

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 19 DECEMBER 2000

RURAL DIVERSIFICATION

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1** To inform of a grant of £4,000 made towards the costs of a major consultancy study into the issues associated with rural diversification.

2 BACKGROUND

- 2.1** Ayrshire has a largely mixed urban / rural economy and in many parts of East Ayrshire, there is a heavy dependence on agriculture as the primary economic activity. It is estimated that direct employment in agriculture accounts for approximately 9% of employment in such areas.
- 2.2** In addition to direct employment, agriculture directly supports a wide range of ancillary businesses throughout East Ayrshire which include a livestock market in Kilmarnock, an abattoir in Kilmarnock and meat processing in Drongan – these business alone employ more than 200 local people. Other SME businesses throughout the area rely on the agricultural sector for a significant element of their turnover and these include feed merchants, agricultural contractors, and veterinary practices. professional services (architects, solicitors and accountants etc.), banks, engineering companies, builders, village shops and post offices. Equally, many of these local businesses and also the education and health sectors in the rural areas rely on “farm families” as suppliers of labour.
- 2.3** Agriculture is important in maintaining the landscape and an attractive sustainable environment which impacts directly on the quality and attractiveness of the area as a tourist destination. A well managed and populated countryside provides a vibrant rural economy which is a key factor in the development of a sustainable strategy for tourism.
- 2.4** Due to a wide range of factors which includes changes in European policy and funding, the agricultural industry is currently experiencing the deepest financial crisis in many years and this is well documented at a national level. The agricultural industry in East Ayrshire is dominated by the livestock sector which is particularly badly affected.
- 2.5** In an Ayrshire wide context, it is estimated that the cumulative effect of the adverse situation affecting the agricultural industry and the rural economy in

general could be as extensive as the removal of around £35 million (source : Scottish Agricultural College).

- 2.6** This has implications for the viability and sustainability of local communities and direct provision of services within them.

3 PROPOSALS FOR AN ECONOMIC ASSESSMENT OF RURAL AYRSHIRE

3.1 Data which exists on the state of the agricultural industry and the rural economy is mainly at a national level. In May of this year, the Scottish Executive launched a consultation paper entitled "Rural Scotland – A New Way Forward" and more recently for England and Wales, the Deputy Prime launched the government's Rural White Paper. The publication of these documents is an indication of the importance which is attached to the regeneration of the rural economy.

3.2 In view of the importance of the sector to the Ayrshire economy and the need to develop policy to sustain and regenerate the rural economy, it is vital to have up-to-date and accurate information at the local level in order that meaningful proposals can be developed and effective lobbying undertaken. The Ayrshire Members of Parliament acknowledged this need at a meeting which was held on 10 November 2000 with the local branches of the National Farmers Union and the Scottish Agricultural College.

3.3 Similar studies have recently been undertaken in Dumfries & Galloway, Borders and Lanarkshire.

3.4 These studies were undertaken by the Scottish Agricultural College (SAC). Following discussion with the three Councils, Scottish Enterprise Ayrshire has invited SAC to prepare a proposal and tender for the undertaking of this work for Ayrshire.

3.5 It is proposed that the study would use the proven methodology used in the other 3 studies and will :

- provide an overview of the current position and likely future performance of agriculture in Ayrshire, in addition to an assessment of the impact such changes may have on the wider Ayrshire economy; and
- seek to identify options and make recommendations on ways in which the public agency network can assist in the restructuring of agriculture and rural diversification in Ayrshire, in a co-ordinated and focused way.

4 COSTS AND FUNIDNG OF THE PROPOSED STUDY

- 4.1** Although the project has not been put to competitive tender, SAC is in a unique position in Ayrshire in terms of its involvement with the local agricultural industry, where it is highly respected and more generally in the rural communities. This will assist in securing support for the project and accessing reliable data. SAC has a multi-disciplinary range of relevant expertise available and has undertaken similar types of commissions in the past.
- 4.2** The tender submitted by SAC for the project is £17,500 (exc. VAT) and it is anticipated that the project would run over a period of 20 weeks, from a commissioning date of early January 2001.
- 4.3** As the output of the study is important to each of the three Councils for their own areas and for Scottish Enterprise Ayrshire from an Ayrshire-wide perspective, it is proposed that the costs of the study be shared on the basis that each of the Councils would contribute £4,000 and Scottish Enterprise Ayrshire would contribute £5,500 in addition to meeting the initial VAT element. It is understood that approval to contribute at this level has been given by the appropriate committees of both North Ayrshire Council and South Ayrshire Council
- 4.4** The project would be commissioned by Scottish Enterprise Ayrshire and would be managed by a working group of officers representing each of the funding partners and the Ayrshire Joint Structure Plan Team.

5 POLICY IMPLICATIONS

- 5.1** The research and outputs of the proposed study will be useful to the Council in developing and taking forward the policies of the Council Plan, particularly in the strategic areas of :
- Tackling Unemployment;
 - Fighting Poverty; and
 - A Safe, Stimulating and Sustainable Environment
- 5.2** In addition, the research and outputs of the proposed study will be useful to the Council's input to the work and policy development of the emerging restructured Ayrshire Economic Forum.

6 FINANCIAL IMPLICATIONS

- 6.1 The contribution of £4,000 towards the cost of the study can be made under the Scheme of Delegation and will be drawn from the Consultancy Budget. The payment will not be made until the new financial year 2001/2002.

7 LEGAL IMPLICATIONS - NIL

8 PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9 RECOMMENDATIONS

9.1 That the Committee :

- (1) acknowledges the importance of and need for the proposed Economic Assessment of Rural Ayrshire;**
- (2) notes the participation in a jointly funded consultancy study carried out by the Scottish Agricultural College; and**
- (3) requests the Director of Development Services to present a report to a future meeting of the Committee, detailing the outcomes and recommendations of the completed study.**

STEPHEN CHORLEY
Director of Development Services

jrs/08.12.2000

BACKGROUND PAPERS

An Economic Assessment of Rural Ayrshire
(Consultancy proposal by the Scottish Agricultural College)

**For further information please contact JOHN SPOONER, Business Development
Manager on Extension 6143.**

AGENDA