



Scottish Affairs Committee

Oral evidence: [Our Borderlands – Our Future](#), HC 571

Monday 09 February 2015

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Members present: Mr Ian Davidson (Chair); Mike Crockart; Mark Menzies; Graeme Morrice; Pamela Nash; Sir James Paice.

Questions 34-61

Witnesses: **Michael Moore**, MP for Berwickshire, Roxburgh and Selkirk, gave evidence.

Q34 Chair: Michael, if I could welcome you to this meeting of the Scottish Affairs Select Committee. As you are aware we are looking at the Borderlands, the south of Scotland. We want to identify a number of issues about which we can make recommendations. We have already heard evidence from the other MPs in the south of Scotland and some of those in the north of England as well, so since we are here in Galashiels it is appropriate that we have you to follow on from Russell Brown and David Mundell.

Just for the record, if you could introduce yourself and then we will move on from there.

Michael Moore: Mr Chairman, thank you very much for the opportunity to be here, and may I welcome you and the Committee to Galashiels? I know you personally know it rather well, and it needs little introduction to you, but I hope the others have recognised what a beautiful part of the world this is and will enjoy your brief visit here.

I am the Member of Parliament for what is styled Berwickshire, Roxburgh and Selkirk, perhaps more easily described as the Borders, excluding Peeblesshire.

Q35 Chair: Could I start by asking you what you think the major issues are restricting economic development and growth in the south of Scotland and what do you think both the UK and the Scottish Governments could be doing to improve things?

Michael Moore: Thank you very much. If I might start on a positive note, this is a region that I know a lot of people might appreciate for its beauty and for the wonderful landscape,

but tend to think that it is somewhere that not a lot of activity goes on, particularly in manufacturing and other businesses.

Yes, it is, as I have already contended, perhaps the most beautiful part of Scotland and the United Kingdom with potential for substantial tourism development, but it is also fully plugged into the global economy. We have businesses here in the Borders who are not simply competing with one another from one town to the next but are fully at the perils of the world markets, or exploiting them. That is traditionally in the knitwear sector, recognised recently when Chanel purchased Barrie Knitwear in Hawick but you can take any number of different sectors, Mainetti in Jedburgh who are part of the group that produces 500 million coat hangers every year, a substantial number of them here in the Borders, Ahlstrom in Duns that produces enough teabag paper to keep the Houses of Parliament going for several decades every year, at least that is what it appears to do. Across different sectors, yes, in farming, fishing, we have world class companies. We have also recently had great new developments in companies like ProStrakan now owned by a Japanese company but here in Galashiels developing world class pharmaceuticals from this wonderful base. We have Qube GB who are providing engineering services to huge companies like TalkTalk and are looking to get opportunities with BT across the whole of the country. Spark Energy, which is one of the companies who are disrupting the Big Six in the energy market and offering something very new now, a couple of hundred employees, in Selkirk.

Whatever our appearances, and it is a beautiful part of the world, it does have very well-known traditional sectors like farming, like knitwear, like tourism. It also has some very important other aspects too.

We have a very skilled and very loyal workforce across the region, if I can generalise it to that extent. It is a big feature of local employment. Turnover is pretty low, people are very loyal to the places that they work in, and that helps greatly with the businesses and organisations they are part of.

When you look more generally, our public agencies are by and large coterminous, so the council, the health board and others share the same boundaries and that makes for better quality, smarter decision-making where it can. Where there are weaknesses there is a pragmatic can-do modus operandi that means that people do not let bureaucracy all the time get in the way of making the right kind of decisions.

Nonetheless, as you rightly highlight and you have taken evidence of this from other visits that you have already undertaken, there are a number of challenges for us, the first of which most obviously is transport. I know Mr Crockart was slightly frustrated by his journey down the A7 today and I hope he will enjoy coming back at the beginning of September when the Borders Railway will be completed, a project for which the campaign has never really stopped since it was closed in the late 1960s, but which has had really serious emphasis over the last 20 years, and it has taken that long to get to the point it is at now. Our transport is a major challenge, not just the north-south transport links but particularly going east-west. It is a big challenge to do that in this part of the world.

Like other rural parts of the country the communications infrastructure is undergoing a revolution. Our challenge is to make sure that we are enjoying that revolution at the same pace as everybody else. When you look at the profile of our local population, our demography has a greater proportion of older people, with the corollary being a lower

number of younger people. That is a challenge for the economy, particularly in the technical skills that are required in some of our leading areas, such as knitwear, where there is a generational shift underway at the moment, which if we do not address, will mean that it will not matter how the world economy is, we simply will not have the people to carry on these world class businesses.

We also have a perennial problem, and this perhaps starts in agriculture but I am afraid is a feature of other employment too, that the income levels are below average in this area. That is quite strongly structural, in a sense, but it certainly gives us a real challenge in making sure that this is a thriving, prosperous region.

Finally, if I may, not to say this is an exhaustive list, there are challenges that come from the way in which we are seen and acted on by different levels of Government. Just quickly on that, one level I know you are familiar with, from your earlier evidence sessions, is the way we are assessed statistically and measured in terms of our overall GDP per head. When the European Commission is assessing whether or not we are eligible for structural funding and other forms of support it looks at NUTS 2 designations. Unfortunately we are subsumed in the region that takes in Edinburgh, one of the United Kingdom's wealthiest cities, and so inevitably the lower levels of economic output per head in this part of the country are watered down substantially, wiped out, by Edinburgh's wealth. It is great to be close to Edinburgh—that has advantages for our local economy—but it is not when it means that we become ineligible for support. There has been a constant battle over the 20 years or so that I have been engaged in politics here to get ourselves the right level of support.

