnock)

It is important to have an understanding of what we mean by the term ‘Vision’. We understand this to mean:

The people, businesses and communities of rural Scotland will work with the Scottish Government and urban Scotland to create a Strategy for our rural economy that develops natural and human capital, competitiveness, robust infrastructure and social inclusion.

The importance of an ambitious narrative for the future of rural Scotland was unanimously voiced by all in the Rural Thinks process. The current narrative of rural Scotland has been heavily influenced by negative images – slow growth, reducing service provision, loss of life-line services, falling school rolls and depopulation. This has led to a prevailing view that rural Scotland is unsustainable without significant support.

However, we know that in terms of economic growth between 2007 and 2015, Scotland has experienced the strongest growth in mainly rural areas. Here, the value of goods and services has increased by 24% compared to larger urban cities, with growth in Island and remote rural areas at 19% and urban with substantially rural areas at 14%⁷.

Promoting a positive image

“Building leadership capacity within rural sector, to build bridges between rural and urban communities” (Rural Thinks, Stirling)

Public opinion influences policy making. During our ‘Rural Thinks’ workshops it was apparent that we recognise the responsibility we have to present a more accurate and aspirational image. If we want to create opportunity in rural Scotland we need to promote a positive image that rural areas have plentiful opportunities to live, work and settle.

It would be impossible to deny the challenges presented by issues of demographics and the scale of the challenge but the dominant narrative ignores so much:

- The value our natural assets provide to Scotland in the form of brand identity and reputation.
- The value of our primary industry sectors in relation to Scotland’s key economic growth sectors – they are the foundation and the ingredient base.
- The value of the attributes that define our people, and how this translates into economic contribution.
- The role that rural and urban centres play in supporting and nurturing each other and the wider Scottish economy.
- The role we play in protecting and enhancing Scotland’s natural assets and heritage.

⁷ According to the RESAS definition of rurality - Understanding the Scottish Rural Economy
<http://www.gov.scot/Resource/0053/00531667.pdf>

Inclusivity

Our vision for the rural economy is also informed by our desire for inclusive economic growth. However, we know that there are fault lines currently holding us back from achieving this vision.

For example, the gender pay gap. Women living in remote rural Scotland have the lowest annual income of any group, and the largest median gender pay gap at £5,076 when comparing annual median wages. This means that in remote rural Scotland women earn 17% less on an annual average than men. We know there is much work to be done to ensure women have access to meaningful economic opportunities that fit with the pace of modern life.

We also know, and are committed, to eradicating the issues which hold people with disabilities and poor health and wellbeing back from participating in our economy. A lack of transport, healthcare and support infrastructure are preventing people in our rural communities from enjoying active and full lives.

Going forward

“We want to mainstream rural, we don’t want it to be an add-on. We want it to be part of the full conversation.” (Rural Thinks, Melrose)

In creating our vision for rural Scotland we have a clear and concrete goal – to create a defined and ambitious Rural Economic Strategy.

In defining this vision for rural Scotland, we want foremost to acknowledge the need for coherence and collaboration.

The current economic development landscape is cluttered with various organisations and bodies who individually strive for local/sectoral/regional goals. Rural Scotland is diverse and whilst it is vital to acknowledge the range of challenges and opportunities that exist, it is equally important that we provide the opportunity for cumulative learning, sharing of best practice and strategic aims.

Recommendations for Vision

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

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

2. Create quality job opportunities (that are well paid, flexible, and purposeful) to promote skills and opportunities, but also deal with inequalities in the rural labour market (such as the gender pay gap)

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

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| 3. Build on existing work to gather evidence and data to measure the true value of the rural economy and monitor its growth |
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- Going beyond the economic contribution of rural businesses, what positive examples of social (i.e. community cohesion), cultural (i.e. protection of heritage and traditions) and environmental (i.e. carbon reducing) impacts of rural businesses can you think of?
- What specific outcomes of rural businesses should be the measured and why?

Case study 1 Vision – The Workshop Aberfeldy - overcoming barriers to employment

Project Manager: Paul Parmenter

Location: Aberfeldy, Highland Perthshire



The following case study represents an example of a rural enterprise that has a clear vision – providing employment and training opportunities to people that are currently excluded from the labour market.

