



# SCDI's Rural Commission and the National Council for Rural Advisers: Update on Rural Challenges and Opportunities

October 2023

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## About us

The Scottish Council for Development and Industry (SCDI) is Scotland's Economic and Social Forum. We are an independent and inclusive network representing all sectors and all geographies of the Scottish economy. Our mission is to convene our members, partners, and stakeholders across the private, public and third sectors to deliver inclusive and sustainable economic prosperity for Scotland.

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## About this paper

In 2018 SCDI worked with our members to publish our Rural Commission to make recommendations about how the economic and social potential of rural parts of Scotland could be harnessed to the wider benefit of Scotland.

Since then, whilst some measures have been taken and we welcome new commitments made to put rural areas and their needs more front and centre of policymaking, there is still much to be done. Moreover, whilst the economic opportunity for rural communities (and Scotland) has never been greater, some of the practical barriers to achieving this opportunity have worsened. Our rural commissioners, regional committees and other members have asked SCDI to update the recommendations of the rural commission. This paper reflects their views, and we are grateful for their time in preparing this report. It sets out our three key priorities areas for action – Development, Housing and Transport – required to enable rural people and businesses to achieve their economic potential. We welcome further engagement with government and other stakeholders on its findings and recommendations.

## Context

SCDI's Rural Commission was established to look at the challenges and opportunities that exist outwith central urban Scotland and ensure that we harness the future economic potential of all of Scotland.

The independent Commission comprised representatives from across the public and private sectors. The Commission was launched by SCDI in April 2018 with its final report, '[An Economy for All of Scotland – Harnessing Our Potential for Everyone, Everywhere](#)', published in September 2019.

The report contained 42 recommendations that covered people, place, and productivity. The Commission proposed measures that were forward-looking and action-focused to allow the right decisions to be made to support investment and strengthen the contribution of people everywhere.

The Commission called for the creation of a clearer vision for how we unlock the potential of all of Scotland, looking at where decisions are best taken and what their impacts will be, and assessing our progress along that journey. Therefore, the package of recommendations that it proposed aimed to:

- Understand and embed the economy of rural Scotland in decision making and provide the right support for different parts of the country.
- Ensure people have access to housing that is affordable and secure, and more effectively support the development, businesses necessary, to meet that need.
- Drive infrastructure that can support a transition to a low carbon future and the utilisation of our natural resources, whilst recognising the transport connectivity needs of people throughout the country.
- Consider the actions government and business can take to strengthen the economy throughout Scotland and look at how they can work together to unlock future growth.

The Commission worked alongside the National Council of Rural Advisers which was convened by the Scottish Government to provide advice on the potential implications of Brexit for rural Scotland, and recommendations which would help to create a vibrant, sustainable, and productive rural economy. The Council concluded that radical change was needed to redefine the rural contribution and make clear its significance in achieving Scotland's national ambitions and recommended that its strategic importance should be effectively mainstreamed within all policy and decision-making processes.

Highlighting the common themes and recommendations, the report by SCDI's Rural Commission was welcomed by the then Cabinet Secretary for the Rural Economy, Fergus Ewing MSP. In late 2019, the Scottish Government established a Rural Economy Action Group to drive forward implementation of the National Council of Rural Advisers' recommendations, with a primary focus around implementing change and achieving outcomes, in order that the rural economy's full potential could be realised.

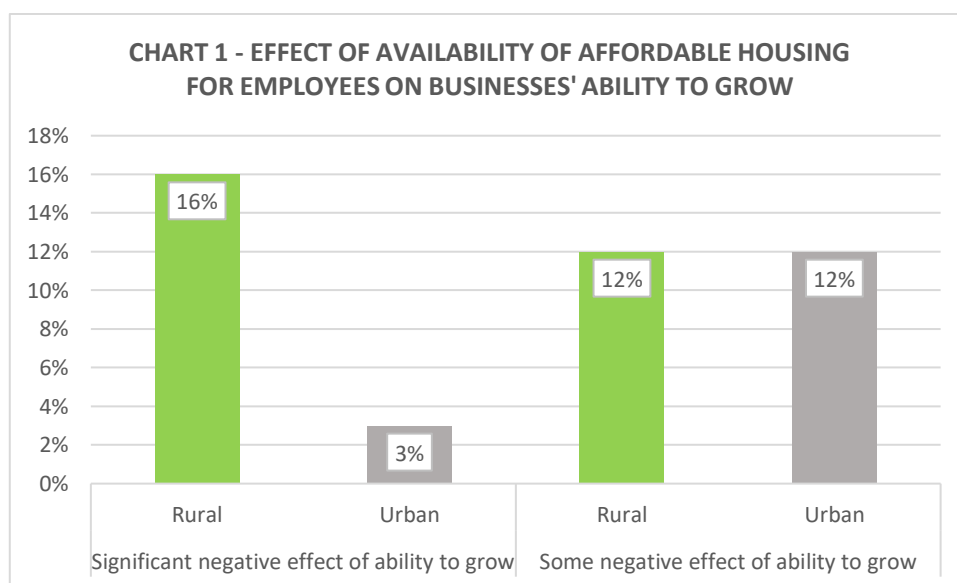
While most recommendations by the Rural Commission were made about devolved responsibilities, some of the policy areas, such as energy and digital, are covered by a mix of devolved and reserved policy responsibilities and UK Government policies have an influence on all outcomes. Moreover, the Rural Commission directed some specific recommendations to the UK Government.

