



After Brexit:

10 key questions for rural policy in Scotland









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After Brexit: 10 key questions for rural policy in Scotland

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In Scotland, at the time of the EU referendum, a majority of people saw their future as remaining within the European Union and 62 per cent voted to do so. Following the result Scotland has an opportunity to make new plans and to create a fresh vision for the future that will not only benefit urban dwellers but also rural communities across the country. This poses particular challenges for policymakers, and many of these challenges are specific to Scotland and need consideration from both the devolved Scottish Government and Westminster. Scottish agriculture and its wider rural economy has some unique features, including its greater remoteness and environmental challenges, larger extent of fragile farming systems with high value for nature, and its historical crofting traditions.

Trade deals that focus upon the needs of the typical UK farmer could seriously disadvantage the industry in Scotland, which has different characteristics, while some products that have importance for the Scottish economy risk being overlooked in wider trade negotiations. Not only food production, but the full range of public goods, including sustainable energy, timber, carbon storage, clean water, biodiversity, climate change mitigation and landscape, are key aspects of land management in Scotland and play a significant role for the whole of the UK. At the same time it is important to remember that the Scottish rural economy includes not only agriculture, forestry and other land-based industries, but a wide range of businesses. Many rural firms are small, and risk being unnoticed by policymakers, but rural areas have been shown to incubate such enterprises and allow them to grow into much larger businesses that may, in time, have the potential to provide employment for significant numbers of workers. These factors need consideration at every level.





1

Under the devolved Scottish Government how can policy makers best contribute to the creation of a new vision for rural Scotland?

The rural economy is not solely agricultural, yet agricultural issues often dominate policy debates. This partly reflects the visibility of agricultural land use, but also the dominance of the Common Agricultural Policy in terms of identifiably-rural public expenditure and support mechanisms – the vast majority of which are limited to farmers, notwithstanding the labelling of Pillar 2 funding as a "rural development programme". It is unclear what role the Scottish Government might have in relation to these functions and the rural economy after Brexit. However, as EU funding is removed, and as responsibility for taxation moves to the devolved government, the Scottish public is likely to expect a stronger lead and more responsibility for spending to come from this level. It may be time to consider positively what Scotland needs for and from its rural areas.

- Does Scotland need its own industrial strategy that will draw in both urban and rural aspects to drive growth?
- How can we distinguish the differing needs of diverse rural areas (eg accessible, remote, island; demographically stable or unstable) and take a more place-based, rather than a sectoral, approach to support mechanisms and provision?
- How can the whole range of rural industries, not only those that are land-based, be supported and growth encouraged?
- Is it realistic to expect rural areas to be as economically productive as urban, or should our vision of a vibrant rural economy shift to encompass different outcomes?
- Is service provision, providing an environment that ensures rural areas remain viable places in which to live, as important as economic activity in rural areas, and what provision is both just and realistic for the most remote communities?
- Can rural wages ever compete with urban, or are there compensating factors that make this an unnecessary objective?







Where should responsibility for governance of rural policy lie and how should it be structured?

Community involvement, which is already well embedded in policymaking in Scotland, and which obviously continues to be important in any decision making following Brexit, is particularly vital in regard to many groups.

Rural policy issues are cross-cutting, typically spanning several ministerial portfolios such as transport, education and health. Yet in most European countries departments of agriculture tasked with administering the agriculturally-focused Rural Development Programme have also assumed responsibility for championing rural policy. Brexit presents an opportunity to revisit how best to arrange cross-cutting responsibilities within Scotland. Pre-devolution, responsibility for agriculture, food, fisheries and other policy domains influencing rural areas, such as education and health, rested with the Scottish Office and Scottish legislation applied to those areas. The current devolution settlement means that the Scottish Government has full responsibility for policy relating to agriculture, forestry, fishing, health, tourism, planning, education, housing, and the environment, but not for reserved matters. The UK government has suggested that a "common framework" is required post Brexit, in some cases, raising fears that some devolved powers might be taken back. Hence the question of where responsibility for issues will lie once the UK leaves the European Union, and indeed whether any department and/or minister will have a specifically rural brief, is as yet unclear.