The Workshop Aberfeldy has not only recognised the need for supportive training, but has also overcome challenges such as planning regulations. It has made a much wider impact on the rural economy beyond purely economic contributions.

The Workshop Aberfeldy is a social enterprise supporting people into employment. It is open to all age ranges, offering training and work experience in a manufacturing business. It provides more than technical skills however, offering soft skills such as time management etc. The Workshop fills a gap – a lack of other facilities locally where people can gain training and experience in a flexible environment.

The team provides flexible placements that range from graphic design to customer services. Since launched in 2014, the enterprise has supported over 60 individuals who have proceeded on to employment or further training.

Challenges:

1. Finding suitable premises due to a lack of commercial properties that were available to rent.
2. Tight planning regulations (such as around storage and signage).
3. Procuring funding and onerous grant administration.

What the Workshop tells us about rural policy for the future:

- More business support is required for start-ups.
- More physical space is needed to allow for start-ups to grow.
- Simplified collaboration with the public sector could reduce bureaucracy and encourage smaller organisations to work with Government and local Government.

How the Workshop impacted positively upon the wider rural economy:

- Helped place young people in permanent positions and further education, providing work experience for pupils from local schools.
- Created 3.6 FTE jobs (manager, business manager, business development officer, graphic designer, technician, strategy and fundraising manager).
- Employed two individuals with additional support needs and offered fixed term employment for some trainees.
- Supported local businesses and groups; facilitating local community and group projects.

People

One of our most exciting challenges is how to make the most of rural Scotland's greatest asset, its people. We know that we can only do this through support, encouragement and empowerment.

We must ensure the opportunity exists for rural communities to flourish and enable them to make positive decisions for the future. The theme of people was designed to capture factors that influence economic and social development as well as quality of life.

The 'Rural Thinks' workshops focused on:

- How to attract people to move or return to live and work in the rural economy, particularly young people.
- How to encourage personal, business and community development.

Life and work in rural Scotland

Diversity is a feature of rural Scotland and with migrants from many different countries choosing to settle here, our rural culture has been greatly enriched as a result.

“Rural needs to be seen as a positive choice, making sure that people want to live here, have a career or develop a business here.” (Rural Thinks – St Boswells)

However, rural areas experience high levels of emigration and also face challenges due to demographic patterns. Over 23% of the population in mainly rural areas and 25% in Islands and remote areas are over 65 years old compared to only 20% in the rest of Scotland⁸. Accordingly, the share working age population (15-64 years) is higher in the rest of Scotland with 66% in contrast to 62% in Islands and remote areas and 63% in mainly rural areas.

Rural Scotland's labour market is vibrant and characterised by high employment rates. Across the whole of Scotland, unemployment rates are lower in rural areas compared to urban, but our patterns of employment differ. Part-time employment for example is more common in remote rural Scotland (31%) than in urban Scotland (27%); and self-employment is more common in remote rural Scotland (22%) than urban Scotland (10%)⁹.

Post-Brexit immigration uncertainties pose a threat to many industries, including agriculture and fisheries. A recently published survey by the Scottish Rural University College (SRUC) on seasonal migrant workers highlights the value of non-UK workers and the need for reassurances and certainty from the UK Government. It is estimated that 9,255 seasonal migrant workers were engaged in Scottish agriculture in 2017¹⁰.

⁸ Annual Population Survey, Annual Population Survey, January to December 2016, (Using Scottish Government RESAS classification)

⁹ Understanding the Scottish Rural Economy <http://www.gov.scot/Resource/0053/00531667.pdf>

¹⁰ SRUC (2018). Farm Workers in Scottish Agriculture: Case Studies in the International Seasonal Migrant Labour Market. Available at: <http://www.gov.scot/Resource/0053/00533236.pdf>

We need to act to overcome the particular challenges we face in relation to attracting and retaining people, whilst recognising the main economic and social opportunities for future growth. The NCRA are working with key stakeholders, such as the Rural Youth Project - whose survey on young people's perceptions of their challenges and opportunities living rurally - reached thousands, to ensure that we have the voice of young people when attracting people to rural areas¹¹.

It was clear throughout the 'Rural Thinks' consultation events that people in rural areas are passionate about improving life and opportunities in rural Scotland, and that given the right tools and resources, they are willing to contribute leadership, energy and ideas we need for the future.