## Impact of the COVID-19 pandemic and progress since 2019

The COVID-19 pandemic, which started in early 2020, posed serious challenges for the rural economy. Many rural communities and businesses demonstrated immense resilience and resourcefulness. However, lockdown restrictions hit industries, such as tourism, which are especially important in rural areas, and the self-employed, which make up a larger share of the rural workforce, particularly hard.

While the COVID-19 pandemic accelerated remote working, enabling more people to live and work from rural areas, it also exposed weaknesses in digital connectivity in parts of rural Scotland, and, with other causes, exacerbated challenges in housing availability and affordability in rural communities.

SCDI recently surveyed businesses in partnership with the Fraser of Allander Institute about the effect the availability of affordable housing for current and potential employees is having on them. We found that over a quarter of businesses in mainly rural areas said that it is having a negative effect on their ability to grow, with a greater share of them saying that a shortage of affordable local housing is significantly negative for their businesses compared with businesses in mostly urban areas (CHART 1).



Source: Fraser of Allander, *Scottish Business Monitor 2023, Q2*

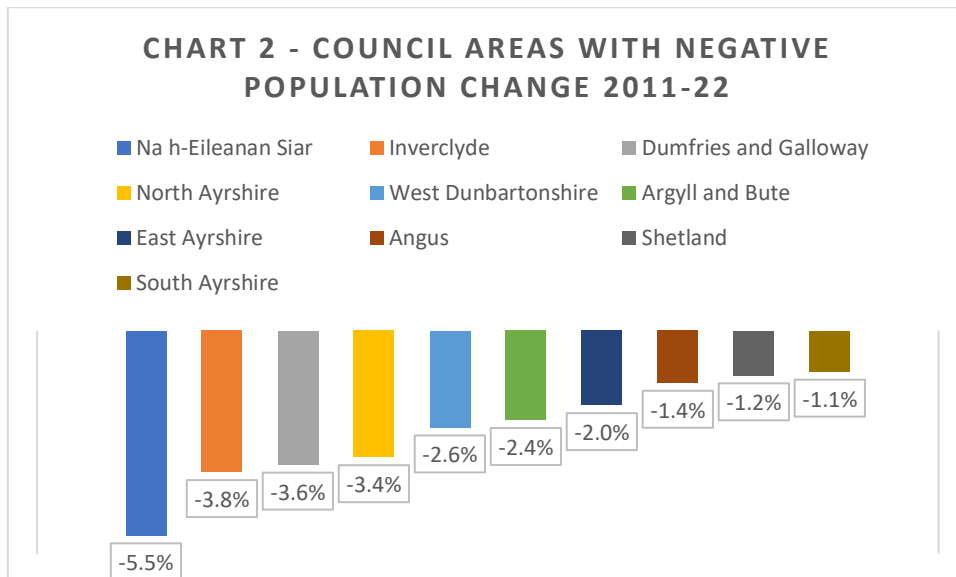
A large-scale survey of people in the Highlands and Islands also found that housing for local families is the top priority that they identify as being needed to help their community to thrive in the future.<sup>1</sup> A lack of suitable housing in the right places is holding back employers and contributing to depopulation in some rural areas.

Scotland's Census 2022 has shown the demographic challenge for many rural areas. Local authority areas which experienced a decrease in population since 2011 included mostly rural areas in the west or south west, driven by a higher number of deaths than births. The areas with the largest share of older age groups in the population are mainly rural, with the share over a quarter in some of them.<sup>2</sup> Charts 2 and 3 below show those council areas which experienced a population decrease between 2011 and 2022, and those council areas in which