Over the last 15 years or so at a UK level there has been an increasing tendency to subcontract different policy areas to the Scottish Government. I understand why that made a lot of sense in the early days of devolution, but that can mean—and perhaps Sir James will understand this better than most—in areas like farming there has been a tendency to regard the Scottish Government as responsible for farming in Scotland, when in fact DEFRA retained huge responsibilities in terms of CAP negotiation and handling at a European level.

Broadband rollout is another area where it has fairly exclusively been devolved to the Scottish Government, even by the Coalition which I serve, and that can be frustrating. A big issue that again I think the Committee's work has already shone a light on, is on cross-border transport links, the trunk roads, that cross from my constituency into the neighbouring constituencies, be it the A1 and the A697, the A68 and the A7 although that crosses further down. These trunk roads can be well supported by one Government or the other but rarely are they done on a joint basis, and that is difficult and frustrating for business people and folk living in the area.

Looking at the Scottish Government there is a worrying trend, as I see it, to centralise services in the central belt. This is a set of policies now that go back a number of years. We do not have dedicated VisitScotland presence here the way we used to do under the regional tourist board structure. We have lost our regional enterprise company, which means that Scottish Enterprise is not nearly as focused on us as it once was, and until recently the funding formula for colleges, one of which we sit in today, has not recognised the needs of the Borders in the way that it should. Frustratingly, the new funding formula

does begin to recognise that, but it may take us years to catch up the gap between what we need to serve the local population and what we have.

Other examples of that centralisation are not so obvious in the economic development sphere but they have a pattern with the single Scottish police force, the closure of local courts and the like. We as a region have to make alternative arrangements to get round some of these challenges and the different perspectives that Governments take of us and our needs. We have a South of Scotland Forum chaired by the Scottish Finance Secretary. I think it is meeting this coming week. That is useful, but it meets pretty irregularly and it has no statutory basis to it. We have the Borderlands Initiative of the councils north and south of the border. I welcome the fact it is supported by the Scottish Government and others, but I would suggest it has not yet caught the imagination of the people living in this area, never mind the other areas too.

One of the big challenges for us this year is to ensure that when the railway does reopen we treat it as an Olympics moment, not just for the significance of what is happening here in the central Borders and all the communities served directly by the train, but the attention that we are bound to garner not just in Scotland but across the United Kingdom. How do we leverage that to ensure that people can see the inward investment opportunities, not just in Galashiels but in Hawick as well, and make sure that we become a destination for them as tourists?

We have a great set of opportunities, some real challenges and a set of institutional pressures that we need to continue to work our way through.

Q36 Chair: Thank you. That was quite a comprehensive statement and I am just checking with the clerk there, but I think you have answered questions 2 to 197 already. However, that will not stop us asking them anyway.

Can I just clarify whether or not you believe that there are any particular steps that the different tiers of Government should be taking to ensure that they work more closely together? It has been our impression that the links in relation to the Borders and Dumfries and Galloway between the UK Government and the Scottish Government, and between the Scottish Government and the local authorities, is really not as good as it should be, and certainly not as good as we have seen in other parts of Scotland. What more do you think they should be doing, or is it just a question of attitude?

Michael Moore: That is a really useful challenge. The difference between us and the Highlands and Islands is that in the post-war period it was recognised that the economy of the Highlands and Islands was wretched and there were really big challenges there to be done in the inter-war period. Something was required and the scale of works that were put in force with the Highlands and Islands Development Board and others was hugely significant. In some respects we were perhaps at a disadvantage being too close to the central belt, and being deemed to enjoy the benefits more obviously of the strong economy from the west through to the east. As you will have seen and you know personally that dissipates the further away you go.

There is a different mentality, I believe. People are proud of being Borderers, they are proud of looking out for themselves, there is an independence of mind that, dare I say it, can be traced back several centuries. These were the debatable lands, where the writs of

kings and queens did not run south from Edinburgh or north from London, and it was a large area that just governed or did not govern itself. I do not want to over-romanticise that, it was a pretty bloodthirsty and difficult period in our history, nonetheless there is a great pride in it and it does inform an attitude here that we are proud of where we are, what we have come from and we will, I think, as communities look to sort problems out for ourselves rather than depend on others.

Also I think it has developed a fairly pragmatic streak in the way that people operate locally. I mentioned before we have a council and a health board who share the same boundaries, community planning partnerships that bring all the agencies together pretty well bring together people who are very well aware of each other. They work in and out of each other's pockets all the time. That is very helpful. Where that does not work various ad hoc groups are created, and back 10 or 15 years ago I chaired a behind the scenes group called Euro Liaison that was basically bringing all the agencies together in an effort to ensure that we were making common messages and arguments to win European funding. We were successful in doing that against the expectations at the time.

Likewise, at the moment I chair once every month a small group self-styled as the Tweed Group, which brings together the chief executives of the local agencies, so the council, the health board, the housing associations and others. It is a space where more informally people are able to compare what is going on and make sure they understand, away from the formalities of the partnership bureaucracy, the different challenges they are all facing. So when we are talking to Edinburgh or talking to London we have a common set of messages again.

We do not have the statutory backing of the Highlands and Islands. I think, as I have said earlier on, it would be really good to get the South of Scotland Forum on to a different level, but I think pretty pragmatically we work around some of the challenges that we face.

Q37 Chair: Can I just follow up that point by asking whether or not you think there is anything in particular that the UK Government should be doing that would help that process of joint working?

