Rural Policy Centre

Analysis of characteristics of Scotland's rural economies

Jane Atterton
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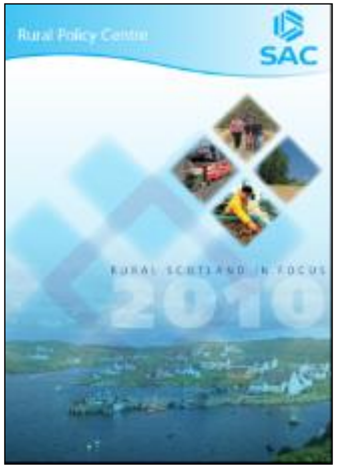
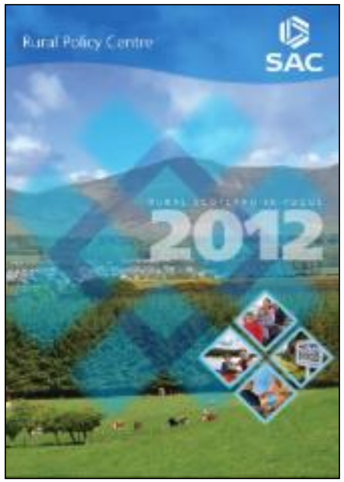
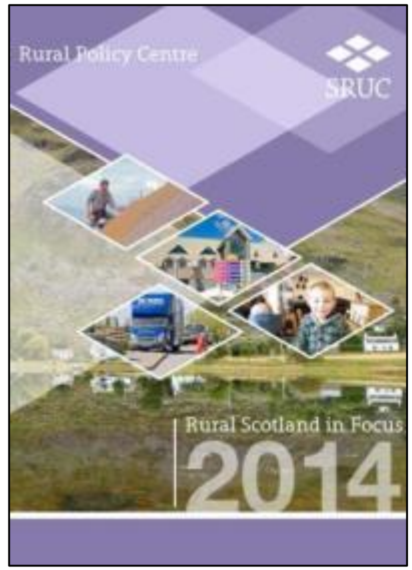
Leading the way in Agriculture and Rural Research, Education and Consulting

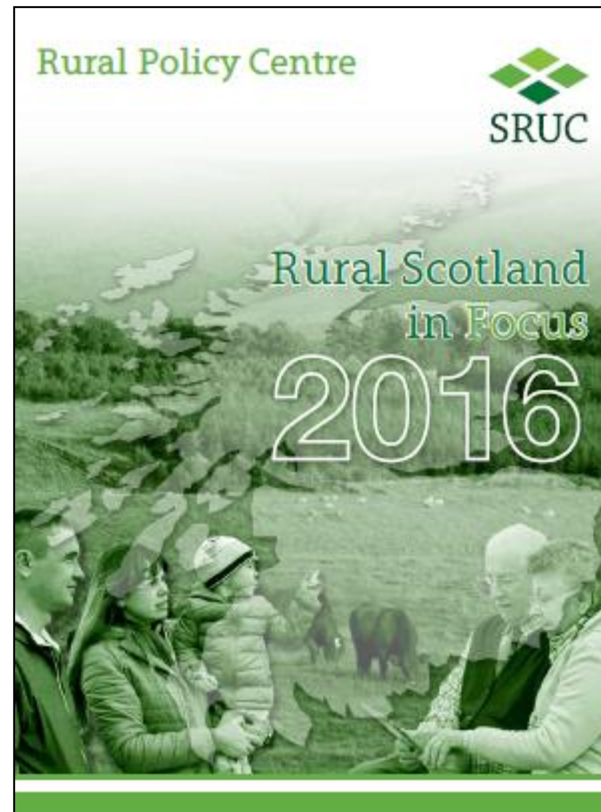
Rural Scotland in Focus Reports give:







