

NORTH EAST SCOTLAND AGRICULTURE ADVISORY GROUP

COMMITTEE ROOM 5, WOODHILL HOUSE, ABERDEEN

WEDNESDAY, 22 FEBRUARY, 2017

- Present:** **Aberdeenshire Council** – Councillors W Howatson (Chair), D Stewart, A Norrie and I Taylor (substitute for Cllr Pirie)
Aberdeen City Council – Councillors J Corall
Angus Council – Councillors B Myles and L Devine
Moray Council – Councillors G Alexander
Aberdeen University - Profs Ken Thomson and Deborah Roberts
SGRPID - J Kinnaird
RSPB – Karen Cunningham
SLE – Eilidh Mackechnie
NFUS - Lorna Paterson, Roddy Catto and Jonnie Hall
Scottish Enterprise – G Ford
Opportunity North East – P Cook
SLE – David Fyffe
SAC Consulting - Alister Laing
Royal Institution of Chartered Surveyors – Matthew Havers
- Officers:** D McDonald, Industry Support Executive (Rural & Maritime)
J Davidson, Integrated Land Use Project Officer,
H Tasker (Angus Council)
S Stuart, Marketing & Events Officer (Economic Development)
- Apologies:** Councillor H Partridge, A Duncan, K Farquhar and L Pirie (Aberdeenshire Council)
Councillor J Morrison, R Grant and G Lawrence (Aberdeen City Council)
Councillor G Coull (Moray Council)
Councillor J Gaul and D Lumgar (Angus Council)
Krysten Black - SRUC
I Bonavino - Aberdeen & Grampian Chamber of Commerce
Larry Irwin - Royal Institution of Chartered Surveyors
J Nott - Forestry Commission Scotland
Bill Slee and Lee-Ann Sutherland - James Hutton Institute
K Patrick - LANTRA
Peter Wood - Ringlink Services Ltd
Jo Robinson - Visit Scotland
Andrew Connon and David Winton - NFUS
Peter Wright - SEPA
David Smart - RICS
Roddy Matheson – Service Manager Industry Sectors, Economic Development

1. WELCOME, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The Chair welcomed everyone present to the meeting. Members were asked if they had interests to declare. No declarations of interest were intimated.

2. MINUTE OF MEETING OF 23rd NOVEMBER, 2016

The Minute of Meeting of 23rd November, 2016 was circulated and amendments were noted. The minutes were otherwise **approved** as a correct record.

3. MATTERS ARISING

Derek McDonald went through the action sheet from the last meeting to provide an update on progress in respect of each point. There were no further matters arising.

4. PRESENTATION ON SCOTTISH FARMING AND BREXIT BY JONNIE HALL - NFUS

The Chair invited Jonnie Hall - Director of Policy & Member Services at NFUS to deliver a presentation on a Future Support Package for Scottish Agriculture and the implications of Brexit for Scottish farming. Mr Hall gave a brief overview of agriculture in Scotland and observed that withdrawal from the EU would mean withdrawal from the CAP system. Scottish agriculture will therefore need a new support package adequately funded and properly targeted to meet the needs and objectives of farmers and crofters. He noted that Scottish agricultural sector continues to rely heavily on support payments, both direct and indirect. Production costs and markets conspire to make support even more important. From 2014 to 2020, some €4.6 billion in CAP support was allocated to Scottish farmers, €4.1Bn of which was direct, around 16.3% of the UK total.

Provisional figures for 2016 indicate around 66% of Total Income from Farming Estimate (TIFF) was derived from CAP (£498 million of £749 million). After Brexit, if farm support is delivered in line with the Barnett Formula, Scotland's share of support will halve to c.8%.

Although an overarching UK Agricultural Policy Framework looks likely post Brexit, Mr Hall commented that it also seems likely that there will be sufficient flexibility for the distinctive farming characteristics within the Devolved Administrations to be accommodated. Scotland in particular has a hugely diverse agricultural landscape - by farm size, type and mix of enterprises - which will require a complex, multi-layered approach which works for the whole sector.

Mr Hall informed Members that agricultural economy is driven by three forces: the market, support and costs - with a heavy dependence on support. Although the CAP payments are vital to the agricultural sector, the basis upon which they are distributed is flawed and Brexit would provide an opportunity for a policy which better fits Scotland.