"We want policy to be driven by people – regulations and governance to be people-led, bottom-up." (Rural Thinks, Kilmarnock)

We believe it is only through communication and collaboration that positive change can continue. We must build on strong networks, including with our urban neighbours, to problem solve and build our communities for the future and encourage entrepreneurship and sustainable growth in our rural economy.

Recommendations for People

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

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

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

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

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

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

¹¹ <https://www.ruralityouthproject.com/>

Case study 2 People – Growbiz - A model of rural enterprise support

Project Manager: Merle Palmer

Location: Rural Perthshire



The following case study represents an example of a rural enterprise that has identified the potential of the people of rural Scotland. With its innovative approach it has become a provider of business support for rural entrepreneurs. Not for Profit GrowBiz addresses challenges rural business face such as a lack of small business support.

GrowBiz provides community-based enterprise support in rural Perth and Kinross and aims support as many local start-ups and existing businesses as possible by providing one-to-one support, mentoring, networking events and women's enterprise meetings. It has also piloted an Enterprise Grant Fund in partnership with Scottish and Southern Energy (SSE) and the Griffin and Calliachar Windfarm with more than 40 diverse businesses in Highland Perthshire benefiting from small grants ranging from £1000 to £20,000. Their latest initiative, 'Creative Care', is an entrepreneurial approach to provision of social care and wellbeing services in rural areas. It follows a pilot which resulted in a cooperative supporting 33 micro-enterprises providing care/wellbeing services.

Challenges:

1. Scepticism about the GrowBiz approach from mainstream business support organisations.
2. Securing funding for the work that GrowBiz does is a constant challenge.
3. A lack of grants and loans available to small businesses.
4. A lack of similar organisations in Scotland to help the team with challenges.

What the Workshop tells us about rural policy for the future:

- Provision of enterprise support and access to finance for a wider range of businesses is needed, particularly for micro-businesses.
- The need to acknowledge the impacts of 'part-time' and small businesses.
- Improvement of digital technology and connectivity is essential.
- There is a lack of provision of specific support for women-owned businesses in rural areas.

How Growbiz impacted positively upon the wider rural economy:

- Helped Perthshire to become one of the top three rural areas for entrepreneurship and self-employment
- Supported 300 Businesses and administered 45 grant applications who went on to employ others
- Trained 33 mentors and contracted 14 local business people in support for its operations
- Held 94 events with 1200 attendances whose skills were reinvested into the rural economy

Infrastructure

“Multi-level connectivity – we know that there are many different ways to connect: digitally, personally, physically. We need those all to be strong, and if any of those links are broken or weak that can be very negative for the whole rural economy.” (Rural Thinks – St Boswells)

The divide between rural and urban quality of life and opportunity has become untenable and we are ambitious in our view that this must end. There should be no reason why living, working or visiting the rural economy should be any greater a challenge than in urban Scotland.

The Rural Thinks process demonstrated clearly that the people of rural Scotland are capable of overcoming significant barriers to achieve success and deliver economic benefit - the case studies outlined above are further evidence of this.

The ‘Rural Thinks’ workshops focused on:

- Supporting businesses and communities to thrive.
- Improving physical infrastructure such as digital and transport links.
- Creating a strong social infrastructure to ensure communities were well supported.

Issues relating to infrastructure often prove to be our greatest challenge in rural areas, and are often those that we sometimes cannot overcome -severely limiting our ability to deliver to our full potential.

Good transport, digital and mobile communications allow us to connect to our customer bases and manage our businesses. Equitable childcare, appropriate housing, social care and business support allow us to develop ourselves, our businesses and our communities. To take one example, with self-employment levels high in the rural economy, portfolio working and micro enterprise is common. In order to promote successful business support, we must look to tailor enterprise support for rural settings. A diverse range of enterprises need to have access to tailored, flexible and appropriate support and financial infrastructure to enable them to flourish¹².

The assets we hold in our communities are vital, and ensure sustainability for our local economies, and the supply chains which form around them. Popular tourist attractions, such as Urquhart castle in Kyle of Lochalsh for example, could be performing better for our local businesses but, due to a lack of local transport and business infrastructure, are currently not attracting visitors into our local communities to contribute to our rural economies.