1. Fast-track to evidence
2. Commentary on key themes
3. Compendium of resources
4. Insight into changes over time

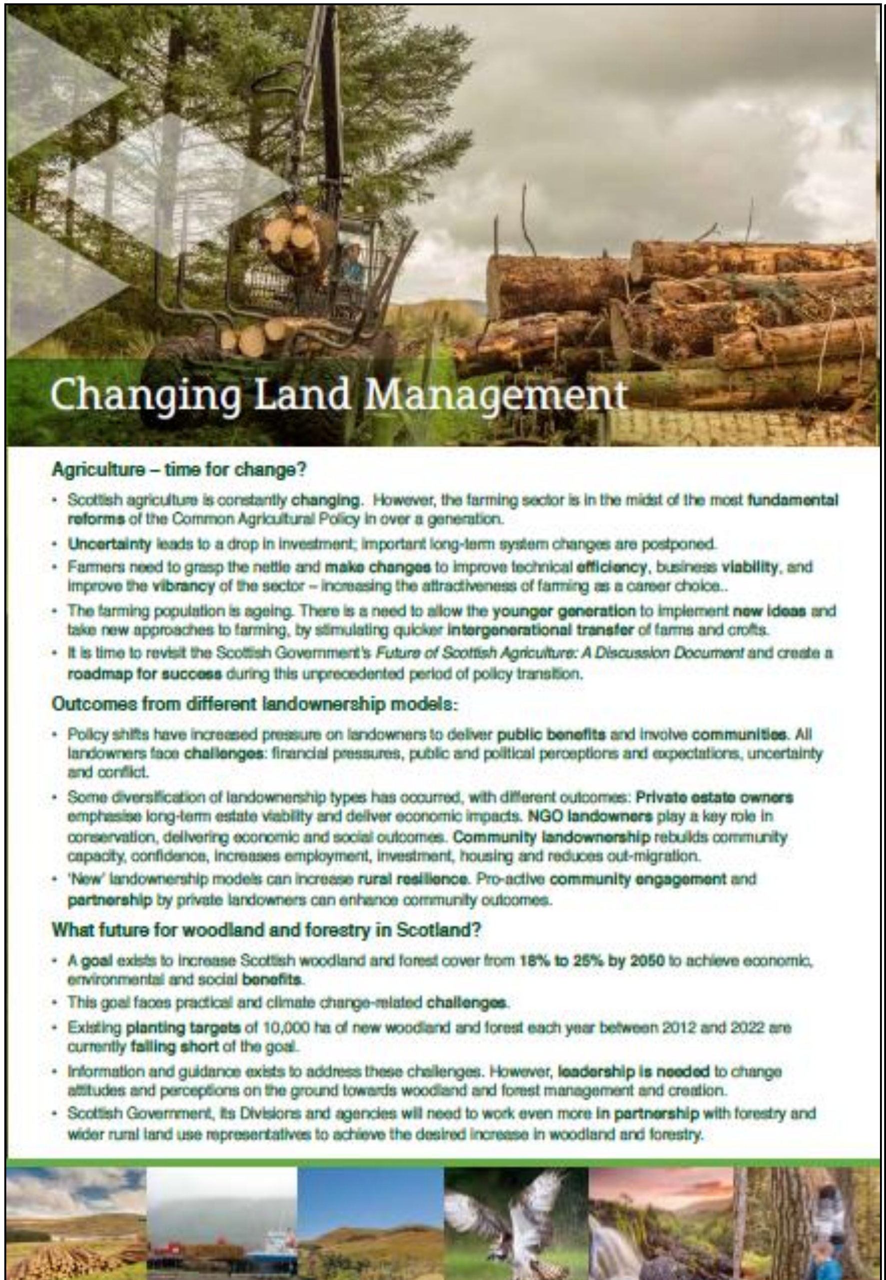


Partnership is central…

Introduction: Key Points

1. Much has changed since the 2014 Report:
   a. Scottish Election (2016)
   b. Brexit vote (2016)
   c. Context of uncertainty
2. Wider policy landscape…
3. The centrality of **evidence** remains:
   a. what is **known**, what is **not** known, what we **still need to know…**
   b. what all this **means** for rural and national policy… which we explore at the end…

Report chapters:



Changing Land Management

Agriculture – time for change?

- Scottish agriculture is constantly **changing**. However, the farming sector is in the midst of the most **fundamental reforms** of the Common Agricultural Policy in over a generation.
- **Uncertainty** leads to a drop in investment; important long-term system changes are postponed.
- Farmers need to grasp the nettle and **make changes** to improve technical **efficiency**, business **viability**, and improve the **vibrancy** of the sector – increasing the attractiveness of farming as a career choice..
- The farming population is ageing. There is a need to allow the **younger generation** to implement **new ideas** and take new approaches to farming, by stimulating quicker **intergenerational transfer** of farms and crofts.
- It is time to revisit the Scottish Government's *Future of Scottish Agriculture: A Discussion Document* and create a **roadmap for success** during this unprecedented period of policy transition.

