House of Commons
Environment, Food and Rural Affairs Committee

The potential of England's rural economy

Eleventh Report of Session 2007–08

Volume II
Oral and written evidence

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Environment, Food and Rural Affairs Committee

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Dr Stuart Burgess, Chair and Rural Advocate, **Mr Graham Garbutt**, Chief Executive and **Mr Roger Turner**, Head of Rural Economies, Commission for Rural Communities |
| Monday 12 May 2008   | **Ms Christine Reid**, North Wiltshire District Council and Vice Chair of LGA’s Rural Commission, **Mr Ivan Annibal**, Assistant Director of Economic Regeneration, Lincolnshire Councils and **Mr Tim Allen**, Programme Director, Local Government Analysis and Research, Local Government Association  
**Mr David Marlow**, Chief Executive and **Ms Fiona Bryant**, Head of Rural & Sustainable Development, East of England Development Agency |
| Wednesday 2 July 2008 | **Mr Robbie Jones**, Agricultural Banking Manager, HSBC, **Ms Rima Berry**, Chairman, The Business Association (Wensleydale) Ltd, **Mr Paul Birnie**, Finance Director, Wensleydale Creamery, **Mr Robert Tunstall**, Accountant and Tax Adviser, **Cllr John Blackie**, North Yorkshire County Council, **Mrs Ruth Annison** and **Dr Peter Annison**, W R Outhwaite & Son Ropemakers |
| Wednesday 16 July 2008 | **Jonathan Shaw MP**, Parliamentary Under Secretary of State (Marine, Landscape and Rural Affairs), **Mr Robin Mortimer**, Director (Rural, Land Use and Adaptation) and **Mr Ron Scrutton**, Head (Rural Policy), Department for Environment, Food and Rural Affairs |
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Oral evidence

Taken before the Environment, Food and Rural Affairs Committee
(Environment, Food and Rural Affairs Sub-Committee)
on Wednesday 7 May 2008

Members present

Mr Michael Jack, in the Chair
Mr David Drew Dan Rogerson
Mr James Gray David Taylor
Patrick Hall Paddy Tipping
David Lepper Mr Roger Williams

Memorandum submitted by the Centre for Rural Economy, University of Newcastle upon Tyne

1. EXECUTIVE SUMMARY

1.1 We welcome the Committee’s decision to undertake an inquiry into the potential of England’s rural economy. One of the biggest barriers to realising this potential is the poor understanding of the characteristics of rural economies, their problems and challenges, but also their potential in improving national economic development and well-being.

1.2 The Government’s rural policy failure since 2001 is the result of: an overly agricultural approach to rural development; the eclipse of rural affairs in Defra; and urban-centred approaches to regional development.

1.3 Agriculture is not the major force in rural development and is less likely to be a significant source of new rural employment opportunities.

1.5 After the Foot and Mouth Disease (FMD) crisis, the Government promised an elevation of rural policy. However, FMD and the establishment of Defra initiated a retrenchment into a narrower and more sectoral approach to agriculture and marginalised rural affairs.

1.6 Realising the potential of rural economies is undermined by naïve and simplistic notions of rural areas as essentially about farming, tourism, commuters and the retired.

1.7 Defra needs to become a more effective champion of rural affairs; improve rural proofing in Whitehall and the regions; and more effectively promote the idea of rural economies as sources of economic dynamism in their own right.

2. INTRODUCTION

2.1 Rural economies are important contributors to the performance of the national economy. Rural districts contain just under a fifth of the English population but are home to a third of the businesses and 30% of economic activity. There is a not a single, unified “rural economy” but rather diverse local economies in rural areas.

2.2 The employment and business profiles of contemporary rural economies are increasingly similar to our cities. In England’s rural districts, four key sectors account for more than 80% of employment (distribution and retailing; business and financial services; public administration, education, training and health; and manufacturing). In contrast, farming constitutes just 2.6% of rural employment.

2.3 The business and employment structure of rural areas continue to show some distinctive characteristics, however. For example, there are more businesses per head of population in rural districts / the vast majority of them employing ten or fewer people. There are much higher rates of self-employment and home-working and more rural women are enterprising than their urban counterparts.2

2.4 Rural economies also face particular challenges. In England there are over 300,000 rural residents of working age who are inactive but want to work and a further 200,000 who are unemployed. The rural population is ageing faster than the urban. Higher self-employment is sometimes because of lack of flexible,
suitably skilled, varied and rewarding jobs, and low pay is a problem. Average wages are about 10% lower in rural compared with urban districts, and are at their lowest in the most peripheral districts. The consequence is high levels of in-work poverty.

2.5 These and other rural issues do not figure much in discussions of national or regional economic performance nor even in most rural action plans and strategies, which tend to be poorly informed of the contemporary realities of rural economies. The result is that the major drivers and problems of rural economies are not properly targeted by business support, training provision and infrastructural investment. There are three fundamental causes of this systematic policy failure: an overly agricultural approach to rural development; the eclipse of rural affairs in Defra; and urban-centred approaches to regional development.

3. AGRICULTURE AND RURAL ECONOMIES

3.1 Some 13% of businesses in England’s rural areas are in agriculture and fishing, but their numbers are declining rapidly and there is an even greater shedding of jobs. Between 1998 and 2002, the number of jobs in agriculture and fishing dropped by 26,000 (almost 16%) but, in the same period, over ten times that number of net new rural jobs were created in other sectors.3

3.2 Agriculture continues to be conceived and managed as a national economic sector rather than as a force for territorial development. The rationale for supporting agriculture is less that it contributes significantly to national economic competitiveness, but more that it occupies three quarters of the land. Farming remains important to rural economies for the environments it maintains, which attract tourists, in-migrants and businesses to rural areas. The instruments for managing agriculture, however, remain largely those of a national and European production sector, and the transition from a sectoral to a territorial “public good” framework is proving protracted.4

3.3 An established response to agricultural decline has been farm diversification, but its contribution to wider rural economies has been limited. Public support to assist farm diversification usually serves to help farmers stay in agriculture, rather than to fundamentally reorient their business. Indeed, contrary to the standard rhetoric that farmers need to diversify to strengthen the rural economy, it is more the case that the scope for farm diversification relies on the strength of the wider rural economy.

4. DEFFRA’S TREATMENT OF RURAL ECONOMY ISSUES

4.1 Defra was meant to mark a departure in the Government’s approach to rural policy. The Government explained:

“A fundamental difference in the way the Government approached the delivery of rural economic and social policy was signalled by the creation of Defra, one of whose central pillars is the whole rural affairs agenda. This elevation of rural policy, with the first Government Minister for Rural Affairs, reflects the fact . . . that the rural economy is not a synonym for agriculture, but is now a complex mixed economy in which food production, tourism and recreation, and public and private services are all important strands”.5

4.2 However, the constitution of Defra was not the result of careful planning, but a set of functions hastily put together.6 Defra’s policy agendas have increasingly centred on environmental sustainability. Where rural affairs and rural development were once envisaged in a central and integrating role within the new department, they have effectively been marginalised by higher profile agendas around climate change and sustainable development. While the intention had been to give greater prominence to rural affairs policy, the accident of history is that establishing Defra has had the opposite effect.

4.3 The Curry Commission, set up after the FMD crisis, was given a strong steer by the Prime Minister’s office that it was to focus on the economic and environmental sustainability of the food and farming industries. It presented a highly sectoral, supply-chain perspective on the future of the farming industry, recommending an expansion of agri-environmental spending and measures to strengthen the market orientation of farm businesses. This allowed farming and environmental interests to (re)capture funds being released by CAP reform. Missing from Government’s strategy was a sense of how farming might be better integrated with the economic development of rural areas. In refocusing attention and spending on the farming industry, wider rural development has again been left as the poor relation to agricultural policy.

4.4 Indeed, nascent rural development budgets have been squeezed to finance the burgeoning agri-environmental programmes. Thus, hardly any of the funding under the 2000–06 England Rural Development Programme was available to non-farming and forestry recipients through wider rural development schemes. In other European countries (e.g. Germany), the CAP’s “second pillar” has been used to fund village renewal, basic services and wider rural development objectives. For 2007–13, 80% of the new rural development programme has been allocated to agri-environmental expenditure in England. The wider rural

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6 Brian Bender (Defra Permanent Secretary), Oral evidence to the Commons Select Committee on Environment, Food & Rural Affairs, Minutes of Evidence, 21/11/02.
economic development strand, under the sub-heading “enhancing opportunities in rural areas", is likely to be allocated the absolute minimum permitted by EU rules—10%—most of which will be spent on farm-based projects.

4.5 The Government’s Rural Strategy 2004 transferred the Countryside Agency’s responsibilities for promoting the social and economic welfare of rural areas to the Regional Development Agencies (RDAs). The RDAs are not particularly inclined to give a stronger rural focus to their work, and Defra also appears poorly equipped and not strongly inclined to act as a forceful champion of rural interests with the RDAs. Certainly it has been unwilling to assume the active promotional role that was pursued by bodies that have been wound up such as the Countryside Agency and the Market Towns' Advisory Forum. Particularly telling are the small and diminishing resources that Defra allocate to rural policy (2.4% of the Department’s budget) and to socio-economic rural research beyond the farm gate (0.5% of the Department’s research budget).

5. REGIONAL DEVELOPMENT AND RURAL ECONOMIES

5.1 The RDAs, although strongly urban oriented, have had to pay some regard to rural issues but their work has been hampered by three factors. First, national co-ordination on rural affairs between the RDAs is weak. Second, nationally prescribed performance targets militate against large numbers of small investments, encouraging instead a "fewer-bigger" approach, with an emphasis on large-scale, urban-based flagship projects. Third, the increasing emphasis within the main central departments that sponsor the RDAs on core cities and so-called city regions as territorial foci of economic development has strongly directed policy attention and investment towards urban renaissance and infrastructure.

5.2 The city-region movement is essentially a political movement that has arisen largely out of the loss of political momentum behind regional devolution in England. Its advocates have been opportunistic in seeking to refocus economic development strategy and delivery on city regions. There has been no equivalent political leadership or advocacy of the economic governance of rural areas. On the contrary, Defra has been preoccupied with dismantling the national infrastructure for rural policy and devolving its responsibilities, but with little or no interest in sub-regional structures of delivery.

6. REALISING THE POTENTIAL OF RURAL ECONOMIES

6.1 Rural economies are increasingly integrated into their regions and sub-regions and we need a much better understanding of the nature and dynamics of rural-urban interdependencies in these contexts. There are two ways of seeing the role of rural areas in regional development. One is as passive beneficiaries of urban-focused strategies whose effects, it is assumed, will gradually “trickle out”. A second is to see rural areas and their assets as active contributors to the development of regions and even national territories. From this perspective, market towns, villages and rural landscapes can make a significant contribution to the competitive appeal of their regions and sub-regions. Their appeal is not just as spaces of consumption, but also as attractive locations for growth-oriented businesses.

6.2 Regional and local plans and strategies too often cast rural economies narrowly as essentially about farming and tourism, with other rural interests being residential or recreational. These perceptions of rural areas as largely populated by farmers, commuters, the retired and the occasional visitor, however inaccurate, are commonplace and underpin a sense that rural areas lack their own sources of dynamism or entrepreneurship, that they are essentially dependent on urban areas, and that they are fundamentally unsustainable.

6.3 However, in England, there are enough jobs in rural areas to employ 81% of the economically active residents. Rural-urban commuting is a feature particularly of accessible rural areas close to major conurbations, but is a minor feature of rural labour markets in general. We are, however, seeing much faster employment growth in rural areas (10.9% between 1998 and 2003) than in urban areas (5.5%).

6.4 Demographic ageing is a ubiquitous social transition but is occurring fastest in rural areas. Only around 10% of rural in-migrants are actually retired. The more significant migration flows are the loss of younger age groups and the in-migration of young families and middle-aged people. However, the children often move away when they grow up and it is the adult in-migrants ageing in situ that are contributing most to the burgeoning older population of rural areas, and will continue to do so over the coming decades.

6.5 People from as young as their 40s onwards are moving to rural localities with a view to eventual retirement, but at the same time are substantially reshaping their employment, family, leisure and community activities—sometimes called “down-sizing”. This can often unlock a great deal of capital, time and energy. The “pre-retired” are thus typically a very dynamic element—helping sustain the voluntary sector, in the vanguard of new demands on commercial and public services, and often behind the setting up of new businesses. Public authorities and service providers need to understand this diverse group if they are to draw on the additional resources and energies it brings into rural areas.

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6.6 Many rural in-migrants are wealthier, better skilled, middle-aged and older people who are making lifestyle decisions and choosing to live in the country. They are an important source of new business activity and are creating and supporting local jobs. Many are choosing to start or relocate their business in their new community, recognising that utilising their homes as a work base is a relatively low risk strategy that has the added benefit of reducing the need for private transport. The consequence is an explosion of home-working in rural areas. There are now more people working from home in rural England than the entire employment base of Birmingham and Glasgow combined. This phenomenal development has been generally unplanned and unaided by government or other agencies.

7. RECOMMENDATIONS

7.1 Rural policy has not yet been given sufficient opportunity and backing by Government to demonstrate its potential. The failure has been in commitment and vision. Our specific recommendations are in three areas.

7.2 Making Defra an effective champion of rural policy: Defra needs to develop and demonstrate leadership for all of rural England’s communities and show that it has been able to strike a balance between its responsibilities towards its traditional farmer client base, and its newer, wider and larger responsibilities for the people and economies of rural areas. This leadership should be transparent and sustained and be apparent to rural people and businesses at key events in the political calendar, such as the Queen’s speech, the Budget and the Comprehensive Spending Reviews. In a context of limited resources Defra needs to take some hard decisions over its priorities. If rural policy is a priority, then some internal re-direction of resources may be required away from other parts of the Department’s remit towards making more of a success of rural affairs. Defra should spend less of its effort on niche rural programmes, whose resourcing and impacts are limited, and more on wider Government programmes and resource allocation systems across Government that impinge on rural services and delivery of various types.

7.3 Making rural proofing work: Rural proofing represents an important commitment by Government to rural people and communities. In its last rural proofing report, the Commission for Rural Communities acknowledged that there has been progress in establishing rural proofing within central government. However, rural proofing across Government departments has been variable and there are a number of ways in which the process can be strengthened.

7.4 Currently, comparatively little resource is given to this critical area of Defra’s responsibilities. A starting point would be the establishment of a stronger rural proofing unit within the Department, able to call upon resources and support from across Defra where necessary and with strong ministerial support to work across Government promoting rural proofing. Regular reports to an appropriate Cabinet sub-committee may also help to embed the effectiveness of rural proofing as a process across Government.

7.5 Some of the resistance or limited response to proofing mainstream policies is because of failure to adequately answer the question “why does it matter to us?” Defra’s leadership on rural proofing needs to be able to offer this advice before developing the processes appropriate to the individual organisation and policy. Issues as diverse and challenging as restructuring of defence organisations and the nuclear industry, investment in strategic transport infrastructure, pensions and welfare reform and “double devolution” need that rural leadership. To date rural proofing has not attracted that national leadership to a similarly public extent as, say, gender equality.

7.6 Promoting rural economies: Leadership requires ambition and foresight. Defra needs to become known for bringing forward initiatives for rural communities which capture political debate in the same way that city-regions, “double devolution” and reform of public services have elsewhere. It needs to go beyond identifying that some of our rural economies are performing weakly, to showing the vision to encourage and support them to develop an imaginative and ambitious programme for their future health—and in this approach it should work through bodies such as the Local Government Association and Commission for Rural Communities to be imaginative, challenging and practical. Defra needs to trumpet the successes in rural areas. Policies to address rural exclusion need to understand and tackle rural disadvantage, but policies for growth and sustainable development must not exclude rural areas because it is presumed that rural economies are marginal, in need of help or just an extension of successful urban settlements. The enterprise, diversity and potential of rural communities need to be championed as assets without which wider society would suffer.

7.7 Gaining a fuller commitment to sensitising policies and programmes for rural residents, communities and businesses requires departments and decision makers to be able to understand the relevance of the rural dimension to their work. The challenge is to think in broad and more rounded terms about rural development, appreciating the contemporary character of rural economies and communities, for the rural agenda is about much more than ‘countryside’ and much more than farming, food and tourism. Effective rural policy means keeping rural issues within the mainstream of policy-making rather than sectioning them off.

October 2006

9 Commission for Rural Communities (2006) Rural Housing: A Place in the Countryside London: CRC
1. INTRODUCTION

1.1 Thank you for your invitation to submit a further memorandum to your inquiry into the potential of England’s rural economy. Our first submission was prepared in October 2006. This supplementary memorandum updates that submission and then addresses the specific issues you raise following the refocusing of your inquiry around Defra’s objectives for the rural economy and the effectiveness of the architecture in place to deliver them.

1.2 The main conclusions of our October 2006 submission were as follows:

   — One of the most significant barriers to realising this potential is the poor understanding of the characteristics of rural economies, their problems and challenges, but also their potential in improving national economic development and well-being.
   — The failure of the Government’s rural policy since 2001 is the result of: an overly agricultural approach to rural development; the eclipse of rural affairs in Defra; and urban-centred approaches to regional development.
   — Agriculture is not the major force in rural development and is less likely to be a significant source of new rural employment opportunities.
   — After the 2001 Foot and Mouth Disease (FMD) crisis, the Government promised an elevation of rural policy. However, the establishment of Defra initiated a retrenchment into a narrower and more sectoral approach to agriculture and marginalised rural affairs.
   — Realising the potential of rural economies is undermined by naïve and simplistic notions of rural areas as essentially about farming, tourism, commuters and the retired.
   — Defra needs to become a more effective champion of rural affairs; improve rural proofing in Whitehall and the regions; and more effectively promote the idea of rural economies as sources of economic dynamism in their own right.

2. DEVELOPMENTS SINCE OCTOBER 2006

2.1 Since October 2006, the key developments in the Government’s approach to the rural economy have been: the change of Prime Minister and subsequent machinery of government changes in June 2007; the shocks to local rural economies caused by the flooding and animal disease outbreaks of summer 2007; and the Pre-Budget report and Comprehensive Spending Review (CSR) of October 2007.

2.2 The outbreaks of FMD and Bluetongue in 2007 triggered renewed interest in the state of the rural economy. They served as reminders of the extensive disruption of the 2001 FMD crisis, which was estimated to have cost £8 billion and resulted in the slaughter of almost 6.5 million animals. In the aftermath of the 2007 outbreaks, the Prime Minister initiated two reviews. He asked Stuart Burgess, Chairman of the Commission for Rural Communities (CRC), to prepare a report on the ways in which the rural economy can be strengthened. He also appointed Liberal Democrat MP Matthew Taylor to carry out a review of how planning and land use can better support rural business and provision of affordable rural housing and report July 2008. Together with your inquiry, these reviews signal heightened interest in the health of the rural economy. The CRC and Taylor reviews are likely to yield important new insights and recommendations for improving the Government’s approach to realising the potential of England’s rural economies and we welcome them. Nevertheless, these reviews have very specific remits and are unlikely to cover some wider machinery of government issues in the handling of rural economic affairs.

3. DEFRA’S OBJECTIVES FOR THE RURAL ECONOMY

3.1 Under the 2002 CSR, Defra agreed a Public Service Agreement (PSA) with ten targets, one of which (PSA 4) addressed rural development. PSA 4 aimed to improve productivity and access to services in rural areas. The productivity component was to “reduce the gap between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006”. The target also committed the Government to “improve the accessibility of services for people in England’s rural areas”. In 2003 the Haskins Review, which was fundamentally unsympathetic to Defra’s new rural affairs responsibilities, dismissed PSA 4 target as “aspirational and woolly” (p 35). Among Defra’s civil servants there set in a fatalistic acceptance that the target would not survive the next CSR in its current form. A key problem identified was that while Defra had ownership of the target, the Department did not have control over the main policy instruments and spending programmes that might be able to deliver improved performance against the indicators. It did not own the “levers”. However, there was something self-fulfilling about this outlook—a lack of commitment to the targets meant that they had little purchase with other departments and agencies. PSA 4 did actually stimulate some new internal analysis of the problems and opportunities.

Centre for Rural Economy, Newcastle University, Newcastle upon Tyne, NE1 7RU. This memorandum was prepared by Professors Neil Ward and Philip Lowe.
facing rural areas, culminating in a very useful report on Productivity in Rural England.\textsuperscript{11} However, it is symptomatic that the report was not widely disseminated or promoted within or beyond government. The basic shortcoming has not been with ever more refined targets, but a lack of commitment, of resources and of a strategy to intervene to strengthen rural economies.

3.2 In the run up to the 2007 CSR Defra reviewed its strategic objectives, especially through its Strategy Refresh process. Rural affairs and rural economy issues were further marginalised in this process. The new Departmental Strategic Objectives for Defra (CSR 2007, Annex D12, pp 244–45) are as follows:

- climate change tackled internationally, and through domestic action to reduce greenhouse gas emissions;
- a healthy, resilient, productive and diverse natural environment;
- sustainable patterns of consumption and production;
- an economy and society resilient to environmental risk and adapted to the impacts of climate change;
- a thriving farming and food sector, with an improving net environmental impact;
- sustainable development championed across government, across the UK, and internationally;
- strong rural communities; and
- a respected Department delivering efficient and high quality services and outcomes.

3.3 The “strong rural communities” objective breaks down into two intermediate outcomes. The first is that “economic growth is supported in rural areas with the lowest levels of performance”. The second is that “the evidenced needs of rural people and communities are addressed through mainstream public policy and delivery”. Progress against the first of these is to be measured through two key indicators: workplace earnings per worker per hour split by local authority district; and employment rate by local authority district. Progress against the second is to be measured through a basket of local government performance framework indicators on educational attainment, social capital/quality of life, health and social care, employment and economy, housing affordability and crime and anti-social behaviour. These intermediate outcomes and indicators suggest that the old PSA 4 has been rolled forward, with some limited development, and evolved into Defra’s new Departmental Strategic Objective for “strong rural communities”.

3.4 The perceived shortcomings of the old rural productivity target could be laid at the door of the new Departmental Strategic Objective. The excuse that Defra may have a strategic objective for “strong rural communities” but the Department does not have the means to deliver it could still be deployed.

3.5 Furthermore, there are risks in separating the two economic indicators that perverse incentives are created. For example, one way of improving average work-place earnings would be to reduce the number of low paid jobs in a district. If the work-place earnings indicator improves, but the employment rate indicator declines, how will the Department judge if it is doing a good job? There is thus a need to require that both indicators need to be considered together in order to avoid such perverse incentives.

4. THE ARCHITECTURE IN PLACE TO DELIVER DEFRA’S OBJECTIVES

4.1 Under the CSR, Defra’s overall budget is planned to increase by 1.4% a year in real terms over the period 2007–08 to 2010–11. However, included within this are significant new commitments to flood risk management, the Environmental Transformation Fund and waste management. The general expectation is of increasing pressure on resources across rural affairs policy in the CSR period.