Michael Moore: I hope that across the different political parties at Westminster there is a recognition, post-referendum, post this great constitutional debate that we have had, if indeed that debate is finished, that the UK Government's domestic writ does not end at the border. I think there has certainly been an attitude in Whitehall, I saw it in pretty well every engagement I did through the Scotland Office, that if the Scottish Government is not responsible for it then the Scotland Office will make sure that something goes on. We need more engagement there, and I think the broadband rollout programme is a good example of that. It is entirely right that the Scottish Government should be given the lead in that. It makes sense, that is a good way of governing it, but not to the extent that the UK Ministers then say, "That's fine; it's not me that is responsible anymore". My judgment, and you will not be surprised to hear this from me, is that the Scotland Office itself needs to have a much greater capacity to be engaged in communities across Scotland. I see that certainly in a rural context. Those of you representing urban Scottish seats may share that perspective for other reasons, but I think Whitehall departments need to know and understand Scotland rather better than they do at present.

Q38 Sir James Paice: I want to start if I may by picking up your point about Scottish Enterprise. You are not by any means the only person to say in evidence that the centralisation of Scottish Enterprise has been to the detriment of the border areas. Are you able to turn that into some facts and evidence, as opposed to a supposition?

Michael Moore: Yes. I will hope to find the relevant sheet in this great pile of papers, but until Scottish Enterprise Borders was wound up I think the budget was in the order of £12 million per year, and that was focusing on local grants to local businesses. It was a very good model. I have to say it was originally a model that I had been slightly wary of, and I remember at Westminster back in the 1980s people were unclear what this was going to produce. We learned how to use that structure very well, and it had a good mix on the board of public sector professionals and local highly successful business people. That gave it some real clout and meant that the businesses being supported, the projects being supported, had real economic benefit to the area.

The Scottish Borders activity report from Scottish Enterprise for 2013-14, which is the most recent one I have been able to get, goes through different elements of the business plan that Scottish Enterprise is responsible for, and sets out how many projects and so on there have been in this particular area of Scotland and how many of those have been in the Borders. We are a small region so I do not want to be greedy here, but time after time, for instance the Scottish Investment Bank supporting development of Scotland's private sector SME funding market, the total number of SIB investments in Scotland 158, Borders one. Total value of SIB investments £32 million, Borders £200,000. I would contend that a region like this with the profile that I sought to set out to you earlier on, much more broad-ranging than most folk would expect, would have more opportunities than that.

Increasingly my concern is not so much that Scottish Enterprise are blind to this particular part of the country, but that there is nobody here championing it in Scotland. Having said that, I believe Alistair McKinnon, who is giving evidence later this morning, is a stalwart. He has many responsibilities in Scottish Enterprise but he is responsible too for the south of Scotland. That is one guy where previously there was a whole team. Alistair is a senior character, he can fight our corner as he needs, but I would suggest to you and perhaps also to him, that it is sometimes an unequal struggle.

Q39 Sir James Paice: Thank you very much. Taking it further, then, on the assumption that the Scottish Government is not going to reverse that structure, and the Chairman touched on this, what are the best ways forward for dealing with that problem? You have the Borderlands Initiative that you referred to, but it is not fully embedded in the public mind—I think that is roughly what you said—but also there is the South of Scotland Alliance. I do not know what credit you give that and whether you think that is an organisation that could speak up for the south of Scotland more. What ways are you proposing to address what is clearly now a shortfall certainly for a voice of the south of Scotland in economic terms to reverse this trend that you have just described?

Michael Moore: The voice of the south of Scotland is heard in lots of different ways, as described already. There are plenty of formal ways in which people can give their views into the Scottish Government and to others, through MSPs, MPs and the like. I do see the South of Scotland Forum as something useful. I think that John Swinney approaches that in a perfectly pragmatic way, but most people in this part of the world would be

completely unaware of its existence, and unaware of it as a way in which to lobby and focus their efforts for projects and support in this area.

You mentioned the South of Scotland Alliance. Again I think that is a very welcome, now well-established initiative by the two local councils. Originally, with the two local enterprise companies as part of it as well, so Dumfries and Galloway and Scottish Enterprise Borders were both working together. It does not now have those enterprise companies, although Scottish Enterprise does seek to support it. I know well the officials who put things forward, and you may have seen the most recent programme, which has four projects. It is very democratically divided two to the south-west and two to the south-east and I really support what they are putting forward, but that is just a tiny fraction of the development needs for this part of the country. I welcome the focus that gives, but we could do more.

If the Forum with the Alliance and others feeding into it had a greater role and a more regular engagement in the south of Scotland I think that could only be good. If it were to be expanded to include United Kingdom Ministers as well we could broaden the accountability of it too.

Q40 Sir James Paice: That leads me nicely to my last question, which is to pursue the Borderlands Initiative issue. How critical is it that the issues are similar either side of the border and that there should be, as is envisaged by the initiative, a lot more cross-border work between communities and local authorities either side of the border? Is that imperative damaged or jeopardised by the existence of the border and therefore the arguments about the integrity of Scotland and the Scottish Government?

Michael Moore: The reality of the lives of people in, dare I say it, Eyemouth, Coldstream, Jedburgh and Hawick, to give four examples, is they are as likely to turn southwards for their business or their shopping or leisure activities almost as they would be north. If you are in Hawick you will probably decide if you are going to go and do a big shop or whatever, or do something different from what is available in Hawick, you are as likely to go to Carlisle as take the road up to Edinburgh. Likewise Jedburgh, you probably, when you look at your options for holidays, will look as quickly to Newcastle airport to start your journey as you will Edinburgh. Daily, people are crossing the border and enjoying the cultural difference and everything else, but the landscape seems very familiar. I daresay as a farmer, as you travel around north and south of the border, the similarities and familiarities are immense.