Outcomes from different landownership models:

- Policy shifts have increased pressure on landowners to deliver **public benefits** and involve **communities**. All landowners face **challenges**: financial pressures, public and political perceptions and expectations, uncertainty and conflict.
- Some diversification of landownership types has occurred, with different outcomes: **Private estate owners** emphasise long-term estate viability and deliver economic impacts. **NGO landowners** play a key role in conservation, delivering economic and social outcomes. **Community landownership** rebuilds community capacity, confidence, increases employment, investment, housing and reduces out-migration.
- 'New' landownership models can increase **rural resilience**. Pro-active **community engagement** and **partnership** by private landowners can enhance community outcomes.

What future for woodland and forestry in Scotland?

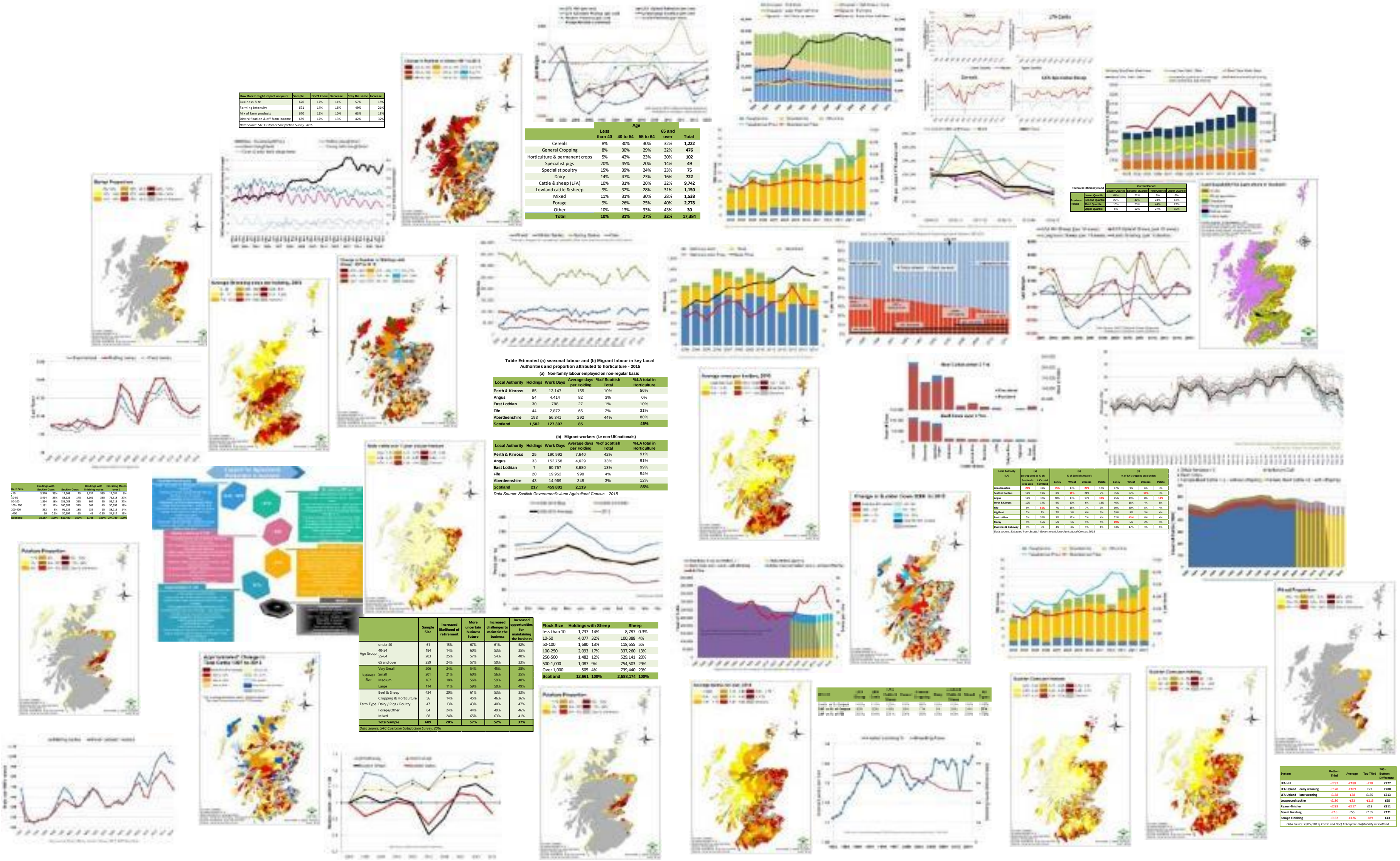
- A **goal** exists to increase Scottish woodland and forest cover from **18% to 25% by 2050** to achieve economic, environmental and social **benefits**.
- This goal faces practical and climate change-related **challenges**.
- Existing **planting targets** of 10,000 ha of new woodland and forest each year between 2012 and 2022 are currently **falling short** of the goal.
- Information and guidance exists to address these challenges. However, **leadership is needed** to change attitudes and perceptions on the ground towards woodland and forest management and creation.
- Scottish Government, its Divisions and agencies will need to work even more **in partnership** with forestry and wider rural land use representatives to achieve the desired increase in woodland and forestry.