“Planning, loans and grants need to be simplified.” (Rural Thinks, Stirling)

¹² Self-employment in rural areas twice that of urban, ‘portfolio’ working is common – many people doing more than one job, or a combination of employment and self-employment

Our entrepreneurial spirit works best when supported by the right regulation, planning and business assistance to enable us to make things happen and keep our local economies thriving. The NCRA understand that to create a vibrant rural economy, both policy, financial support and planning environments must now align to release our true economic potential.

This means a new model for infrastructure investment and development must be the focus for national conversation.

Recommendations for Infrastructure

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

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

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

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

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

- Can you think of any examples of resources in your community e.g. that attract visitors and make money but that do not benefit the community?
- Are there examples of attractions in your community that you would like to promote? What could help you do this?

Case study 3 Infrastructure – GG’s Yard - The development of a 250 year old farm into a rural venue specialising in weddings/conferences

Project Manager: Duncan McConchie

Location: Gatehouse of Fleet, Dumfries & Galloway



The following case study represents an example of a rural enterprise that has succeeded despite delays in planning permissions, challenges in terms of infrastructure and an initial shortage of applicants for newly created jobs. GG’s Yard is a wedding and conference venue that has overcome these challenges and made the best use of the potential rural Scotland provides.

The idea to develop the 250 year old farm was Duncan’s innovative solution to the dilemma of his previous recreation and adventure business: the seasonality of tourism on the one hand, and the needs of staff to be employed all year round on the other.

Duncan invested £1,800,000 into his project and secured Scottish Enterprise funding of £300,000. Before Duncan had secured planning permission, GG’s yard had received 50 bookings. Now, one year on, they have over 150 events booked from all over the world with 20% from London and some bookings attracting over 200 guests.

Key challenges:

1. Getting approval and appropriate support from public sector.
2. Investments to infrastructure due to upgrading the A75 trunk road at a cost of £400,000.
3. Environmental regulations requiring investments to pipe a burn at a cost of £150,000.
4. Late notice about building restrictions that required further investments.
5. Staffing – 30 open vacancies received six applications which required intense recruitment in colleges, schools, clubs, etc.

What GG's yard tells us about rural policy for the future:

- Public sector support: the public sector could provide staff with skills to implement a can-do attitude and entrepreneurial thinking.
- Finance: 0% loan funds could be available for all businesses and £15,000 “no strings attached” grants to people willing to move to a rural area to start a business.

How GG's yard impacted positively upon the wider rural economy:

- Provided customers for a new local taxi company and increased business to restaurants and shops
- Local pub was able to make substantial investments into an extension to attract new customers
- Increased guest numbers for a local hotel which has now extended its business

Going forward

Our rural landscape is changing, and our economy with it.

Our primary industries remain vital to our prosperity – agriculture and food are essential to the economy of rural Scotland. But our landscape is also diversifying, and our people with it. Construction, public administration, micro businesses and tourism continue to grow as key rural industries¹³. As our future industries continue to diversify we must adapt to these changes.

Between 2007 and 2015 our fastest growing sector in mainly rural areas was business services¹⁴. The case studies above exemplify that we are not only capable of diversifying into new territory, but also of contributing to an array of social and environmental benefits. This is crucial to ensuring that the economic growth we achieve is both sustainable and socially impactful.

Working with individuals and membership organisations during the ‘Rural Thinks’ workshops demonstrated that there is energy and potential for a renewed economic strategy for rural Scotland. However, there was frustration at continuing barriers to progress and a lack of joined up policy making allowing businesses, people and communities to thrive fully.

We know we face challenges in achieving our goals. Brexit weighs heavily on the future of our industries. Rural areas will feel this keenly given the means provided by European funding programmes and the need for inward migration to populate our rural areas.

We need to act now to overcome potential hurdles by creating new ways of problem solving, by working together and attracting people - particularly young people - to our communities. We need to ensure we have the right skills in place to ensure a vibrant rural economy that promotes inclusivity and diversity for those living and working rurally.

And in order to achieve this, we must eradicate the infrastructure inequities we experience with our urban neighbours to ensure that the right support, including flexible and adaptable business support, is in place to allow businesses, communities and individuals to flourish.

Urban economies are supported by rural economies with bespoke products and outsourced markets. By cultivating relationships with our urban centres focused on economic learning, we have real opportunity to take forward partnerships which promote economic growth and which share learning both.