4.2 The six conclusions set out in our submission of October 2006 still stand. The refocusing of Defra’s strategic priorities over the past two years has continued the marginalisation of rural affairs policy that has been in train since 2002. On a positive note, we can point to the improved understanding of some of the specific challenges facing rural economies and rural communities as a result of the work of the Affordable Rural Housing Commission, the Matthew Taylor review and the recent work on rural economies by the Commission for Rural Communities. However, despite an ever-more sophisticated understanding by a small number of rural economy specialists, we still see little prospect of progress in improving the Government’s approach to rural economies while the departmental architecture of Defra, and its place within the wider government machine, is so poorly designed to deliver.

\textsuperscript{11} \url{http://www.defra.gov.uk/rural/pdfs/research/productivity-rural-england.pdf}
4.3 In rural affairs, fire-fighting problems can distract the Government from focusing on the potentials and opportunities of rural economic development. Following the 1997–98 period (when the prominent problems centred on BSE and the beef ban, sharply declining farm incomes, and the Countryside March), the Government did move from a responsive to a pro-active mode with a bold and ambitious Rural White Paper. In delivering Defra’s strategic objective of strong rural communities, the Department and the Government more widely would need to come to a clearer view about whether achieving such a goal requires better indicators, better “levers” or better strategic vision.

4.4 The 2000 Rural White Paper no longer has currency. Especially from the perspective of rural economic issues, the institutional and policy scene has changed considerably, and the implications of the Sub-National Review for supporting rural economic development will also be important. The publication of the CRC review of rural economies and the Taylor Review of rural planning, housing and land use will provide an opportunity for the Government to renew its commitments to rural areas with a new Rural White Paper. This White Paper should also consider the machinery of government issues around rural proofing of national and regional policy, implementation and spending programmes to ensure that rural economies and communities are best able to maximise their contribution to national well-being.

March 2008

Witness: Professor Neil Ward, Centre for Rural Economy, Newcastle University, gave evidence.

Q1 Chairman: Ladies and gentlemen, can I welcome you to the first evidence session of what I would call our reconfigured and refocused inquiry into the potential of England’s rural economy. Can I put on record my apology for those who have been salivating at the thought that this inquiry was going to take place anything up to 18 months ago. The reason for us having to postpone and refocus is the fact we had delays on our Rural Payments Agency report, we had some lengthy inquiries on Bovine TB, we had further work arising out of last summer’s flooding and matters connected with the foot and mouth outbreak which has somewhat postponed this inquiry; nonetheless, we recognise its importance and hence our refocusing. I would like to express publicly my thanks to those organisations who have been kind enough to re-submit and update their original evidence, some of which goes back to 2006. In particular, if I can thank Professor Neil Ward for helping us in that respect. Professor Ward, a professor at the Centre for Rural Economy at Newcastle University, is an old friend of the Committee and we are delighted you have come back to us. Professor Ward, I gather this may be your last time appearing before us in the context of the Centre for Rural Economy at Newcastle University as you are going to be the Dean of Social Sciences at the University of East Anglia.

Professor Ward: That is correct.

Q2 Chairman: I hate to have to say this but we quite often have people from the University of East Anglia to help us so you might just find yourself back here again. Are you going to maintain your interest in rural work and rural studies?

Professor Ward: Yes, I will. I do not think I will have quite so much time to spend on research but I suspect I will keep an eye on rural affairs.

Chairman: Speaking on behalf of the Committee we wish you well but in the meantime, whilst you still have your hat on as the man who wrote our revised evidence, we are going to now ask you some questions.

Q3 Dan Rogerson: Despite the fact that you are about to depart for other things we are very grateful to you for giving evidence to us. I have been going around the parish councils in my constituency, and there are 70 of them, and this inquiry has come up and been mentioned so I know there are a lot of people out there who are very interested to hear what we are going to say and what you have to say.

Chairman: We are not going to get 70 pieces of evidence are we?

Dan Rogerson: Some of the places like Trevalga, which has about 50 people on the roll, probably will not manage to submit evidence. Nonetheless, all of us have different ideas as to what the rural economy is and how it works. As a representative of the Centre for Rural Economy presumably you have a pretty good idea of what it is so can you tell us what the rural economy is?

Professor Ward: What is the rural economy is a good undergraduate essay title. I see the rural economy as actually a political term rather than an empirical economic term. It is not an unproblematic concept either because when people use the term rural economy it often implies a unified, single and rather bounded entity, something that is similar in all rural areas and separate from urban economies, and of course it is not that at all. I am the director of the Centre for Rural Economy and not the Centre for the Rural Economy. We actually see rural economy as an academic enterprise. When the Centre for Rural Economy was set up there was nothing like it anywhere else in the UK. There are a whole host of research centres that specialise in the agricultural industry and agricultural policy, and several centres that look at rural issues generally, community development issues, rural services, the rural environment, but rural economy as an enterprise, as a subject of government policy, as an area for intervention, has not been very well represented in terms of academic research nor is it very well represented in the policy system either. We have relatively single issue interest groups involved in rural issues coming from an agricultural industry
perspective or an environmental protection perspective, whether it be birds, land or landscape, and there is not actually an interest group that represents rural businesses beyond agriculture. The CLA would be the nearest thing to it but there are not many. Rural economy in that sense is partly a project to raise the profile of the 95% of economic activity in rural areas that is not necessarily land-based industries. Land-based industry is a part of the rural economy but there are a lot of institutions already looking after that area.

Q4 Dan Rogerson: Given that, you have said there has perhaps been a lack of voice to make the case for further consideration of what is going on in rural areas in terms of their economy. What do you think could be done to improve understanding across governments about what is going on in rural areas?

Professor Ward: Part of the problem, when one is interested in social and economic well being in rural areas as your starting point, is the often prevalent ideas and understanding of what rural life and rural economies are like. It is a matter of myth busting really. One of the common assumptions is there is a thing called the rural economy which is relatively similar in all rural areas and is homogenous. One of the first tasks is developing an understanding about diversity in rural areas. Rural England, as an entity, is an immensely diverse place in terms of social structures, in terms of land ownership, in terms of the landscape and in terms of economic activity as well, and it is about challenging those assumptions about homogeneity and similarity. There is the assumption that rural economies equate to land-based industries when that is quite a small proportion, particularly of jobs in rural areas. There is also a set of assumptions about rural areas being generally rather affluent places and you can cut the statistics to produce that impression in some ways but the way we collect spacial data also often aggregates up the individual lived experience, and the experience of individual businesses as well, and conceals quite a lot of disadvantage. There is a job to be done in raising the profile and improving the understanding of rural disadvantage whether that be at the household level or in very local areas. There is another challenge which is about conveying the economic potential and dynamism of rural economies. There is a tendency in some of the regions of England for rural areas to be a bit of an afterthought when it comes to the economic development of regions. There is a challenge there in seeing rural economies as dynamic and active contributors to economic well being in larger administrative entities like counties and regions.

Q5 Mr Drew: One thing you have not said anything about, and I wonder if you will hear my thesis, is there is much more conflict in rural Britain than is often understood. There are so many different groups who have different perspectives as to why they are living in rural Britain and so it is much more difficult to get consensus and, in many cases, to get progress on fairly straightforward things because of the nature of that differentiated view of what the rural economy or rural society is like. Would you concur with that view or are you going to argue with me?

Professor Ward: I see the countryside as a highly contested place, yes. Part of that is about the deep-rootedness of some of these ideas about what rural areas are for, what the land is for, debates about food production, agri-environment schemes, food versus energy, whether we should be having more development and building more houses. The nature of social change in rural areas generates all sorts of conflict. The question of whether you can get a consensus is a function of how hard one tries. Quite often if you have a brief foray on an issue in a local area you just end up with contest and conflict but with sustained engagement over a period of time it is possible to build common ground and consensus. That is a long process and a lot of public policy schemes come and go very rapidly so there is not that much opportunity for building common ground and consensus.

Q6 Mr Drew: Do you debate with your colleagues, who look at Europe and the world, the different attitudes? Scale is going to be widely different but you may be able to do some comparisons. Do you look at different outlooks on life with regard to the way in which the rural economy and society is developing compared to urban Britain? In the sense of city regions, which we will be looking at later, is that an attempt to meld the two together?

Professor Ward: We did some work on the geography of social change in rural England over quite a long period, and published in 2003 I think it was. It is quite clear that different rural areas are on different sorts of development trajectories and the nature of the social struggles around the future visions for those localities varied from place to place. We looked at Northumberland, Buckinghamshire, and Devon as three case study localities. It was clear that in Buckinghamshire where there had been very sustained in-migration over a long period because of the growth pressures of the South East, we had quite a new kind of rural ideal there where there had been a lot of social change, a lot of newcomers coming in who were very active people and contributing to the debates about how those rural areas should develop. There were lots of new opportunities for farmers to diversify, for example. Lots of the farmers were becoming rural industrial estate managers and converting their buildings. There was all sorts of economic dynamism around rural diversification in Buckinghamshire but a rather settled consensus on a preservationist idea and not too much house building. In Devon there was an intermediate area where you had different agricultural structure, more smaller family farms and incomers not having quite such an impact at that time. There was more vociferous debate about the future visions for Devon. In Northumberland, where you are geographically more remote from the main growth engines of the South of England and prevalence of larger landed estates, there was a different sort of settled rurality; we called it a paternalistic countryside. The pattern of land ownership was
much more important in providing opportunities or constraints for the future development of land and property in the rural areas. There are quite interesting regional contrasts that can be made which underline this point that rural areas are very different from each other and we do get on quite slippery ground if we start to generalise too much about "the rural economy" or "rural England" as an entity.

Q7 Chairman: Can I follow that up and ask what I call a sacrilegious question? You made a good case that the nature of economic activity outwith the areas we can easily identify as urban has changed, in other words if you are stuck in an agricultural model that is very passe. There is a different way that business is done outwith of urban areas. Looking at some of the complexity, I was looking in the Commission for Rural Communities State of the Countryside Report for 2006 and there are some incredibly complicated schematics and tables which try to define what we mean by rural. Is it a distinction that has passed its sell-by date in the sense that we identify problem areas in an urban context by talking about the inner cities, and the inner cities would fit very nicely with the description you have just given us as areas which are differentiated from other parts of the urban landscape by the types of social and economic problems that you find there, but that those characteristics and problems vary according to where they are. Therefore, if you say outwith of the obviously urban areas there is another piece of land upon which activity takes place, and a whole raft of problems are thrown up which you have just enunciated, let us look at the locations and not worry about this distinction, is the distinction still valid?

Professor Ward: That is another undergraduate essay title: let us do away with rural as a category. It is a very good question. I have a lot of sympathy with the line of argument that we live in a highly connected world and actually the economic development prospects of rural localities are inseparable from what is happening in regional economies and are often a function of regional settlement structures as well. However, I would want to make a case for keeping the category rural for a couple of reasons: first of all, the importance of land in rural areas in shaping opportunities, and also the population sparsity factor imposing some constraints on service delivery and on economic development is a crucial distinctive feature of the development prospects for rural areas. Population sparsity and the fact there is extensive land use there would be one reason that makes rural qualitatively different in terms of how it develops compared to urban areas. Secondly, it is useful in the context of a European Union where large proportions of public money go into agricultural policy. There is a reform agenda which is about re-badging agricultural policy as rural development policy so you have to see rural as an international category as well. The OECD puts in a lot of work and analysis on territorial cohesion, not just inequalities in growth prospects between regions but between urban and rural areas. As you have CAP reform, it is a useful way of reforming the CAP to convert it to a rural development policy. If you have done away with your national rural policy and with the category rural and said rural is no different from urban, we do not need to think rural and we do not need to have a rural administrative structure or a rural policy, then you miss out on an opportunity to help steer international or European policy reform from agriculture to rural.

Q8 Chairman: Can I ask you about one of the bullet points in paragraph 1.2 of your evidence where you say: "The failure of the government’s rural policy since 2001 is the result of an overly agricultural approach to rural development, the eclipse of rural affairs in Defra and urban-centred approaches to regional development." If the trend in Europe is as you have described, how is it that there has been this eclipse of rural affairs in Defra, bearing in mind it was established as the department not just for the environment and food but specifically rural affairs?

Professor Ward: I have been reading some of the official documentation and submissions to other select committees and I understand now where I talked of marginalisation of rural affairs in Defra and eclipse of rural affairs in Defra the correct terminology is re-prioritisation, but it is essentially the same thing. I see it really as an accident of history more than anything else. This Committee in past inquiries has looked at the establishment of Defra. It was in 2001 with the foot and mouth crisis, a real ongoing issue, which delayed that general election for a while. There were plans in place for a department of rural affairs which was to bring together the rural policy functions of the Department of Environment, Transport and the Regions, as it then was, with MAFF, the Ministry of Agriculture, Fisheries and Food, which had come in for a lot of public criticism not only about its handling of foot and mouth but BSE before then. The plan was for a department of rural affairs with rural affairs being the central and integrating feature of that department. Defra was not what the plan was. Defra involved the bringing in of a much wider range of environmental protection functions from the old DETR into Defra so the central integrating agenda at the core of Defra, which is quite a large ministry with a wide variety of very important responsibilities, has been much more about climate change, environment protection and also reforming and greening agricultural policy. What was originally envisaged as a central pillar, a unifying integrating feature of a government department which was going to be rural affairs, has ended up, quite understandably when you are up against climate change and an animal disease crisis and those sort of quite big agendas, with rural affairs being diminished within the organisation of Defra and within Defra’s priorities.

Q9 Mr Williams: People were questioning you about the definition of the rural economy and whether that is important in the sense that the problems facing the
rural economy are the same as facing the total of British economy: lack of skills, lack of entrepreneurial activity and difficulty in accessing capital for people who wish to take risks. Is there a lot of difference in the problems between the rural economy and the economy in general?

**Professor Ward:** There are similarities and differences. If you take out agricultural employment, which is not hugely significant in rural areas, it is a few per cent, but when you look at the sectors that people in rural areas do work in compared to urban there is very little difference: services, retailing, banking, manufacturing and primary industries. Primary industries is distinctive but the proportions working in manufacturing are broadly similar in urban and rural. I made the point that you cannot understand what happens in rural areas separate from what happens in urban and regional economies but I would not want to argue that rural and urban economies are essentially the same thing because there are important distinctive features of economic activity in rural areas: there is a much higher preponderance of very small businesses, micro-businesses, employing ten or fewer people; there are high levels of self-employment; there are actually higher levels of entrepreneurial activity, particularly amongst women, in rural areas and there are much higher levels of home working. Something like 18% of economically active people in rural areas work from home at some point in the working week. There are stronger relationships between the firm and the family often in rural areas, where smaller businesses are family businesses. You cannot understand the way those businesses work in a wholly economistic way without understanding the family priorities about succession to the next generation or changing family labour arrangements or retirement, asset transfer and that kind of thing. There are all sorts of things which make the operation of rural economies quite distinctive. Some new things we do not know that much about and we need to do more work on would be, for example, demographic ageing which is more marked in rural areas and is happening earlier in rural areas than in urban areas and more sharply. We are an ageing society which is a universal phenomenon across the UK but it is happening sooner and more markedly in rural areas. In the ageing society rural areas are in the vanguard and that has quite interesting implications for business activity amongst people aged 55 upwards and it has interesting implications for thinking about the service economy, personal services, hair dressing, those sorts of activities in market towns. It is quite a distinctive demographic pattern emerging in rural areas compared to urban. There are these sorts of things plus the connections with the land-based industries which is distinctive to rural areas.

Q10 Mr Williams: You have already mentioned the fact that agriculture receives quite a large sum of public money but could you say something about the difference between the rural economy and the more urban economy in its dependence upon money coming in through benefits such as pensions and pensions in general? Is the rural economy more driven by those than in the urban area?

**Professor Ward:** With the demographic ageing I am guessing that pensions are going to be more important. There are risks in focusing on just earned income for indicators of economic well being in rural areas. I can only give you anecdotal evidence rather than systematically across the board evidence. Probably the Commission for Rural Communities, who are following me today, will give you more chapter and verse on that. In the aftermath of the foot and mouth 2001 outbreak when we were looking at the economy of Cumbria, it was more than 50% of household income was unearned income in rural Cumbria: pensions, savings and investments. We do have a problem in rural areas of low wage economies, dependance on tourism, seasonal work, agricultural and food processing industries in some areas and that is a distinctive problem particularly in some places. I remember noting more than half of household income was unearned income which is quite something.
effectively regional planning authorities and take on the functions that the old regional assemblies used to carry out. Personally, from a rural economic development perspective, I welcome bringing together regional economic strategies with the regional spatial strategies and bringing those more closely together. There are set questions about the accountability of RDAs. RDAs are essentially appointed quangos at the moment, and to have statutory regional spatial planning functions is quite a significant new string to their bow. There are going to be forums of the council leaders in the regions which are supposed to sign off the integrated strategy, which is going to be a very important document in the region. There are questions of what will happen if the local authority leaders are not prepared to sign off the strategy. Under the current proposal, RDAs will still be able to submit that strategy to the Secretary of State so there are all sorts of accountability questions there. Local authorities are going to be producing these new local economic assessments, which is good and an enhanced role for local authorities in economic development. I see the Sub-national Economic Review as rather usefully raising the profile of economic development in regions and sub-regions which is good. What I would be concerned about from a rural perspective is how the rural proofing is going to take place. How are we going to avoid the risk of regional economic development becoming essentially about the development of cities and essentially city centres where there has been an awful lot of investment and an awful lot of development over recent years? They have become these rather iconic places in the transformation of cities and regions and there is a risk that the rural gets cast as a something that will inevitably benefit from some sort of trickle out benefits from the city regions which I do not think is necessarily always the case.

Q13 Mr Williams: Following the foot and mouth outbreak and the incidence of blue tongue, the Prime Minister initiated two reports: one by Matthew Taylor MP about land use and its role in supporting rural businesses and also in the provision of affordable housing, which comes out in July 2008, but also a report from the chairman of the Commission for Rural Communities, Dr Stuart Burgess, where he was asked to report on the way in which the rural economy could be strengthened. In your submission you said there are some wider issues around the machinery of government that are relevant to the rural economy and these reports were unlikely to cover those. Could you perhaps tell us what wider issues you were referring to?

Professor Ward: I welcome both those exercises and they do signal a renewed interest in rural development and rural economies at the moment partly as a result of the flooding and the foot and mouth problems last summer. I am looking forward to seeing both of those reports and I am sure there will be lots of useful material in them. Matthew Taylor came up to the North East for a visit and I have been involved in some discussions with CRC about the report they are doing for the Prime Minister. It is this question of the re-prioritisation of rural affairs, and rural economies within rural affairs, in Defra which I would be expecting these inquiries to be engaging with and which is the thrust of our evidence to your Committee. As to the question of whether we have the profile right, there has been a profound change in terms of the level of resources, civil service resources, and the departmental architecture handling rural economies and rural socio-economic development, particularly since the Haskins Review and the modernising rural delivery reforms of about 2004. There has been a quite profound shift. If you look at the number of civil servants in Defra in rural policy there are 16 or 17 now and there were many, many more before. The Countryside Agency had a budget of about £100 million or so, the Commission for Rural Communities started off with a budget of about £14 million, down to £10 million and now down to £7.5 million. There are all sorts of examples I could use to illustrate the re-prioritisation of rural affairs and it is quite marked. There are fewer people within the policy system who are looking after this area of public policy and it is partly as a function of there being other very important things to be doing like climate change and animal disease. I do not know if these reports are necessarily going to deal with that big picture, which is discussing changing individual bits and pieces of policy whilst at the same time, in the context of a re-prioritisation, we see the eclipse of rural affairs.

Q14 Mr Drew: I was interested when you say about the number of people who rely on unearned income. One of the problems with the complexity of the rural economy is that a lot of people come in to live there as a lifestyle decision. They do not come there to work but come there because they want to live in rural Britain. We have seen this on the agricultural side with the growth of hobby farming. It is fascinating in this day and age where we have said the number of farmers is declining but when looking at the numbers farmers are actually increasing. To me they are not real farmers but they are defined as farmers and many of them are drawing single farm payments, which again is bizarre. In the debacle over the 10p tax a number of people contacted me who I would not say had wanted to reduce their income for the sake of it but have actually reduced their income to minimise the amount of tax they were paying. They were using unearned income to give themselves a quality of life but the most important thing was they had the lifestyle they wanted so they were prepared to sacrifice the money they earned for more leisure time in a place they wanted to live. Presumably they had down-sized from a bigger house in the South East and come to the South West. That is quite a difficult thing to then believe you can overcome if you want to engineer a dynamic economy where people are going out there and employing other people and they are really thinking we want rural Britain to create a lot of jobs. I think it is a myth there are not lots of jobs in rural Britain, there are plenty of jobs there. Maybe things are changing more definitively and more rapidly than we
think and that is quite problematic in the sense that if people do start feeling the cold then an awful lot of people could find employment very difficult to obtain which could lead to some issues to do with can people really afford to live there and virtually sacrifice what would be, to me, a normal working pattern of life.

Professor Ward: I take the view that people moving into rural areas in England is generally quite a good thing for those rural areas. We have done research in the North of England on rural micro-businesses. We did quite a big survey ten years ago and there were 8,000 or 9,000 rural micro-businesses in the rural North East and we got approaching 2,000 of them to fill in their questionnaires. It was quite interesting that a very significant proportion of those micro-businesses were actually started by people who had moved more than 30 miles to the location where they were running their small business. Incomer business owners were more significantly growth orientated and employed more people. It was a fairly significant proportion of the total workforce in the rural North East. It was basically people employed by what were effectively incomer migrants.

Q15 Mr Drew: Would that be differentiated in the South West where you tend to find people who are older and have done a full-time job and are deliberately reducing that?

Professor Ward: My recollection from the statistics is retirement migration to rural areas only makes up about 10% of the migration.

Q16 Mr Drew: These are not people who are retired.

Professor Ward: People migrating to rural areas in their 40s and 50s and maybe downsizing, quite often moving out from a large company and setting up a consultancy or a small business, is part of the dynamism of the rural economy. I am relaxed about that and I think that is a positive trend.

Q17 Dan Rogerson: I concur with what you are saying about the city regions and the potential for sidelining rural areas. Have you done any work to look at places where there is not a city? I am from Cornwall which has been recognised as a sub-region of the South West and that does not have a city in the way that a city region would understand it. Have you looked at what the possibilities might be for a purely rural sub-regional entity?