- What form of governance would help ensure a good quality of life for all rural residents?
- Does Scotland need a targeted rural policy or can rural and urban be served by a single policy, and how might that be organised?
- Should rural areas and rural land be part of the National Performance Framework?
- Are rural areas better served by having a department dedicated to their affairs or should these be embedded across the briefs of all relevant departments?
- How will agriculture be supported beyond Brexit and should this be administered by a
 dedicated department, separate from rural development, or are the two better considered
 together? If the latter would a department of trade and industry be appropriate?
- Should local authorities have a wider role in rural policy development? If so would the formation of a local government rural forum be helpful?
- What is the role for Scottish Rural Action and biennial Scottish Rural Parliament events?
- How can diverse and underrepresented interests in rural communities be empowered and involved in decision making?
- How can all interested stakeholders be drawn together to encourage this type of networked development in rural areas after Brexit?

Would a more formal system of land use planning ensure better outcomes for Scotland's rural economy after Brexit?

The Common Agricultural Policy's support for rural development grew gradually, without overall planning or a clear vision of what the European community wanted to achieve. It has been a process of aggregation which, one could argue, is now anachronistic and does not focus on the needs of individual countries/regions and their specific strengths and weaknesses. Brexit offers an opportunity to develop a new vision, and a more systematic plan for rural development over the next 10, 20, 50 years for Scotland. This could provide a means of addressing a range of challenges, from the current competition between different types of land use, to the lack of affordable housing and the growing needs of an ageing rural population. It could also offer opportunities to harness the skills and talents of older rural residents, aligning with a policy that promotes active ageing. Over the past two decades rural communities in Scotland have been empowered in a variety of ways (eg the introduction of a Rural Parliament, legislation relating to land reform and community empowerment). Rural stakeholders will expect this to continue and even be extended after Brexit.

- How can all the needs of the whole population for different land uses be balanced eg sustainable and resilient energy, forestry, agriculture, housing etc?
- What effects might uncertainty over Brexit have on land prices over the next few years and how might this be mitigated?
- How can the housing needs of the whole population be met, and could mixed types of housing encourage more informal community support for older people from younger residents?
- If decisions are taken that would reduce the number of active farming households, particularly tenant farm households, how could their housing needs be met elsewhere?
- What might be the effects on community ownership and how can support eg from the Scottish Land Fund be sustained and further developed? Do local authorities have a role to play as well as the Highlands and Islands Enterprise, and Scottish Enterprise?
- How can local communities be involved effectively in decision making and encouraged to share their expertise and experience?





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How can support for disadvantaged and more remote rural areas be sustained and targeted to enable them to reach their full potential?

Scotland's geography brings rural challenges that are unique in a UK context, such as a multitude of inhabited islands and many very remote mainland communities. Scotland's rural areas have derived considerable support from European funding sources to maintain and develop key services and transport infrastructure for harder to reach areas, for example ferry services to the islands, upgrades to the Euro route road network, and LEADER funding to support rural and social enterprise in upland and lowland parts of the country. This funding has been particularly important for the most remote areas, but the approach has tended to mirror EU-wide priorities, with little discrimination between the needs of different types of rural communities. It has grown in an incremental way that may fail to target specific territorial and sectoral disadvantage. Support under Pillar 2 of the Common Agricultural Policy has been directed predominantly at agricultural recipients and has thus been very much a sectoral source of support, yet most rural areas have a very diverse economy, whose characteristics vary greatly both within and between remote and more accessible areas. Brexit could offer an opportunity for a more territorial, place-based approach that is better targeted and tailored to need.