¹³ Understanding the Scottish Rural Economy <http://www.gov.scot/Resource/0053/00531667.pdf>

¹⁴ Ibid

We are certain with the right focus and energy we can achieve a new rural economic strategy which puts people at its heart. We are enthusiastic that through this consultation we will arrive at a set of recommendations that are well tested, robust and which set the basis for reform.

But it is only through working with you, the citizens and businesses of rural and urban Scotland that we can achieve long lasting reform. We look forward to working with you to building that future with us.

Consultation questions

We are clear in our goal of the creation of a defined and ambitious Rural Economic Strategy. We would welcome your feedback on the following questions to enable us to shape it going forward.

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

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

2. Create quality job opportunities (that are well paid, flexible, and purposeful) to promote skills and opportunities, but also deal with inequalities in the rural labour market (such as the gender pay gap)

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

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

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

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

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

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

- How do you think we could do this? (for example through schools or membership organisation groups)
- Facilitating learning/sharing between urban and rural areas to improve and have a better understanding of the opportunities that are available would be

new for Scotland. What would interest you in this approach? Are there any benefits/drawbacks?

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

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

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

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

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

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

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

- Can you think of any examples of resources in your community e.g. that attract visitors and make money but do not benefit the community?
- Are there examples of attractions in your community that you would like to promote? What could help you do this?

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

Responding to this consultation

Responding to this Consultation

We are inviting responses to this consultation by 24 July 2018.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). Access and respond to this consultation online at <https://consult.gov.scot/agriculture-and-rural-communities/a-rural-conversation>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of 24 July 2018.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form to:

Rural Economy Policy Team
Scottish Government
Broomhouse Drive
Saughton House
B1 Spur
Edinburgh, EH11 3XD

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://beta.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at NCRA@gov.scot

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



'A Rural Conversation: Together We Will'

Together We Can,

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://beta.gov.scot/privacy/>

Are you responding as an individual or an organisation?

☐ Individual ☐ Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☐ Publish response with name
☐ Publish response only (without name)
☐ Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

☐ Yes ☐ No

NCRA member biographies

Alison Milne

Alison is a self-employed consultant, currently representing the Scottish Tenant Farmers Association on matters relating to agricultural policy. Alison also farms a mixed arable and livestock business, in partnership with her husband, mother and father-in-law. In this role Alison was a driving force in hosting the Fife HGCA arable Monitor Farm from 2013 to 2016.

Lorne Crerar

Lorne is a founding partner and chairman of leading Scottish commercial law firm Harper Macleod LLP. Lorne has wide experience of the operations of the public sector and has been appointed by the Scottish Government to undertake a number of independent reviews including the Enterprise and Skills Review in 2017 and his Review of Regulation, Audit, Inspection and Complaints handling of public services in Scotland in 2010. Lorne joined the board of Highlands and Islands Enterprise (HIE) in April 2008 and was appointed as chair in March 2012.

Archie Gibson

Archie Gibson is Food & Drink Federation Scotland's chair. He is also the managing director of Agrico UK Ltd, a subsidiary of a Dutch farmers' cooperative with 800 members. Archie gained experience in a variety of land management roles producing store lambs and cattle before joining the food industry in 1999. He represented Scottish supply chain interests in a far-reaching review on food defense and resilience led by the Centre for the Protection of National Infrastructure (CPNI) and British Standards Institute (BSI).

David Sulman

David Sulman is executive director of the United Kingdom Forest Products Association (UKFPA) which represents the technical and commercial interests of processors of British-grown timber and secretary to the Scottish Timber Trade Association, the trade association which represents the interests of timber importers and merchants in Scotland. He is a member of various Forestry Commission expert groups/committees, is involved in skills development matters, is a member of the Timber Transport Forum and chairman of its Technical Working Group and also chairman of the Scottish Strategic Timber Transport Scheme's Assessment Panel. David is involved in the work of the Forest Industry Safety Accord.

Sarah Simpson

Sarah Simpson is a director of a dairy farm at Garlieston, near Newton Stewart in Galloway, together with her husband Peter. She also works as a consultant to a group of dairy farms within Dumfries and Galloway providing benchmarking advice and information. Prior to farming, Sarah was director of policy with NFU Scotland.