- **Agriculture – Time for Change?**
  - Steven Thomson with contributions from:
    - Andrew Barnes
    - Julian Bell
    - Gavin Hill
    - Robert Logan
    - David Keiley
- **Outcomes from different land ownership models**
  - Dr Rob McMorran
- **What future for woodland and forestry in Scotland?**
  - Prof Davy McCracken

Agriculture – time for change?

- Scottish agriculture is constantly **evolving**
  - Provides an **overview**
  - **Drivers** of change
  - **Opportunities** and **Challenges** going forward

Changing Agriculture – Evidence

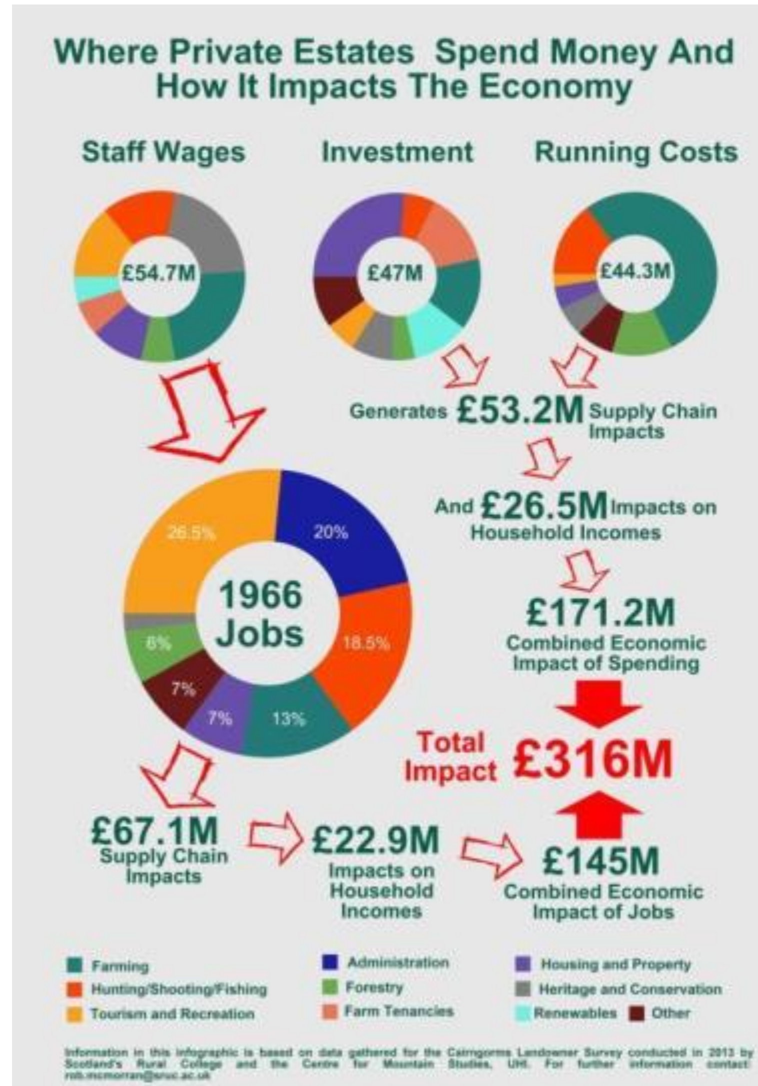


Agriculture – time for change

- Policy **uncertainty** leads to:
  - drop in investment;
  - long-term system changes are postponed,
- Farmers & crofters need to drive **changes** to improve:
  - technical **efficiency**;
  - business **viability**;
  - **vibrancy** of the sector.
- Support the **younger generation**:
  - implement **new ideas** and take **new approaches** to farming.
- Unprecedented period of **policy transition**:
  - Need to take stock and create a **roadmap for success** for Scottish agriculture.