- What support for rural communities and economies would best enable the kind of rural future Scotland envisages in 10 or 20 years' time?
- What would the ideal balance between traditional and other, possibly service and manufacturing, economies look like?
- How can support be better designed and targeted to meet the specific needs of different rural areas?
- How can we support the particular needs of, and opportunities available to, more remote communities, while encouraging the already visible population and economic growth and entrepreneurship of the more accessible rural areas that are managing to thrive?
- How can Scotland build upon the expertise and successes of LEADER and other European programmes and ensure the benefits are not lost? How could successor schemes be funded?







How can the supply of public goods be maintained?

Public goods provided by land owners and managers, including drinking water, carbon storage, food production, renewable energy, biodiversity, climate change mitigation, forestry, heritage and landscape, and food production, are vital resources for the whole of the UK. These have been subsidised under the Common Agricultural Policy and, in particular, via agri-environment schemes and Less Favoured Area support. When such payments disappear consideration must be given to how these assets could be maintained. In some areas Brexit may lead to further falls in farm profitability. Where demographic trends are already showing a population decline and fewer young people are moving into farming, one result could be abandonment of land previously farmed, with potential repercussions for other activities such as tourism. In some cases more innovative approaches may be appropriate and even offer opportunities for fresh thinking. This cannot be achieved simply by subsidising on an "income foregone" basis where farming incomes are often low or even negative.

- How can financial support best be targeted to ensure the supply of vital public goods in the form of ecosystem services? For example, should payments be confined to the uplands or the most severely disadvantaged Less Favoured Areas?
- Who needs to take the lead in protecting these natural assets?
- Would payment by results (as currently operated for example in Ireland) be more effective than the current system of subsidy and encourage more innovation?
- What role does regulation need to play?
- Are there further opportunities for sustainable diversification, for example into sustainable energy, outdoor pursuits and other tourism sectors, that could be supported and encouraged to help subsidise farming activities?
- Should large scale restoration of ecosystems in some areas be considered? What would be the implications of this for ecology, nearby farming and other landscape uses such as tourism?
- Could NGOs and public bodies have a bigger role to play in managing land for public goods beyond the land they already own?
- How can decision makers avoid pressure on budgets pushing public goods down the agenda?









How can we ensure that rural areas in Scotland are effectively digitally connected after Brexit?

How to ensure equity in digital connections for rural and, in particular, remote communities, remains challenging, and alternatives to European funding will be necessary. Digital communications have transformed society over the past twenty years and we cannot foresee all the ways in which our lives will change as a result. But access is still not available to all, and there remain businesses and households in Scotland which do not have even very basic internet connectivity and/or mobile phone coverage, while many more cannot access the broadband speeds increasingly required for everyday activities and for business growth. Although some communities across the UK have taken this into their own hands and developed their own broadband networks, not all have the expertise or social capital required to achieve this. Lack of connectivity threatens both economic success and access to public services, and creates a "two-tier" society. It also denies us the opportunity to provide some services more efficiently and effectively. For example, in the context of an ageing rural population, the full potential of eHealth developments and other internet enabled technologies are not being realised in Scotland's rural areas. This disadvantages older patients in particular, and means they face challenges in accessing specialist services that are increasingly centralised. Providing essential services to very remote users who cannot access them digitally is an additional cost on the public purse. At the same time it is becoming increasingly difficult to recruit health and social care professionals to work in rural areas and there will inevitably be increased reliance on remote access via the internet. This may, of course, have some negative consequences, particularly for older people, who might prefer the human contact involved in a visit from a professional, and this should be taken into account in service planning. Although access to new technology is essential it cannot be expected to replace all in-person services.

- How can the Scottish and UK Governments ensure that rural Scottish populations are not left behind in being able to access services digitally and in gaining the skills to do so?
- Where should investment priorities lie eg should ensuring superfast connectivity in areas without it take priority over increasing speeds in areas already meeting minimum service levels?
- How might better digital access to services be cost effective, for example by helping older people in rural communities to stay longer in their own homes?
- Could the Internet of Things also support better health and more independent living for older people eg smart heating systems, smart kitchens?
- How would better internet and mobile access support economic growth and so be cost
 effective even in the most remote areas of Scotland? What role could fibre, wireless
 technologies or satellite play?
- How can any potential negative effects of increased internet use (eg closure of village shops and local banks, fewer visits by health and social care professionals to older people) be ameliorated?
- Could more communities be encouraged to develop their own broadband connections or is this an unreasonable expectation?





