

RURAL AFFAIRS WORKING GROUP

COMMITTEE ROOM 1, WOODHILL HOUSE, ABERDEEN

WEDNESDAY, 14th NOVEMBER, 2018

Present: Provost W Howatson (Chair), Councillor M Buchan, S Duncan, V Harper, A Simpson, I Taylor and J Whyte.

Apology: Councillor J Ingram

Officers: J Bell, Team Manager (Economic Development & Protective Services), AC, L Glover, Senior Environmental Health Officer (Economic Development & Protective Services), AC, D McDonald, Industry Support Executive (Rural and Maritime), AC, and I Dawson, Assistant Committee Officer, AC.

In attendance of: J Booth, SAOS and S Thomson, SRUC

1. DECLARATIONS OF MEMBERS' INTERESTS

Members were asked if they had any interests to declare in terms of the Councillors' Code of Conduct. No interests were intimated.

2. PUBLIC SECTOR EQUALITY DUTY

In taking decisions on the undernoted items of business, the Working Group **agreed**, in terms of Section 149 of the Equality Act 2010 to:-

- (1) have due regard to the need to –
 - (a) eliminate discrimination, harassment and victimisation,
 - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it,
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it, and
- (2) consider the contents of equality impact assessments, where provided, and to take those into account when reaching a decision.

3. MINUTE OF MEETING OF 26th AUGUST, 2018

The Minute of Meeting of 26th August, 2018 was circulated and **approved** as a correct record.

4. MATTERS ARISING

Derek McDonald discussed the matters arising advising that all items will be covered in the agenda.

5. PRESENTATION BY STEVEN THOMSON, SENIOR AGRICULTURAL ECONOMIST, SRUC: BREXIT AND SCOTTISH AGRICULTURE

The chair invited Steven Thomson, SCRUC to give an updated presentation on Brexit and Scottish Agriculture. Mr Thomson advised that Brexit would affect the meat processing, dairy and potato sector as they rely on seasonal and migrant workers. Mr Thomson reported that SAWS 2 has opened to everyone to supply 2,500 visas, however it was discussed that Scotland alone would utilise all of the visas. It was advised that farming will not get preferential access to the EU which could be a major challenge as the UK currently employs 80 – 90,000 seasonal workers from the EU countries. Mr Thomson advised that LFA payments were to be cut in Scotland as it did not fit the current model. The funding will drop to 80% in 2019 and then to 20% in 2020. Some element of support will be retained, and the industry is looking at ways to reduce the red tape burden. It was advised that there were no provisions provided in the DEFRA (Agriculture Bill) as the bill did not include Scotland. Mr Thomson reported that the Scottish Government would not accept the bill for three reasons: WTO agreement on agriculture; no rural development provisions; and fair dealing in supply chain. Mr Thomson discussed that the World Trade Organisation (WTO) regulates international trading and gave the example of New Zealand Sheep are allowed to be traded freely within the UK. The UK would have to submit to the WTO if they wanted to sell a certain produce tariff free. Finally, Mr Thomson advised that the SRUC had conducted three country wide Rural Business surveys in Aberdeenshire, Scottish Borders and Angus and Dumfries and Galloway. The surveys found that business owners are getting older due to the aging workforce and workers retiring older. Moreover, the survey reported that over 60% of rural businesses had less than 5 employees, while 11% had zero employees. This was found to be significant as the survey revealed that the smallest businesses were less optimistic about Brexit.

6. REPORT BY JIM BOOTH, HEAD OF COOPERATIVE DEVELOPMENT, SAOS: DIARY SECTOR UPDATE

The Chair invited Jim Booth, SAOS, to present the group with a diary sector update. Mr Booth thanked the council for their support of the diary sector and the work of SAOS. Mr Booth advised that consumer behaviours are changing and how we purchase food and drink has changed as only 9% of the population's income is spent on food and drink. This is due to food being the cheapest we have ever seen and this has meant that the people in the supply chain are being squeezed to full capacity. Mr Booth advised that the liquid market used to be very profitable however now it is dominated by two big businesses, while milk prices continue to decline. Production of milk has stayed the same however dairy herd numbers have declined and Mr Booth suggested that the North East lacks the infrastructure to produce milk and lack investment into the diary sector. Mr Booth gave a quick recap of Aberdeenshire's position since Muller Wiseman closed down their Aberdeen milk plant, in June 2016, seeing the loss of 230 jobs. Mr Booth advised that SAOS had explored a lot of options, for example manufacturing Scottish butter to make Shortbread, however these ideas would mean producers would not be making money. Mr Booth finished his presentation by reporting that for the 29 producers, 4 will stop over the next year and 6 of them do not have an obvious successor and suggested that Milk fields without a processing access have no future.