Professor Ward: I gave some evidence to what was the ODPM Select Committee about two years ago when they were looking at regional government. They had a specific item on looking at city regions so I am happy to send you that or direct you to it. City regions are this new fad over the last few years but they have cropped up before. In 1914 there was a book on city regions. They cropped up again in the Redcliffe-Maud Commission on local government re-organisation in the 1960s where there was quite a strong contested debate about whether city regions were the way to go for organising local government in England. There was a minority report produced by Derek Senior which engaged in that debate. The main concern was about rural governance so it is worth revisiting the Redcliffe-Maud Commission debates. At the moment there is not a single idea about what city regions are. If it is urban authorities trying to improve cross-boundary working in an area like Tyne and Wear where you have several regional urban authorities and they need to collaborate on transport, that is a good thing but the problem is where city regions were then trying to grab the most dynamic rural hinterland and saying this is part of our geographical entity as well, but north Northumberland is not so Berwick is left as a free-standing “not-quite-city-region”. It is through statistical analysis of labour markets producing these ideas of city regions as something larger than the city but still rather bounded entities and the notion of being inside or outside of the city region which I thought was really problematic from a rural development perspective as well as being intellectually rather riddled with holes.

Chairman: It just shows that there is nothing new under the sun.

Q18 David Lepper: Can we come back to Defra’s role in rural affairs which you already explored a bit? Tell me if I am simplifying too much what I took you to be saying earlier. Pre the 2001 general election there was a good idea: let us have a department of rural affairs covering everything to do with rural communities, economy and everything else. Then comes foot and mouth and questioning of the role of MAFF, et cetera, and so that new department finds itself accumulating a range of other policy areas for which it has responsibility. The result is we end up with a structure in which rural affairs has a smaller and smaller priority in terms of public service agreements, et cetera, and indeed in terms of staffing. Is that the picture you are giving us?

Professor Ward: Yes, it was an accident of history. The plan was for rural affairs to be the central integrating feature of that new department. There was a plan and I do not really understand quite what happened. Mrs Beckett went into Number 10, there was a conversation, and she came out Secretary of State for Environment Food and Rural Affairs as I understand from reading the press coverage.

Q19 David Lepper: You mentioned some figures and they are very similar to the figures we have had from the NFU about the number of civil servants dealing specifically with rural issues in Defra, which you put at 16 or 17 and the NFU are saying about 17. They compare with that over 50 in mid to late 2007 so there is quite a substantial and sudden drop rather than a gradual marginalisation. Are they right?

Professor Ward: That sounds about right. I have heard figures as higher than 50 in 2001. It depends how you define it but there was quite a significant number of civil servants in the old DETR who came across and there were some elements of rural development connected to farm diversification and the rural development socio-economic schemes of the rural development regulation that were in MAFF so if you put those two together it is a marked paring back. This is in the context of a paring back across government of civil servants.
Q20 David Lepper: Is it feasible to see that, accident of history or not, some of those other policy areas that this department now gives greater priority to—climate change, the natural environment—are just, among other things, another way of looking at rural affairs?

Professor Ward: It is always tricky when I find myself in this position coming from the perspective of rural socio-economic development, rural economy, and bemoaning the re-prioritization because I do not want to argue that climate change and fighting animal disease are not important things to be doing, but if the comparator is what would the old plan of the Department of Rural Affairs have been like, we do not know what the world would have been like. Environment could have been put with energy or transport. You could think of climate change as a hugely significant challenge for the UK but you could have environment with energy and transport, for example, but it is with land, food and farming and rural affairs. Rural economy, rural affairs, understandably does not fare well in that kind of struggle for what the priorities are. I do not see a lot of evidence that the natural environment, or even the food and farming side of Defra, melds ever so well with that wider more holistic approach to the socio-economic well being of people in rural communities in rural areas.

Q21 David Lepper: I am quoting from your original submission to us here but if we really wanted a department which would become an “effective champion of rural affairs, improve rural proofing in Whitehall and the regions, and more effectively promote the idea of rural economies as sources of economic dynamism” et cetera, we would not start from here any longer.  

Professor Ward: That is where there has been a loss in that championing of rural issues across government. If rural affairs is being radically diminished and weakened within Defra then that also weakens its role in gaining leverage and influence in terms of the status of rural affairs across the policy spectrum and it is at the same time that you have a much smaller advocacy and watchdog quango than we he had prior to modernising rural delivery.

Q22 Chairman: Have you seen any formal evidence of Defra auditing the rural proofing of other government departments?

Professor Ward: No, but I have not looked for it so I would not want to say none exists. There is not quite the profile of all of that; it is not something that is prominent.

Q23 Chairman: Do you have any example of a department that has rural proofed any policy? Pick a department, any policy, can you name one? It is not a trick question. I would like to know what it looks like.

Professor Ward: I think rural proofing, at its core, is a good idea but you need sufficient staff and resources to be collecting the material, chasing around, gathering intelligence. Part of rural proofing as well is about making public and visible the issues.

Q24 Chairman: The one thing you do not have is the before and after effect: we had this idea but we changed it because we had to rural proof it. We ought to ask other departments what they have been doing.

Professor Ward: That would be a good thing to ask.

Q25 Chairman: Let us move to an examination of Defra’s Strategic Objective. This Committee has been struck by the inability with the previous public service agreement, when it was focused on productivity, every time we used to ask about it Defra could never measure it and it was a nasty thorn in their side. They now seem to have dropped it to come up with something that I am struggling to understand. Let us start with this term “strong rural communities”. How would I define one? How would I know I had arrived in one if I was looking for one and, the inverse, can you tell me what a weak rural community looks like?

Professor Ward: It is not my term: strong rural communities. Let me start by saying I welcomed having a PSA target on rural productivity in principle. I thought that was going to be really useful in raising the profile of economic issues in rural areas within the government machine. It is unfortunate that very early in its life it became discredited both within Defra and more widely because of whether it had the right kind of indicators and whether the data was available at the right spacial scales. There was a lot of talk as well about what is the point of having a target as a department if you do not have the levers to deliver policy to achieve that target which I have said in my supplementary memorandum is actually an excuse. PSA4 had a rough time and it was scuppered very early on but to have a performance management framework for government is a good idea, to have public service agreement targets is a good idea, and to have something to do with rural economy was a good idea, but it was scuppered by the technical details. Also it never seemed to have any profile. There was a little bit of analysis that was produced but the rural PSA was a thing that became discredited and disregarded relatively early on.

Q26 Chairman: PSAs had a certain currency. When the government came in and wanted to make certain there were objective measures by which the performance of departments could be judged, do you think the fact that we have gone now to a departmental strategic objective is a downgrading of the objectives of the department in the rural context from having a PSA?

Professor Ward: There are two things going on. On the one hand, at the technical level, more thinking has gone into what should be the indicators and how should we measure them and what is the best available data. In one sense, at a technical level, the
DSO might well be an improvement but I had to look up what a departmental strategic objective was first of all. I do not know if you are familiar with the inquiry that the Treasury Select Committee conducted before Christmas, reporting in December, on the Comprehensive Spending Review in general. The Chief Secretary to the Treasury was questioned on departmental strategic objectives and public service agreements. It struck me as quite curious that there were about 100 or so PSA targets and then a commitment to reduce the number of targets. Now there are 30 PSA targets and there are departmental strategic objectives and if you add the PSAs and DSOs together you get roughly what we had before. Broadly about three quarters of the PSA targets have just been re-badged as departmental strategic objectives. When ministers have been questioned they explain that the PSAs are the real cross-cutting priorities. This is about re-prioritisation and so the DSOs are business as usual kind of issues that are the pre-occupation within individual departments. The distinction between a PSA and a DSO is the DSO is internal to a department whereas a PSA is a much more cross-cutting issue.

Q27 Chairman: If I interpreted your reaction at the beginning to the strong rural community, we are not quite certain what that is. Life is made more difficult because in the time between when we started out on this work and now Defra have re-defined the definitions in terms of their intermediate outcomes. If I have understood it correctly, the indicators that they wish to use are now somewhat different from where they started out. I have to say I find it quite confusing to understand, first of all, what these measures actually are. Is the data available to enable you to look at the indicators which they have identified, and why did they change their minds from what this thing called a strong rural community actually looked like.

Professor Ward: There is a lot that was disappointing about the move from the Countryside Agency to the Commission for Rural Communities following the modernising rural delivery review. Elsewhere I have called it the vandalism of modernising rural delivery. One of the things that I thought was quite a good step forward was that the Commission for Rural Communities was given a very specific brief about tackling rural disadvantage which was quite a sharp focus within rural development. There is disadvantage in terms of economic growth is supporting rural areas with the lowest levels of performance. They are not focusing on maximising the best but they want to focus on the areas with the lowest level of performance. Two key indicators are work place earnings per worker per hour split by local authority district and employment rate by local authority district. Have they got the capability of recording all of this?

Q28 Chairman: Indicators on Defra’s website on economic growth is supporting rural areas with the lowest levels of performance. They are not focusing on maximising the best but they want to focus on the areas with the lowest level of performance. Two key indicators are work place earnings per worker per hour split by local authority district and employment rate by local authority district. Have they got the capability of recording all of this?

Professor Ward: One of the lessons that I hope will have been learnt from the last PSA target, which was so discredited so early on, was the data was not really available to effectively monitor some of those sub-indicators. There was a whole long list because it was not just rural productivity but access to services as well and that had a list of about 13 sub-indicators. It was very complex and some of it just could not be done. There was also an issue of quite noisy data that changed a lot from year to year so you could not monitor progress effectively on an annual basis. I would hope that lessons have been learnt and I am sure there will be data available for some of these otherwise I do not think they would have featured in the indicator.

Q29 Chairman: We then have another intermediate outcome which is the evidenced needs of rural people and communities are going to be addressed through what is described as mainstream public policy and delivery. Then it goes on and tells us that the indicator is a basket of local government performance framework indicators on educational attainment, social capital, quality of life, health and social care, employment and economy, housing affordability, crime and anti-social behaviour. That is a huge data set.

Professor Ward: Yes, and there is a lot of this about. Some of these might come from the local authority development frameworks which are being produced because there is quite a long list of indicators.

Q30 Chairman: Who is actually going to do all the work to gather this together and what is the base line for this? It is going to be light years down the road before you can judge if you are making any progress.

Professor Ward: That is something you will have to ask Defra about.

Q31 Chairman: I do not mind that as an answer. The reason I am probing you, as somebody who studies this in great depth is I am getting the impression you think it might be quite a good idea and I hope they have thought whether the data is there, and I suppose if it is there they might be able to measure it but I cannot give you any specifics about it because that is still not quite in the public domain.
**Professor Ward:** There are two things to say: firstly, this is in the context of a paring back of resources for looking at all of this kind of stuff within government so I do worry about the capacity to hold other departments to account and progress the delivery of this objective. One of the criticisms of the last PSA was that Defra did not own the levers to deliver and that criticism could be applied to this as well because Defra does not have the levers to deliver interventions to achieve these outcomes. Exactly that same criticism can be applied to this departmental strategic objective as the old PSA.

**Q32 Chairman:** Some people have said the data should be at a more micro-level than the local authority area. I am struggling to understand how by local authority area some of this data is going to be collected. It requires a vast bureaucracy to gather it in at a time when the government keeps saying but we are trying to relieve people of red tape, form filling and all the rest of it.

**Professor Ward:** There is a question as well about how progress against this departmental strategic objective will be monitored and whether it will be publicised and what will be the monitoring accountability arrangements because, at the moment, that is unclear to me compared to the old PSA.

**Q33 Chairman:** I am going to be very naughty and set you an essay question if I may. Given a clean sheet of paper, how would you define a useful indicator to determine whether the rural economy was improving or in need of help? In other words, what would be the Neil Ward indicator of rural success or failure and what would it look like?

**Professor Ward:** Just the rural economy or rural affairs more generally?

**Chairman:** You can, like a good student, go a little beyond the nature of the question and get extra points from the Committee. It would be helpful because we could spend a lot of time, and I take the point very much you are making that this is something we need to probe Defra about. The very fact that you are feeling your way into it says quite enough.

**Q34 Dan Rogerson:** You have really touched upon this already in what you were saying that some may argue the department does not have the means at its disposal to deliver the objectives it has set itself. You have said that could be used as an excuse. Has your view changed on that? Would you agree they do not have the means to do it or do you think perhaps they could if they put the resources to it and that it is an excuse?

**Professor Ward:** There are two ways to think about this. I look forward to the prospect of writing this essay on what would be an ideal indicator of the success of rural economies. You can see this as a bureaucratic technical data statistical kind of issue or you can see it as the re-prioritisation: what level of priority, what level of the political commitment, is going into rural development and rural affairs. What we are doing here is having a debate about the statistics and the availability of statistics and fine tuning a little indicator which is going to be one of very many for Defra. It is a DSO not a PSA. The PSAs are the big priorities for government, and there are 30 of those. We are fiddling around with this little indicator in the context of, over a six or seven year period, a significant paring back of the resource going into actually dealing with these issues. It is tragic, in a way, because if it comes at a time when we have had a real explosion of data and statistics about rural areas and rural economies. We have the new definition so we can analyse statistics on a geographical basis in a much more sophisticated way now. You have the State of the Countryside Report there and the stuff that the Commission for Rural Communities puts out is fantastic; mapping all sorts of statistics at a national level and all sorts of breakdowns and bar charts that one could only dream about ten years ago. I worked in the Cabinet Office in 1999 reviewing rural policy and one of my jobs was to go through all of the available data and statistics. It is amazing what we can do now with the data analysis but what we often find with rural statistics, and I would not level this at the Commission for Rural Communities, certainly the stuff that has come out of Defra on the rural productivity target is you get lots of graphs and bar charts and maps but there are hardly any words between them. In other words, we are overwhelmed with data and statistics but there is not the intellectual analytical resource to really get to grips with what this information is telling us and diagnosing what the problems are and what can be done to solve them. We are up to our eye-brows with data and statistics but we do not have the capacity to do the analysis.

**Q35 Chairman:** With all this new stuff that is defined that they want to collect, how many years would you have to collect it for before you can draw any meaningful conclusions?

**Professor Ward:** There should be a moratorium on collecting rural statistics. This is the rhetoric of evidence-based policy and it is compounded by the availability of bigger and better computers and better mapping software meaning you can map everything. The statistics are fantastic but they should be a means to an end. You have only 17 people in Defra responsible for rural affairs, I have three times as many at the Centre for Rural Economy at Newcastle University. There is not the resource to make sense of it all and to move forward on rural affairs.

**David Taylor:** We have these powerful machines and this capacious software and the beast must be fed, isn’t that it?

**Chairman:** It sounds awfully like it.

**David Lepper:** There is outsourcing coming up here.

**Q36 Dan Rogerson:** You also said that the government needs to be clear about whether it is better indicators, better levers, to do something about it or a better vision overall. What is your opinion on it?
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7 May 2008 Professor Neil Ward

Professor Ward: I think stuff has happened to rural policy rather than rural affairs on being actively driven by a real strategic vision for whether we need rural policy and what it should look like in the context of climate change, CAP reform, in the context of city regions and the international knowledge economy and what have you, also the demographic trends, aging, counter-urbanisation, homeworking, the internet, et cetera. I think modernising rural delivery was about re-organising the institutional architecture very much in the context of cutting it back. The old rural White Paper of 2000 did not have much of a life because it took two years to prepare and then foot and mouth wiped it out within three months. That is where there is a deficit, in vision and strategy and political commitment rather than in data or even rather than in indicators.

Further supplementary memorandum submitted by the Centre for Rural Economy, University of Newcastle (RE 09b)

THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

1. INTRODUCTION

1.1 When I appeared before your inquiry into the potential of England’s rural economy on 12th May, the Committee requested that I provide you with some further information. This further supplementary memorandum deals with three issues: city regions and rural areas; the status of Departmental Strategic Objectives in comparison to Public Service Agreements; and a proposed DSO on rural communities for the Department for Environment, Food and Rural Affairs (Defra).

2. CITY REGIONS AND RURAL DEVELOPMENT

2.1 A member of the Committee asked about the implications for rural areas of the city-region agenda within sub-national economic development. In 2006 I was asked to provide evidence on this matter to the then Select Committee on the Office of the Deputy Prime Minister. My written memorandum was published in HC 977-II (pages 90-92) and my oral evidence is in HC 352-II (pages 77-81) of House of Commons Communities and Local Government Committee (2006-07) Is There A Future for Regional Government? (I attach the 2006 written memorandum as an annex to this supplementary memorandum for information).

3. DEPARTMENTAL STRATEGIC OBJECTIVES AND PUBLIC SERVICE AGREEMENTS

3.1 The Committee was interested in the distinction between Departmental Strategic Objectives (DSOs) and Public Service Agreements (PSAs). This distinction was discussed as part of the oral evidence by the Chief Secretary to the Treasury, Andy Burnham, to the Treasury Select Committee’s inquiry into the 2007 Comprehensive Spending Review on 22nd October 2007 (see, in particular, questions 49 to 72, on pages 8 to 10 of the evidence volume—HC 55, Treasury Committee [2007-08] The 2007 Comprehensive Spending Review). There are several questions which deal with this issue, but the key exchange is probably the following:

Q49 Mr Todd: What is the difference between a PSA and a DSO?
Andy Burnham: The 30 PSAs that we have published, shrinking down from a much greater PSA set in the first spending review, 1998, I would argue are a distilled expression of the Government’s over-arching and main priorities.

3.2 My conclusion from reading this evidence is that a DSO is clearly a reduction in the level of priority attached by the government as a whole, compared to a PSA. Therefore, shifting from the old rural productivity PSA (PSA4) to the new “strong rural communities” DSO seems to me to be a “reprioritisation” (downwards) of rural socio-economic issues.

14 Not printed.
4. AN ALTERNATIVE PERFORMANCE FRAMEWORK FOR RURAL COMMUNITIES

4.1 The chair of the Committee asked what I would propose as a target for Defra instead of the current DSO for “strong rural communities”. This section first discusses the utility of placing a rural safeguard within the new Regional Economic Performance PSA framework. It then suggests an overall DSO for tackling rural disadvantage, a set of intermediate outcomes and possible indicators.

4.2 First, there is a risk that the downgrading of the Rural Productivity PSA target to a DSO means that realising the potential of England’s rural economy will be undermined by perverse incentives arising from efforts to meet the new Regional Economic Performance target. The Department for Business, Enterprise and Regulatory Reform (DBERR) is the lead Department for the Regional Economic Performance target, with contributions from HM Treasury, the Department for Communities and Local Government, the Department for Innovation, Universities and Skills, the Department for Work and Pensions, the Department for Transport and Defra. The Regional PSA is “to make sustainable improvements in the economic performance of all English regions and reduce the persistent gap in growth rates between regions.” Progress against this target is tracked using four main indicators: regional Gross Value Added (GVA) per head growth rates; Regional GDP per head levels indexed to the EU-15 average; regional employment rates of working age people; and regional GVA per hour worked indices. It would be useful, from the perspective of rural economic development, if a rural safeguard could be introduced such that efforts to narrow the gaps between regions are not at the expense of widening the gaps between rural and urban areas within regions or detract from the efforts of Regional Development Agencies and their partners to provide economic development support to the most under-performing rural areas in their regions.

4.3 The overall objective of achieving “strong rural communities” is problematic because there can be little consensus on what constitutes a “strong rural community”. A better overall objective would be to “tackle rural disadvantage”. Rural disadvantage takes two principal forms. First is the social and economic disadvantages faced by individuals, households, communities and businesses as a result of their rural location. These might arise, for example, from the local employment structure, and especially low wage levels and limited employment opportunities, or problems with accessibility to services. Second, is where rural businesses and communities are doing relatively well, but could potentially make an even greater contribution to the social and economic well-being of regions and sub-regions, but are disadvantaged and thus unable to realise their full potential by implicitly urban-centric economic development strategies. Here, tackling rural disadvantage involves better rural proofing of national and sub-national economic development policies to ensure that rural areas and rural businesses are capable of even stronger contributions to national economic well-being.

4.4 I will focus principally on intermediate outcomes relating to economic well-being. In the current DSO, the “economic” intermediate outcome is that economic growth is supported in rural areas with lowest levels of performance. Although these are the areas of greatest economic “need”, this is too narrow in geographical scope and does not address the second element of disadvantage outlined above. It needs to be supplemented by a rural safeguard in DBERR’s regional PSA. A further intermediate outcome could be to “ensure rural economic potential features adequately in regional strategies.”

4.5 The current indicators focus heavily on earned income though the GVA statistics. Given that a significant component of economic well-being in many rural areas is from unearned income (such as pensions and investments), it would be useful to consider Gross Disposable Household Income as an alternative indicator of economic well-being.

4.6 The basket of socio-economic indicators for addressing “the evidenced needs of rural people and communities” currently contained in the DSO target is overly elaborate. In any case, the employment and economy sub-indicators seem to replicate those already contained in the economic growth indicators. I would expect that DSOs are more likely to be taken seriously if they are as simple as possible.

Centre for Rural Economy, Newcastle University

May 2008

Memorandum submitted by the Commission for Rural Communities

SUMMARY AND RECOMMENDATIONS

— The economies of rural England are diverse and there is no such thing as one rural economy. Some areas, particularly those with similar profiles and interdependencies with urban economies, are economically healthy. Other rural economies are sparse or distinctive, or show signs of poor economic performance. Disadvantage is dispersed across rural England.
— Taken together rural economies make healthy contributions to regional and national prosperity and often achieve government economic targets ahead of urban areas. This needs to be better recognized in economic policies and plans.
— The Commission for Rural Communities promotes the needs and potential of rural economies to government with the aim of securing economic well-being for those who live or work in rural areas. We would encourage the EFRA Committee to adopt a similar viewpoint.
— The diversity of structures and potential makes a Defra strategy and rural economies PSA alone unable to cover the panoply of needs and actions for the economic well being of rural England. Many forms of economic intervention are best determined at local level. We recommend that all economic and business targets should have clear rural dimensions.
— Policy makers need to focus economic programmes beyond economic growth. They should also explore the distributive and consumer effects to achieve economic well-being. This requires the adoption of indicators additional to GDP/GVA, such as household expenditure.
— There is little evidence to show that Defra have persuaded government departments to undertake significant rural proofing of their economic policies and programmes, nor to achieve the objective of their Rural Economies PSA. We believe that this results from weaknesses in the design, the focus and levers for the delivery of this PSA.
— We suggest several changes in this paper, including: a new strategy for rural economies; central departments to be tasked with improving rural proofing; and fuller engagement with regional, sub regional and local bodies. A wider approach to economic well being, a rural dimension for delivery and reporting in the regional economies’ PSA should be secured. Targeting policies and programmes at rural areas of poor economic performance should identify areas of low economic well-being, using a wider basket of indicators than productivity. Such areas should be determined at local and regional level, rather than from a national standpoint.

1. CONTEXT

1.1 England’s rural economies are diverse. When aggregated England’s rural economy displays many signs of economic health. It is enterprising, makes a substantial contribution to national and regional prosperity and often achieves government ambitions for economic growth, ahead of urban areas.