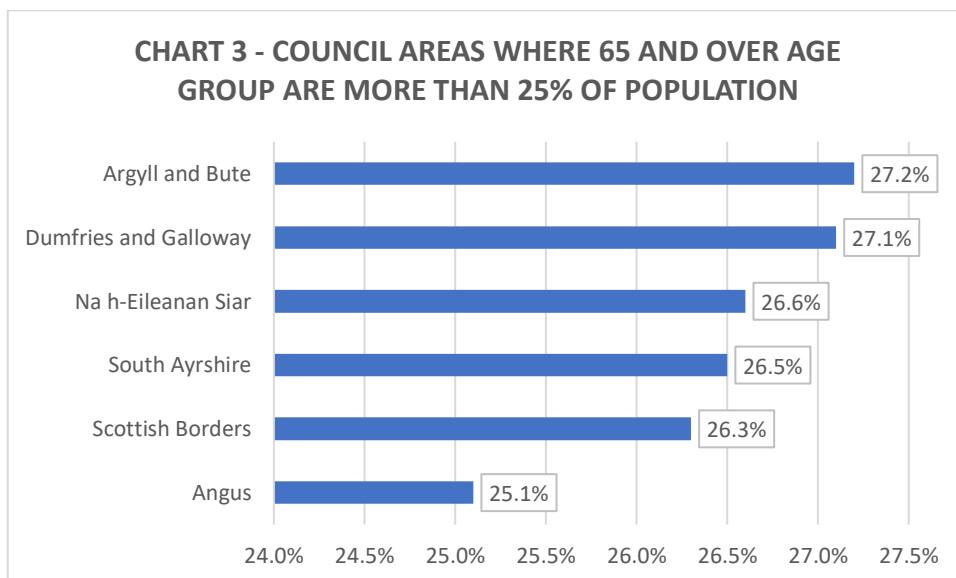
<sup>1</sup> [THE IMPACT OF COVID-19 \(hie.co.uk\)](https://hie.co.uk)

<sup>2</sup> [Scotland's Census 2022 - Rounded population estimates | Scotland's Census \(scotlandscensus.gov.uk\)](https://scotlandscensus.gov.uk)

the 65 and over age group comprise more than 25% of the total population in 2022. As can be seen, of the five areas in both charts, four are mostly rural.



Source: National Records of Scotland, *Scotland's Census 2022 – Rounded population estimates (2023)*



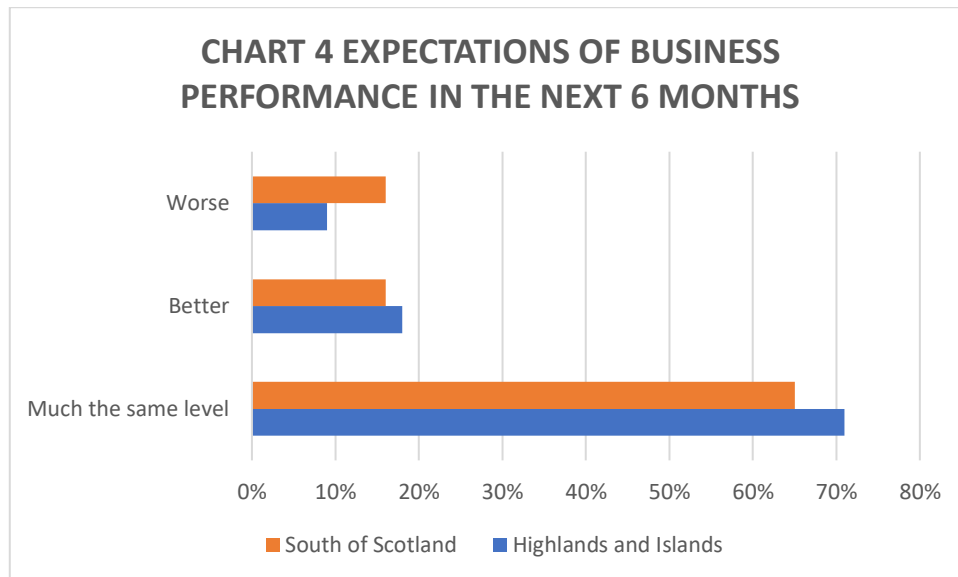
Source: National Records of Scotland, *Scotland's Census 2022 – Rounded population estimates (2023)*

The impacts of the COVID-19 pandemic merged with Brexit and the cost crisis following Russia's invasion of Ukraine, have combined to present a perfect storm of economic challenges for rural businesses. The latest surveys of businesses in the Highlands and Islands<sup>3</sup> and the South of Scotland<sup>4</sup> have found around a quarter of them are struggling and around a half are not confident in the economic outlook. The vast majority (92%) of them are concerned about their finances (including high and increasing costs, lower or no profit margins,

<sup>3</sup> [THE IMPACT OF COVID-19 \(hie.co.uk\)](https://hie.co.uk)

<sup>4</sup> [23-030829-01-sose-business-panel-june-2023 final.pptx \(live.com\)](https://live.com)