Flaws include inflated land values, stifled investment, innovation and productivity and thwarted new entrants. The policy had also encouraged agricultural inactivity and under-activity and driven short-termism. New support mechanisms to promote greater resource efficiency would be required to drive every agricultural business forward.

Mr Hall went on to propose principles of Future Agricultural Support including supporting active farmers, risk-takers and decision-makers; stabilising incomes and meeting basic standards; sustaining less favoured or disadvantaged areas; fostering innovation for new entrants and developing businesses; securing new investments; and smarter delivery of environmental and public benefits. The new policy framework must facilitate managed and progressive change and not chaos. During discussion Members expressed their concern over the future prospects for and profitability of the agricultural sector.

The Chair thanked Mr Hall for a lively and informative presentation. Thereafter, it was **agreed** to note the information provided in the presentation.

5. PRESENTATION ON FARM ADVISORY SERVICE BY ALISTER LAING – SAC CONSULTING

The Chair invited Alister Laing – Business Manager at SAC Consulting to deliver a presentation on Farm Advisory Service. Mr Laing introduced the newly launched Farm Advisory Service (FAS) to Members and informed that it was designed to provide information and access to variety of resources to Scottish farmers with a view to increasing the profitability

and sustainability of their farms and crofts. FAS is co-funded by the Scottish Government and EU and consists of a One-to-One programme (managed by Ricardo AEA and including specialist advice, mentoring for New Entrants, and Carbon Audits); and a One-to-Many programme managed by SAC Consulting which provides a National Advisory Service, Crofter and Small Farm Advisory Service and National Advice Hub. The One-to-Many Programme includes events, workshops, discussion groups, benchmarking data and publications and involves three broad themes: Cross Compliance, Climate Change & Environment and Business Efficiency & Viability.

Mr Laing outlined the FAS 2017/8 programme which covers Animal Health & Welfare, Soil Nutrient Network Farms, Water Resource Management, Climate Change Adaptation and Mitigation, Business Resilience, New Entrants, Crop Health and Farm Woodlands. Members were also informed that SAC operates a National Advice Hub which includes a comprehensive website featuring online tools and information on grant applications, e.g. for Integrated Land Management Plans and Carbon Audits. Particularly useful is a farm events calendar and there is also a dedicated telephone advice line.

Mr Laing advised that Scottish Government had sought an integrated, holistic, cross-cutting and innovative FAS and that this would be met through the programme of events and publications to engage successfully with its target audience.

Questions then followed on how SAC Consulting planned to engage with hard-to-reach elements of the agriculture sector, how success would be measured, and how Brexit will affect project funding. Members will be kept informed of progress at a forthcoming meeting of NESAAG.

After discussion, Chair thanked Mr Laing for a detailed and informative presentation and Members **agreed** to note the information provided in the report.

Action point 1: Scottish Farm Advisory Service progress update to Members at future meeting.

6. VERBAL UPDATE ON OPPORTUNITY NORTH EAST AND THE LOCAL DAIRY SECTOR BY PETER COOK - ONE

The Chair invited Peter Cook – Director of Agriculture, Food and Drink at Opportunity North East (ONE) - to provide a verbal update on the NE dairy situation and the project currently underway in support of the local dairy sector.

Since the Muller Wiseman dairy processing plant in Tullos had closed 8 months ago Mr Cook advised that there had been a significant gap in the local dairy value chain. Some 43 local farms had agreed to continue to supply Muller Wiseman, albeit that milk was now being transported (at a cost to dairy farmers of 1.75 pence per litre) to Bellshill, near Glasgow, for processing. This was putting local producers at a major commercial disadvantage, particularly when returns from milk production are already low. Mr Cook commented that around 12 producers are on 'aligned' contracts in which the additional transport costs are borne by the retail outlets they supply (totalling 28 million litres per annum). However, producers on aligned contracts were also concerned over the longer-term prospects for the sector following the introduction of the haulage charge - an unwelcome precedent.

It was reported that ONE and Aberdeenshire Council were jointly funding a project to examine the viability of alternative processing options to help secure the future of local dairy production. HRA Food and Drink - a dairy inward investment specialist consultancy - had been appointed and had already completed the first two study phases. The first was to investigate the state of the local producer base (how well they are invested), producers' future intentions and potential

market opportunities, including the indicative prospects for the manufacture of dairy ingredients for the local food industry.