How can we ensure that the rural-urban linkages of Scotland are considered post Brexit?

European funding support has largely been premised on the rural development programme component of the Common Agricultural Policy and so has mirrored rural development priorities for the European Union as a whole. This has meant that rural issues have tended to be considered in isolation from the wider regional context and the inextricable ways in which urban and rural communities and economies are linked have often been ignored. The recent OECD RURBAN report advising the European Commission sought to bridge this gap and Brexit offers Scotland an opportunity to reconsider this approach at a regional and local level. This means giving particular consideration to the needs of very remote communities and in this context digital connections may prove particularly effective. However, it is important to improve our understanding of the ways in which even these most remote communities are linked into less remote rural areas and also into towns and cities, both economically and socially. Many of those who live in accessible rural Scotland work in larger towns and cities and live their lives in both urban and rural areas. Many will be travelling between rural and urban contexts for social reasons, medical appointments, shopping, and to access further and higher education. Supply chains, capital flows and administrative/electoral boundaries also transcend urban/rural divisions.

- How can the needs for connectivity between rural and urban and between rural and rural areas – via road, rail, ferry and air and also digitally – be met?
- How can the day to day patterns of people's lives which connect rural and urban, be sustained
 and an adequate integrated transport infrastructure structure ensured?
- How can the particular needs of the most remote communities be met and how can their interactions with large population centres and the services they provide be facilitated?
- How can urban populations, particularly young people, be encouraged to maintain and develop a better understanding of rural areas, their provision of public goods of all kinds, and the need to support this?





How can the needs of Scottish agriculture and crofting be addressed?

Scottish agricultural systems - particularly in upland areas - are often constrained by the natural environment, and so are relatively less productive and often reliant on income from other sources, including non-farming activities, as well as public support payments. Such High Nature Value systems comprise 40 per cent of the agricultural land in the country, and support habitats and species considered to be important in terms of conservation, and landscapes thought of as being of high cultural and social value. They may also be important attractions for the tourist industry. Crofting is a land use system protected under law in the North West Highlands, the Western and Northern Isles. It has been recognised as occupying a unique place in the country's cultural heritage, but it is fragile and unlikely to survive without specific support and regulation. The importance of the social structures and public goods supply that flow from both crofting and other farming systems of varying scales will need to be considered, and financial provision made, if land use patterns and the associated communities are to be sustained.

- How can communities dependent upon fragile farming systems be sustained when the Common Agricultural Policy is removed?
- How can they continue to be rewarded for the provision of public goods?
- What particular issues need to be considered with regard to crofting post Brexit, including
 institutional structures, openness, fairness and effectiveness of crofting law and how these
 should relate to any financial support?
- How can effective community involvement be achieved to ensure an equitable, transparent and publicly acceptable approach to any support, particularly for smallholding and crofting?
- What role might new and emerging technologies play in land management by remote and upland communities, for example in precision farming, environmental management and tracking of livestock via GPS?





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What are the likely consequences of Brexit for the Scottish food and drink industries?

Scottish food and drink exports range across numerous sectors, although they are dominated by whisky and Scottish farmed salmon – both of which hold Protected Geographical Indication (PGI) status. Much of the fish and shellfish caught in Scottish waters is also exported to the continent and Scotch beef (another PGI) has an international reputation. Although of considerable importance to the Scottish economy, these exports represent a very small proportion of total UK trade and risk being overlooked or sacrificed in trade negotiations which focus on other sectors such as financial services or car manufacturing.