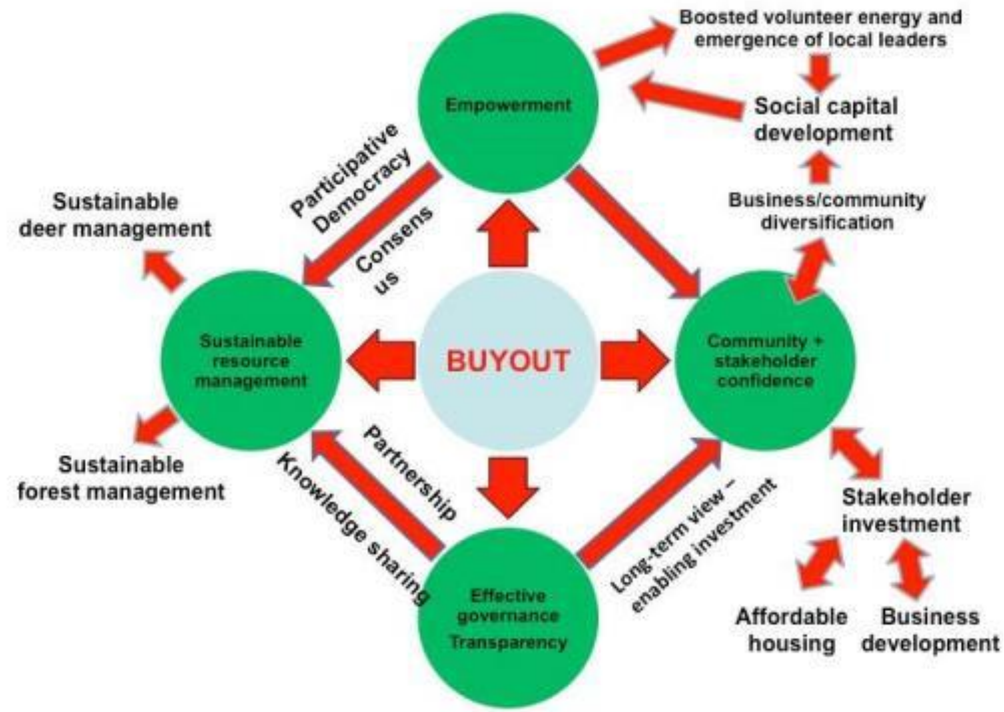
Outcomes from different land ownership models

- Some diversification of landownership types has occurred, with different outcomes.
  - **Private estate owners** emphasise long-term estate viability and deliver economic impacts.
  - **NGO landowners** play a key role in conservation, delivering economic and social outcomes.
  - **Community landownership** rebuilds community capacity, confidence, increases employment, investment, housing and reduces out-migration.