Alan Laidlaw

Alan Laidlaw is chief executive of the Royal Highland and Agricultural Society of Scotland (RHASS) – a registered charity with a remit to promote and protect the interests of rural Scotland. Based at the Society's headquarters at the Royal Highland Centre, Ingliston, Alan was appointed to the role in August 2016 after spending 11 years with the Crown Estate Scotland, latterly as head of property. He is a trained chartered surveyor, a director of the Oxford Farming Conference and an Associate of the Royal Agricultural Societies (ARAgS).

Marion McCormick

Marion MacCormick previously worked for ALDI (Scotland) and was responsible for growing and developing a comprehensive Scottish fresh meat range, capitalising on a comprehensive local network to develop a fresh meat and with quality, freshness and the local customer at its heart. Marion also developed the strategy for marketing the Aldi brand in Scotland and building confidence in the brand.

John Kinnaird

John Kinnaird is a partner in 240 hect. family arable and beef farm and was president of the National Farmers' Union Scotland from 2003 to 2007, representing Scotland's farmers at a time of significant change. Since then John has taken on other challenges, including committee member of AgriScot, local director of NFU Mutual, director of the Moredun Research Institute, chair of the Scottish Government's Scottish Appeals Procedure Panel, chair of RSABI, and Guardian member at Scotland Food and Drink. John also chaired a review of veterinary surveillance and is the vice-president of the RHASS, Deputy Lieutenant - East Lothian and a Fellow of Royal Agricultural Societies.

Henry Graham

Henry Graham runs a 450-acre mixed farm in Midlothian in partnership with his wife and is an experienced figure from the world of rural banking and agriculture. He has held senior roles in the Royal Highland Agricultural Society, Quality Meat Scotland, Scottish Agricultural College and banking, specialising in agricultural business. Henry is also a member of Forestry Commission Scotland's National Committee and is a trustee of Lantra (U.K.) acting as national chair for Scotland.

Jim McLaren

Jim McLaren was appointed chairman of Quality Meat Scotland in April 2011. He runs a mixed arable and livestock business in Perthshire. The main arable enterprise is the production of spring malting barley, with the livestock side of the business including a pedigree Simmental herd. Jim was NFU Scotland President from 2007 to 2011.

Lynn Mann

Lynn Mann is the co-owner of Supernature Oils. The company is based in Midlothian and is a farming enterprise (cereals) which has diversified into a food product. Supernature Oils specialise in cold pressed rapeseed oil, which is the fastest growing sector of the oils category in the UK. Lynn is the driver behind the company and has recently been successful in getting listings in the UK and opening several export opportunities. Lynn is also an ambassador for Women's Enterprise Scotland and on the board of Interface.

Sarah Allison

Sarah Allison comes from an agricultural background having grown up and worked on her family's organic farm and food business. She worked with farmers in England and Scotland before joining the Soil Association Scotland in 2017. Sarah is a keen member of the Scottish Association of Young Farmers Clubs (SAYFC), recently retiring as chair of the SAYFC Agri and Rural Affairs Committee.

Jackie Brierton

Jackie Brierton is CEO for GrowBiz – a community-based enterprise support organisation in rural Perthshire. She is also chair of the Rural Perth and Kinross LEADER Local Action Group, and founder and vice-chair of Women's Enterprise Scotland CIC. She has more than 30 years' experience in business, enterprise and policy development, including a period as adviser in the DTi's Small Business Service between 2002 and 2006. She developed the UK government's first 'Strategic Framework for Women's Enterprise' in 2003 and managed two centres of enterprise expertise for young people and women in the West Midlands between 2007 and 2010. Until recently, Jackie was chair of Community Enterprise Ltd, and is passionate about the role of local enterprise development in the strengthening of the rural economy in Scotland.

Willie Cameron

Willie was the founding director of the 'Cobbs' Group of companies and is now their business development director. He had 25 years' experience in financial services before establishing Loch Ness Marketing – a service company to film, TV and media. Willie went on to be the director of Highland Feast Food and Drink Festival of the Highlands for 10 years, and director of Highlands and Islands Tourism Awards. He also sat on the board for the University of the Highlands and Islands – Inverness College. In 2005, Willie was voted Highland Ambassador of the Year for services to Tourism, and in 2016 was voted Highlands and Islands Food and Drink Ambassador.



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The Scottish Government
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EH1 3DG

ISBN: 978-1-78851-973-1 (web only)

Published by The Scottish Government, June 2018

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS424427 (06/18)