Culturally we are proud of the differences but also really strongly connected, and I think that was represented, dare I say it, in the referendum itself in the very strong result in this particular part of the world. The Borderlands Initiative is absolutely focused on the right thing. I do not want to overstate what it can achieve because clearly there is quite a lot that is very different now north and south of the border, but constituents of mine use health services in England because if you are in Newcastle, Carlisle is your local hospital. If you are in Eyemouth or Coldstream, you want to be able to get to Berwick or, if you need to, to Newcastle, as readily as people in Berwick want to come and use Borders General Hospital just a couple of miles from here.

Pragmatically people get on and use these services as if they were unified. I think we, the politicians and the policymakers, could do more to help make that easier.

Q41 Sir James Paice: How?

Michael Moore: I would like to see the Borderlands Initiative get serious support from the United Kingdom Government as well as the Scottish Government. Let us bring people together. There are, increasingly, great forums covering all sorts of issues that bring the different parts of Government, north and south of the border, together. Let us create a forum around which Ministers from north and south of the border can add their input to the Borderlands Initiative too.

Q42 Sir James Paice: Do you see any reluctance either from the Scottish Government or Westminster to do that because of the Borderlands Initiative? Because it means talking about things the other side of whichever border you—

Michael Moore: It would be great if I could say that it is outrageous that the Scottish Government has turned their back on us. In fairness, so far they have recognised that as something that needs to be done. We may all stand back and say, “Have we achieved as much under this initiative so far, as people wish to see?” I think the quick answer is no. I think with greater intergovernmental focus on this we might just do that.

Q43 Mike Crockart: Looking mainly at the Scottish Enterprise side of things, the plan that you showed us we have seen before and had it commented on in a previous evidence session. The feeling then was that it was perhaps almost a box-ticking exercise saying, “Yes, we have projects in the south of Scotland. Look, here they are”, but perhaps the size of the project was at the lower end and therefore the expertise that was in Scottish Enterprise was more interested elsewhere. Is that a fair criticism or do you think that they are seriously looking at projects and thinking, “These are the things that we need for the south of Scotland”?

Michael Moore: I think this is great, so far as it goes, but I would hate anybody to get the impression that this was the beginning and the end of Borders aspiration for economic development in the region. We must, we absolutely must, exploit the Borders Railway to the full—£300 million over a very long period of time spent to deliver this railway. If we miss the opportunity that creates for a generation people locally will point their fingers at politicians and others in the local council and elsewhere and say that we should be doing better with this. That is why the business part that is in here is critically important, but I want it to be more than that. I absolutely, as I said earlier on, want people in Hawick to be getting the same sense that the railway is of value to them as people in Galashiels and elsewhere are increasingly feeling. That is not yet evident from this particular project, but I know it is not all that the council and others want to see.

To your second point, will SE look at this and think, “Well, that is great, so let us just help them deliver that”? Again I believe their ambition is more than that. I think you are meeting with Mr McKinnon later. He and others have some good ideas about what should be done locally; how we use the broadband and mobile phone revolution, when we catch up with everybody else, to our best advantage.

I am optimistic but I am really conscious that there is a moment in time for the railway that we have to grasp and right now that is where I and many others are focused.

Q44 Mike Crockart: There is no indication that the size and number of projects indicates a lack of ambition?

Michael Moore: Not at all, and the danger of this kind of document is that this suggests to you that there are only two things we care about in south-east Scotland. That is absolutely not the case, and again, the Scottish Borders Business Forum, another good example of the kind of pragmatic way that local businesses and others bring all the different elements of the local economy together, are very focused on a whole range of projects, particularly around communications and so on, that they want to see developed because they see businesses that can exploit them and then come back and demand more. This is the beginning, certainly not the end.

Q45 Pamela Nash: Good morning, Michael. I would like to explore the issues around employment a bit further. You did allude to some of those issues earlier in your opening comments, and particularly youth unemployment, in which I am interested and I chair the all-party parliamentary group on that.

This area of the world has, I guess, a youth unemployment rate that is a whole percentile worse than the rest of Scotland, and we have heard evidence that even that figure might be a falsely depressed because of the number of young people who are leaving the area in search of work. Is that something that you recognise and could you tell us a bit more about your impressions of why youth unemployment is particularly high in this part of the world?

Michael Moore: It is one of the most serious long-term challenges that we have had. I think back to my time at school in Jedburgh in the early 1980s and back then a huge number of the people that I was at school with went on to some other part of the country for education or otherwise and did not return. That has always been a big challenge. I think it is not uncommon for other parts of the country too. When I was Secretary of State I recall spending a lot of time in Ayrshire and seeing there not just rural Ayrshire but, dare I say it, the bits that had enjoyed the fruits of heavy industry for generations and now for at least a generation or more have lost that and the youth unemployment figures were truly shocking. In the last couple of years that has begun to improve.

There are greater experts than me here in this very college who will be able to explain the ins and outs of it, but as I understand it the college numbers here in the last few years have shot up from 800 to 1,200. There is a huge increase in people going into education and that partly reflects the realisation that you need skills. Also sadly it reflects the lack of opportunity in the workplace.

