



House of Commons  
Environment, Food and Rural  
Affairs Committee

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# **The potential of England's rural economy**

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**Eleventh Report of Session 2007–08**

*Volume I*





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**Eleventh Report of Session 2007–08**

*Volume I*

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## Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

### Current membership

Mr Michael Jack (Conservative, Fylde) (Chairman)  
Mr Geoffrey Cox (Conservative, Torridge & West Devon)  
Mr David Drew (Labour, Stroud)  
Mr James Gray (Conservative, North Wiltshire)  
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Daniel Kawczynski (Conservative, Shrewsbury & Atcham), Mrs Madeleine Moon (Labour Bridgend), Mr Jamie Reed (Labour, Copeland) and Mr Shailesh Vara (Conservative, North West Cambridgeshire) were Members of the Committee during this inquiry.

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

[www.parliament.uk/efracom](http://www.parliament.uk/efracom)

### Committee staff

The current staff of the Committee are Chris Stanton (Clerk), Nerys Welfoot (Second Clerk), Sarah Coe (Committee Specialist—Environment), Marek Kubala and Joanna Dodd (Inquiry Managers), Andy Boyd and Briony Potts (Committee Assistants) and Mandy Sullivan (Secretary).

### Contacts

All correspondence should be addressed to the Clerk of the Environment, Food and Rural Affairs Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5774; the Committee's e-mail address is: [efracom@parliament.uk](mailto:efracom@parliament.uk). Media inquiries should be addressed to Laura Kibby on 020 7219 0718.

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## Summary

The Rural Advocate's June 2008 report to the Prime Minister estimated the untapped potential from rural businesses to be between £236 billion and £347 billion per annum. The Department for Environment, Food and Rural Affairs (Defra) was reluctant to say whether it agreed with these figures, or to give its own assessment, citing the challenge posed by the number of variables involved. However, if the Rural Advocate's estimate is of the right magnitude, tackling the factors that inhibit the growth of businesses in rural areas could make a substantial difference to the performance of England's economy as a whole. We believe that, despite the difficulties, Defra should produce its own estimate to assist it in making a case for the resources to address the factors inhibiting the growth of the rural economy.

These factors tend to be small scale and specific to a location. The rural economy is a complicated concept, but the problems affecting rural businesses can often be simply articulated. They are practical problems, requiring practical solutions. The differences between running a business in a market town and a smaller rural community seem to us at least as significant as the differences between running a business in a market town and a city. Unfortunately, we found little to convince us that Defra's present approach to the rural economy will deliver the tailored solutions that rural businesses need.

In particular, we doubt whether Defra's new Departmental Strategic Objective (DSO), "Strong Rural Communities", will enable it to identify and address all the basic issues that communities themselves believe are inhibiting economic growth. The DSO is split into two intermediate outcomes: the first focuses on ensuring that the needs of rural people are met through mainstream policy and the second on supporting economic growth in rural areas with the lowest levels of performance. Each intermediate outcome is broken down into a number of indicators that are intended to enable Defra to assess its success in achieving "Strong Rural Communities". Our concerns relate both to the intermediate outcomes and the indicators.

Defra should focus on achieving economic growth across rural areas as a whole, rather than concentrating solely on areas with the lowest level of performance. We are surprised that transport, communications, planning and further education—all issues that were raised repeatedly during our inquiry—are not included in the mainstreaming indicators for the DSO. We are also concerned that the level of data that Defra is using means that it is rarely possible to distinguish between different types and sizes of rural community. Defra should consult the Commission for Rural Communities on whether the indicators represent the best possible way of identifying the problems being experienced in rural areas. The delivery of the DSO will depend heavily on other Departments, Regional Development Agencies and local authorities. We suggest that Defra produce a delivery plan setting out what assistance its needs from these bodies, how it will communicate those needs to them and what feedback it will seek.

Defra's policies must recognise the diversity of both the problems and the possibilities in rural communities. Realising the potential of the rural economy means translating the "big picture approach" into policy solutions that have the flexibility to deal with small-scale challenges.

































































