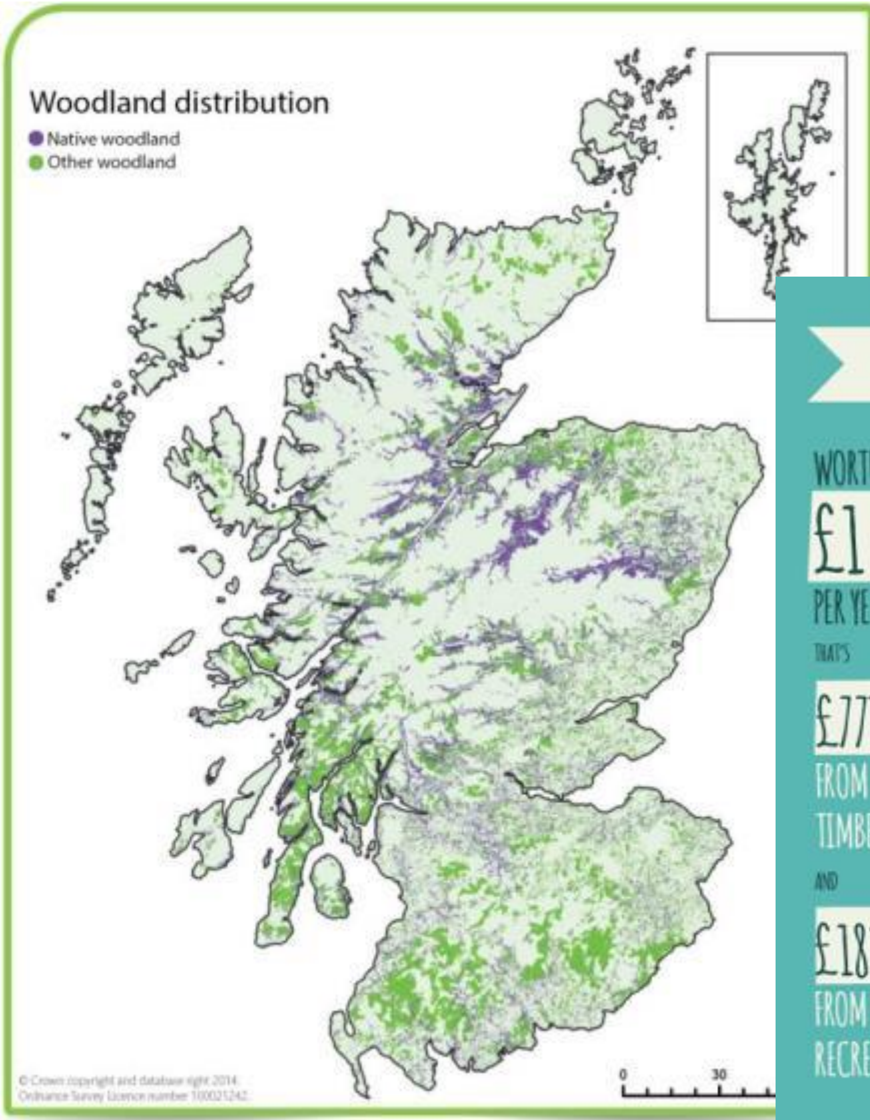


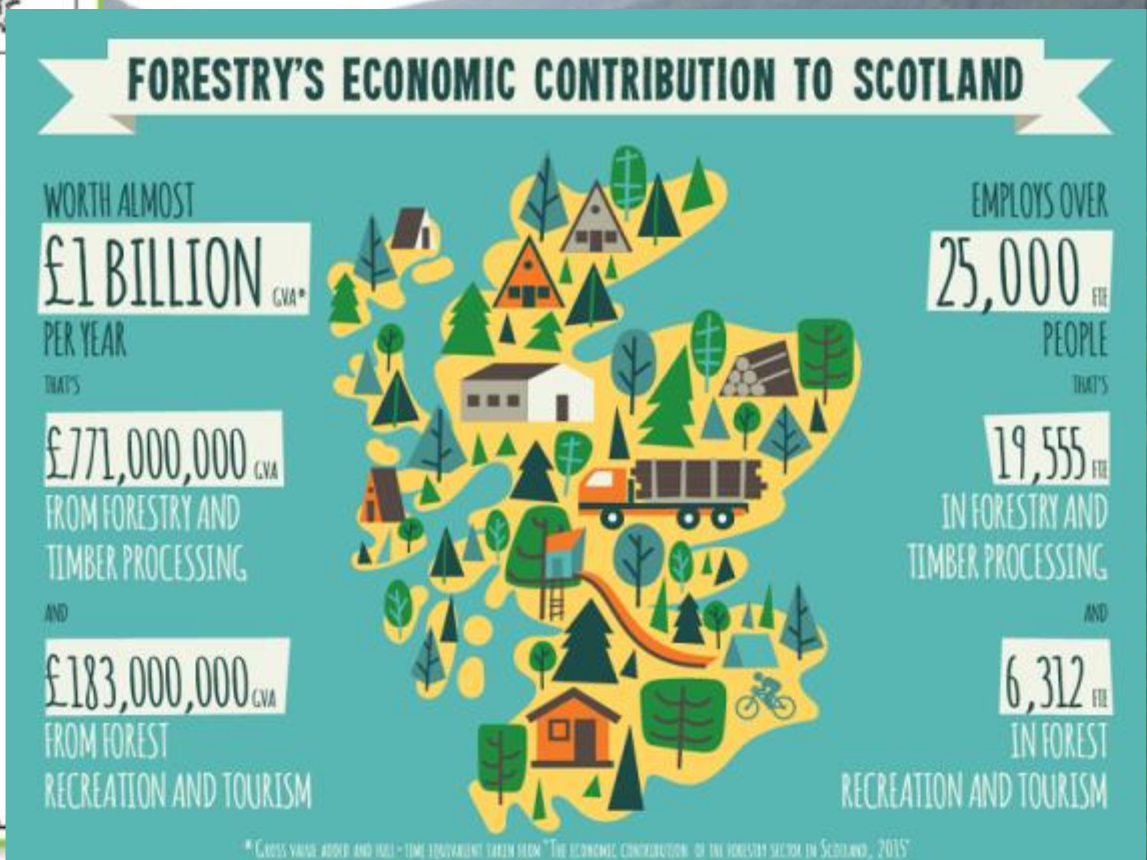
Land ownership continued

- Policy shifts have increased pressure on landowners to deliver **public benefits** and involve **communities**.
- All landowners face **challenges**: financial pressures, public and political perceptions and expectations, uncertainty and conflict.
- 'New' landownership models can increase **rural resilience**.
- Pro-active **community engagement** and **partnership** by private landowners can enhance community outcomes.



What future for woodland and forestry in Scotland?





Scotland's Rural Economies

– looking beyond the land-based sector

- There are **51,000 businesses** in rural Scotland. This is **one third** of Scotland's registered small and medium sized enterprises (SMEs). **Over 70%** of these - nearly 37,000 businesses - operate outside the primary sector.
- While the evidence base about primary sector businesses is relatively good, **evidence** about the characteristics, needs and contributions of businesses operating outside the primary sector is more limited. This has led **to** to two **false assumptions**: (1) that the rural economy = agriculture and (2) that cities are the only engines of growth with rural areas dependent on them.
- Evidence shows that rural businesses are **different** to those in urban Scotland, in terms of size, ownership structure and growth plans. They may therefore need **different support**.
- Rural businesses generally have **good survival rates. Business registration rates** vary – higher in Aberdeenshire and Stirling, lower in Dumfries and Galloway and East Ayrshire.
- We **need to know** much more about: business productivity, innovation and connectivity, the numbers of unregistered businesses, the routes that individuals take into setting up their business and their future plans.