I have been encouraged in recent times, and I was visiting the campus 10 days ago and went around and met a lot of the young apprentices, men and women, who are in the building trades, mechanics and otherwise. There is much more confidence now than there was, and that probably just reflects a general sense that things are moving away from the trough of a few years ago, but we will always need to work harder here to provide the opportunities for those young people, college places that are fit for purpose, and that is one of the big challenges for this institution. The funding formula that I talked about earlier on, I think the calculation is that we are 10% below what we should be. The catch-up formula is rather slow. We are getting an extra percentage point this year and maybe some extra ESF funding from Europe to help, but I know there is unmet demand, particularly, as I

said in the technical areas, such as the manufacturers in Hawick and elsewhere. We need to be able to service that locally, otherwise people either do not get the opportunities and they become unemployed, or they end up moving away.

Q46 Pamela Nash: That is something that we have heard in evidence too, that the training and educational opportunities that are available here, while they are extensive and growing, do not really match the skills need for the area, providing young people with the skills to move to the central belt or elsewhere. You mentioned the woollen industry here perhaps running out of young people. Are you aware of work ongoing to provide those training opportunities, or is that something that you would recommend happens?

Michael Moore: We need to continue to sharpen our focus on the opportunities for training locally. This is just one of the—not an accident of history, but the reality is that a lot of the training in textiles happens at Cardonald College rather than here in the Borders. I hope you have had an opportunity, and if not already you will before you leave, to admire the rest of the campus here. This is an amazing joint effort between Heriot-Watt University and the School of Textiles with a high mill with all the design studios and everything else sitting alongside and integrated with Borders College, the idea being that students are able to come in at a relatively junior attainment level and build up and move from foundation courses into degree courses. If they can take advantage of Heriot-Watt that is all very well and good, but there isn't the technical training available locally.

There is an initiative to create the Scottish Centre of Textiles, which I am engaged in. We are bringing together the two leading lights on it, Alisdair Lockhart and Hamish Carruthers, who are highly experienced textile people in design and marketing. They want, and I think they are right, to make sure that we create a centre here that does not just have an archive of what we have created over the last century or so, which is worthwhile in itself, not just a tourism project, but critically brings machinery to a central location where the next generation of apprentices and graduates can learn what it is about.

When Barrie was purchased for Chanel it was recognition by Chanel that, first, they were world class, but secondly that the skills were critical and they wanted to make sure they could invest in the future. The manufacturers in Hawick are doing their bit. We just do not quite have all the bits of the jigsaw together to make sure that we make the most of what we have.

Q47 Pamela Nash: Thank you. More generally, outside that industry, there seems to be a culture of low wages and underemployment, something we are seeing across the country in pockets, but this area, the Borders particularly, is affected. Could you shed some light for us on why this area is particularly affected?

Michael Moore: There are two aspects to that. In the first place, it reflects the structure of the local economy over the last few centuries, and the textile sector has not been the best remunerated sector ever. Partly at times historically reflecting its ownership attitudes, but equally the globally competitive nature of what they are engaged in. That also affects others. I mentioned Manetti earlier on, but look at Emtelle, which is the UK's leading manufacturer of blown fibre, optical fibre, going into superfast broadband and the ducting through which it goes. They are competing across the globe, and doing it rather successfully, but that has a massive pressure on wages and salaries too.

Secondly, there are the changes in society. If you look at some of the statistics for the intake in the college and elsewhere, and I think this is true of Scotland as a whole, the number of people who are getting care qualifications is huge. I also know that the number of people who then have to patch together three or four care jobs to make ends meet and to have a sustainable family income is huge and potentially growing. We as politicians need to deal with that as readily as the people themselves. People are working really hard, but it is a struggle.

Given the way that the demography of the country is going, the aging population, the needs for that kind of care support are going to grow. The question is how do we make sure that the people providing the care are being properly remunerated? I do not have an easy answer to that, but I think it is reinforcing some well-established trends.

On the other hand, let us remember there is a huge injection in recent times of some very well-paid jobs in the area. ProStrakan almost single-handedly has upped the average wage in the central Borders quite substantially, and so we are seeing the opportunities for people to develop their careers in Qube and Spark Energy and elsewhere away from some of the more traditional low-paid occupations.

Q48 Pamela Nash: Finally, on all the issues we have just discussed, what more could both of our Governments do? What are they not doing at the moment that would positively influence the situation we have here?

Michael Moore: I think there needs to be a constant ongoing analysis and assessment of what the reality is on the ground. That means we need to bring all the right people together, not just to talk but to do things. When I was Secretary of State, John Swinney, Harry McGuigan of COSLA and I established the Scottish Employability Forum, recognising that there are huge challenges across the country in different sectors. I am working with council officials at the moment to establish the Borders Employability Forum that will look to deal with some of the issues that we have touched on, but also try to work on what are the barriers to people getting back into the workplace, and how in a rural area we deal with those effectively. That kind of initiative needs to have governmental support at a Scottish and a UK level. Again, the youth unemployment meetings that I held around Scotland in 2011 and 2012 opened my eyes to the huge challenges that we have in all parts of the country, and we just cannot, as the economy improves, think that is the problem solved itself. Intervention is still going to be necessary.

Q49 Chair: I wonder if we can just follow up some of the points you made about wage levels. One of the best things that ever happened to the Borders was the last Government's introduction of the national minimum wage, because the Borders was an extremely low-paid area. We were told before the national minimum wage was introduced that it was going to be the end of civilisation, mass redundancies and all the rest of it, but none of that happened in the Borders, like everywhere else. In those circumstances, to what extent do you think the argument about facing international competition and therefore needing low wages is simply an excuse by employers to make sure that they are paying low wages?

Michael Moore: There is no excuse for paying low wages. Some of the wages that people were working on historically were outrageous and unacceptable. The minimum wage was a hugely important introduction and I am pleased with the way it has developed over

recent times, and I do not think you would find a manufacturer or a business leader in this region who would seek to argue against it.