1.2 This diversity means that there is no such thing as “The Rural Economy”. Yet, this label is too often applied in economic strategies and interventions, steering authors to seek out the (narrow range) of distinctive characteristics. However, this diversity demands differentiated strategies and interventions, in order to achieve the economic potential of rural economies. This paper:
— offers some illustrations of the diversity of rural economies;
— comments on the weaknesses of current approaches; and
— proposes ideas and solutions.

1.3 The Commission for Rural Communities (CRC) provides advice on rural economies in order to promote economic well-being for the people and businesses of rural England. We suggest that the Committee should also consider this interpretation of the health of our rural economies. This then provokes a key question—do government policies for rural economies promote an acceptable balance between economic growth—i.e. wealth creation, and wider economic well-being?

1.4 Treasury-led aims of raising productivity and competitiveness focus on achieving economic growth. A core indicator of this is increasing Gross Domestic Product (GDP) or Gross Value Added (GVA). However, GDP does not lend itself to meaningful measurement at a local level, being distorted by the effects of commuting, and also ignores environmental and social costs. Although Regional Development Agencies (RDAs) and others are charged with promoting sustainable development, achieving economic growth is still their principal focus for policies, targets and measures of economic interventions. Traditional economic growth targets lie at the heart of Defra’s Public Service Agreement Four (PSA 4) on raising the productivity of under-performing rural economies.

1.5 To achieve economic well being for all requires attention also to distribution and consumption and the flows between factors of wealth creation and its use. We recently published a study of the characteristics of rural disadvantage, which showed that the challenges of finance and of access are central to much rural disadvantage. Current concerns regarding the affordability of rural housing and the viability and access to services demonstrates the delicate balance between supply, distribution and consumption components of economies. Imbalance can and does have significant effects on many rural economies.

1.6 Therefore, complementing the use of GDP and GVA indicators with other indicators reflecting the wider aspects of economic well being, such as Gross (or Net) Disposable Household Income (GDHI), should be an important feature of any study of rural (and other) economies.

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1.7 The above context explains why this submission focuses on broader and more sustainable approaches to economic policy and interventions and why we have not addressed point by point the questions set out in the Committee’s terms of reference. They are covered in our general response.

2. **OVERVIEW OF RURAL ECONOMIES—THEIR ACHIEVEMENTS, POTENTIAL AND BARRIERS**

2.1 At an aggregate level, the economies of rural England support, at least:

- 4.5 million jobs;
- 695,000 VAT/PAYE-registered workplaces;
- an estimated similar number of businesses too small to register; and
- sales revenues from registered firms between £305 and £589 billion.\(^{18}\)

The largest employing groups in rural areas are:

- public services (e.g. health, education and public administration);
- manufacturing; and
- distribution (including retail and wholesale), hotels and catering industries.

In 2005, the employment rate in England’s most rural districts was 78.8% and declined inversely with the degree of urbanity, to only 70.8% in the major urban authorities.\(^{19}\)

2.2 Yet, numbers tell only part of the story. Employment in farming and forestry is statistically, small. Yet, land management:

- underpins the stewardship of the countryside, particularly the protected landscapes;
- impacts significantly on conservation of biodiversity;
- sustains community structures in some of England’s most isolated localities;
- provides the vast majority of the food and drink consumed by the UK urban population;
- offers an important portfolio of countryside buildings for businesses;
- support vital ecosystem services—such as climate regulation; flood management and carbon storage; and
- provides an important infrastructure for the visitor economy in many rural areas (although the proportion of tourism activity that is dependent on a high quality environment, varies).

For example, regional studies of the environmental economy estimate that as much as 43% of total regional tourism in the South West is dependent on a high quality environment, but only around 25% of the West Midlands’ tourism activity is so dependent. Investment, such as agri-environment schemes, designed primarily to enhance the environment have been shown to have positive economic benefits, with an evaluation of Tir Gofal in Wales (Agra-CEAS Consulting, 2005) concluding that capital expenditure on this scheme in 2003 generated spend within the wider rural economy that was equivalent to 112 full-time jobs. Such figures may be nationally insignificant but can be locally important.

2.3 Other indicators of economic health and enterprise in rural economies include:

- Higher numbers of businesses per head of population.
- Higher median household incomes for rural than urban residents.
- Higher proportion of residents running businesses from their homes—a population which is greater than the combined employment base provided by, for example, Birmingham and Glasgow.
- Higher proportions of women with their own businesses than in urban areas.\(^{20}\)

2.4 Economic growth in rural England also displays several trends that are better than those in urban areas, including:

- Higher rates of employment growth in the most rural areas as compared with the major urban areas.
- Fewer rural businesses with hard to fill vacancies and skill shortages.
- Greater percentage growth in the stock of Financial and Business Services firms in the more rural districts compared with the major and large towns.

\(^{18}\) Data from Inter departmental business register for 2005 analysed by CRC using government rural definition and Defra’s rural classification.


2.5 The potential of England’s rural economies can be seen in a number of examples of entrepreneurs and enterprising communities. These include:

- Rural England provided the first winner of the Enterprising Britain initiative, launched by the Chancellor to find the most enterprising locality in the UK. This was the Sherwood Energy village in Ollerton in 2005. The runner-up in 2006 was the Welland Sub-regional Strategic Partnership that helped create over 1500 new jobs, 300 new businesses and 60 community facilities in a very rural part of the East Midlands.

- Tynehead District Council, Northumberland, as one of eight Beacon Councils (Supporting rural economies category), has helped create an enterprising culture in some of the most remote rural communities in the north Pennines. This includes helping Kielder near the Scottish border to restore lost key services and a stronger sense of community through community-owned enterprises.

- One of the largest and most advanced scientific projects in the UK (Diamond synchrotron) is nearing completion in rural Oxfordshire. This will enable scientists to determine the composition of atoms by a high intensity light beam.

2.6 These illustrate the potential of rural economies. However, other indicators reveal weaknesses within some rural economies, including:

- Over 900,000 rural households have incomes of less than £15,861 (60% of the English median household income).
- Over 300,000 people are (formally) unemployed in rural England, and a further 250,000 rural people are economically inactive who want to work.
- Lower rates of new rural businesses registering for VAT than in urban districts.
- Lower job choice or job densities per working aged resident.
- Lower mean rates of weekly full time pay, with the gap between the most rural and the most urban increasing over the period 1998–2005 from £90 to £130.

Rural firms face challenges caused by the cumulative burden of regulations and poor tailoring of information and support to help them comply, even though a Countryside Agency survey found that 75% of all rural enterprises coped with these regulations. Barriers to enterprises in some rural localities include poor transport infrastructure, lower levels of business services, weaker broadband and ICT facilities, lack of start up or growth premises, whilst employees may also face difficulties from poor public transport, weak childcare services or lack of affordable housing.

2.7 Diversity within rural economies is at least as great as that between rural and urban economies. For example, the median rural household income (2004–06) increased by 27.8% in sparse hamlets and isolated dwellings in the East of England but by only 15% in sparse villages in the East Midlands. The mean weekly pay in Copeland in West Cumbria was £468 last year, more than twice the rate in West Devon, Alnwick and Berwick-upon-Tweed. A recent rural/urban analysis of the National Employers Skills Survey 2005 illustrated that employers in hamlets and villages are less likely to provide or support training than firms in rural towns for example.

2.8 Moreover, many indicators of economic well being show little spatial clustering or concentration, but widespread distribution across rural England. Thus area based initiatives such as those promoted by the Department for Communities and Local Government (DCLG) and the Small Business Service (SBS) to raise enterprise in disadvantaged communities, e.g. Local Enterprise Growth Initiative (LEGI), are less appropriate in rural England.

2.9 Some diversity of rural economic well being can be attributed to sparsity through influences on employment and enterprise structures; locations and scales of markets; by affecting costs and the provision of housing, transport, training and other services. For these economies an urban designed approach to regeneration and economic growth will not necessarily work. For other rural localities the extent of interdependencies between rural and urban communities, or isolation from major urban areas, can explain the degree of prosperity. Either can be an economic asset. Interdependency is illustrated by daily commuting of 2.23 million rural employees to urban workplaces and 1.34 million employees making the reverse trip.

2.10 These attributes of low level clustering, sparsity or interdependency explain some differences in the drivers and potential for different rural economies, yet are rarely overtly asserted and addressed in rural economic strategies, and even interconnectivity is infrequently addressed in strategies for urban areas. We believe that it is important to challenge urban-focused economic development agencies to reflect and recognise these interdependencies and differences.

2.11 In 2006 DCLG mapped out 39 potential City regions, many of which are currently preparing and presenting business cases for revised governance structures and targeted resources. Map 1 illustrates the rural/urban composition of these City regions’ catchments. Within the centre of these City regions managers or senior officials form less than 14% of employees, a proportion that increases to almost 17% in the rural catchments of these city regions. Interdependencies are now being explored in a handful of City regions,
such as Birmingham and the East of England city regions. However, this approach needs to be promoted further, both in DCLG’s consideration of the business case from individual city regions and in emerging city region strategies.

2.12 In some rural areas, more distant from our major cities, the scale of contribution of land management, food, home based enterprises and tourism may be substantial. In these areas planning and highway authorities may hold a key role in freeing up premises to enable farming households and incomers alike to create new forms of enterprise.

2.13 From the above, it follows that no single government department, or target, can encompass the totality of resources to release the potential of our rural economies. The diversity within rural economies also means that there is a need for different responses by regional and sub-regional bodies. A Defra strategy for rural economies and a rural economies’ PSA alone cannot be expected to address the panoply of needs and actions for the economic well being of rural England. All economic or business related PSAs, or targets, need to have a clear rural dimension.

3. **DEFFRA’S OBJECTIVES FOR RURAL ECONOMIES AND DEFFRA’S PSA TARGET**

3.1 Many interventions in economic policy are focused on areas, rather than people. Examples include policies on cities (City growth strategies, City Region Strategies); on areas in the lowest quartile of the Index of Multiple Deprivation (IMD) such as Neighbourhood Renewal Fund areas; on areas of low GDP, or in economic transition; or on priority sectors and clusters of businesses. Defra’s PSA 4 adopts a similar focus.

3.2 Target areas for special attention are frequently determined at national rather than local level. Area based policies, especially when determined at a national level, can miss the small scale and dispersed nature of disadvantage in rural areas. Intimate mixing between households below average income and more prosperous residents masks hardship of aspiration, access and achievement. In addition, without using multiple measures of economic well-being, Area Based Initiatives can also fail to distinguish between those communities with deep seated, multiple structural economic weaknesses and those with short term causes aligned to one component of economic health. Defra’s rural economies PSA is an example of such a poor measure.

3.3 The diversity of England’s rural economies becomes fully apparent only when analysis is developed at sub-national and sub-sectoral level, preferably using time series rather than single time entries. The adoption of such approaches is now possible using the rural definition agreed in 2004, yet it is still not widely adopted.\(^{21}\)

3.4 Defra and HM Treasury’s focus on rural local authorities in the lowest quartile of productivity for PSA 4 was made without having access to such detailed analyses. This problem was compounded by Defra’s unwillingness to:

- adopt a focus wider than raising productivity;
- use multiple measures of economic performance; nor
- to adopt a household rather than an individual unit of measure.

3.5 As a consequence, economic interventions follow a particularly Treasury-led focus on improving competitiveness and productivity. Economic strategies are thus dominated by increasing and improving employment, creating and attracting new enterprise, generating new wealth from the place of work. Economic strategies pay less regard to several key features of rural economies:

- income secured from public and private pensions;
- property receipts;
- investment proceeds; and
- social and government transfer payments.

Together, these comprise around half of rural areas’ household income.\(^{22}\)

3.6 Across rural England several million employees draw their salaries and wages from employment and businesses in urban labour markets. Such sources of wealth are not amenable to significant change by local economic agencies, yet they help to explain why median rural household incomes are frequently higher than in our towns and cities, whilst average weekly pay from many rural workplaces is persistently lower than in urban areas.

3.7 Many rural communities have large populations of older and economically inactive residents. Their sources of income may also originate from outwith their area of residence.

3.8 In contrast to their focus on factors of production, economic agencies and strategies rarely advocate the use of distributive tools (e.g. business rate relief, subsidies for transport, and promoting take up of credits and benefits). They do occasionally seek to harness consumer power, e.g. buy local initiatives.

\(^{21}\) CRC 2006. An evaluation of the adoption and application of the Rural/Urban Definition. See www.ruralcommunities.gov.uk

\(^{22}\) ONS 2006. Regional household income for NUTS 2 at www.statistics.gov.uk/StatBase/Product.asp?vlnk=7359
3.9 Whilst the earning gap between Defra’s PSA Indicator Districts and the English median has narrowed slightly since 1999, these areas continue to lag behind rural and urban areas on several key measures. This failure can be traced to:

— an economic policy that fails to articulate and command government wide support for the breadth of economic interventions;
— the adoption of a productivity objective which cannot be directly measured at a small spatial level;
— the use of a spatial framework which identifies local districts against a national median, rather than through a regional median; and
— the lack of Defra controlled connections and resources to deploy at the local district level to secure delivery of this PSA.

3.10 We advocate several changes:

— Defra should collaborate with other government departments and agencies on a new strategy for rural economies.
— This strategy should task central departments to improve their rural proofing of measures that affect the productive, distributive or consumer elements of economies. It should engage with relevant regional, sub regional and local bodies to achieve its aims.
— Until such a wider approach to economic well being is adopted, Defra should negotiate with DTI, DCLG and HM Treasury to secure a rural dimension for delivery and reporting in the Regional Economies PSA. Defra should be included in the list of departments that sign up to a refreshed Regional Economies PSA. Additionally, HM Treasury should seek to join Defra in any Local PSAs on economic performance, or on raising economic performance in low performing rural economies.
— In future, national policies and programmes targeted at rural areas of poor economic performance should be redefined at areas of low economic well being determined against a wider basket of indicators than personal income and productivity; and by comparing local performance against regional performance rather than national median performance.

3.11 These changes are necessary because:

— Diversity within rural economies makes it very difficult for a national department/agency to define where to target resources, without access to sufficient and detailed evidence on which to determine where, why and how to intervene and to develop sufficient and appropriate means to differentially intervene.
— Regional and local authorities are more likely to have these abilities than a central government department.
— RDAs are already tasked with raising performance across their territory and closing regional gaps in economic performance. These ambitions have wider government support than has Defra’s Rural Economies PSA.

3.12 Such changes will fit comfortably, we believe, with the Government’s increasing devolution of economic policy and delivery. Indeed they echo the proposal for further devolution of economic intervention outlined by the Financial Secretary to the Treasury, John Healey MP, on 14 September 2006 and the recently released Local Government White Paper. This promotes a vision of devolution to more local levels, linked more directly to national investment plans, able to reduce regional and local disparities. Earlier this year RDAs were given increased resources and responsibilities for developing and managing business support structures, for regional training budgets and for the functions of the inward investment and export agency. In turn many RDAs have devolved responsibilities and occasionally budgets to local strategic partnerships and sub regional economic partnerships.

3.13 Nevertheless, our proposals will require RDAs to demonstrate that their programmes of economic intervention are applicable, available and appropriate for rural areas and that mainstream enterprise, innovation and investment strategies are made available to the majority of rural enterprises, households and employees. To date it is not clear that this has been the case.

3.14 We believe that one outcome for this inquiry would be for Defra and other Government departments (and their agencies) to be challenged to devise broad and sustainable economic policies that are relevant to all communities, rural or urban.

4. Effectiveness of rural proofing arrangements

4.1 To be effective such an approach would require successful rural proofing over a period of time. Whilst some departments have engaged, to varying extents, in successful rural proofing (as the CRC’s Rural Proofing 2006 report will demonstrate), this is not the case for all of them.

4.2 Through their funding for RDAs, Defra have recently secured rural/urban breakdown of the RDA’s biannual monitoring reports. From these reports it is clear that some regional economic programmes show evidence of targeting at rural businesses and communities. But these reports are weakened by the failure of
all RDAs to adopt the agreed government wide rural and urban definition. We have evidence that some RDAs do not require their business support organisations, for example, to target or report on levels of support for enterprises and would-be business owners in rural districts. Our initial analysis of the first of these RDAs’ biannual returns suggests that equity does not appear to have been achieved across many indicators and regions.

4.3 Some RDAs have adopted a separate prioritisation approach for rural economies in their Regional Economic Strategies (RESs). For example, in reviewing its RES, the East Midlands Development Agency added a spatial question for rural needs and the needs of its urban areas. Even here however, whilst the urban focus was supported by a five-year urban action plan, no such strategy currently supports the rural question. One North East and the East of England Development Agency have both adopted a team structure and function that provides for the rural team to lead rural proofing across its teams and functions and the EEDA team provides a current positive example of its benefits. They have commissioned a study to map the flows between the region’s market towns, cities and rural areas to inform their Region’s emerging approach to city regions. They are supporting a conference on this theme in early November.

4.4 We have recently obtained regional views of the delivery commitments arising from the Rural Strategy 2004 (RS04). On behalf of CRC, the consultants SQW conducted a series of consultations with representatives from key Modernising Rural Delivery bodies across the English regions. These included representatives from the relevant: Regional Development Agency, Regional Assembly, Government Office, Rural Affairs Forum, regional Rural Communities Council network/body (or an individual RCC if a collective network was not in place), and one local authority. The devolution of economic and social regeneration policies to the Regional Development Agencies was one of the key elements of RS04.

4.5 All of the RDAs responded. SQW observed from their consultations, that:

- Generally, more progress appeared to have been made on the productivity elements of PSA4 than on its “access to services” aims—partly because the former sat more easily with RDAs’ other responsibilities.
- However there was much consensus that Defra PSA4 “is a mess”; it conflates issues and opportunities that were really very different and many of the indicators that have been identified in order to measure progress were outwith RDAs’ sphere of influence.
- RDAs considered that they were responding to both the social and economic dimensions while partners—in general—had more concerns particularly about the extent to which RDAs were responding to social/community elements of the brief. In this context, the RDAs’ Tasking Framework—which emphasised quantitative economic outputs—was seen as hugely problematic.
- In some regions, resources transferred from the Countryside Agency had been absorbed into general sub-regional community regeneration initiatives. In principle, although this ought to have meant that more resources were being brought to bear, some consultees expressed concern that “rural resources” were no longer clearly identifiable.

4.6 Across central government there is even less evidence that core economic policies and initiatives have been rural-proofed. Three examples are:

- the failure to rural proof the Local Enterprise Growth Initiative (LEGI) from the beginning;
- the failure to rural proof the National Minimum Wage from the beginning; and
- the failure, at national level, to rural proof city region policy developments, for example in relation to urban/rural interdependencies.

4.7 Rural proofing requires consideration of whether a new measure may have differential impacts on rural communities. Failure to assess any rural impacts at an early stage of policy development makes rural proofing of subsequent policy proposals more difficult to achieve.  

4.8 We suggest the Committee should ask the key government departments and agencies about the scale and nature of their commitment to rural proofing economic policies and interventions. This should include HM Treasury, DTI, DWP and DCLG.

4.9 As part of our support for rural proofing, we can advise government departments and agencies on rural proofing processes. For example, over the last year we have worked through the Rural Focus Group of Sector Skills Councils to help develop a rural proofing process for all in the skills community. We will be publishing a report on this subject shortly, with the backing of the Sector Skills Development Agency and Learning and Skills Council.

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23 A recent example of such weakness emerged earlier this year in a survey commissioned by the Low Pay Commission into the impact of the National Minimum Wage. CRC came upon this survey through chance conversation with the consultants, but were advised that the survey would be unable to assess any differential impact on rural employees, as the only spatial framework requested by LPC was regional. Rural/urban differentiation of its findings would, we believe, have improved the value to LPC, Defra and others.
5. THE ROLE OF THE COMMISSION FOR RURAL COMMUNITIES IN TAKING FORWARD THE WORK OF THE COUNTRYSIDE AGENCY

5.1 The Natural Environment and Rural Communities Act 2006 established the Commission for Rural Communities with three main roles: as rural advocate, on behalf of rural people, businesses and communities; expert adviser, to government and others; and an independent watchdog, monitoring and reporting on the extent to which policy and delivery take account of rural needs and circumstances. All three roles will help to achieve healthy rural economies.

5.2 In all that it does, the Commission has a particular focus on the needs of rural people suffering from social disadvantage and on rural areas that are suffering from economic under-performance. Thus we have a specific interest in and understanding of areas such as those targeted through the PSA 4. Rural disadvantage was the focus of our first major thematic study to gather and review evidence and present priorities for action to tackle rural disadvantage. Several priorities relate to issues raised in the Select Committee’s terms of inquiry, e.g. employment, access to support, impacts of policies and PSA targets.

Our purpose is set out in Annex 1.

5.3 Within our strategic priorities, we will identify key changes that we will seek to influence and deliver. To be effective we are focusing our limited resources on issues that are critical to achieve sustainable, diverse and thriving communities and where we can make an impact. We will complement this with generic work and products, through which we report and monitor the extent to which England’s rural communities are becoming more sustainable and thriving (e.g. State of the countryside and other work).

5.4 The Commission is a small organisation and to be most effective we will need to concentrate our efforts. Consequently, we have identified six priority themes, to guide our work over the course of the Corporate Plan. These include those on Strengthening rural economies and (re)connecting rural communities and the land. We would be happy to provide detailed evidence to the Select Committee on any of our themes, priorities or projects, including our generic products that monitor and report on the health of rural England and the extent of rural proofing across government (e.g. Rural proofing annual report). Examples of some recent activities are:

- First comprehensive study of home working in rural areas and the needs of this extensive community.
- Submission to the Chancellor to seek attention in the Pre-Budget Statement to disadvantages relating to housing, planning and small businesses.
- Rural proofing for the skills community guide and the first ever Rural analysis of the National Employers Skills Survey (2005).
- Advocate’s correspondence with the Armed Forces’ Minister about job losses in rural areas resulting from restructuring of MOD Agencies.
- Advice to government and Parliament on the Local Enterprise Growth Initiative, and rural trends in retailing for All Party Parliamentary Group’s Inquiry Future of the High Street 2015, respectively.
- Evaluation and best practice events on the use of reduced council tax discounts from second homes by rural authorities.

5.5 All of these activities also illustrate the importance we place on working with a range of partners across the public, private and voluntary sectors, to bring different perspectives to bear, to develop new approaches to existing problems and to create a wide base of effective stakeholders. We will continue to work closely with the rural affairs division and other colleagues in Defra.

6. CONCLUSION

6.1 Rural economies make important contributions to national and regional economic prosperity and achievement of the government’s economic targets. This needs wider recognition across government as well as from business leaders.