- **Improving the evidence base** is now more important than ever. We need to understand: the impacts of Brexit and associated uncertainty for businesses; the role of new actors (particularly LEADER) in providing support for rural enterprises; the impacts of Scotland's changing financial powers and of new support for businesses announced in the Programme for Government 2016-17; and the increasing diversity of businesses across rural Scotland.
- We need much better evidence about all of Scotland's businesses, to **challenge assumptions** and to ensure **appropriate support is available to all businesses** in order to fulfil the Scottish Government's purpose of building a **dynamic**, inclusive and **sustainable economy** across Scotland.

SRUC

Dr Jane Atterton

The shape of wider rural economies

- There are **51,000 registered SMEs** in rural Scotland; **one third** of Scotland's total.
- **Over 70%** of these - nearly **37,000 businesses** - operate outside the primary sector.
- **Evidence** about the characteristics, needs and contributions of non-primary sector businesses is relatively limited.
- This has led **to** two **false assumptions**:
  – that the rural economy = agriculture, and
  – that cities are the only engines of growth.

Evidence of differences:

- Evidence shows that rural businesses are **different** to urban businesses:
  - e.g. over 42% of businesses in both accessible and remote rural Scotland have no employees, compared to 30-34% in urban Scotland.
  - e.g. business survival and reg./dereg. rates
  - e.g. greater importance of home-based and family-owned businesses

Table 3: Business openings and closures by geographic area, 2013[40]

	Remote Rural	Accessible Rural	Rest of Scotland
Total businesses	13,365	30,925	117,940
Business openings	1,240	3,740	16,560
Business opening rate	9%	12%	14%
Business closures	1,010	2,585	11,315
Business closure rate	8%	8%	10%
Total businesses per 10,000 adults	490	578	327
Business openings per 10,000 adults	45	70	46
Net business openings and closures	230	1,155	5,245
Net business openings and clo-sures as % of total businesses	2%	4%	4%

- They may therefore need **different (type, delivery, etc.) support**.

The need to know more…

What more do we need to know about rural businesses?