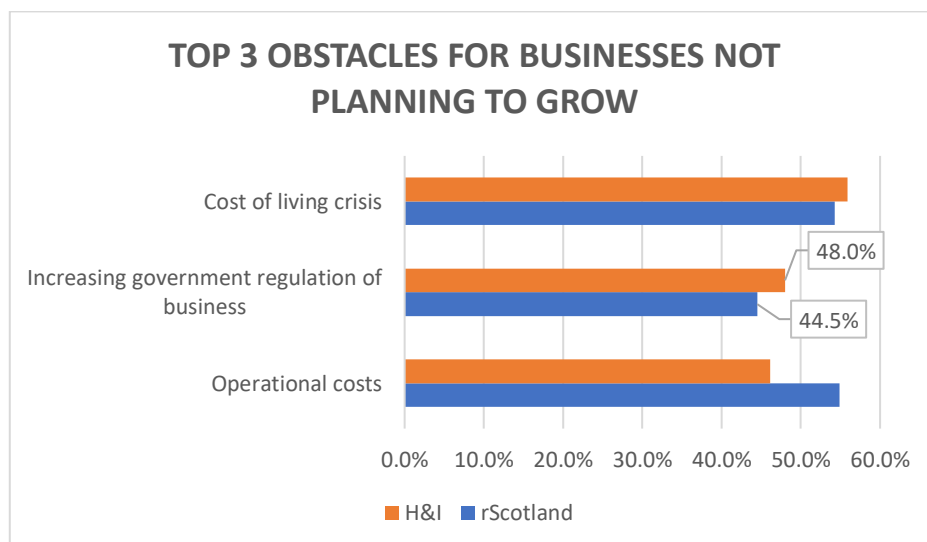
and having to charge higher prices) and one-in-ten of them have no cash reserves. Chart 4 below shows that most rural businesses do not expect their performance to improve this year.



Sources: Ipsos and Highlands and Islands Enterprise, *HIE Business Panel Wave 25: May/June 2023*; and Ipsos and South of Scotland Enterprise, *SOSE Business Panel Survey May/June 2023*

In response to the challenges caused by the COVID-19 pandemic and Russia’s invasion of the Ukraine, Government has prioritised short-term responses meaning that the implementation of the vision and actions in the National Council of Rural Advisers’ report appeared to be put on the backburner. A further legacy of the COVID-19 pandemic seemed to be an accelerated recourse to new regulations. While there was a cumulative impact across all businesses, some presented specific challenges for rural businesses and industries, and this did not seem to have been considered in their design.

The FSB has found that a smaller share of businesses in the Highlands and Islands than in the rest of Scotland planned to grow in the next two years, and that increasing government regulation was an obstacle for nearly half of those not planning to grow, more than in the rest of Scotland (CHART 5).



Source: Federation of Small Businesses Scotland, *Big Small Business Survey (2023)*

In his leadership campaign, the new First Minister Humza Yousaf MSP acknowledged that the recommendation to 'rural proof' Government policy was not yet being delivered. He said that the Scottish Government has, at times, not understood the impact of its legislative and regulatory policies on rural communities.

He has since tasked the Deputy First Minister with producing a Rural Delivery Plan, covering areas as such as transport, housing, social justice, repopulation, digital connectivity and economic development, as well as policies on agriculture, land reform, marine environments, and the islands.<sup>5</sup> A Ministerial Working Group has been set up to drive forward the Plan's development and delivery.<sup>6</sup> The delivery and focus on this needs to be considered carefully to ensure it is adding focus to existing plans in these areas and the delivery of impact for rural communities.

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<sup>5</sup> [Equality, opportunity, community: New leadership - A fresh start - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/equality-opportunity-community-new-leadership-a-fresh-start/)

<sup>6</sup> [Rural Delivery Plan: Ministerial Working Group minutes - June 2023 - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/rural-delivery-plan-ministerial-working-group-minutes-june-2023/)



## Reconvening the Rural Commission

At the instigation of SCDI members in rural areas of Scotland, including its Highlands and Islands Committee, members of the Rural Commission agreed to reconvene to review the progress that has been made since its report and make recommendations on current priorities for the rural economy.

The Rural Commission discussed its thoughts in a consultation meeting with a wider group of rural stakeholders. SCDI has also gathered evidence through a series of meetings over the last six months, including meetings of its Highlands and Islands, South of Scotland and North East committees, and discussion events, including events in the Outer Hebrides, and in Lochaber, Skye, and Wester Ross. We are grateful for their input and feedback.

SCDI has met with the Scottish Government to discuss its assessment of the progress which has been achieved in the implementation of actions and the key policy objectives for the new Ministerial team. SCDI is especially grateful for the participation of Scottish Government officials in its discussion events.

