

## **Item: 14**

### **General Meeting of the Council: 3 October 2023.**

#### **Notice of Motion.**

#### **Report by Corporate Director for Enterprise and Sustainable Regeneration.**

### **1. Purpose of Report**

To consider the implications of the suggested course of action contained in the Notice of Motion, lodged by Councillor Duncan Tullock, as detailed on the agenda for this meeting.

### **2. Recommendations**

The Council is invited to note:

#### **2.1.**

That the Chief Executive has received a Notice of Motion seeking to set out the Council's support for the local farming industry.

#### **2.2.**

That the Notice of Motion requests that the Council:

- Recognises the considerable contribution farming and farmers have made and continue to make to the environment and economy of these islands.
- Recognises the willingness of farmers not to stand still but to embrace innovative new methods in farming, all to the benefit of Orkney.
- Offers its wholehearted support to the local farming industry and encourages all to buy their produce, helping both farming and local business flourish into the future.

#### **2.3.**

That there are no significant implications associated with the suggested course of action contained within the Notice of Motion.

**It is recommended:**

#### **2.4.**

That the Council considers whether to support the Notice of Motion.

#### **2.5.**

That, should the Notice of Motion be carried, the principles of support referred to at paragraph 2.2 above be supported and adopted to inform future policy decisions.

## **3. Notice of Motion**

### **3.1.**

The Notice of Motion, as detailed on the agenda for this meeting, was lodged on 23 August 2023 in accordance with Standing Order 17.1, and requests that the Council:

- Recognises the considerable contribution farming and farmers have made and continue to make to the environment and economy of these islands.
- Recognises the willingness of farmers not to stand still but to embrace innovative new methods in farming, all to the benefit of Orkney.
- Offers its wholehearted support to the local farming industry and encourages all to buy their produce, helping both farming and local business flourish into the future.

### **3.2.**

Standing Order 17.2 provides that a Notice of Motion must be received by the Chief Executive at least 14 Clear Days prior to the date of any Meeting of the Council, in order for the Notice of Motion to be included within the business of that Meeting.

### **3.3.**

Standing Order 17.3 states that a Notice of Motion shall be accompanied by a report from the Chief Executive or the relevant Corporate Director on the implications of any suggested course of action.

## **4. Background**

### **4.1.**

Farming is a mainstay of the local economy, particularly in the most peripheral and smallest island communities. A broad estimate indicates that farming in Orkney generates annual revenue of close to £100M. This is based on an inflationary adjustment of the 2012 economic Input Output study report by Cogentsi, commissioned by the Council, but this does not take into account fluctuations in production or other trends. The Council's Orkney Economic Review 2020 reported that since 2014 Agricultural Holdings have reduced from 1993 to 1885 in 2020 with a similar trend in total employment down from 1965 to 1867 over the same period, which is probably symptomatic of increasing industrialisation within the sector.

### **4.2.**

According to the Fraser of Allander Institute, "Orkney Islands Economic Review", (University of Strathclyde, 2020) "14% of businesses in Orkney were in the category of agriculture, forestry and fishing". This is double the total seen across Scotland and illustrates the importance of agriculture to the Orkney economy. From Gross Value Added (GVA) figures, published by the Scottish Government in 2018, in terms of contribution to the local economy, Orkney's Agriculture contributes 7.6%, second in the country only to Angus at 8.3%.

### 4.3.

Orkney is overwhelmingly dedicated to livestock production with 2020 figures summarised below:

Herd/Flock size: 2020 from Orkney Economic Review	
Total Beef Cattle	48,747
Total Dairy Cattle	2,789
Total Sheep	121,933

### 4.4.

The majority of Agricultural Land use is grassland, grazing and stock feeding crops. A summary of the main agricultural land use is shown below.