Q50 Chair: But there was none of them arguing for it at the time. My recollection is that Borders employers were just as vigorous as everybody else in saying that it would be the end of civilisation, yet when it was introduced there were no adverse effects. That is going to lead me on to the question of the role of the living wage and whether or not a wider application of that by legislative means in the Borders would be necessary, since there is very little sign that anything like that would be agreed voluntarily.

Michael Moore: Yes. I think the living wage is really important and I welcome the fact that the council and others have been supportive of it. You are right in anticipating that some local or other private sector employers are beginning to worry and use similar arguments to the ones that were used a generation ago against the minimum wage. I think they need to be taken on the journey of the argument to say, “No, it is not right that people are not able to live a decent life based on minimum wage”. I was confronted—I say “confronted” but it was very politely done—by a gentleman in a factory I visited recently, who showed me his annual income, he showed me all the different deductions that had come from it, and he said, “As a result of this I have opted out of auto-enrolment because I cannot afford to do that”. There is something completely wrong about somebody not being able to afford the most cost-effective pension arrangement that is available to them, so we have to tackle that.

I would be reluctant to impose the living wage at this stage. I think we are just still learning how it is developing and everything else, but the debate around it is very useful and the leadership that has been shown by the public sector is something that the private sector needs to follow.

Q51 Mark Menzies: We have already touched on broadband provision and some of the issues around it, and also mobile phones, so that is an area that I want to focus in on.

The UK Government has pledged via its Superfast Broadband Programme that 95% of UK premises will have superfast broadband coverage by 2017. With your knowledge, is this programme proceeding to plan in Scotland and do you have any concerns about the ability of the UK Government to ensure that this target is met in Scotland, given that it is not responsible for broadband rollout on the ground?

Michael Moore: When I was Secretary of State I was very conscious of the efforts that were being made at all levels to ensure there was investment in Scotland to bring all, or as many people as possible, up to the standard of having superfast broadband. I was very actively engaged with initially BIS, then DCMS, on the BDUK initiative, dealt with Scottish Government Ministers as they worked on their plans, but from a local perspective kept my interest in what was happening with the south of Scotland plans. The south of Scotland showed real leadership there; the councils and other public agencies really came together and came forward with a plan with their own money added in to it to make sure that we got the best possible provision. I may need to get the number checked but I think in the end the programme for the south of Scotland aims to get 98% covered. That is squeezing the facilities to a lot more communities who would otherwise be left out

completely. That still leaves quite a few people dispersed around this beautiful rural hinterland without it, in prospect.

When I asked local council officials for details on what had been happening, given what I knew the Scotland Office and the UK Government had been channelling through, I was told I could not be given that, because it was covered by commercial confidentiality. You have this perverse arrangement where with one hat you were the Secretary of State and on the other hat you are the local MP. With one hat you were able to understand the inputs but with the other hat you could not learn what was coming out the other end.

That I think bedevils every community around the country, and that is not unique to the Borders. I have brought together people over the years under the hat of the Borders Digital Forum, initially when we were switching over to digital television but more recently on these particular areas, and recently with two council officials and somebody from the Scottish Futures Trust—in Westminster, because it was easier to get everybody together there—we had all the mobile phone companies in and everybody else, Ofcom and Arqiva and the like, to talk about what was going on here. Getting the information was really frustrating and, again, it would be great if the Committee could shine a light on this understandable issue about commercial confidentiality, but that becomes an excuse not to reveal anything useful. Therefore you cannot expect the council, the economic development agencies and others, to be planning ahead when they do not have information about what areas will be reached and when.

As it happens we have a follow-up meeting with the one group we were not able to meet last week, but we are meeting them this week, which is BT, and we will see how we get on with them. Let us not detract from the fact the programme is hugely important and I am very encouraged by what the potential is, particularly with 4G, but I am still worried that big chunks of the rural area around here, not just the people but those travelling between on the transport corridors, will not enjoy the services that they should. That is the challenge to Government and to the private sector, to make sure that nobody is left behind.

Q52 Mark Menzies: Moving on to mobile phone coverage, what progress has been made with mobile phone providers in improving coverage in the Borders?

Michael Moore: People have felt that they have been basically left out for a very long time. There are huge areas here that do not even enjoy a 2G signal, never mind 3G. It very much depends on your operator. That ought to be about to change. Partly that is because of the mergers of the two different networks, so O2 and Vodafone are going to share one set of masts, EE and Three are going to be on the other. This is all subject to these big mergers that are going on at the moment. All of that is encouraging, and the 4G rollout in many places I am told will allow much improved voice call standards and also of course mobile broadband, which most communities have not enjoyed up until now.

I think we are in for a critical 18 months, at the end of which we really will know whether we are part of this superfast revolution or we have been left behind. I am increasingly confident we will be part of it, but the detail of who is in and who is out is still very frustratingly elusive.

Q53 Mark Menzies: Taking that on board, what can the UK Government do to support the work being done by the Scottish Government to increase mobile phone coverage in the south of Scotland?

Michael Moore: Of course there has been the Mobile Infrastructure Project, which is designed to tackle what we call the not-spots. They are pretty narrowly defined. These are areas where populations have no provision from any provider whatsoever. In the Borders I think we have five different potential not-spots that could be covered by this, but they all have challenges about providing the infrastructure to enable a mast to be put in place. What we are looking at is to see if we can use the emergency services provision, through Airwave until recently. The new contract was being announced in the last week or so to extend, because the emergency services have 100% coverage across the UK. How can we make sure that we can piggyback on that?