## Key points from rural stakeholders

The Rural Commission is optimistic about the opportunities for economic transformation in rural areas. These opportunities include but are not limited to: the ScotWind offshore wind projects and green energy developments; food and drink production; sustainable tourism; digital connectivity; spaceport infrastructure; nature-based investments; creative industries; deepwater ports and harbours; the Inverness and Cromarty Firth Green Freeport; and the green aluminium hub in Lochaber.

Harnessing these, and other, opportunities would not only strengthen the productivity and prosperity of rural areas, but they would also help to create a fair, green, and growing wellbeing economy in Scotland, and drive business investment in key growth sectors for the UK economy. But policy changes are required to unlock and maximise this potential, which is why we must refocus and accelerate their delivery.

This section of the review summarises the views we heard from the Rural Commission and rural stakeholders on the progress made in the focus areas recommended in the Commission's report:

### Government/ better understanding of rural economies

- Implementation of many of the National Council of Rural Advisers' recommendations to the Scottish Government seemed to stall in the COVID-19 pandemic and is unclear to stakeholders where these have progressed to
- There continue to be lots of strategies and policy papers, but delivery has not really improved
- 'Island-proofing' of new policies through statutory impact assessments is welcome, but rural areas need similar consideration. Rural impacts can seem to be missed or an after-thought. And businesses, particularly small businesses, continue to complain that there is too much regulation of business overall or that what there is has often been poorly framed
- The National Strategy for Economic Transformation (NSET) is a recent example of how the rural interests continue to be given attention late in national policy making processes. Although the Scottish Government has committed to 'rural lens' impact assessments for the NSET Delivery Plans, this came late in the process and what this will involve is not yet clear
- There are too many disconnects between Scottish Government and regional/local policymaking, and between different parts of the Scottish Government and its national agencies. The Scottish Government has, generally, been reluctant to decentralise responsibilities
- Scottish Government policy interventions are often not substantial or resourced sufficiently
- New UK Government funding programmes replacing EU funding (e.g., Levelling Up) need to include appropriate indicators for rural peripherality, or rural areas will be disadvantaged
- We need to start thinking about rural places as where future economic opportunities for Scotland will be unlocked including renewable energy and address infrastructure barriers accordingly

## People

- The working population available in many rural areas is not at present large enough to support the growth aspirations of the existing and emerging industries and this gap is increasing
- The retention and attraction of talent is an acute problem for many rural businesses. SMEs are not scaling-up because employing more people is difficult and a disincentive to growth
- The recruitment needs of the hospitality sector are acute and work is ongoing in the sector to improve pay and conditions
- However, these shortages are fundamentally linked to the shortage of housing and the affordability of this for (often) lower paid rural workers
- There is an absence of strategy related to promoting and supporting established business relocation into rural areas, including attraction and inward migration of creative entrepreneurs who are highly mobile economic drivers and, subject to connectivity infrastructure, are known to support rural regeneration in our remotest communities.
- Businesses are finding it increasingly difficult to access the migrant workers that they need. The number of people coming to the UK rose in 2022 but not enough of those people are coming to Scotland and employers report visa applications are harder to process. We need to understand the reasons why this might be - whether a lack of migrant communities, more progressive taxation, a perceived lack of economic opportunity or something else.
- A rural and remote visa (proposed by the Migration Advisory Committee and initially accepted by the UK Government) would help meet the specific needs of rural employers for skilled workers. While the Scottish Government's proposal to the UK Government to pilot a scheme is welcome, offering 12-month contracts in highly seasonal economies would be challenging
- Young people are moving away because they do not want to work in ageing communities
- The failure of wages growth to keep up with the cost of living/housing is also a factor. We also need to create more well-paid job opportunities in these communities
- A lack of accessible, affordable, and flexible childcare is a barrier to job opportunities and increasing working hours, and makes it harder to attract families to rural communities
- Reductions in funding for colleges and uncertainty about future funding for the Flexible Workforce Development Fund are reducing access to learning and training - including green and nature-based skills, upskilling, and reskilling - which risk restricting the ability of people and employers in rural areas to develop new opportunities and increase productivity

## Place: Housing and Development

- The lack of affordable housing, whether for sale or rent, is the biggest single issue for many rural communities
- Low supply and higher costs are driving up the price of existing housing in many rural areas