7. PRESENTATION BY JOHN BELL AND LYNSEY GLOVER, ABERDEENSHIRE COUNCIL ENVIRONMENTAL HEALTH TEAM: FOOD LAW UPDATE AND THE OFFICIAL CONTROL VERIFICATION (OCV)

The Chair invited John Bell and Lynsey Glover, Aberdeenshire Council Environmental Health team, to give an update on the Food Law and the Official Control Verification (OCV). Mr Bell summarised the different types of work that the environmental team are working on within

Aberdeenshire, noting that Aberdeenshire has the largest white fish landing port in Europe, 2157 registered food premises which could either be retail or catering premises. Mr Bell showcased some bad examples of food hygiene, food standard and food complaints. The challenges for 2019 were identified, with Brexit being at the forefront due to food law and export certifications. Steven Thomson assure Mr Bell that the food laws would be the same, even without a Brexit deal. Allergens were highlighted as another major challenge in 2019 and Mr Bell advised that customers must be notified of the 14 specified allergens whenever food is being sold or serves.

Lynsey Grover continued the presentation by discussing the Official Control Verification (OCV) and the pilot project in which she was involved. OCV a way of cutting through the complexity of the manufacturing process and gives officers the ability to inspect effectively. Ms Grover advised that before OCV there were varying standards of food standards in Scotland and OCV provided a sense of enhanced control and ensures consistency. A national working group, the SFELC Working group, had been set up to plan for the pilot and to train officers to use the new system of inspections. Ms Grover advised that there were some problems in the beginning which was fed back to the working group and an online survey was published to collect formal feedback. Ms Grover discussed that there was a big advantage to talking to the business ahead of the inspections as they were now able to research the business, verify information and to create a plan on the risks of the business or identify gaps or hazards. Moreover, the introduction of an inspection cycle has been seen as an advantage as visits were broken down into easier to take in chunks of time which meant officers would focus on different aspects of a business in more detail and Ms Grover advised there is now a good balance between unannounced and announced visits. Finally, Ms Grover concluded her presentation by advising that OCV should be seen as an upgrade to working smarter with more focus and believes they are providing a better service to businesses and tax payers.

8. BULLETIN: SPICE REPORT ON UK AGRICULTURE BILL

Derek McDonald reported that on 12 September 2018, the first reading of the UK Agriculture Bill took place. The second reading was on 10 October 2018. The Bill sets out the legal framework under the UK will resume legislative and policy control of land use and rural development in the UK following its departure from the EU, and in turn the Common Agricultural Policy. Mr McDonald advised that The Scottish Parliament Information Centre (SPICe) published a briefing on 5 November 2018 which summarises the clauses in the Bill, its impacts across the UK and where there is likely to be interaction and debate between the UK legislature and Devolved Administrations. Mr McDonald advised that the briefing sets out the various clauses in the Bill and their geographic remit – many of the clauses apply only to England. The Bill itself is not an easy read as the locus of the various clauses is not always clear. Issues covered in the briefing include the provision of new financial powers post-Brexit, intervention in Agricultural markets and marketing standards, producer organisations and fair trading (including a section on the Groceries Code Adjudicator) and the WTO Agreement on Agriculture. The briefing notes that the Scottish Government published have not accepted the UK Government's offer to extend powers in the Bill to Scotland and that there is no mention of an Agriculture Bill in the Scottish Government's Programme for Government 2018-2019. Mr McDonald advised members they will be updated on the new legislative framework for agriculture at future meetings.

9. ANY OTHER COMPETENT BUSINESS

Derek McDonald discussed the North East Opportunity modern apprenticeship. Mr McDonald advised that SEOS are heavily involved in smart rural and that the work will promote innovation of co product and life sciences.

10. DATE OF NEXT MEETING

It was **noted** that the next meeting of the Group date would be reviewed by the Assistant Committee Officer.