6.2 Respecting the short time in which Defra’s Rural Strategy and PSA 4 have been in operation, there is little evidence that it has driven improvements in the economic well-being and performance of our rural areas. The performance of PSA 4 Indicator Districts show little sign of closing the productivity gap.

6.3 The considerable diversity in rural economies justifies an extension and deepening of rural proofing of policies across government departments. The term, “the rural economy” is unhelpful in describing economic activity.

6.4 The CRC looks forward to working with central and sub-national decision makers to improve their understanding of the components, dynamics and needs of rural economies and solutions to their improvement. We will seek to ensure that the views of rural communities and businesses, particularly the disadvantaged and those who work and live in areas of poor economic performance are taken into account by decision makers.
6.5 We believe the Government’s commitment to rural proofing needs reinforcing in relation to economic policies and programmes. The applicability of urban led economic growth policies to achieve economic well-being in all rural areas should be questioned.

6.6 We believe that the proposals we have made in this submission (see for example paragraph 3.10 above) would lead to significantly improved rural economic policies, interventions and performances.

Map 1

RURAL/URBAN CLASSIFICATION OF CITY REGIONS WITH A 25% CATCHMENT


TOTAL POPULATION AND AGE STRUCTURE IN CITY REGIONS, 2004

<table>
<thead>
<tr>
<th></th>
<th>England</th>
<th>Rural England</th>
<th>City node</th>
<th>Catchment of city regions</th>
<th>Rural catchment of city regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young (0–15 years)</td>
<td>12,365,700</td>
<td>3,981,700</td>
<td>4,889,500</td>
<td>4,682,800</td>
<td>2,038,000</td>
</tr>
<tr>
<td>%</td>
<td>24.7</td>
<td>24.0</td>
<td>24.9</td>
<td>24.6</td>
<td>23.9</td>
</tr>
<tr>
<td>Working age (16–64 years)</td>
<td>29,724,900</td>
<td>9,581,800</td>
<td>12,020,000</td>
<td>11,097,300</td>
<td>4,939,200</td>
</tr>
<tr>
<td>%</td>
<td>59.3</td>
<td>57.9</td>
<td>61.2</td>
<td>58.4</td>
<td>57.9</td>
</tr>
<tr>
<td>Retirement (65 years and over)</td>
<td>8,001,600</td>
<td>2,994,400</td>
<td>2,732,100</td>
<td>3,236,100</td>
<td>1,546,300</td>
</tr>
<tr>
<td>%</td>
<td>16.0</td>
<td>18.1</td>
<td>13.9</td>
<td>17.0</td>
<td>18.1</td>
</tr>
<tr>
<td>Total</td>
<td>50,092,200</td>
<td>16,557,900</td>
<td>19,641,600</td>
<td>19,016,200</td>
<td>8,523,500</td>
</tr>
</tbody>
</table>

There are 8.5 million rural residents found within the catchment of city regions. This accounts for 22% of the population of city regions as a whole.

*October 2006*

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**COMMISSION FOR RURAL COMMUNITIES—OUR PURPOSE**

We believe:

England’s rural communities should be diverse, thriving and sustainable, where everyone is able to play a full part in society and where no one is disadvantaged.

We will:

speak up for rural people and communities, especially those experiencing disadvantage, and ensure that policies take full account of rural needs and circumstances, holding government and others to account for their delivery.

We want:

the Commission for Rural Communities to be widely recognised and accepted as:

— an effective national voice and advocate for rural communities;
— a source of authoritative and expert advice on rural issues and concerns; and
— a respected and fair rural watchdog.

We will achieve this by:

— listening to rural communities and their representatives;
— establishing the facts and strengthening the rural evidence base;
— engaging Ministers across Government;
— influencing policies and decisions;
— monitoring delivery and identifying and promoting good practice; and
— challenging government and others at all levels to bring about real improvements.

We will do this by:

— working closely with a wide range of people and organizations nationally, regionally and locally;
— forming new partnerships and drawing on new areas of expertise;
— investing in and developing our staff;
— working innovatively and creatively;
— making full use of new technology and the experience of others; and
— communicating openly and clearly.

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**Supplementary memorandum submitted by the Commission for Rural Communities**

**Abstract**

— As described in our initial written evidence in December 2006, the economies of rural England are diverse. Ideas of homogeneity and distinctiveness suggested by the label “The Rural Economy” are outdated.

— In this supplementary paper we focus particularly on that part of Defra’s Departmental Strategic Objective for *Strong Rural Communities*, which addresses economic growth in areas of lowest levels of performance. We present statistical evidence of diversity of wage levels and employment rates, as these are Defra’s chosen indicators. This paper also presents evidence on the numbers and proportion of workers on low wages from some emerging rural analysis of in work poverty by IPPR, and evidence of levels of revenue (£ turnover) per worker in rural firms registered for VAT or PAYE. Ultimately wage levels depend on business earnings. This helps to identify rural areas of lowest levels of performance.
1. **THE ROLE OF THE COMMISSION FOR RURAL COMMUNITIES**

1. As set out in the earlier written submission to this inquiry, the Commission for Rural Communities was established under The Natural Environment and Rural Communities Act 2006. We have three main roles: as rural advocate, on behalf of rural people, businesses and communities; expert adviser, to government and others; and an independent watchdog: monitoring and reporting on the extent to which policy and delivery take account of rural needs and circumstances. All three roles will help to achieve healthy rural economies.

2. Under the NERC Act, we have two particular focuses: the needs of rural people suffering from social disadvantage and rural areas that are suffering from economic underperformance. Additionally we are tasked with monitoring and reporting on how well government policies and programmes address the needs of rural people, businesses and communities. The Commission thus have a close interest and involvement in topics set out in Defra DSO.

3. The Commission for Rural Communities promotes the needs and potential of rural economies with the aim of securing economic wellbeing for all who live and work in rural England. Currently our Chairman, and the government’s Rural Advocate, Dr Stuart Burgess is responding to a request from the Prime Minister for advice on strengthening our rural economies. We hope to be able to make his report available to the Committee before they conclude this refocused inquiry.

2. **ANALYSIS—WORKPLACE EARNINGS AND EMPLOYMENT RATES**

1. The UK government has adopted the objective set by the Lisbon Strategy for Jobs and Competitiveness, of achieving “full and fulfilling” employment. “Full employment” is measured as 80% of working age adults being in employment. More rural local authorities have reached this target than their urban counterparts. However differences exist between and within regions, and it is important that DWP, RDAs, sub-regional economic partnerships and local authorities work to help more districts—rural and urban—to achieve “full employment”... but such work also needs to be rewarding and sustainable.

2. Rural salaries are lower than those in urban areas. When measured at the place of work rather than location of residence, mean weekly pay between the most rural (R80) and the English average and the most urban is over £100 per week. This amounted to about a 20% pay gap in 2005. The gap in average pay rates widened over the decade 1998–2007. Again, inter- and intra-regional differences are also evident. This demonstrates the importance of making the planned devolution of the economic agenda to sub-regional level effective.

3. Improving workplace earnings ultimately depends upon the levels and sustainability of business revenue and here also rural firms achieve a lower share of national turnover than their share of either the stock of VAT/ PAYE businesses or employment.

4. Following publication of the Review of Sub-National Economic development and renewal, by HM Treasury, CLG and BERR in 2007, the Department of Communities and Local Government has been working to define a stronger economic development role for local authorities. This includes refreshed Local (and pilot Multi-) Area Agreements. For these LAAs, local authorities identify priorities to be tackled, including those addressing local economy and service provision. These are measured using a basket of 198 Local Government Performance Framework indicators. Over recent months, Globe Consultants on behalf of the LGA and CRC have been gathering evidence about the capacities, activities and economic priorities from rural local authorities. Their emerging report, shows that such authorities see the negotiation of new LAAs as a valuable opportunity to identify and address their districts’ economic and community challenges, especially affordable housing; low skills; low wages; and flight of young people. However, they have also identified weaknesses of information and, in areas of high environmental value, poor acceptance of the need for economic development. The study also reports that local authority-level data is inadequate/inappropriate to describe what are often twin track local economies and plan interventions—a challenge made worse by the short timetables adopted to agree LAAs with regional Government Offices. These concerns need to be addressed by the approach adopted by Defra and Other Government Departments (OGDs) in setting and monitoring the objectives, targets and indicators for mainstreaming rural needs in national and local policies in the Strong rural communities DSO.

5. We hope to be able to provide the Committee with the consultant’s report by the end of their inquiry. Some rural areas, particularly those with economic profiles similar to or with interdependencies with city or urban economies, show many signs of economic health. Other rural economies especially in more sparse or detached areas, show signs of poor economic performance. Even in these districts, under performance and disadvantage may be masked by health in employment rates and residents’ income. This reinforces the need for development and adoption of small area data to fully identify and understand rural disadvantage and dynamics in rural economies.

6. The following analysis of ONS-published data illustrates the diversity, needs and opportunities for rural economies, focusing particularly on measurement in lower tier local authorities of employment rates and workplace earnings per worker.
3. Recommendations

We would encourage the EFRA Committee to consider:

- Whether additional indicators are needed to those set out in Defra’s DSO *Strong rural communities*, in order to give a deeper profile of change in economic health of rural economies.

- How this (or other departmental PSAs and DSOs) will improve, and be able to demonstrate commitment to improving economic growth in rural areas with the lowest levels of performance.

- Asking several key economic Departments and agencies, including new agencies such as the UK Commission for Employment and Skills and local Employment and Skills Boards, how they will ensure and demonstrate their commitment to rural areas of poor economic performance and the evidenced needs of rural people and communities.
— How Defra and Other Government Departments can strengthen the ability and resources of local government to profile the economic and other needs of rural people and communities and get agreement from regional government and agencies to mainstream these needs in LAAs, MAAs and other shared strategies and delivery programmes and regularly report on their rural impact.

March 2008

Map 1

LOCAL AUTHORITIES (LA’S) WITH EMPLOYMENT RATE BELOW 80%
### Table 1

**RURAL: URBAN PROFILE OF EMPLOYMENT RATES AND CHANGE IN NUMBERS ABOVE 80%, IE FULL EMPLOYMENT**

<table>
<thead>
<tr>
<th>Area Definition</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Change 2005–07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural 80</td>
<td>78.8</td>
<td>78.9</td>
<td>78.5</td>
<td>−0.3</td>
</tr>
<tr>
<td>Rural 50</td>
<td>78.3</td>
<td>78.1</td>
<td>77.8</td>
<td>−0.5</td>
</tr>
<tr>
<td>Significant Rural</td>
<td>78.2</td>
<td>78.4</td>
<td>77.7</td>
<td>−0.5</td>
</tr>
<tr>
<td>Other Urban</td>
<td>75.5</td>
<td>75.2</td>
<td>75.1</td>
<td>−0.4</td>
</tr>
<tr>
<td>Large Urban</td>
<td>74.3</td>
<td>73.7</td>
<td>74.0</td>
<td>−0.3</td>
</tr>
<tr>
<td>Major Urban</td>
<td>70.8</td>
<td>70.3</td>
<td>70.4</td>
<td>−0.4</td>
</tr>
<tr>
<td>Rural</td>
<td>78.6</td>
<td>78.5</td>
<td>78.2</td>
<td>−0.4</td>
</tr>
<tr>
<td>Mixed</td>
<td>76.8</td>
<td>76.8</td>
<td>76.4</td>
<td>−0.4</td>
</tr>
<tr>
<td>Urban</td>
<td>71.8</td>
<td>71.3</td>
<td>71.4</td>
<td>−0.4</td>
</tr>
<tr>
<td>England</td>
<td>74.7</td>
<td>74.4</td>
<td>74.3</td>
<td>−0.4</td>
</tr>
</tbody>
</table>

### Table 2

**NUMBER OF PEOPLE IN LOW WAGE JOBS**

Low pay by place of work, April 2006

<table>
<thead>
<tr>
<th>Area Definition</th>
<th>No of jobs</th>
<th>No of low paid jobs</th>
<th>Low pay rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural 80</td>
<td>1,847,000</td>
<td>513,885</td>
<td>27.8%</td>
</tr>
<tr>
<td>Rural 50</td>
<td>1,940,000</td>
<td>480,984</td>
<td>24.8%</td>
</tr>
<tr>
<td>Significant rural</td>
<td>2,516,000</td>
<td>593,392</td>
<td>23.6%</td>
</tr>
<tr>
<td>Other urban</td>
<td>3,221,000</td>
<td>758,276</td>
<td>23.5%</td>
</tr>
<tr>
<td>Large urban</td>
<td>2,964,000</td>
<td>700,840</td>
<td>23.6%</td>
</tr>
<tr>
<td>Major urban</td>
<td>7,247,000</td>
<td>1,308,845</td>
<td>18.1%</td>
</tr>
<tr>
<td>Rural</td>
<td>3,787,000</td>
<td>994,869</td>
<td>26.3%</td>
</tr>
<tr>
<td>Mixed</td>
<td>5,737,000</td>
<td>1,351,668</td>
<td>23.6%</td>
</tr>
<tr>
<td>Urban</td>
<td>10,211,000</td>
<td>2,009,685</td>
<td>19.7%</td>
</tr>
<tr>
<td>England</td>
<td>19,735,000</td>
<td>4,356,222</td>
<td>22.1%</td>
</tr>
</tbody>
</table>
Map 2

AREAS WITH HIGH LEVELS OF LOW WAGE JOBS

Proportion of low waged jobs in rural areas, 2005

Average low pay rate in England, 2005 = 24.7%
Map 3
MEAN TURNOVER PER EMPLOYEE

Mean turnover per worker in rural areas, 2005 (£000's)
Map 4

MEDIAN TURNOVER PER EMPLOYEE

Median turnover per worker in rural areas, 2005 (£000's)
Witnesses: Dr Stuart Burgess, Chair of the Commission for Rural Communities and Rural Advocate, Mr Graham Garbutt, Chief Executive, and Mr Roger Turner, Head of Rural Economies, Commission for rural Communities, gave evidence.

Q37 Chairman: May I apologise to our next group of witnesses for the delay, both occasioned by voting and, as you will see from our efforts to get into the subject; nonetheless, I am grateful to you for your patience. Can I welcome Dr Stuart Burgess, the Chair of the Commission for Rural Communities and indeed the Rural Advocate; Mr Graham Garbutt, the Chief Executive of the Commission; and Mr Roger Turner, the head of Rural Economies. You have obviously a flavour of some of the work we are doing. It would be quite interesting to have a word or two, Dr Burgess, to start us off. You are an expert adviser to government. Since you came into being what have been the main areas that government have asked you for advice as opposed to the information that you offered them?

Dr Burgess: The government have actually asked for lots of advice. The task of the Rural Advocate and the Chair of the Commission is dovetailed together. The work of the Rural Advocate comes out of my visits around the country drilling right down to local communities and all that grass-root experience which is incredibly valuable and also working as Chair of the Commission for Rural Communities. The government have certainly asked me around the issue of the rural economy in the aftermath of, for example, the flooding and the foot and mouth of last year and around affordable housing which I think is the major issue facing rural communities for the future. I believe if we do not get that right pretty soon then we are going to head for an enormous amount of trouble. Those are two examples. A third example is around farming and the use of land which I think is going to be an enormous challenge to us in the future and how we use what I call in my Rural Advocate's Report, and a phrase I now use, that our land is going to be a very precious commodity with many different demands upon it. They have asked me to further
this, especially in terms of setting up a Commission on hill farming or uplands and to try to tease out the enormous problems that particular sector faces. Those are a few illustrations.

Q38 Chairman: You have an open door access to the Prime Minister of the day. Was it as a result of those conversations that these two reports were commissioned?

Dr Burgess: The access that I do have to the Prime Minister is both formal and informal: formal in terms of writing a Rural Advocate’s report annually to him and presenting it to him and having a conversation about the major issues, but also more informal contacts wherever possible to meet with him, like at the party conference where I told him I was going up to Cumbria to visit the hill farmers. It was an opportunity for me to directly report. The great opportunity is actually to see that and report back to the Prime Minister directly.

Q39 Chairman: What was the process of commissioning the two pieces of work that we have just been talking about?

Dr Burgess: The Rural Economies Report came from the Prime Minister directly to me in a phone call last August in the aftermath of flooding and the foot and mouth of last year. Obviously I spent a lot of time around in the specific areas, certainly around Gloucestershire, visiting rural businesses in Tewksbury and flooded areas in Evesham and farms in Yorkshire. I did a lot of going out there and getting to know what was actually happening. He directly asked me to do that report on the rural economies.

Q40 Chairman: Rural housing, where did that come from?

Dr Burgess: Rural housing has been going on for a number of years now mainly because I flagged it up as the major issue and indeed fed into the government’s report on housing chaired by Elinor Goodman. My evidence was gathered by going around the country and chairing eight regional inquiries in village halls and pubs into affordable housing. I was amazed at the number of people who attended. It is a very emotive issue out there in rural communities.

Q41 Chairman: Give us a flavour of what you have been told so far. If you had to summarise the main areas of concern that you have today, what would they be?

Dr Burgess: The main areas of concern would be certainly around the rural economy because I firmly believe if we are going to talk and define sustainable communities or vibrant communities, whatever phrase we use, then it has to be underpinned and under-girded by a strong rural economy and if we do not get a strong rural economy then the rest may fall apart. Secondly, affordable housing I actually believe underpins a lot of sustainability, if you like to use that word. Although I have particular solutions to affordable housing in terms of mainstream and community land trust, for example, that would be one of my main recommendations around affordable housing. In terms of agriculture and land and farming, that is a major issue. One of the major issues that everybody has to face, governments and opposition alike, is how much emphasis we are going to put on food security, which I actually believe is now very important. We have to unpack what we mean by food security. We cannot be totally self-sufficient but nonetheless I believe we need to be able to provide a lot of food locally grown ourselves and that is a major issue for the future. Going back to what I already said, in terms of the commodity of land that we have and the different demands upon it, one of the major issues is actually how we are going to use that land. How much land are we going to have for affordable housing, how much land for growing food, how much for biofuels—a question mark about biofuels—how much land for the environment, biodiversity and tourism and for the sheer enjoyment of what the countryside is about?

Q42 Chairman: It has a sort of command economy feel about it: the land plan by Burgess. Are you advocating that there should be some more specialist work done on optimisation of land use in addition to the inquiry into the rural economy and rural housing?

Dr Burgess: Forgive me for saying but I do not have the command plan for the use of land. I am here to raise the question, and the big question is around the future plan. It impinges obviously upon the rural economy but I am really after having a debate about it. It is an open-ended debate because of the many demands upon it and there are going to be many people who take opposing views as to how this land will be used.

Q43 Chairman: As far as your report and the Taylor Report is concerned, indications are that you are supposed to be reporting during the course of this month to the Prime Minister. Are you still on track to do that?

Dr Burgess: Indeed, it is almost on track for next week or the week after. There are just some minor adjustments to be made to it but I certainly hope that it is going to be printed and out this month.

Q44 Chairman: Have you had any indication as to what happens next when you have produced the report?

Dr Burgess: I hope initially to be able to present it personally to the Prime Minister, that is number one. I hope that soon after that there will be an opportunity to talk to the Prime Minister about the particular issues that hopefully I am raising in that report. Finally, I hope that the report could actually be used as a way of stimulating, in no small way, the rural economy. I have great hopes.

Q45 Chairman: Were you given any kind of assurance at the outset that if the government says there are some good ideas in there that they are going
to do something with it? There is a difference between, if you like, playing to the audience and saying we will have a report or am I looking for policy solutions. Both in the case of the rural economy and some of the difficulties that it has faced, for all of the reasons you alluded to, and again with Matthew Taylor’s Housing Report, that has been one of the most intractable problems. Do you think that we are heading in that direction? Our previous witness said in terms of the priority which Defra were giving to rural affairs, if nothing else, the proxy of the number of people indicates a diminishing response in that department. It is supposed to be in charge of rural policy. You have come along as an author of a very important document on the economy but I would be worried about what is going to happen. If I have some good ideas, is someone going to task Defra to do something about it? Have you had any assurances at all on that?

Dr Burgess: It raises a very interesting question and it also raises the question over my Rural Advocate’s Report. If I may use that as an illustration, with the Rural Advocate’s Report, even though I came out with a number of recommendations which cross over different government departments, in my letter to the Prime Minister I highlighted four or five particular issues such as the Commission on hill farming for example, and expect and hopefully have a letter back, which he did, on the Rural Advocate’s Report saying he supported it, he supported its recommendations, and over to me to carry them forward. Over the Rural Economies Report quite honestly I do not think anybody without reading the report can say if this is a good idea or not; it has to be tested. This is where it comes over to me as the Advocate to have powers of influencing and pushing it and not to say go away, as it were. I actually believe that the Rural Economies Report, when it comes out, will stimulate conversation and I believe we can feed it in across government departments to make a difference. You rightly referred to the number of people in Defra being reduced in terms of rural policy. We would all love a department for rural affairs, for example, and I would love a budget of £100 million, et cetera, but this is not where we are at so we have to find different ways of doing different things and punching above our weight or doing our very best to do that. It is also important, certainly from my work from the Commission’s point of view, to actually see that we need to influence not only Defra but also different departments as well. I spend quite a lot of time with my fellow people in the Department of Education, for example, and Health and BERR and Transport and going across the piece, as it were, to try and influence and make sure that rural affairs and rural issues are raised.

Chairman: I am always interested when things are raised about what happens.

Q46 David Lepper: The Commission said, in their submission to us, that they had a particularly close interest and involvement in the topics set out in Defra’s departmental strategic objective. You heard our discussion earlier about that particular objective to develop strong rural communities. From what you have said to us already, would I be right in guessing that Defra has specifically asked for your advice, the advice of the Commission, on the development of strong rural communities?

Dr Burgess: Indeed, if I may in a moment bring in my colleagues as well, absolutely, but also with a strong emphasis upon the disadvantaged in rural areas because that is a very important issue not to be missed and that is our strap line about tackling the disadvantaged in rural areas. All of us who have a passion for rural communities and rural people are about making sure that there are strong vibrant communities, whether you call them sustainable or whichever word you use, but absolutely.

Mr Garbutt: It is important to recognise that the DSO has two components that do relate directly to the remit of CRC in the Act that created us so in that sense there is a strong link, a strong congruity, between what Defra is aiming at and what we are tasked to do. At the same time it is important to say that CRC is an NDPB with a different brief and a different one, deferring to the Prime Minister I highlight four or five recommendations which cross over different departments as well, not just through Defra but directly. We have quite a broad grasp of the issues and a good relationship with Defra in terms of what they are required to do. We do not see the DSO as constraining on our activities but we do talk closely with them about the corporate plan objectives.

Q47 David Lepper: Is there any particular advice the Commission has given Defra in particular on that DSO?