- Young people, families and people on lower salaries are most affected, which makes it more difficult for local employers to retain and attract the working-age people that they need
- There is also a need for a greater diversity of housing types and tenures. Businesses have cancelled investments because of a lack of availability of suitable housing for leaders and managers, and key workers have not taken up job offers as they cannot find suitable housing. We need to create the right conditions for private development in rural areas as well as building more social or affordable housing
- Communities become older and decline in population, and services become less viable
- The main challenges to housing and development in rural areas have been identified<sup>7</sup>
- Scottish Government policy, however, can seem to concentrate on some areas (e.g., land reform) and not enough on others e.g., the planning system and local infrastructure improvements. Policies in the new National Planning Framework 4 (NPF4) are likely to slow down planning processes for housing and development further, at least in the next few years
- The complexity and costs of the planning system and environmental designations mean that smaller housebuilders are exiting the domestic housebuilding sector leaving it to volume housebuilders. This is impairing the ability to deliver homes in rural areas where sites are too small for volume housebuilders. SME housebuilders must be maintained in the region because it is too expensive for SMEs to operate on sites inside the region when they are based outside
- Short-term crises and one-year budgets have led to short-term thinking. We need a long-term plan for the sector in line on a par with our net zero plans.
- Further challenges for housing and development in rural areas include:
  - The concentration of second home ownership in some communities
  - The recent growth in short-term holiday lets in some areas and the challenges of managing demand from tourism with the demand from other key sectors
  - Planning departments are under-resourced with too few planning officials, though often applicants also struggle to meet all the increasingly complex requirements of planning and building standards
  - Inflexibility with Scottish Government funding for affordable housing causing some underspending of allocations by local authorities and delivery partners
  - Legislation covering private landlords reported to be one reason for a decline in residential lets in rural areas by landlords worried about recovery of their property and rent controls. Legislation relating to enhanced environmental performance is also blamed for increasing the costs of converting properties from non-residential to residential.
- Shortages of housing of all tenures, including affordable housing for sale or rent, to meet the demand from businesses for their workers will be an acute constraint on the planned development of national priority infrastructure in rural areas, including the islands, over the next decade e.g., offshore wind, digital, whisky etc. Some businesses will have no alternative to the provision of temporary 'floatels' for their workforces. In the past rural industries built permanent homes for their workers and a means to enable more of this could be explored.

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<sup>7</sup> [Rural Planning Policy to 2050: research findings - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-policies/rural-planning-policy-to-2050-research-findings)

- The amendment of building standards to ensure that all new build homes and buildings undergoing conversion into dwellings are equipped with gigabit-ready infrastructure, on which the Scottish Government is consulting, will help to future-proof digital connectivity. A lack of digital comparable connectivity more broadly remains a disadvantage to rural areas.

#### Place: Transport Infrastructure

- To strengthen communities and scale-up businesses in rural areas, we must ensure that residents and future residents can access services and opportunities, and current and future businesses can competitively access domestic and international markets
- Given the geography and population of Scotland, rural areas cannot deliver all services to all people and businesses, and these primarily depend on roads for connectivity
- Transport Scotland's evidence suggests that whilst access to cars is higher in rural areas lower income rural households are significantly less likely to have access
- Transport policy – e.g., decarbonisation; 20-minute neighbourhoods; reduction in car use; active travel; and concessionary fares – must incorporate the realities and needs of rural areas
- NPF4 highlights the scale of long-term economic opportunities in many rural and island areas. The transport priorities identified in NPF4 and the Scottish Government's Strategic Transport Projects Review 2 for rural areas do not match the scale of these ambitions and will not enable delivery. Rural areas are falling behind in the rollout of low-carbon transport infrastructure. Grid connectivity is not fit for purpose and energy prices (for Scotland) don't reflect the investment in renewables.
- Delays and uncertainty about whether the Scottish Government remains committed to strategic road infrastructure projects (e.g., A9 and A96 dualling, A83 Rest and Be Thankful, A82 improvements, and A75 and A77 upgrades) are barriers to related investment decisions in rural areas. The UK Government's offer of funding to support the upgrade of the A75, as was recommended in 2021 by the Union Connectivity Review it commissioned, is also uncertain. Any investment plans also need to take account of improved safety, maintenance, and climate resilience.
- Infrastructure improvements in rural areas are incremental rather than completely new. Too much of the current road and rail networks do not meet modern standards. There is not a plan for ongoing investment in improvements for personal and freight transport
- There is critical need for a long-term programme of rolling investment and delivery for lifeline ferry services - including new vessels and upgraded ports and harbours - to provide a modern, resilient, flexible, and sustainable network on which people and businesses can rely
- The regular cancellations of services, including the withdrawal of routes for long periods of time, is causing hardship, and reducing the confidence of communities, businesses, and visitors. Government and ferry operators must engage with businesses and communities on service changes to mitigate disruptions and on their long-term infrastructure and service level needs
- Regional air services and infrastructure are vital for the economy of the Highlands and Islands, providing national and international connectivity, and increasing overall transport resilience
- The continuing loss and increasing costs of bus services and routes in rural areas are making it more difficult for some people to access employment, education, and essential services. We should consider whether shared options and alternatives such as community transport could play a bigger role.