So the UK Government, partnered with the Scottish Government on that particular plan, are already trying to tackle this. I hope we can have a refresh of the mobile infrastructure project though, because I just do not think that it is going to achieve anything like the objectives or expectations that have been set for it, and large areas that will think will be on coverage will still not have coverage as a result of it. It will need to be looked at again.

Q54 Mike Crockart: Despite coming from a mainly urban constituency, I have the mobile and 4G issues that you have, but in a much smaller area. I have met the mobile operators and landline operators quite extensively as well. Do you think that one of the things that the UK Government has to do is accept that it is not going to make as much money from the next auction of spectrum and restructure it so that we are looking at trying to get geographical coverage rather than coverage of premises, which will mean a lot more infrastructure investment from the companies and therefore a lot less money that they will be willing to bid for that?

Michael Moore: I think there has been some recognition of this. DCMS I believe have in the last few months made it explicitly clear they want to see a shift to geographical coverage rather than population coverage. You get the perverse reality in an area like this where we have probably 10 communities from 2,500 to 15,000 where I would regularly hold surgeries, but they are spread over 1,800 square miles. Anybody representing a rural seat and even in the western area of your own seat, Mike, will know it is the journey between these communities that is increasingly important to people when they are on a bus, in a car, doing their business. They need to be able to stop and use their phone reliably or use data services. That is not possible, so yes, I think we need to accept that to get that broader coverage will require perhaps a tweaking of the arrangements. Nonetheless, I think we need to push the private companies as hard as possible to get as much investment and to make sure that there is a proper service that comes with it.

Q55 Chair: Can I just take you back to the question of NUTS and European funding and so on? What you are suggesting, and what we have heard elsewhere, a recasting of the boundaries, seems on the face of it to be straightforward, and like so many things it is a surprise in many ways that it has not been pursued more vigorously before. Would there be any losers from that sort of change who might have a natural resistance to change?

Michael Moore: The reality is that if you redraw the map then some communities might potentially lose out. Somewhere like Edinburgh does not lose out, because the Borders

now gets better treatment. Glasgow does not lose out because Dumfries and Galloway gets better treatment, it seems to me.

The truly innovative approach would be to do a cross-border mapping of these areas, and that would test the boundaries that James and others were talking about earlier on, about intergovernmental co-operation. To make the argument we have to win the battle in Brussels. We have to win it with the statisticians in Brussels who are pretty hard people to persuade. They do not like change, particularly when we have well-established regions. We have to make the argument vigorously and it is not enough to do it on our own. I have been in meetings in Brussels over the last 15 years with council officials and others trying to make that argument, and they receive you very politely, as do Scottish Government or UK Government officials, and then say, "Oh, but it is too difficult. We cannot do this". Like anything in politics it is necessary to bring as many people together as possible, shouting as loudly as possible and I think the Borderlands Initiative, if the Governments took this on as a particular priority, would put more clout behind the argument than we have seen in my lifetime.

Q56 Chair: It is very helpful that you make that point about political will and momentum and so on. One of the things that struck me, and I know it has struck some of the staff and some of the other members of the Committee, is the contrast between the south of Scotland and the north in terms of attitude, particularly the Islands for example, where the initiative "Our Islands - Our Future" has been politically led by council leaders, who have been dynamic, I would not say aggressive, but they have been really quite pushy about many of the initiatives. Any time we go there we can hardly get away because they want to tell us this, or tell us that. I do not get the impression there is anything like that in the Borders. You mentioned earlier on about pride of place in the Borders and I understand, but there is almost in a sense a fatalism and an acceptance that it has always been like that, there is nothing we can do about it, we will complain about it, but contrasting with what there is in the Islands. Why do you think that is?

Michael Moore: We are obviously in very different circumstances but I do applaud the initiative that the council leaders took, and I got to know each of them well as Scottish Secretary on things like the emergency towing vessel withdrawal. They did not miss and hit the wall in terms of the points that they made. They were very helpful in articulating the arguments and they enabled us to find a solution to that particular problem that also squared with the Treasury's expectations of how much it should all cost. When it comes to broader issues, as I described earlier, we are very well plugged in to all the different national initiatives and all the different "partnership this, single outcome agreement that". That is all there. I do not accept that there is not the leadership. I do not know if you have invited David Parker or Stuart Bell or any of the other senior council figures like Michael Cook, Catriona Bhatia to give evidence to you. These are not shy, retiring violets.

Q57 Chair: Let me just clarify. We invited the councils and the councils all sent officials. It may be that here in the south of Scotland the officials run the councils but certainly we got the very clear impression in the Islands and the Highlands that it was the elected members who provided the dynamism, gave the leadership and set the direction. We have not had the same push or urgency here in the south of Scotland, and indeed, if you look at the written evidence we have had from some of the councillors on the Borders, it is almost as if they got

up on the wrong side of the bed. Instead of seeing our inquiry as an initiative that they could take advantage of, an opportunity, it is almost a matter of, “Look, go away. Do not bother us. We will sort it ourselves in the fullness of time,” and so on. It just seems to me that the people of the Borders are being let down badly in those circumstances.

Michael Moore: Listen, the council leaders must speak for themselves. However, my—

Q58 Chair: That is why we invited them, of course, but they sent officials.

Michael Moore: I regret the fact that you have not had the opportunity to meet with them. I am sure that could be corrected at your convenience. You have made a big effort to be here today. As it happens, my next appointment is at the council with some of the senior councillors. I will pass on your heartfelt points. I would not wish you to take from your own experience with the Committee any broader lessons.