Mr Garbutt: Not specifically on the DSO; it is a continuous process. The PSA/DSO process was one conducted largely within the Civil Service and presented to us. Given its breadth and flexibility, frankly I would not have wanted to spend a lot of time discussing it because it is more important that we get on with managing CRC given our clear focus, fairly tight remit and limited resources.

Q48 Chairman: Could I ask a little question because Professor Ward mentioned in his evidence this voluminous and fascinating document, the State of the Countryside 2006. I was thumbing through it and I came across, towards the end, a series of challenges and some little vignettes about solutions to the conclusions from this vast amount of work. If I had gone to all the trouble of producing all of that, do you think it really was the best possible response from government that they then ask you to produce another report on the well being of the rural economy and get somebody else to analyse the rural affordable housing issue which you have done in volumes in this document? You seem to have done all the work already.

Dr Burgess: We have done a quite a lot of work and I applaud the work we have done. I suppose it was out of our remit to actually say who does what but, on the other hand, we produced some excellent work.
on affordable housing which we fed into the government’s committee which built upon the work that we did there. The Rural Economies work builds upon what we have already done in The State of the Countryside Report so far. There is a sense in which there is a stepping stone process.

**Mr Garbutt:** One of the things we have tried to do in moving on from the culture of the Countryside Agency and with the new smaller more focused organisation is to get a better balance between analysis, which largely is what those reports are about, and practice which is finding best practice and getting it into the delivery bodies and advocacy. Those three concepts, analysis, practice and advocacy, are at the heart of the kind of organisation we are trying to create at the moment. In a sense the analysis bit, as Neil said earlier, is something we have large volumes of data about but the challenge is to get it into practice as policy.

Q49 Chairman: When you look through it, to the intelligent reader, and I am sure government officials are very intelligent, it highlights some of the challenges that are there. You would have thought that people would not have needed more work to be done. Because they are policy makers, they would have said here is this tremendous analysis and it shows strengths, weaknesses and challenges right across every aspect of the rural economy, a fantastic piece of analysis, what have we to do is try and move on to what we are going to probe you about now, the question of achieving the new government objective of a strong rural economy. We seem to go from one report to the next without very much policy action.

**Mr Garbutt:** With respect, you may be assuming that Stuart’s report on the economies is more analysis.

Q50 Chairman: No, I am saying there is plenty of it here.

**Mr Garbutt:** We are trying to move on to the notions of getting very good practice and advocacy out into action rather than conducting more analysis. That is the point of the report.

Q51 Dan Rogerson: I ought to say it is very nice to see you not surrounded by crustaceans. It was very nice to have you visit the National Lobster Hatchery at Padstow with the minister who is speaking elsewhere. On this aspect of the definition of what the department is trying to do for rural communities and with rural communities so that it can monitor whether it is achieving its own objectives, do you think it will be helpful for the department to have done what the RDAs say, which is to give a definition of what a strong rural community is so we know what it is we are trying to achieve?

**Dr Burgess:** If I may say, it is very hard to define what we mean by a strong rural community. I have had the opportunity and the great privilege of travelling extensively around England and extensively around rural communities. Although I can go into some communities and reflect and say there are many signs there of this being a very strong community, for example Blisland down in Redruth not terribly far from where we met, is an indicator to me of what a strong community could be about. It has 600 people and is being put together by some objective, won mainly by the local people raising £60,000 themselves for example, and they have this particular building in which there is a shop, a post office, a cafe with internet connections and there is a doctor’s surgery. There is a sense in which that, if you stand back, could be interpreted as an amazingly strong rural community and the life and the energy that is there is absolutely fantastic but that is not replicated in every place as we know. Although I am very committed to developing strong rural communities there is long way to go.

**Mr Garbutt:** If the question is would we benefit from Defra working on that definition, it has to be a cross-government definition. A lot of the issues we have spoken about already, in relation to housing and transport, and obviously the economies fall outside the strict definition of what Defra is. As we have said, our interpretation necessarily comes from one which looks across all of the requirements of communities so it would not necessarily be the case that Defra itself would embody. Certainly our work on trying to think about how communities for the future can have a strong sense of what an English rural community in the 21st century is, so not one founded too much in nostalgia but thinking consciously about the opportunities for the future, thinking about a broader context, that is very important as are the issues around the economy, around transport, around services, around leadership and issues around governance which you have touched on already.

Q52 Dan Rogerson: If we are to assess whether an objective has been met, then do we need to tie it down a little bit? Incidentally, Blisland is near Bodmin not near Redruth, which is in my constituency. As you are travelling around the country I imagine it blurs into one. In terms of what the vision of what a strong rural community is in England, or indeed in Cornwall, it would be useful to have some form of definition so that we all know what we are doing. Even how we measured that strength might vary from place to place, what it looks like from place to place, if it is going to be an objective. Are you saying it should not be the objective because it is impossible to measure?

**Mr Garbutt:** You have answered the question. It needs to vary from place to place and we need to use the mechanisms within the Sub-national Review, which we have heard about, to allow devolution, subsidiarity if you like, in local definitions of what a particular strong rural community might be. I have worked for a long time in urban policy and I tend to draw comparisons to what has happened with our regional cities over the last twenty years and there is a sense in which they manage to separate themselves from nostalgia from the Victorian big city, big municipal government, to something which was a pretty concrete vision of what an English regional city now is. There is a case for having a debate, not to produce a blue print, a common format, but to encourage people to think about what is a strong forward looking rural community in the 21st
century. We are still held back a little by a perspective on rural communities which is bit nostalgic and does not address that challenge.

Q53 Chairman: Defra tried to explain it to us and it reads like an estate agent’s set of words. It says “Strong Rural Communities are places where people want to live and work, now and in the future.” I think that covers the entire world really. Then they go on to try and explain this by saying they “meet the diverse needs of existing and future residents, are sensitive to their environment and contribute to a high quality of life.” Then it tells us that a strong community is “created by the people who live in it and is reinforced by its diversity and the extent to which all its members share a sense of place.” If I was selling a house and I put this in it I think it would collapse without them I think, you could also define that as a very strong rural economy, certainly in Lincolnshire and other parts such as Peterborough where there is a large Polish population, with Polish pubs, shops, et cetera, and migrant workers bringing in enormous value to the rural economy, certainly in Lincolnshire and other parts such as Peterborough.

Dr Burgess: Can I make a general point and then I will pass over to Graham who will be a little more specific. What you have read out is fine painting an ideal picture. All of us could say from an idealist point of view what is a sustainable rural community. I gave the example of Blisland to be one. Rural communities are diverse and are changing all the time and we need to take that on board. For example, if you go to Grewelthorpe in Yorkshire it is surrounded by stunning countryside but the village itself has the mark, as you go through it, as you walk about it, of being very disadvantaged and very poor. If you go to the market town of Boston, which before the migration of Polish people was a bit of a sleepy market town, you could say in some ways that was a vibrant community fulfilling many of the things that you have just read out which Defra quoted. You can go there now and because it has a large Polish population, with Polish pubs, shops, et cetera, and migrant workers bringing in enormous value to the rural economy, certainly in Lincolnshire which would collapse without them I think, you could also define that as a very strong rural community and very vibrant but it is in a different way. I would say rural communities are very diverse and are changing all the time.

Mr Turner: We, firstly, did recommend at the very outset of the PSA, the PSA4, that this indicator should be available in order, as I say, to give the rural economies and their representatives the same economic map as other parts of our economy. We were disappointed it took so long but pleased it has now got there. As I indicated earlier, in terms of achieving economic growth, that economic health, different in different areas and what you would do to intervene to boost the areas that are poorly performing. It gives a first stage that we have not had. It does not lead you to the ability to say, therefore, we are likely to have achieved strong rural communities.

Q54 Chairman: I go back to the question I set Professor Ward for his homework and I set the same one to you. Would you have recommended to government a different definition to determine the achievement of this strong rural community objective than what they have identified?

Mr Turner: We, firstly, did recommend at the very outset of the PSA, the PSA4, that this indicator should be available in order, as I say, to give the rural economies and their representatives the same economic map as other parts of our economy. We were disappointed it took so long but pleased it has now got there. As I indicated earlier, in terms of achieving economic growth, if that is the primacy of the economic part of strong rural communities, it has to go further. It has to, in our view, not only embrace individually those indicators that were on the DSO before they were changed, but even further than that has to be a set of other immediate indicators not only focusing on the wealth creation side, which is what GVA and output measures of that type do, but to focus upon some of the wider dimensions of the economy that the local authorities, the sub-regional partnerships, the...
bodies like ourselves, quite rightly focus on and which do not always feature in economic strategies and economic growth projections. Things we have been talking about, such as affordability of housing, it is not a wealth creator in itself but it does limit the ability to sustain certain types of economic activity or to retain your young people in the community for example.

Q55 Chairman: I find that a very coherent explanation. We have recorded what you have said now but, bearing in mind there may be other quality of life issues as well that ought to go in there, perhaps I could ask you to consider if you had the clean piece of paper and were able to set down the objectives of what this thing called the strong rural community would look like what would your version of it be? We would find that extremely interesting to have a look at and learn from your experience. It does strike me that you are, as an organisation, a great collector of data and, therefore, you will have a good feel for the data and what are the messages that could inform an appropriate indicator to define what this thing called the strong rural economy is. One of the things I mentioned with our previous witness was the focus, in these immediate outcomes, on the poorer performing areas. Is that the right focus, bearing in mind that says we are going to look at the worst performers and we are going to focus neither the worst nor the best but we are not going to try and find ways to maximise the best? Have the government got the right focus?

Mr Garbutt: Firstly, and this is a bureaucratic answer, it is the definition in the Act under which we were created that we should focus on areas facing economy under-performance. It was the will of parliament that we should guarantee that impetus to our own work. You will find within our forthcoming work does look at rural economies more across the piece in terms of issues around investment, innovation, leadership, et cetera. That is what I was referring to earlier and we are not at liberty to discuss all of that with you. We are not confining ourselves to under-performance although it is a core part of our remit.

Q56 Chairman: When you say you are not at liberty to discuss that with us, can you be more specific about what work you are doing, where is it going and where is the boundary between what you can discuss and what you cannot?

Mr Garbutt: I was specifically referring to Stuart’s report to the Prime Minister which is how we strengthen rural economies in the light of the crisis from last year.

Q57 Chairman: If the timescales follow, we can have it.

Dr Burgess: Absolutely, as soon as possible. Even though in the Act, as Graham has rightly said, there is a particular focus on the economically lagging areas and the under-performing areas, we have to see the rural economy as a whole. Having said that, there are particular ways in which we should help. It is about people, in the end, and people are very important behind all this. For example, in many of the coastal areas around Lincolnshire, Mablethorpe for example, and around the Yorkshire coast like Bridlington and Hornsea, like the Cumbrian coastline, there are great pockets of under-performing and young people with low aspirations. There is a real sense in which I believe, as a general economy, we have to applaud what is going on in the stronger performing areas but also try, certainly for those young people with low aspirations, to actually give them some hope in some of these areas. We have come up with particular solutions in that way.

Q58 Chairman: Can I ask you a question which arose out of some of the earlier discussion? Do you envisage a situation, going back to the Defra estate agent-type definition, where you would see a strengthening rural economy actually attracting people from urban England to actually work in rural England? The flows that we discussed earlier were very much about people going to live in a nice, pleasant rural environment but still working in an urban environment. David Drew’s line of questioning touched on that. How do we stem the tide of people who want to leave the rural economy because there do not seem to be the opportunities to detain them and the question of the affordable housing and there is nowhere for them to live? If you were wholly successful you might see people saying look at all this interesting economic activity out there, I am moving because that is the right place to work.

Dr Burgess: There is a lot of diversity going on. The facts and figures we have unearthed over the last three years, on average 70,000 to 80,000 people are migrating from urban areas into rural areas and that is net migration. Obviously many young people are moving from rural areas to urban areas for lifestyle choices, university, higher education, and so on, but the net migration is between 70,000 and 80,000 people. They fall into two age categories, obviously the people who want to go and retire there but also a number of people between the ages of 35 and 50. When I asked them why they have actually moved from an urban area into a rural area they say for quality of life issues. Their perception is that the schools are better in rural areas, that there is low crime, et cetera. The whole thing becomes even more diverse because my experience really has been for 20-odd years rooted in Yorkshire. The A1M has been opened up so there are many people who have two different life styles. They work in Leeds and Bradford to which they can commute very easily yet they live in some beautiful rural areas around Ripon. On the other hand, there are many people who have set up rural businesses, and especially women, who are really pioneering in many ways what the rural economy and rural businesses can achieve in the future. It is dependent upon good quality broadband being available and the Prime Minister in the Rural Advocate’s Report is to make sure that broadband is accessible throughout England, which it is not at moment, not only accessible but good quality and then we must think about the second generation of broadband if
you like. The rural economy is actually dependent upon new technology being developed in a strong way.

Q59 Chairman: The inquiry we have is talking about the potential of the rural economy. Have you ever done a back-of-the-envelope calculation to say we are where we are, here is the GDP we have got from what we think is the rural economy, if we cranked it up so that the worst were achieving what the best were achieving, if we said the bottom 25% of rural economic zones we could crank them up to be somewhere near the average, or whatever definition you chose, what is the difference between where we are and where we could be?

Dr Burgess: I think Roger will have the actual figure to give you but I have come to the conclusion that there is a lot of unfulfilled potential out there in the rural economy.

Mr Garbutt: We cannot give you the figure. It is in the report to the Prime Minister.

Q60 Chairman: Can you tell us where we are now?

Mr Turner: This is not based on GVA because until extremely recently there were no figures available for GVA that could cut in a rural-urban way. This is based upon the revenue earned by the businesses in rural England that are registered for VAT and PAYE which is not the whole story but a good proxy, and that is between £304 billion a year and, if you include some of the larger market towns, it could take you up to over £400 billion a year. That is on the basis of regularly recorded and registered data that has been put together using the rural-urban definition to take it to the lowest level, villages and hamlets, sorted out from the rural towns.

Q61 Chairman: Even a 1% change could be very significant for the economy as a whole.

Dr Burgess: Absolutely.

Mr Turner: We think the figures of a potential we have worked through are eye watering. The benefit again, if I may go back to one of the benefits of this GVA, is it that type of analysis of what is the gap in output that is regularly used to secure both political buy-in and resources to some of the big initiatives we have seen. For example, the Northern Way, how do we rebalance the north economy with the south, has been able to use GVA and there is an output gap of £30 billion between what you would expect, if it was not the north, and what it is actually currently delivering. The ability of rural economies to secure that same buy-in depends upon this type of material being available.

Q62 Chairman: To use the famous Paretean criteria which says you get an increase in economic benefit or welfare if one person is made better off and nobody is made worse off, do you think that is achievable in terms of developing the rural economy but not to the detriment of the urban economy?

Mr Turner: We do not, in many ways, see it as an either or. As Professor Ward said, there are so many linkages and it is important that those at different levels who plan the interventions and resourcing of our rural economies understand those linkages and the drivers of that growth before they then decide how best to do so. Certainly the potential that we estimate is not based upon what will be taken from an urban area but it will be an additional growth that we could hope for within the national economy. Coming back to an earlier point you made, rather than just focusing on those areas that are poorly performing we can also identify better those areas that are making a more substantial contribution and why they are doing so already. If we can focus on those and say so how can we expand and transfer that, which I believe our work and this type of analysis starts to give us the ability to do, then we can truly say this leads to an expansion of the economy in different dimensions because you have spotted the winners and because you have focused on achieving more of the high growth business activity and employment forms, et cetera, within rural economy. Coming back to the point you just made, it is not just on the wealth creation but it has to be in a way that we can recognise how the benefits to all of us who live and work and visit rural economies can be done. That is why we feel that economic growth per se should not be the end focus of either strong rural communities or the economic part of it, the economic wellbeing, so that beneficiaries and the consumers’ intervention is as important as the new businesses started or the business performance of those who are already there.

Q63 Mr Drew: The reason I disappeared was to go and hear a presentation on the postal review where they were trying to explain what they were up to and why they were doing it. At one level this has a huge ramification. You could say the universal service obligation cannot do it in the market economy, to which we in the rural world would cry foul and say we do contribute an awful lot and you cannot just take away our camouflage as needing the sort of things we get through the universal service obligation. In this disaggregated world we now live in where everyone is saying we know the cost of everything even if we do not know the value as well as we should, this is a tense area. You could see the true marketers arguing, and this was not what they are saying, we have to re-define the universal services obligation. These arguments are there all the time and they are pretty tense arguments and you have not got the easiest agenda to argue apart from what I have just heard. You could say what we contribute is that, and that would stun a lot of people in urban Britain but it is whether they believe you. The proof is in the eating.

Mr Garbutt: This is fascinating stuff as you indicate. You touched on the issue of city regions earlier and there is an issue about how rural hinterlands or quite separate rural areas relate to those and what their economic relationship is. Sometimes it is very scant. There are very vibrant rural economies that do not actually relate to their cities at all and simply jump internationally, nationally or whatever. We are working very hard to try and get a better grip on that issue. We are with the Northern Way people in Newcastle tomorrow specifically to develop that.
between £300 billion and getting on for £600 billion, about statistics but in the CRC’s memorandum, Q65 David Taylor: I do not want to have a battle future. a rural community using technology to its great pushing out the boundaries of medical provision in centre where some of the work they are doing is good example in Cambridgeshire is in a medical entrepreneurial some people are in rural areas. A with some creativity around some of these issues. I There is an opportunity there to actually come out with creative solutions to some of the problems around post o change that is going on not only in urban areas but we are all getting into it very actively. Health even more so. That is a debate Mr Garbutt: It is punching more than its weight of b and every other part of the local authority is rural at years a local authority-based classification that government’s definition but because of the breadth of that type of town Defra have adopted for many Technically it is urban by the Mr Turner: I am obviously happy to explain the analysis of the statistic if it helps but I think the critical points you are making revolve around two things: one is how do we define rural, and this is a particularly important one where we are trying to capture either economy is wealth or growth or change; and, secondly, is this an appropriate size of contribution from rural areas to the national or regional economies. The first one simply I have to answer by saying there is a cross-government definition of rural and that truly would not allow us to take account of some places that are above 10,000 population but clearly acting as the service centre for a substantially rural hinterland and have had both an industrial structure and still expect a flow of people and goods that reflect the fact it is a market town for a rural area would not include those in the bottom figure.

Q64 Mr Drew: The problem for those of us who argue strongly for the retention of rural services, in a sense, is you could see this as self-defeating because as you expand broadband and make urban services more widely available in rural settings you could say we need less of those services. That is quite a difficult debate as we see exemplified by the post office debate. Mr Garbutt: Health even more so. That is a debate we are all getting into it very actively. Dr Burgess: The question illustrates the enormous change that is going on not only in urban areas but in rural areas. Secondly, the challenge is to try to come out with creative solutions to some of the problems around post offices and rural schools. There is an opportunity there to actually come out with some creativity around some of these issues. I have been amazed since I have travelled around how entrepreneurial some people are in rural areas. A good example in Cambridgeshire is in a medical centre where some of the work they are doing is pushing out the boundaries of medical provision in a rural community using technology to its great advantage and those are some of the drivers for the future.

Q65 David Taylor: I do not want to have a battle about statistics but in the CRC’s memorandum, third page, 2.1, talking about the sales revenue being between £300 billion and getting on for £600 billion, I find that an astonishingly high figure. The jobs figure is about right, between 15 and 20%, which is often the quoted figure for people who live in rural areas which is not the same, but for those 15 or so per cent of jobs to be producing £600 billion, almost half of UK GDP, sounds to me to be pretty unlikely. There is a sotte voce addendum, if I can add those two together, in that you said, almost quietly, if you add in the larger market towns but if you add those in you are really not, by definition, still dealing with a rural area, are you, in the most urbanised densely populated large country in Europe? I do not think the official statistics are picking that up. They are exaggerating the role of rural areas, I fear, and your statistics are flawed. Mr Turner: I am obviously happy to explain the analysis of the statistic if it helps but I think the critical points you are making revolve around two things: one is how we define rural, and this is a particularly important one where we are trying to capture either economy is wealth or growth or change; and, secondly, is this an appropriate size of contribution from rural areas to the national or regional economies. The first one simply I have to answer by saying there is a cross-government definition of rural and that truly would not allow us to take account of some places that are above 10,000 population but clearly acting as the service centre for a substantially rural hinterland and have had both an industrial structure and still expect a flow of people and goods that reflect the fact it is a market town for a rural area would not include those in the bottom figure.

Q66 David Taylor: Wetherby, not in my own constituency, probably has a population over 10,000. Is that the kind of place you had in mind servicing the rural area though technically urban? Mr Turner: Technically it is urban by the government’s definition but because of the breadth of that type of town Defra have adopted for many years a local authority-based classification that acknowledges there some places like that, which is probably the only sizable town in the local authority and every other part of the local authority is rural at the most small spatial level and, therefore, it is mostly rural, 80% of the population. That is where we get to the top end of those figures I talked about. At the absolute, if you curtail everything that is urban, i.e. 10,000 population above, as government define it, we are still talking about a revenue for the business base in those areas that is of that £300 billion to £325 billion a year.

David Taylor: It is punching more than its weight of population.

Q67 Dan Rogerson: I would like to turn to the very reassuring process, to those of us who live in rural areas, of rural proofing and how successful that is in terms of policy. As an MP of a rural area, my experience has been of services being withdrawn all over the place in terms of not only the public sector but also the private sector. Lloyds TSB said as the
last bank in town they would not close but now they have decided to close so all the people who switched to them, especially small businesses, have lost. The wonderful policy that was allowed to go through at European level about bus journeys, anything over 30 miles everyone has to stop and get off the bus and all the rest of it, right down to the polyclinics you were referring to. City Academies being the way forward for education, a whole range of things. It may be that it is just policy as a whole which is failing and urban MPs are very unhappy too but it seems to me the process of rural proofing does not seem to be going on to a convincing level. What do you think Defra are managing to achieve, as it is something they have set themselves to be champions for rural areas in their sister departments? How well do you think they are performing in that role as opposed to what you are doing as an advocate for rural affairs? How well do you think Defra is doing?

**Dr Burgess:** To start off, as a general point, rural proofing is an incredibly difficult concept. We have to say to ourselves what do you actually mean by rural proofing. Secondly, even though having a watchdog role is a third strand of the Commission’s work, it is, in my submission, probably the most difficult strand that we actually tried to tackle. We produce a report every year around rural proofing, as you know, and over this last report we have really said there are some areas which are responding very well to rural proofing, for example working with Jim Knight in rural schools because he has an understanding, with his background, of what rural proofing is. It is almost second nature to him to actually begin to think, at least I hope it is. There are other areas where it is extremely difficult to actually make sure that government departments are rural proofed. It is not only government departments, it is actually the RDAs because they have a responsibility under local authorities, and that is where it becomes difficult.