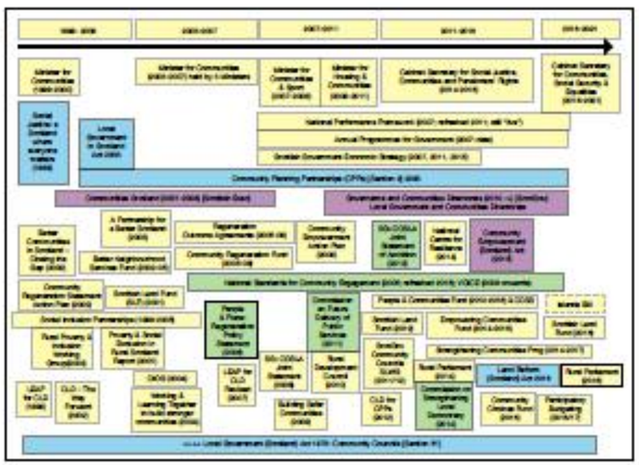
What more do we need to know about the context they are operating in?

This evidence will:

- Challenge false assumptions
- Lead to more appropriate rural business support
- Fulfil the Scottish Government’s purpose

Policies for Communities in Scotland:
are they delivering national resilience outcomes?

- **Since 1999**, there have been **many policies, programmes and funds** to support community resilience.
- When the original Social Justice Strategy was launched, **data** was seen as **essential**, so that "**Scotland will know** if we are moving towards a fairer, more just nation".
- However, 17 years later, **we do not know** whether all these policies have changed outcomes for communities across Scotland.
- This is because: (1) policies and programmes **do not feed into each other**; (2) **indicators change significantly** with each new policy; and (3) **local-level** evidence is not pulled together to assess progress towards **national** community outcomes.



- In rural areas, **lack of evidence** is particularly concerning, especially coupled with over-reliance on the Scottish Index of Multiple Deprivation (SIMD). **But it is no longer acceptable to say that it is "too difficult" to collect data in and for rural areas.**
- There is an urgent need to **develop a framework** for further evidence-gathering plus smarter use of what we already know.
- If this does not happen soon, we will have **no clear picture of what has changed and why**. It will also be **impossible to know** what to stop and what to continue.

Prof Sarah Skerratt

Rural Scotland in Focus

2016

In our 2016 Report, we have examined agricultural sectors and their trends, the multiple outcomes of diverse estates, the feasibility of woodland and forestry goals, the economic significance of wider rural businesses, and the policy landscape surrounding community resilience.

We have highlighted complexities, trends, drivers, inhibitors and enablers. We have described directions of travel, exploring how and whether these have delivered (or could deliver) higher-level outcomes, together with the need for adaptation.

We have reflected on timelines dating back many decades. These reflections have enabled us to assess where rural has come from, where and how drivers and priorities have changed over time, and – by projecting forward, even in these times of heightened uncertainty – we have explored potential future options.

Based on our analysis, we continue to see the need for a **coherent, measurable rural strategy situated within a national policy framework, which builds on the innovation and creativity of those in rural Scotland.** Such a strategy would bring together the resources, needs, opportunities, conflicts, threats, drivers and wider policy context within a **collective, single frame of reference.**

We propose that such a rural strategy would need to have **three aims**:

1. To set out the **vision for rural Scotland**, and how the different rural-specific interventions deliver to that vision;
2. To monitor, evaluate and review how national policies are supporting, or **hampering, delivery of that rural vision**, potentially using a type of "rural proofing" approach;
3. To develop **ways of measuring progress** in order to track how rural is delivering to (a) its vision and (b) the Outcomes of the National Performance Framework.

Combining these three aims ensures that the rural strategy would not lead to rural becoming siloed or separated. Instead, the role of both national and rural-specific interventions in supporting (or hindering) the vision of rural Scotland would be tracked, and the integral contribution of rural to Scotland's National Outcomes would be "mapped".

Although we are entering a time of unprecedented uncertainty, this period also presents opportunity – one which a confident and ambitious rural Scotland can seize by being inclusive, innovative and forward-thinking.

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Looking forward - together

1. New narrative (not **needs** but **confidence** and **ambition**):
    a. Nonetheless inclusive (i.e. still integrating needs)
2. Strength of **evidence** from **multiple sources**:
    a. Collaboration/partnership within a coherent framework

Rural Scotland in Focus 2016

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