If you go back to, dare I say it, earlier times, the leadership of Councillor Tully, Councillor John Ross Scott and now over the last decade Councillor Parker, we have had very strong leaders, but they are leading in a consensual style. David is an independent who has brought together representatives from different political parties over the years and he has worked very hard on our collective behalf. There are the formal channels. As I described earlier, there are the informal channels too, so perhaps less shouting from the Borders, but that does not mean to say the arguments are not being made and the points registered. We can improve things and that is why, as I have said a couple of times already, I want to see things like the South of Scotland Forum raised up in terms of its status and its focus. That way not only do the local council get a stronger voice, but the people of this area can see what their representatives are doing on their behalf.

Q59 Graeme Morrice: Good morning, Michael. First of all, apologies for being late. As soon as they build a motorway from my house to Galashiels the better, of course.

When I came in, you were discussing the issue of the Waverley train line and I know that is something you are very supportive of and it is something I am supportive of too. You talked about the potential opportunities and that if local agencies and national agencies did not step up to the challenge in terms of exploiting those opportunities, then local people may have concerns about that. Clearly, I hope we would see opportunities in relation to business growth and creation of employment locally, but that is in general terms. Is there anything specific in the short to medium term that you could see taking place or would like to see taking place, or indeed something that the council or local agencies would like to see happen that would be an early win?

Michael Moore: We have six months or so until the Borders Railway is reopened. It is very exciting. As I was saying before you arrived, the rail track is now pretty well laid; the stations will now get proper attention. A lot more work to be done, but it is real and people can see it and the sense of excitement is growing.

I attended an event that I had helped to initiate at the council a couple of weeks ago, chaired and hosted by the Scottish Borders Business Forum chairman, Jack Clark—who again I think is giving evidence to you—where the businesses and the local agencies and Abellio, the new ScotRail franchise holder, were all present. The meeting was over-

subscribed. There were about 80 in the room, but 30 or 40, I understand, wished to be there but there was not space. My concern was that quite a lot of the information that was being shared by the council and by Abellio was news to the businesses in the area, including, although we have a very short period of time to go, some pretty basic stuff, from signage through to the wi-fi capabilities, and the app support and so on that will be available for tourism businesses and so on, how many bikes there can be on the train and all this kind of stuff. Now, that is pretty important.

I suggested, and I have talked subsequently to Abellio's UK managing director who is considering the idea, that there now needs to be a railway business surgery every month from now until it opens so that there is information sharing and questioning and accountability going on for local businesses, because if we miss the chance with those local businesses who have the most direct benefit from this new route, we will never catch up. When people visit on the back of the profile we are going to have and they do not get services and products that they are interested in, we are going to be in trouble. Galashiels town centre, like Hawick town centre, has a number of very important community initiatives underway at the moment. They need to be properly resourced by the council to make sure that the first view people get at Galashiels transport interchange is not a row of empty shops. I am confident that with the right amount of work and community effort and everything else we can get there, but it is increasingly late in the day.

Q60 Graeme Morrice: Yes, that is interesting. The other factor as well, if we draw an analogy with the opening of the Edinburgh Bathgate rail line in the 1980s, and more recently, the completion of the missing link between Bathgate and Airdrie, so we have a through route from Edinburgh to Glasgow via Wesslo and North Lanarkshire, what we are seeing is a lot of current and proposed housing development with not necessarily the added jobs and business development. Is there a danger that what we may see in the long term is more housing development and therefore an imbalance, because we are not going to see the jobs and the businesses follow that as well?

Michael Moore: Going back to this document here, the Central Borders Business Park is one way of addressing that and making sure that we have premises and facilities that are fit for purpose for the region, and then we can have the rollout beyond the Central Borders to other parts, such as Berwickshire, Hawick and so on. That does matter, but I do not think we should necessarily turn our backs on welcoming people to the area. There are national house builders and some very good local firms who have developments poised and waiting to test this out, but I think it opens up the Borders to young families and others to come and enjoy a quality of life they may not have been able to enjoy somewhere else at a price that is certainly these days more affordable than it would be elsewhere. That is very attractive and I think that new families can add quite an important new element to the local economy and help, dare I say it, to underpin the economies of our local town centres that, like other parts of Scotland, are increasingly challenged. I think the housing, managed properly, looked at, is an important part of this, but it cannot be the only part.

Graeme Morrice: Yes, I agree with that. I was not suggesting that we turn our backs on new housing development and people moving into the area, absolutely not, but it is having sustainable communities to ensure that obviously there is the infrastructure and the employment opportunities and business opportunities as well.

Q61 Chair: We always end by asking the victims, the witnesses, whether or not there are any answers they had prepared to questions that we have not asked; any points that you think that we should have raised with you that we have not covered so far.

Michael Moore: No. I welcome the opportunity and I appreciate this is a big allocation of the Committee's resources in terms of your time and everybody else's to visit the south of Scotland in the way you have over the past year, and I think that has been helpful in shining a light here. I remember being on one of the predecessor committees back in the late 1990s and John McAuley and others coming to the Borders and going away saying, "It is quite a different place from the image that I had of it before now." Obviously you know it rather than better than John or others did, but I hope all of you have enjoyed it and will continue to do so.

This is a region that has its challenges, but it has massive opportunities too. I think if we can pull off the different bits of infrastructure that we require, get the skills issues tackled and help to bring in other businesses that can raise our economic game significantly, then we have a really positive future, but I do not want to gloss over that that comes with a lot of effort and overcoming some pretty deep-seated problems that we have had for the last few generations. Thank you this morning for giving me the opportunity to explore each of those issues.

Chair: Thanks very much for coming. I will close the meeting for just a couple of moments for a comfort stop and then we will restart.