**Mr Garbutt:** The polyclinics issue is an interesting one. Polyclinic is shorthand for what is a political issue. We have been very actively engaged in that and submitted very large dossiers into the Department of Health and met with ministers, and so on, and from CRC’s point of view we feel we have had an impact. I know your question was about Defra and I am not dodging it but if you allow me some flexibility I can answer it better.

**Q69 Dan Rogerson:** Bearing in mind what we heard earlier about the capacity in the department to do things, it seems to me that any rural proofing that is going on, to whatever degree of effect, is through associated agencies and bodies around the department and not at all being driven from within the department.

**Mr Garbutt:** The department has an interest, it talks to us about it, but I cannot honestly personally answer how they spend their time in this regard.

**Dr Burgess:** I would say that in many ways in theory they are very committed to it but in practice it becomes far more difficult to make sure that it is actually happening and being committed.

**Q70 Dan Rogerson:** They have set it as part of what they set out to do.

**Dr Burgess:** All I am flagging up is it is not an easy area; it is our most difficult area. Sweden, Norway, Finland and Germany think we are light years ahead of them and they are looking to us to help them to embed rural proofing but we, I would say, have a long way to go.
Q71 Mr Drew: Is one of the problems with rural proofing that there is an assumption that you will always defend what there is already almost to the absurd? If you have a school with one pupil, that is seen to be vital to that village and more sustainable because otherwise that pupil will have to be moved to some other school miles away, yet, in a sense, from the urban context that is what really gets their goat. If you see a school failing in a city and you could put those resources that have been spent on that one pupil into that school, it is a no-brainer, is it not? That is part of the problem with rural proofing: there is almost an assumption you have to start from the position of defence and improvement where you would never do that in an urban setting where you would say it is ludicrous, we should have shut that institution years ago.

Mr Garbutt: There are some aspects of rural service delivery which are intrinsically more expensive because of the distance factor, but you are absolutely right that per capita costs, for example, of primary school children can be higher in rural areas than urban. There is a political trade-off to be made about what you think is the right thing to do as politicians. I do not think it is for us to answer that.

Dr Burgess: You have obviously given a very extreme example. I think that in this country most governments, and I am being totally independent here, on the whole tend to be urban focused and I think rural proofing is about trying to make sure that a government, or governments, with urban focus really take the rural issues and rural communities, and therefore rural people, seriously in all they are trying to do.

Chairman: Thank you very much for a stimulating input to our first session on our re-focused inquiry. Thank you for your written evidence and also for the many publications you have been kind enough to send us. We have given you one or two indications of where we would like some further thought in writing and we look forward to receiving that. Thank you again for your patience and forbearance. The evidence session has been very worthwhile.

Further supplementary memorandum submitted by the Commission for Rural Communities (RE 23b)

The terms in which CRC might frame a Departmental Strategic Objective for the rural economy?

The CRC believes that we have consistently demonstrated that the “rural economy” of England is diverse, not homogeneous as the label might suggest, and that the local economies of rural areas share many characteristics, strengths and weaknesses with urban and regional economies. At the same time rural England contains some distinct characteristics of place, of the importance of the natural in contrast to the built environment, of sparsity and dispersal of population, of connectivity of settlements and of culture and heritage that distinguish rural communities and their economies from urban England. These distinct and shared attributes in turn affect the form and trends of economic activity in rural areas, of social disadvantage and wellbeing and of environmental qualities and potential. In short they affect the nature of sustainable rural communities and how such communities can be made more sustainable.

Because of this diversity, it is important that assessment of economic health, determination of priorities, definition and delivery of appropriate intervention in our rural economies needs to be shared experiences between central and local government and public sector organisations, and across all departments and agencies of government. No single department has the breadth of experience, tools and levers nor the geographical remit and engagement to define, deliver and affect the economic wellbeing of rural England. It follows that CRC believe that no single department’s PSA nor Departmental Strategic Objective can thus realistically define nor deliver the outcomes needed to achieve economic wellbeing nor its subsidiary aims of securing economic growth in rural areas. We are thus disappointed that the only clear and visible aspiration for England’s rural economies are set out in this Defra’s Departmental Strategic Objective for Strong Rural Communities, as this does not appear to us to recognise the importance of these shared commitments nor equip Defra with the political and resource strengths needed to achieve economic wellbeing within the context of Sustainable rural communities.

We have described many of these characteristics and trends of rural economies, communities and environment in our annual State of the countryside reports (the 2008 edition will be published on 16 July and a copy sent to the Committee before conclusion of your Inquiry) and its updates. We have brought together evidence of the drivers of economic growth in rural England and the potential to be released in the report Releasing the potential of England’s rural economies that the Rural Advocate handed to the Prime Minister on Friday last, 6 June.


We believe these offer the context and evidence to build a stronger PSA or DSO to secure economic growth in rural England, but we would also draw the attention of the Committee and Defra to the papers prepared for and presented at our roundtable event in April on Economic Wellbeing.

http://www.ruralcommunities.gov.uk/events/economicwellbeingroundtable
Local government has powers to promote economic wellbeing, in which the drivers of economic growth are only a part. In doing so they can tackle many of the interrelated needs of consumers, including those of affordable housing, transport, education, services and quality of life that are recognised in the second of the Intermediate outcomes in Defra’s DSO for strong rural communities. Given the interdependencies between the economic, social and environmental outcomes recognised in this DSO, we believe that the Intermediate Outcome for rural economies should be framed using this wider focus, rather than seeking to support economic growth in the rural areas with the lowest levels of performance. This is of added importance as the Sub National Review has set out plans to devolve more of the economic agenda to sub-regional and local government, who are empowered if not directed to frame their economic priorities and interventions in this wider framework for economic wellbeing.

An additional adjustment that we would wish to see to the present economic focus of this DSO, is to reflect a wider ambition than just tackling economic improvement in areas with the lowest growth. The evidence and solutions set out in the Rural Advocate’s report to the Prime Minister draws attention to both the contribution already made to the government’s economic goals by strong rural economies, and to the potential to build upon these strengths in more areas and across more components. We believe this DSO focuses the economic ambition of Defra and wider government too narrowly on “areas” and on “lowest levels of performance”, offering little transparent commitment to either other rural economies with weakness in individual drivers, nor to rural areas that, with support, can help to add further to regional and national economic growth and to more sustainable rural communities.

DOES THE CRC AGREE WITH THE DEFRA DEFINITION OF STRONG RURAL COMMUNITIES? WOULD IT ADD TO IT?

In The big picture leaflet that we have recently published, we have set out our position on what we mean by sustainable rural communities:

http://www.ruralcommunities.gov.uk/files/crc%2073.pdf

We believe that this offers the Committee and government an important context and approach to inform any PSA’s or DSO’s for Strong Rural Communities.

We are of the view that Defra’s approach to the new DSO is less about achieving “strong rural communities” and more about securing outcomes for rural people that are no worse than the national average. Surely this should be a minimum requirement. As presently described the Intermediate Outcomes and indicators lack any stretching ambitions for delivery to rural communities and will not necessarily measure “strong rural communities”. “Strong rural communities” or sustainable rural communities are about much more than being no worse in service delivery outcomes than the national average.

Whilst we appreciate that setting out to achieve better than national average performances across several socio-economic outcomes may create some challenges for Defra, as a Government Department, this should not be a barrier to an ambitious DSO that seeks better outcomes for each and every rural citizen. We find it difficult to see how many citizens facing forms of disadvantage in rural England, will be helped by this DSO, as their minority needs will be masked by the majority rural affluence and achievement, unless there is either dis-aggregation by local territory or of Intermediate Outcomes. A basket approach to monitoring can conclude unreasonably that the intermediate outcome and targets have been achieved when rural areas are performing at or better than the national average.

The Committee will see from this leaflet some components that we believe would strengthen Defra’s definition and focus on strong rural communities, including:

— the need to recognise the influence of governance and ability of communities to lead and contribute to the development of policies and decisions that affect their communities’ future;
— the importance of recognising the wider spatial setting and connectivities between places—urban as well as rural—that affect the ability and attraction of the rural communities to provide the necessities of life and work, and their impacts on the environment and quality of life;
— the limitations of a single vision for sustainable or strong rural communities, but a variety of visions for particular places, which a single statement might not convey; and
— the need to recognise and reconcile local community-led visions and determination of actions with wider regional and national aims.

WHAT IS THE CRC’S DEFINITION OF RURAL PROOFING?

In its 2007 rural proofing monitoring report, the CRC described rural proofing as:

“the mechanism used by government, at national and regional levels, to ensure that rural needs and circumstances are taken into account in policy development and delivery”.

As a process, it is intended to ensure that as policy is developed and implemented, government and other bodies:

— Consider whether their policy is likely to have a different impact in rural areas, because of particular circumstances or needs.
— Make a proper assessment of those impacts, and, where they are thought to be significant.
— Adjust, where appropriate, policy and delivery with solutions to meet rural areas’ needs and circumstances.

This definition was initially set out in the Government’s Rural White Paper of 2000 and refreshed in 2004.

The term rural proofing has traditionally been used to describe a process where the impact of a policy decision on rural communities is considered after the policy has been developed. This is only partly satisfactory. As we move to “mainstreaming” of rural needs into mainstream policy making, we want to see consideration of rural impacts, needs and solutions embedded into policy development during the process, rather than at the end or as an afterthought. We also believe that rural proofing is an important component of “mainstreaming” rural needs into wider policy. We will be developing a programme of work, to help government policy makers “think rural” as they develop their policy proposals and want to emphasise the positive contribution rural communities and economies are making and can make in contributing to the ambitions of policy.

HOW DO DEFRA AND CRC COMMUNICATE TO GOVERNMENT HOW TO GO ABOUT RURAL PROOFING?

The role of the CRC to date has been to monitor rural proofing and not formally engage in advising government on how to go about it. Although, the role of CRC in its widest sense is to advise government on rural issues and generally help to raise awareness and understanding of rural issues, Defra’s role is to act as a champion for the formal process of rural proofing across government.

However, we have just concluded a review of rural proofing and will be following this up with negotiations with Defra to strengthen the capacities and roles of the Department and CRC to help government departments, regional and local public bodies to undertake rural proofing, within a mainstreaming ambition. CRC’s role in providing expert advice to government’s different tiers about rural proofing and rural proofing policy development, and monitoring the outcomes of rural proofing practice, will remain central to this ambition.

IN YOUR OPINION DOES THE CLOSURE PROGRAMME FOR RURAL POST OFFICES COMPLY WITH THE GUIDELINES ON RURAL PROOFING?

In May 2007 the Government announced the Post Office Network Change Programme. The Secretary of State had taken on board the concerns raised by the CRC and others about the impact of their original proposals on rural communities. The government had extended the access criteria that Post Office Limited (POL) needed to consider, beyond simple geographical criteria to include the availability of public transport, alternative access to key post office services, local demographics and the impact upon local economies. The result of these changes has been that fewer post offices in rural communities have been proposed for closure, than we believe would have been the case before such improvements.

Our monitoring of the closure programme also indicates that proportionately more of the post offices proposed for closure are in urban areas (19% of the urban network compared with 11% of the rural network). This is a reflection of the greater density of offices in urban areas and better access to an alternative post office. However, there are the odd anomalies and there continues to be concern over the impact of post office closures on village shops—some of them community shops. We recommended that there should be a presumption against closure where the post office is located in the last remaining outlet in a village. This was picked up (and supported) by the BERR Select Committee from CRC submission, but regrettably has not been adopted by POL.

Commission for Rural Communities

June 2008
Ev 46  Environment, Food and Rural Affairs Committee: Evidence

__Monday 12 May 2008__

Members present

Mr Michael Jack, in the Chair
Mr David Drew  Dr Gavin Strang
Miss Anne McIntosh  David Taylor

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**Memorandum submitted by the Local Government Association**

**The role of Local Authorities in promoting local economic growth**

1. The Local Government Association believes that there is a pressing need for an enhanced local authority role in promoting thriving local economies and unlocking the economic potential of our cities, towns and counties. We have set out proposals to achieve this which provide an important context for addressing the specific questions that the Committee has asked in its inquiry.

2. The LGA’s vision for local government is set out in *Closer to people and places*, which we published in May this year (http://www.lga.gov.uk/lga/aio/22507). Chapter 4 made proposals for realising the economic potential of our cities, counties and towns.

3. To summarise, we propose:

3.1 Agreement between national and local government on a list of some thirty national outcomes which local government will take responsibility to deliver with its LAA partners. These will be backed by locally drawn targets and a new performance management regime, allowing the removal of national targets, PIs, specific grants, ring-fenced funding and financial bid systems. The current restrictions, guidance and regulations on the LAA economic development block will be removed and replaced by this new framework.

3.2 A duty on councils to promote the economic, social and environmental well being of their areas (“replacing the current ‘power’ of well being”) and a corresponding duty on public sector partners to cooperate with councils in planning and delivering on the well being duty. This will give councils a clear formal role as a “convenor” of the local partnership in relation to local economic development.

3.3 The well being duty and national outcomes to be delivered by a next generation of Local Area Agreements to join together the totality of public services and resources in an area; deliver improved outcomes; better access; and efficiency savings. This would be a “contract” between the LAA partners around a vision for the area to which the community has contributed.

3.4 The development, alongside this next generation of LAA, of three models for differential devolution of economic power and influence: Metropolitan Area Agreements; City Area Agreements; and Shire Area Agreements; to deliver clear outcomes in economic development and regeneration, with the devolution of national and regional powers—for planning and housing, transport infrastructure, bus and public transport, economic development and learning and skills.

4. We have been further developing our proposals since May and have concluded that the sub regional level is the most appropriate level for the delivery of measures to encourage economic growth. The operation of markets clearly does not conform to administrative boundaries, but if there is any model for fitting administrative arrangements to economic reality, it is sub-regional and could most easily be mapped by aggregating local authority areas.

5. We believe that sub regional partnerships should be the focus of future decision-making structures for economic development. We have also proposed that local government should hold the convening role in these partnerships. We will shortly be publishing a more detailed list of the housing and planning, transport, economic development and labour market resources and powers that we would like to see devolved to the sub regional level.

**Response to the Committee’s specific questions**

**Theme 1. Defra’s objectives for economic development and the funding available to achieve them**

6. There are clearly difficulties and challenges in delivering the current PSA 4 target, and associated dedicated resources at sub-regional level are limited. However part of the problem identified by our member authorities is a lack of evidence based priorities for investment.

7. Recent research in Lancashire has shown increasing convergence between rural and urban economies and a clear link between the emergence of clusters of high-value knowledge-based industries as a key driver for increased productivity and improved GVA. Conversely agriculture is no longer seen as a major driver
of Lancashire’s rural economy. We feel that a clearer understanding of the dynamics of modern rural economies at national and local levels is necessary to assist critical investment decisions to improve rural productivity and ensure sustainable rural communities.

8. While we strongly support the continuance of a specific funding stream to tackle structural economic weaknesses in rural areas, we believe that this funding should be channelled through sub-regional local authority partnerships where they exist.

Theme 2. The role of RDAs in unlocking the economic potential of rural areas

9. We see councils as being the most important agents in unlocking the economic potential of local economies. The key partners below the national level involved in taking decisions about public expenditure on economic development are councils, the Learning and Skills Councils, and Regional Development Agencies. Within this mix, local government mobilises about 78% of total spending, with the LSC holding 18% of relevant budgets and RDAs 4%. The RDA contribution varies between 10% in the North East and 2% in the South-East and East.¹

10. Anecdotal evidence from Rural Pathfinders nationally tends to suggest a wide degree of local variation in terms of RDA engagement with local councils in relation to rural economic development. For this reason, we were pleased to see proposals in the Local Government White Paper published on 26 October 2006 for a duty to cooperate to be placed on RDAs in agreeing the targets within Local Area Agreements. We believe this is a positive step towards better RDA engagement in meeting local rural priorities. Our advisers also suggest that Defra has perhaps not done enough to help facilitate dialogue at sub-regional levels and that gaining a clearer understanding of the dynamics of modern rural economies is also relevant in the context of engaging with the RDAs.

11. There is a concern that RDAs focus too much on economic gain, with little understanding of the role that the environment plays in the rural landscape. There is also a concern that the demands of urban areas have taken precedence in the drawing up of regional priorities.

Theme 4. The effectiveness of rural proofing arrangements

12. Rural proofing has been successful in raising the profile of the rural agenda and in helping to develop an imperative for policy makers to sharpen their focus on rural areas. However, it is less clear how to gauge the success of rural proofing and whether it is helping to make a real difference in rural areas at the point of delivery. Rural proofing in relation to economic development needs to be more firmly embedded in national and regional policy and there are some clear potential conflicts between regional spatial planning and local development frameworks.

Theme 5. Role of Natural England and the Commission for Rural Communities (CRC)

13. Our view is that it is too early to judge the effectiveness of Natural England and the CRC, but engagement with councils at the sub-regional level has been limited to date. However, a significant opportunity exists for Natural England to connect more effectively with local contexts—for example by promoting more local involvement in landscape management decisions. In addition, as with the duty to cooperate placed on RDAs in relation to LAA targets, the LGA supports the inclusion of Natural England on this list of named partners as a step toward better engagement with local councils and better responsiveness to local rural priorities.

ABOUT THE LOCAL GOVERNMENT ASSOCIATION

14. The Local Government Association (LGA) represents the local authorities of England and Wales and exists to promote better local government. We work with and for our local authorities to promote a shared vision of local government that enables people to shape a better future for their localities and communities. The LGA aims to put local councils at the heart of the drive to improve public services and to work with government to ensure that the policy, legislative and financial context in which local authorities operate supports that objective.

October 2006

¹ LGA/ECCSPU research report, October 2006
Supplementary memorandum submitted by the Local Government Association

The Local Government Association (LGA) has commissioned a two stage inquiry (“Productivity & Place I & II”) into the economic challenges facing rural local authorities in seeking to develop strong and prosperous rural communities.

The findings of this research are:

— Seeing an area as either rural or urban can be misleading: the key is to understand and respond to local characteristics and the linkages and dependencies that exist between places, be this between rural hinterland and market town, or between rural and urban.

— Policy interventions therefore need to be flexible and capable of responding to local characteristics and needs because successful economic development is dependant on an understanding of place and of the relationship between places, communities and markets.

— Indicators for rural development need to be capable of reflecting the importance of the private and voluntary sectors, and sufficiently fine grain to understand the role of local services such as post offices and local pubs.

The work involved a survey of rural authorities followed by in depth case studies of 17 differing authorities, all of which included significant rural characteristics. The case studies were chosen to include councils with different levels of connectedness in relation to wider markets, infra-structure etc, and different levels of locational “desirability”. We will be happy to send the committee copies of the full report on the research when it is complete.

1. STRATEGIC OBJECTIVE: STRONG RURAL COMMUNITIES

When you put “place” first in your thinking about economic development you immediately have the rural context and therefore you don’t need to think about the deliberative splitting of urban and rural in the same way. This may diminish the need for discrete rural proofing and focus action more on an appreciation that rural communities don’t—and largely cannot—exist in isolation. It is the relationship between rural and urban places which governs prosperity.

Deliberate focus on rural communities in isolation as a way of understanding the challenge of helping places outside of cities to achieve their potential may not therefore be the best approach. Rather, the important issue in relation to tackling this target is to understand the forces that underpin the distinctive viability of places outside of the city region agenda including how cities impact on those places.

2. INTERMEDIATE OUTCOMES

2.1 Economic growth is supported in rural areas with the lowest levels of performance

This is important provided it is tempered by an understanding that Local Authority District or indeed any specific administrative boundary is unlikely to reflect economic geographies, markets etc. The Sub National Review (SNR) recognition of this is therefore welcome and needs to be applied as policy is turned into action.

It is therefore important to recognise that the traditions, social dynamics and differential accessibility of areas mean that achieving anything approaching uniform economic performance everywhere is very challenging.

It is therefore important to ensure that economic growth and development in rural communities should be by reference to geographies which have some economic coherence, and are backed by sufficient local as well as regional analytical data, to articulate and develop the “narratives” of these places, and to support them in taking forward coherent plans for how their communities develop. Local authorities have a key role to play in facilitating this, being both local and locally accountable.

2.2 The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery

This is a good aspiration. It would perhaps be better to have more of a focus on providing people and communities with the resources and support to address their own needs based on their specific context. If at the heart of this statement is a view that mainstreaming of policies and approaches should address a rural as well as an urban context this is to be applauded. This can be more effectively achieved however by putting spatial considerations in advance of economic planning which naturally brings these issues to the fore than by seeking to retrospectively “rural proof” urban designed and developed policies.
There is also a need for a rational approach to the challenges facing service delivery in rural areas. Rural Service Standards cannot be relied upon in isolation to achieve this. Local authorities and regional and national agencies need to develop co-operation to develop more effective and focused settlement hierarchy approaches across the board and to plan resource allocations in ways that reflect a better spatial understanding.

There is also a need for greater support of the innovation nested in communities around the development of activities such as community transport and the establishment of social enterprises to deliver services in sparsely populated rural areas. The Future of Rural Services (FURS) research undertaken by Professor Malcolm Moseley from the University of Gloucester demonstrates that without this innovation a combination of sparsity and negative demography allied to ongoing “city flight” will put long term onerous and increasingly impossible demands on service providers in more remote areas.

3. INDICATORS

The research has highlighted some reservations about the crude use of indicators. They need to operate below the district level. This is challenging because even at district level it is hard to effectively measure economic performance and, for example, miss the impact of cities on earnings and employment in rural economies, for example the differences that exist in some areas between the incomes of those who live and work in a place, and those who live there and are either economically inactive or work elsewhere.

The economies of any place—urban or rural—are complex and based on the flows of people, goods and investment, a significant number of which may have global and national causes. The real means of understanding the economic prosperity (with the caveat that this is not necessarily the best means of conceptualising the drive for economic well being) needs to be based around mapping the economic flows into meaningfully designated rural communities based on styles of mapping exemplified in approaches such as Prosperous Communities II.

Any local performance measures to judge levels of service responsiveness in rural areas need to reflect the key roles of the community and private sectors alongside the other Government intermediary organisations which have a role in service delivery. Indicators also need to legitimise dialogue with local communities about how they would judge these things. In different geographies and places and avoiding an assumption that the response is necessarily going to be uniform—different things may be important to different places. The methodology suggested below may help with this.

4. LGA’S PROPOSAL FOR HOW COUNCILS COULD BEST SUPPORT THE RURAL ECONOMY

Our findings show the importance of understanding economic needs at the sub regional level. LGA research is beginning to suggest a methodology to help to better prepare local economic assessments which would help get more effectively “under the skin” of the challenges and opportunities within communities, including rural ones. This would involve an assessment and policy setting approach as set out below:

- ** Tradition**—mapping the economic trends and historical socio-economic traditions of places.
- ** Returns to labour (differential)**—understanding the difference in incomes in a place between those who live and work there and those who live there but work elsewhere or are economically inactive.
- ** Accessibility**—The impact of accessibility on the economic and social nature of places.
- ** Control of capital**—The relationship between those individuals and companies who provide employment in a given place and the place itself.
- ** Environmental**—The environmental impact of the growth and development of places starting with the carbon footprint of the flows of goods, investment and people in and out of local economies.