## Place: Low Carbon Infrastructure

- Coastal developments will be critical to many existing and emerging economic opportunities. It will be essential to coordinate investments in blue economy activities and balance economic, social, and environmental demands. Regulations must be fit for purpose and planning departments must be resourced to develop the capacity and capabilities required to make timely decisions
- Offshore and onshore grid and network infrastructure upgrades are essential in unlocking the delivery of ScotWind offshore wind projects and green energy developments (including both commercial and community) in rural areas along with their associated supply chain opportunities. Meaningful participation, discussion and consultation from all parties is necessary to allow for the necessary pace of expansion while minimising any negative social, natural, environmental, and visual impacts. Forward planning should ready network developments to accommodate future demand rather than requiring constant upgrades
- There is a unique opportunity to consider how significant volumes of clean energy produced in rural areas could be used to power new clean energy industries in rural Scotland
- Demand for low-carbon electricity for heating (to replace traditional fuels) and transport is rising. However, significant investment is required in generation, and there are infrastructure constraints and concerns about costs. This may prevent smaller housing developments
- The growth in activity and employment in new low carbon energy industries such as hydrogen and solar will create a new pipeline of sustainable jobs and economic opportunity for rural areas. We must plan now for the necessary infrastructure needed to enable these to be realised with both Scottish and UK governments working together to achieve this.
- Investment in natural capital through peatland restoration, reforestation and marine habitats is a significant opportunity to create rural jobs but greater engagement and involvement of communities in these areas needs to happen

## Our Recommendations

The Rural Commission believes that there is an urgent need to accelerate delivery of actions to harness the potential of Scotland's rural economy, as set out by the National Council of Rural Advisers and in its own report. The economy of rural Scotland can lead key elements of our national economic transformation, but if changes are not made there is a growing risk that it will be left further behind.

All the recommendations in the Rural Commission's report continue to be valid. A culture change must be deepened across Government to understand and embed the economy of rural Scotland in decision making and take the coordinated actions that the evidence shows are necessary to tackle the difficult challenges that are barriers to inclusive and sustainable growth and prosperity.

Commission members agreed in discussion with stakeholders that there are three areas which are in pressing need of attention: **Development; Housing; and Transport**. In these areas, it recommends:

### 1. Development

- The Scottish Government's Rural Delivery Plan should, by no later than June 2024, detail how Government (Scottish, local and UK), planners/regulators/government agencies/statutory consultees and utility providers will work with industry and anchor

institutions to co-ordinate infrastructure delivery which unlocks and facilitates economic development in rural areas. This should prioritise delivery which supports business investment/ jobs growth, functioning places/ repopulation and national, industry/business and community sustainability objectives. There should be a focus on tackling the barriers to all sizes of developments, including costs.

- In support of development, Commission members called for measures to:
  - Deliver grid connectivity when it is required by offshore and onshore projects and to ensure that the positive benefits to communities are more clearly demonstrated
  - Develop service level agreements with more industries, following the Onshore Wind Sector Deal which was recently agreed by the Scottish Government and the industry
  - Provide resources in the Scottish Budget 2023/24 to improve planning department's capacity and skills to engage constructively with developers and determine planning applications within agreed target times. The Scottish Government, local government and the development industry should agree mechanisms to uplift and make most efficient use of funding for planning authorities (e.g., by pooling planners' expertise). Capacity in third party departments or organisations e.g., SEPA, Naturescot and HIE to respond quickly to queries also needs to be boosted. This capacity will also help unlock critical housing needed
  - Agree, in the first half of 2024, measures from the Scottish Government and RTPI Scotland to train the next generation of planners. This may include the following options: the RTPI's proposal for a planning apprenticeship programme so that rural planning authorities can 'grow their own'; the Scottish Land Commission's proposal to develop and rollout a rural training package to local planning authorities; and encouraging rural universities to adapt courses to include spatial planning modules. Heads of Planning and the Scottish Government's Planning Champion also need to be involved in delivery
- Consultation on the Plan should include deep dives and dialogues with rural industries/ businesses as well as with communities and civic stakeholders around Scotland. All partners should participate annually in examining data, reviewing progress, and agreeing actions. The Plan should be a cross-cutting priority (i.e., across Sustainable, Liveable and Productive Places) in the National Planning Framework 4 Delivery Programme v3 when it is published in 2024.