The second stage of the project involved the preparation of a detailed investment prospectus for a dairy processing plant which was circulated to potential investors around the world in association with Scottish Development International. Five prospective investors emerged. Following discussions with each party, three serious investors declared a firm interest and work is now underway on phase three of the project, focusing, as expected, on the manufacture and marketing of dairy ingredients from locally produced milk.

A milk producers steering group had been formed to represent the interests of the farmers as milk suppliers and prospective investors and it was being advised by SAOS. A further meeting involving HRA, dairy producers, SAOS, ONE and Aberdeenshire Council was planned for March 2017. Mr Cook concluded by saying that the project was currently at a critical stage and due to commercial confidentiality no further details could be provided to members at this point. An update would however follow at the next meeting.

Questions then followed on the critical mass required to sustain local investment in processing, whether there were initiatives or studies focusing on niche markets for locally produced dairy products, the number of local milk producers who had invested in robotic milking systems (innovation) and the willingness of producers to add value on-farm.

The Chair thanked Mr Cook for the helpful update and requested that he continued to attend NESAG meetings to advise members of this and further developments involving ONE.

Action point 2: Dairy Sector study progress update to Members at next meeting.

7. BULLETIN REPORT: EUROPEAN FORESTRY INSTITUTE 2019

There was circulated a bulletin report dated 13th February, 2017, by the Director of Infrastructure Services, which provided Members with information on the European Forest Institute Conference 2019. The report advised that Aberdeen would host the 2019 Annual Conference of the European Forest Institute – the organisation which undertakes and promotes Europe-wide research on forestry issues, spanning policy, ecology, environment, resources management and forest health. It was reported that Prof Bill Slee of the James Hutton Institute had led the bid to secure the 2019 EFI conference at Aberdeen Exhibition and Conference Centre.

As a result, Aberdeen will be European Forest City in 2019. The core conference programme will comprise academic and scientific papers, presentations and discussions involving forestry and related researchers from across the world. However a wide range of activities would be organised around the event to promote forestry to the public, particularly young people. Members were advised that a panel led by JHI and comprising representatives from Aberdeen City Council, Aberdeenshire Council, Aberdeen Exhibition and Conference Centre and the Institute of Chartered Foresters has already started the planning process. A progress update will be provided at a forthcoming meeting.

After discussion, Members **agreed** to note the information provided in the report.

Action point 3: European Forestry Institute Conference 2019 work progress update to Members at a future meeting.

8. BULLETIN REPORT: PROMOTING LAND-BASED CAREERS AT THE ABERDEEN LEARNING FESTIVAL

There was circulated a bulletin report dated 13th February, 2017, by the Director of Infrastructure Services, which advised members of the Aberdeen Learning Festival (ALF) which will take place on 14th February, 2017 at AECC. ALF will enable teachers from across North East Scotland to meet and engage with their pupils' prospective employers and industry sectors to enhance teachers' awareness of pupils' potential career paths and skills required. The day-long event includes exhibition stands and booths and seminar sessions (including a keynote address from the Cabinet Secretary for Education and Skills).

ALF 2017 was the third year in succession that SRUC, Scottish Land & Estates and Aberdeenshire Council had combined efforts to promote land-based careers. Ringlink joined the team in 2017 and also for the first time, a seminar slot had been secured. The land-based careers seminar attracted around 50 teacher delegates and included an entertaining, informative and interactive session by Dr Colette Coll from SRUC which focused on the many careers associated with the humble potato.

After discussion, Members **agreed** to note the information provided in the report.

9. ANY OTHER BUSINESS

Derek McDonald provided Members with a brief report on the Digital Scotland project on behalf of Roddy Matheson and also informed Members that he will provide an update on the Ringlink Rural Internship Programme at the next meeting.

Action point 4: Ringlink Rural Internship Programme update to Members at next meeting.

The Chair advised that it was the last meeting of NESAAAG before the local elections in May 2017 and he expressed his gratitude to all Members and thanked them for their valuable comments and contribution over the past five years.

10. DATE OF FUTURE MEETING

It was **agreed** that the next meeting of the North East Scotland Agriculture Advisory Group was scheduled to take place on:

- Wednesday, 20th September, 2017 at 10.00 a.m. in Woodhill House, Aberdeen