- What weaknesses in the Scottish export supply chain may need to be strengthened and how can small, but locally important, industries avoid being overlooked or not receiving appropriate consideration?
- Is there potential for more local marketing and consumption within the UK of Scottish produce?
- How can the quality and provenance that is epitomised in PGI status be maintained in the marketing of Scottish products in the UK and beyond, and also extended across global markets?
- How can the environmental credentials and standards of Scottish produce be maintained post Brexit?
- Depending on decisions regarding the UK border with the Republic of Ireland, what need will
 there be for customs inspections and functions in Scotland after Brexit, particularly at the port
 of Cairnryan?







What are the implications of Brexit for labour supply in Scotland?

The Scottish Government has welcomed immigration from Europe and beyond to help counteract the ageing profile of the indigenous population and to fill key gaps in the Scottish workforce. Workers from overseas are hugely important in a number of key rural sectors including tourism, agriculture, and social care, although they are often employed in low-wage roles. There is also a high dependence on EU nationals to fill posts in other sectors such as medicine and veterinary services. Curtailing freedom of movement of EU citizens post Brexit risks stopping skilled and unskilled migration which may threaten sectors already experiencing difficulty in recruiting workers. There may be scope for more jobs to become available to local people and/or workers from further afield, but it will take time to address gaps in the skilled labour market. At the same time, if European legislation concerning workers' rights is removed this may also have implications, particularly for workers in low wage sectors.

- Will having fewer EU workers create vacancies that could be attractive to local people in agriculture, tourism, and health and social care, and what effect might that have on wages?
 Will it push wages up, with implications for local employers and public sector providers or will it continue to prove difficult to encourage local people to take unskilled, low paid and often seasonal, positions?
- Will more workers from developing countries be attracted to fill vacancies and if this happens what might the impacts be for local rural communities?
- To what extent may Brexit exacerbate existing shortages of professionals in sectors such as health and social care and veterinary services and how might these be addressed?
- Could there be opportunities to use the talents and experience of older people for longer as the state pension eligibility age rises?
- What opportunities might exist to bring in a younger demographic to key industries such as farming, via tenancies and smallholdings? Could better protection (as is available to crofters) in these sectors help?
- How can young people's engagement with the rural be developed so that they have a better understanding of the career, employment and wider opportunities available?







Contributors



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Andrew Moxey is a freelance consultant with 30 years' experience of applied analysis of agricultural, environmental and rural policy issues. Recent consultancy clients include the Scottish Government, Defra and the European Commission. He was previously Chief Agricultural Economist for the then Scottish Executive Environment and Rural Affairs Department, and prior to that a Senior Lecturer at Newcastle University. He is currently engaged in a number of Brexit-related projects, including one funded by ESRC and hosted jointly by Newcastle University and Scotland's Rural College.

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Rural Policy Centre

Scotland's Rural College (SRUC) supports innovation and sustainable development in agriculture and the rural sector in Britain and internationally. SRUC is one of the UK's leading agriculturally-focused higher education institutions, offering a unique blend of research, education and consultancy.

SRUC's research and education activities operate from six campuses and eight farms and research centres across Scotland. The consultancy arm, SAC Consulting, supports more than 12,000 farms and rural businesses across the UK from 25 consultancy offices and eight veterinary disease surveillance centres.

The Rural Policy Centre was established in 2007 to provide independent, impartial analysis and information to inform current and future rural policies. The Centre undertakes a range of knowledge exchange activities including organising high profile events and publishing biennial Rural Scotland in Focus reports.

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Centre for Rural Economy

Established in 1992, the Centre for Rural Economy at Newcastle University specialises in interdisciplinary social science and applied policy research oriented towards the achievement of sustainable development in rural areas. Topics covered include rural employment, rural policy, farmer and consumer behaviour, rural tourism, environmental management, and rural communities and organisations.

Drawing on a team of over 50 social scientists, including economists, geographers, sociologists, food marketers, political scientists and psychologists, it is one of the most significant groupings of rural social scientists in Europe. In 2013 the excellence of its research and teaching was recognised by the award of a Queen's Anniversary Prize for Higher and Further Education.

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