## 2. Housing

- The Scottish Government's Remote, Rural and Islands Housing Action Plan should set out actions which will significantly accelerate the supply of affordable, mid-market and other required housing types (including homes with space for business use) in rural communities. This should mandate a more integrated regional and local approach to matching economic opportunities and demand for workers and skills with the appropriate housing supply, rather than simply basing housing developments on the availability of land.
- Commission members called for measures in the Plan to:
  - Profile and aggregate the demand for housing that will be created by major infrastructure developments and local industries and services, and bring together government, employers and housebuilders to identify opportunities and a specific pipeline of locations to build new affordable housing that will meet industries' needs and provide a long-term legacy for rural areas, and,

where this is not viable, work with Scotland's offsite housing sector to supply temporary accommodation for workers. Acknowledge that planning capacity for new housing will have to be added at pace to a system already struggling to cope with the influx of development applications from all parts of the economy from renewables to hospitality to defence.

- Develop a plan of action, working in partnership with BE-ST, to increasing the capacity of small housebuilders based in rural areas by addressing the lack of affordable finance and through support from the enterprise agencies and local authorities to scale-up, make appropriate capital investments in pre-manufactured capability, employ, and train skilled workers and adopt modern methods of construction, and by taking actions that will reduce their business costs
  - Reform national and local procurement policies for housing. National procurement frameworks should correctly fund and permit local decisioning making to allow for the full draw down of budgets across multiple organisations. Local construction consortia should be supported to bid for larger contract work with forward plans published for major projects and sequencing designed to maximise opportunities for local input
  - Avoid further regulation of the residential letting sector and review and publish an evaluation of recent regulations and their impact on the availability of properties in the residential letting sector before any new legislation is introduced
- **Footnote: The Rural Housing Action Plan has now been published. We will respond to this in due course. We welcome the commitment to delivery of more affordable housing in remote, rural and island communities but would like to see the points above addressed to ensure that supply side issues and planning capacity constraints are also addressed and that a long-term data-driven approach to demand and need informs the plan's delivery**

### 3. Transport

- The Scottish Government's updated Infrastructure Investment Plan Major Capital Projects Pipeline (to be published alongside the Draft Budget 2024-25) and its (significantly delayed) Strategic Transport Projects 2 Delivery Plan must by the end of this year provide transparency and certainty about the strategic investment programme for transport infrastructure in rural areas. This plan should look at demand and consider safety, climate resilience and adaption to changing transport modes such as larger trucks. A plan to remove freight from the network and to consider the role that green hydrogen might play in the rail network in future years should be part of this. This also needs to consider what role air transport and drone technology, with huge strides being made towards net zero, should play in the future network.
- While the budgetary strains are understood and full delivery over longer timescales is accepted, these do not change the case for the development of high-quality public infrastructure that supports economic transformation and jobs in all regions of Scotland. Key routes should each have a route action plan of maintenance and improvements to bring them up to modern standards of performance, safety, and low-carbon infrastructure. In these plans, priority should be given to the accelerated delivery of sections that will enable business investment, sustainable economic development and regeneration, and population growth.
- Commission members called for the following actions on roads and ferries:



## Roads

- A detailed timetable to fully dual the A9 between Perth and Inverness
- A detailed timetable to dual the A96 between Inverness and Nairn, including the Nairn Bypass, and for dual carriageway bypasses of Keith, Elgin and Inverurie, consistent with a long-term objective to fully dual the A96 between Inverness and Aberdeen
- A detailed timetable for improvements to the A75 between Stranraer (and the ferry ports at Cairnryan), Dumfries and Gretna, including bypasses of towns, junction improvements and sections of dual carriageway, with significant investments from both the Scottish and UK Governments should be agreed by the end of this year
- A detailed route plan and timetable for the long-term solution for the A83 at the Rest and Be Thankful should be published with the draft Road Orders by the end of this year. Work on the medium-term solution which will improve the resilience and speed of the diversionary route to minimise disruption and economic impact should start this year and be completed by Autumn 2025
- A detailed timetable for the previously planned improvements to the A82
- A detailed timetable for improvements to the A77
- Maintain at a minimum existing subsidies for business services to avoid further reductions in services and evaluate the opportunity to apply a rural adjustment to concessionary bus funding.

## Ferries

- A detailed timetable for the six major vessels on order and ports enabling works
- A further increase in the preventative maintenance spend and an iterative focus on how to improve the ability to respond ('rebound') following service cancellations
- The Long-Term Plan for Vessels and Ports should be published for consultation by the Scottish Government by the end of this year to support the Islands Connectivity Plan. This should include a clear timetable to invest in replacing one or two vessels every year over 25-30 years, providing extra capacity for passengers and freight and transitioning the fleet to low carbon vessels. The plan should set out improvements in connectivity with other transport systems, facilities and capacity at ports, and a clear and transparent maintenance schedule for the fleet and port infrastructure.