Agricultural Land use (hectares): 2020 from Orkney Economic Review	
Grassland	49,914
Rough Grazing	30,683
Cereals	3,936
Barley	3,744
Common Grazing	2,294
Stock feeding crops	738
Oats	192
Potatoes	24

### 4.5.

The sector is facing challenges, particularly with regard to:

- Uncertainty on government subsidy as a result of Brexit and the move from support under the European Union Common Agricultural Policy (CAP) to support under a new Scottish Government Agriculture Bill. Orkney farmers and crofters currently draw down around £20 million under CAP annually with 682 recipients however the existing subsidy regime is due to come to an end in 2024. The new Scottish Government Agriculture Bill is due for implementation from 2025.
- The ongoing cost of living crisis, higher energy and fuel costs, and higher costs of key inputs, including cost to import feed and fertiliser, and higher cost to market for livestock.

#### **4.6.**

The agriculture sector is well organised and represented in Orkney through the local branch of the National Farmers Union for Scotland (NFUS), who have a key role to play in lobbying government on agriculture issues.

#### **4.7.**

Following the recommendation of the Development and Infrastructure Committee on 10 September 2019, Council agreed that 'primary production challenges' be included as one of its economic development priorities. This remains the current position.

#### **4.8.**

The Council Plan 2023-2028 identifies three priorities: growing our economy, strengthening our communities, and developing our infrastructure. A vibrant agriculture sector has an important role to play within each of those priorities.

#### **4.9.**

The Council Delivery Plan 2023-2028, under Support for Local Business (E2), includes:

- Supporting and investing in businesses across Orkney and working in partnership with our key industry sectors including addressing primary producer challenges including farming and fishing. This includes supporting circular economy and community wealth building principles.

#### **4.10.**

The Council has previously funded a range of sectoral support initiatives such as the eradication of Johne's disease and is currently supporting the sector through a number of means including but not limited to:

- Providing support to the Goose Management Programme.
- Supporting the local position and interest in consultation responses on the development of the new Agriculture Bill and other relevant legislation or policy.
- Providing support to Orkney Auction Mart to assist in undertaking further feasibility work on establishment of a local abattoir facility.
- Supporting the dairy sector through investment in the Orkney Cheese Company Limited.
- Regular discussions and consultation with various representatives of the industry to understand and support their needs and challenges.
- The Council has recently awarded a contract for the procurement of fresh meat and meat products which includes a majority of meat sourced from Orkney.

#### **4.11.**

Council Officers have recently led the co-ordination of an expression of interest that has been submitted to Scottish Government for Community Led Local Development Collaboration funding for an Islands study into Rural and Agricultural development. This would seek to assess likely impacts of upcoming rural development and agricultural legislation and policy on the economy of the three Island Local Authority areas. Subject to funding and based on the findings, the study will identify risks and opportunities, and make recommendations about how interventions at a national, regional and local level could be used most effectively to encourage efficient land-use and rural development in line with new policy aims. The expression of interest was consulted on with representatives of the local industry and the need to recognise regional and place based differences in Agriculture is to be emphasised.

#### **4.12.**

In addition, in September 2022, recognising the challenges and uncertainty faced by the agriculture sector in the move to a new Agriculture Bill, Council approved establishment of a new farm diversification scheme, to be funded from the Crown Estate Economic Development Fund up to a maximum sum of £40,000 to any diversification project, and at a maximum rate of 30% of total eligible costs. The aim of the scheme is to help local farm/croft businesses to diversify through non-agricultural diversification projects, which will create additional income streams to help offset the loss of traditional CAP payments. The scheme is currently open for applications.

### **5. Assessment of Implications of Notice of Motion**

The main implications of the Notice of Motion, should it be approved, are as follows:

- Officer time in further communicating the sentiment of the Notice of Motion to the public and farming community.

### **6. Corporate Governance**

This report relates to the Council complying with governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

### **7. Financial Implications**

There are not anticipated to be any significant financial implications arising directly from the recommendations in this report.

### **8. Legal Aspects**

There are no significant legal implications arising directly from the recommendations contained in this report.

## **9. Contact Officers**

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