*April 2008*

**Witnesses:** Ms Christine Reid, North Wiltshire District Council and vice chair of LGA’s Rural Commission, Mr Ivan Annibal, Assistant Director of Economic Regeneration, Lincolnshire Council and Mr Tim Allen, Programme Director for Local Government Analysis and Research, LGA, gave evidence.

**Q72 Chairman:** Welcome to this very select group, both in terms of our witnesses, members of the public and the Committee. We are going to make a start because we would like to get into this as quickly as possible. May I formally welcome Christine Reid who, apart from being the vice-chairman of the Rural Commission, is also a member of the North Wiltshire District Council; Mr Ivan Annibal, the assistant director of Economic Regeneration for Lincolnshire Councils; and Mr Tim Allen, the programme director for the Local Government Analysis and Research Organisation. Can I thank you for your two items of written evidence, which we very much appreciate, and for your forbearance. As I was explaining last week, the Committee was blown somewhat off its original timetable for this inquiry by a number of items of business including the floods of last summer. We have not been able to get to this as quickly as we would like but we have now re-focused the inquiry into the area that you...
have kindly submitted information on. One of the things we heard last week from our witnesses was this question of Defra’s definition, within its new target, of a strong rural community. We are quite intrigued to understand what people make of this term “a strong rural community” and whether it really, in terms of its objective, adequately addresses both the complexities and the needs of rural community. If you would like to start there, that would be very helpful.

**Mr Annibal:** A strong rural community is one that has a balance of opportunities for people. It is a place where individuals can have a house, a job and a reasonable quality of life. In the way that rural communities have evolved over the last 10 to 15 years, those things have become, in a number of places, quite dislocated. The challenge is to try and find a way of managing rural economic development to try and create some greater cohesiveness around the way places work in rural areas.

**Q73 Chairman:** We are going to talk in more detail about the DSO which Defra have, because it took the place of PSA4 which we used to keep asking questions about. Defra could never provide any evidence about how you could measure particularly productivity in the rural economy so it is quite useful, in a way, that that has gone. Do you think that the Departmental Strategic Objective, as currently stated, is the right one and, if you do not, what would yours be?

**Mr Allen:** You are right to ask what one understands by strong rural communities and Ivan has given you a view that we would subscribe to. The value of having this indicator, this performance target, is that it still highlights the importance of rural areas and the needs of rural areas in wider government policy. The nirvana would be that all areas are reached according to their needs in terms of mainstream policy. The value of this particular target actually highlights that there are particular rural needs that need to be met. One could debate the semantics of that but on that basis we would welcome it.

**Ms Reid:** When you link across the tie-in of the bundle in the second section, the socio-economic bundle, it ties in very specifically to the topics that appear within the Local Area Agreement so there is a follow through from the ideas of strong rural communities that have been described to the way in which local authorities are now encouraged to develop those communities. You will hear, in the course of what we have to say, that we have some anxieties about Defra and rural areas and so we are very pleased to see this remaining.

**Q74 Chairman:** Do you want to tell us about your reservations in that respect? You have whetted my appetite so please satiate it.

**Ms Reid:** When Defra was created local government was delighted with the focus on local communities and on the wider rural agenda with two White Papers and a very active Minister of State. Since the other parts of Defra’s agenda, climate change and the environment, have risen up the national agenda we have seen the decline of the rural affairs part of Defra, the reduction in size and the reduction in the civil service, and the lessening of interest in what local government is doing and managing to achieve in rural areas, with a great deal of sadness.

**Q75 Chairman:** One of the problems with Local Area Agreements is that it very much follows political boundaries, but economic activity does not always follow those boundaries. How do you get around that problem? Can you just describe the mechanism? I keep reading in the briefings we have had that the way forward is through Local Area Agreements and my first question is has anybody produced one which addresses the needs of the rural economy and, secondly, if one has been produced how did it get around the fact that economic activity does not always follow political boundaries?

**Mr Annibal:** The issue with Local Area Agreements is they follow administrative boundaries rather than geographical boundaries and it is the geographical context of economies that is very important. We think about administrative or economic boundaries but it is the spatial context which is most important in deciding how you should plan your interventions in a place and how it works. If you look at some of the work that has been done around multi-area agreements, which so often in partnerships when partners come together of their own volition to address particular issues, and I am thinking for example of the pan-Dorset multi-area agreement where you have Bournemouth and Poole working actively with the rural hinterlands thinking about how that works as an economic entity, then local government can very powerfully take things forward. Local Area Agreements sometimes are a little prescriptive, around 198 set targets, and particular ways of working in a way that does not always bring out the best in the organic nature of partnerships that you need. It seems to me what is really important is not to assume things work on administrative boundaries but try to understand the flows that take place between places of people, goods and investment.

**Q76 Chairman:** That is a very succinct and useful statement but does it fit well with the target we talked about earlier which talks about measuring things on a district by district basis?

**Mr Annibal:** I do not think it fits very well. The challenge is you have to have some sort of unit of measurement. The practical realities are that you can only understand places if you move away from that old-fashioned notion of a rural/urban dichotomy and you start to understand the interdependence of places. If you can look at levels of self-containment around economies then you have a much more logical basis on which to plan your interventions, but that is very difficult because each place is different in that sense and you cannot have much comparability. If you look at GVA, it works quite well at the regional level and the national level but even though it is now possible to conceptualise getting it down to district level does it really give you, in its present form, a meaningful understanding of what is happening in a particular
place? My final comment on this would be if you take West Somerset and just look at the aggregate data for it, effectively West Somerset is three quarters Exmoor National Park and one quarter Minehead and just looking at the averages for it does not give you any sense of that spatial reality.

**Chairman:** I am going to ask my colleague, Dr Strang, if he would like to probe a bit further on the Defra target.

**Q77 Dr Strang:** Are you saying that the new indicators which Defra has produced to measure the success of this part of the DSO are the correct indicators? Are you happy with them or are you unhappy with them?

**Mr Annibal:** They are not perfect indicators by any means but it is important to have some indicators so they are better than no form of rural indicator. There are real challenges in any form of indicator which can reflect the fine grain of place, which is what you need to do in a local authority to plan your interventions. They are not perfect by any means but it is important we have something.

**Ms Reid:** They are workable, they are manageable and I think local authorities can deliver on them. It is interesting, because I am from Wiltshire watching the birth of a new authority with the amalgamation of various districts into a unitary authority to see what structures are being put in place to ensure that rural issues are absolutely absorbed across the whole authority. Within the structures there will be a Rural Scrutiny Executive whose task is to scrutinise, from a rural perspective, everything that local authority is doing and ensure that it is hitting whatever targets it has to hit. I think that is a very positive move. I do not think it will last for ever because it should embed into the authority as a whole. It will take a while for it to be fully embedded and I think it will help meet these targets which are so focused on Local Area Agreements.

**Q78 Dr Strang:** Is there adequate data at local authority level to enable the department to monitor the success of its Strong Rural Communities initiative and is there anything the government can do to help you strengthen your ability to provide that data?

**Ms Reid:** I can only personally speak for Wiltshire. I just received a month ago the annual economic figures. Some wards are too large to fully identify the key blocks of deprivation although it is easier in the census. Certainly in terms of looking at patterns of travel to work and patterns of migration, you can actually understand how places interact. One interesting thing is because travel to work areas are all based on a principal urban settlement if you look at rural to rural commuting you will find that 50% of people in a rural area who travel to work do not actually work in it. I think you have to be quite careful with the data that is available. Around published data there is enough information to get a broad idea of the way people move between places and that is very important. The new proposed duty within the Sub-national Review for local authorities to undertake an economic assessment needs to be predicated on getting down to fine grain detail. It would be quite a shame if they were encouraged just to do high level analysis. Particularly in rural areas where there is a real complexity of different environments, it is important that duty is scoped in a very broad and detailed way.

**Q79 Dr Strang:** Going back to the distinction Mr Annibal was making between the geographical boundary and the administrative boundary, do you think there is adequate data below the local authority level in terms of the indicators, and how important is that?

**Mr Annibal:** There is adequate data, particularly around mapping flows, but it is quite old now because it is derived from the census. Certainly in terms of looking at patterns of travel to work and patterns of migration, you can actually understand how places interact. One interesting thing is because travel to work areas are all based on a principal urban settlement if you look at rural to rural commuting you will find that 50% of people in a rural area who travel to work do not actually work in it. I think you have to be quite careful with the data that is available. Around published data there is enough information to get a broad idea of the way people move between places and that is very important. The new proposed duty within the Sub-national Review for local authorities to undertake an economic assessment needs to be predicated on getting down to fine grain detail. It would be quite a shame if they were encouraged just to do high level analysis. Particularly in rural areas where there is a real complexity of different environments, it is important that duty is scoped in a very broad and detailed way.

**Q80 Miss McIntosh:** Do the targets enable you to identify pockets of rural poverty as opposed to mass urban poverty? If it does, how are you going to, with the new unitary authority, address issues of rural poverty as opposed to in the bigger conurbations?

**Ms Reid:** The targets are based on district-wide areas but most authorities will go down to ward-based figures. Some wards are too large to fully identify the key blocks of deprivation although it is easier in the market towns. I do not know if it would be helpful if you described what you were saying earlier about the Office for National Statistics and the GVA figures.
Mr Allen: That is one example where we know the Office of National Statistics are developing much better local means to measure GVA which we welcome and encourage them to do as quickly as possible. In answer to your general point about the sensitivity of the measures, the indicators, as described here, are low and will not get you to identify distribution within an area because no district, let alone county, is homogeneous and, therefore, the answer to the question is no. I will come back to the point that if these are indicators that is fine, because they give you a top level view of what is happening and that is helpful and is a way of summarising the condition of a particular area overall but if you want to design policy or operational interventions you need a finer grain than these indicators. What we are saying is there are ways and means of getting at that finer grain but they are not in these indicators.

Q81 Miss McIntosh: Would you like to show us what you believe they would be?
Mr Allen: The ONS are beginning to develop much more sophisticated approaches to measuring GVA by per worker or per hour worked which allow you the ability to understand better within a small area. We know at the moment when you get below broadly county level that current levels of GVA are pretty unreliable and not very helpful. The information we understand from ONS, and you would have to ask them in more detail, they indicated to us in the discussions we had with government pre the establishment of 198 local government indicators that they had a programme of work in place that would get us to that rather more sophisticated view of GVA and, if that is the case, that is very welcome.

Q82 Mr Drew: If we look at this issue of rural proofing which is at the centre of what we are trying to get to grips with, can each of you give good examples that you have seen of rural proofing where Defra clearly had an impact on another department that has been reported to you to show that that department has taken account of rural issues, rural criteria?
Mr Allen: Whether it is purely down to rural proofing is not something I am in a position to say. Speaking in relation to transport, for example, six or seven years ago it was quite difficult to persuade the Department for Transport to develop indicators that actually genuinely measured the relationship between people and services but they have in recent years developed, with some sophistication, their ability to do just that. It is quite important, if you want to understand people’s accessibility to services, that you relate the two. Whether that is purely down to rural proofing I do not know but it certainly, in part, probably was.
Mr Annibal: I have this view of rural proofing which is that it is often introduced as an 11th hour means of trying to shoe horn rural into policies that have already been established. What I am particularly attracted to is the concept of putting spatial things first. If you look at the Sub-national Review, the idea that RDAs will be combining the regional economic strategy and the regional spatial strategy to me is very important because if you start with place it is inherent that you start by understanding the dynamics of what we might describe as rural rather than designing policies in an abstract way and then try to rural proof them or fit them into a rural context. That is one of the challenges, in some sense, to separate out rural as something almost which has to, at the 11th hour, be proofed onto something and that is a bit of a shame because it does make it seem like a second order consideration. I know the actual plan around rural proofing is the converse of that but I think the impact it very often has is that it is about a rural afterthought-type of process. I personally have not experienced anything very much at national level which demonstrates that rural proofing has been effective. I am aware of a couple of examples at local government level where rural proofing has worked quite well. For example, Leicestershire County Council has a rural partnership that looks at the implications of things like parish plans for their strategies and policies. I have seen it happen in places but I do think putting that spatial content first makes a difference rather than doing rural proofing.

Q83 Mr Drew: Do you think that Defra should drop the notion of rural proofing? Is that something that is an admittance of failure because it is not able to convince other departments they need to have a rural agenda or being complacent and saying they are doing it anyway so what is the point and this is all implicit in their policy making?
Mr Annibal: If in the mainstream it is going to be useful, it has to place due cognisance to rural and it has to have a rounded understanding of how places work and the flows between them. If you dropped rural proofing and, therefore, had no recognition of the importance of rural as a concept, that would be a retrograde step. If you had more of a means of integrating place, which is the important thing, into the way policy was designed then you would actually have rural proofing inset within the way policy is developed rather than adding it at the end.
Ms Reid: Rural proofing has had an impact in various planning policy guidance about rural affordable housing. I think local authorities, district councils particularly, have been made to think a little bit harder about how they meet some of the challenges of providing affordable housing because of changes to the planning policy and about sustainability in rural areas. You cannot simply treat them as places where you put very nice houses without worrying about how people go to and from it and work and live. There has been some success and I would not like to see it go. As a principle it is tight but it is still not fully embedded. It is quite interesting when you look at the equality and diversity work which is much further back than rural proofing that has to be embedded into all the public bodies and eventually will. At the moment you have to kick and make people think about it. Rural proofing was a lot of kicking and making people
Mr Allen: There is also a danger of over-reliance on that as a mechanism. What we are really looking for is almost to drop the tag “rural” and actually ensure that policy interventions, wherever they are, reflect and understand and respond to the needs of particular localities. That is the goal and not simply to use rural proofing as the tool for that as a measure.

Ms Reid: It is important in the start of the policies themselves.

Q84 Mr Drew: In a sense you have identified it. We do not believe that rural proofing is doing what it should, and maybe it should not be there anyway. The idea that you strong arm departments to believe that they are going to do these things in the rural domain is not like that. How do we get to stronger rural communities which have their own destiny? Let us take schooling, for example. There is a strong determination to recognise that rural schools have their own dimensions, their own dynamics, and that should stand in its own right rather than be compared with the number of pupils compared to the number of teachers because then they will lose out. Someone will come along and say we have to close all these schools because they are not fit for purpose.

Ms Reid: You seem to have forgotten achievement in that. You do not just look at the number of pupils and the number of teachers; you have to also look at the achievement of the children in there. I would not like to see rural schools kept simply because they are rural schools if the achievement was very low and those children were being misserved.

Mr Annibal: We did 17 case studies of rural authorities in England and the challenges they faced. We tried to come up with a very straightforward taxonomy of how you would characterise those rural authorities. It seemed to us that rather than average income, which was where we started from because we looked initially at the Defra 44, it was proximity that was very important. We thought you could have a broad categorisation of rural places in three categories: places that were relatively proximate to a large settlement, in which it seemed to us the issue of tackling things like rural schools was about understanding the relationship between a big urban place and its proximate rural settlements; places that were desirable, which seemed to buck the trend that people would go to notwithstanding the challenges of accessibility because they were very attractive, parts of the Yorkshire Dales and bits of the New forest for example; then places that were isolated. It seemed to us that in those places that were isolated you almost needed to think about a separate suite of policy approaches. You could probably crack the issues around rural schools if you understood properly the notion of ripple out and you could manage it in big urban areas but in those isolated rural communities it was much more challenging thinking about how you planned your interventions.

Q85 Mr Drew: Were you part of the discussions with the Commission for Rural Communities’ recent investigation into the impact of changes in health? They have produced this rather large pack which I am still trying to get through. What were your involvements in that and, indeed, what would your take be on what the CRC are trying to say in terms of health policy evolution?

Ms Reid: I have not seen it.

Q86 Mr Drew: It only came out last week. Were you communicated in terms of local government?

Ms Reid: We usually are. We usually get CRC publications but not necessarily instantaneously. We are a bit down the pecking order.

Q87 Mr Drew: I know you could argue you do not have direct responsibility but some of the things they are arguing link in directly to the role of local authorities: evolving common social services and health mechanisms for better treatment of older people and so on. Maybe when you have had a look at it you can drop us a note. It is quite a meaty bit of work so I am a bit surprised they have not included you.

Mr Allen: They have spoken to colleagues. What I cannot tell you is the degree of engagement we had but I can let you know.

Ms Reid: As a member of the Wiltshire PCT board, we are doing that with the Social Services Committee. We are getting as near as possible to coordination. It is the right approach very much in rural areas because of the distances groups of people have to travel to care for people.

Mr Allen: Can I respond to your point about strong rural communities in the broader sense? We probably all struggle to understand what strong rural communities means in detail. There is a process that needs to be gone through which is how policy interventions need to operate. What is very interesting is there is a real confluence between the philosophy of the OECD, the World Bank and DFID in a very different context all saying the same thing about what constitutes successful economic growth and intervention, and that is about working with the grain of the communities and the places and, therefore, being able to understand what makes places distinctive and, therefore, why you might intervene differently in Cambridge to Ashington or Easington. In the former you are really dealing with the competition for skills on a world basis and with economic success sustaining it, and in the latter you are dealing with three generations of worklessness and trying to get people back into the labour market. Therefore, what you are trying to do is to have your policy interventions sufficiently sensitive and sufficiently localised that they are able to reflect those. I have caricatured those details but you could extrapolate areas which are not quite as extreme in terms of the way policy interventions need to operate successfully. That lets us off the hook finding exactly what a strong rural community is because maybe it is about the communities themselves helping to shape what they define as being a strong community rather
than having some presupposed view that you would impose upon them, heaven forbid that we should do that.

**Q88 Mr Drew:** Finally, these rural delivery pathfinders which came up with the suggestion as some kind of joint rural policy group, how far advanced are those discussions? Are you formally involved in those discussions or is this a bit of window dressing from Defra to make it look as though things are happening?

**Ms Reid:** As far as the Rural Commission is concerned, they seem to have run into the sand; the pathfinders have disappeared. They did some interesting things, there were some interesting conclusions, but they have not been taken far.

**Mr Annibal:** I think they are still meeting informally as a group within local government.

**Q89 Mr Drew:** Who is on this?

**Mr Annibal:** They were chosen as part of the Modernising Rural Delivery devolution of funding and there was one for each region. This was in the era when the rural affairs bit of Defra was slightly larger but the good thing about them is they were set up specifically to look at innovation in the delivery of rural services. They were given a modest budget each which enabled them to take forward one or two initiatives. I know the one for Yorkshire and Humberside, East Riding, looked at the scope to address challenges around service provision through the development of social enterprises and looking at how you could put out a public service market for social enterprises around health and learning outcomes in East Riding because that is transferable to other places potentially. I know there was an environmental agenda in the South West based around the Dorset pathfinder. The pathfinder in the North West, which was Lancashire, looked at coordinating activities across different providers of rural services. As a group they established quite a lot of best practice. The original idea was that Defra would have some funds to continue to sustain the dissemination of that best practice but unfortunately that money has not been forthcoming. What they have committed to do as a group is to continue networking so they can at least continue to share their best practice more broadly. Obviously when you do something on a voluntary basis and as a local government group rather than as part and parcel of dialogue with the government department, it is less powerful.

**Ms Reid:** Or indeed dialogue with the rest of local government, because if they are retaining their expertise within the nine pathfinders then it is not trickling out to the rest of local government.

**Mr Annibal:** There would be scope to broaden that if there was some support for them to do it. They have done some really quite interesting things and it would be a shame if it all just fizzled out.

**Q90 Chairman:** You have been very good in sketching out what I call the linguistic description of policy, but to bring it down to some practicalities would I be right in assuming that everything you have said so far leads me to believe that the new target which Defra has is more favourable to you than PSA4 was?

**Ms Reid:** We discussed this in advance and we agreed in general, yes.

**Q91 Chairman:** I am glad I drew that conclusion correctly. Let us move on to resources and delivery mechanisms and try to bring it down to some of the practicalities that we are dealing with. You have been very strong in your description, up to now, that you have a lot of data. You can look spatially at areas and you can work with other local authorities to look at programmes and ideas to solve problems. I want to get an example. In your original evidence you told the Committee that within the mix of bodies who have responsibility for rural economies, local government mobilises about 78% of total spending, Learning and Skills holding 18% of relevant budgets, and RDAs 4%. What actually have you got by way of resources that you can deploy to deal with the challenges you have identified in your earlier evidence?

**Ms Reid:** If you look at a county council, its resources are in many millions. Economic development has always gone on in local authorities but how far it went on rather depended on the drive of the chief executive or the drive of the economic development officer. Now it has become a duty, there is a very significant shift in attitude to it and it has climbed up the agenda very significantly. I am also on the South West and the RDAs are perceived as having lots of money but it is local government that has the money.

**Q92 Chairman:** The ministers will hear that and come back and take it away from you because every time local authority witnesses come before us they never have enough money for anything.

**Ms Reid:** If you look at the total budget it can be adjusted.

**Q93 Chairman:** Give me a for instance. Obviously, in terms of rural communities, the basic infrastructure, the schools, the highways, the planning policies, are all in the gift of local authorities but what else?

**Mr Allen:** It is important to be clear that if you take a very narrow GVA view of what economic success looks like the levers available to local government are very modest. They are quite important, because the planning system is one lever by which you can aid development has always gone on in local authorities but how far it went on rather depended on the drive of the chief executive or the drive of the economic development officer. Now it has become a duty, there is a very significant shift in attitude to it and it has climbed up the agenda very significantly. I am also on the South West and the RDAs are perceived as having lots of money but it is local government that has the money.

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**Q90 Chairman:** You have been very good in sketching out what I call the linguistic description of policy, but to bring it down to some practicalities would I be right in assuming that everything you
In agreeing to tackle the core of 35 targets as the most effective to take forward a particular issue, there is a process within the Local Area Agreement where they will try and live all year round if they can. The council has put together a very extensive suite of policies to try and address some of those issues on a bespoke unique basis. For example, in the face of considerable challenge around small schools policy it has been determined to maintain the viability of that school which in a lot of the other cases may have closed. It has just invested £100,000 working with the government office and the RDA to put together a sub-regional flood strategy specifically to look at the issues to do with rapid inundation, and the threat of it, which is blighting the settlement’s long-term future. It has put together an innovative health campaign to look at issues about how you engage with the elderly living in caravans that are not registered because they do not want you to know they are living there all year round. That is a little microcosm but there are a number of interventions in one place there where local government, being relatively close to the ground and having the ability to differentially make investments and also to reflect the democratic needs of a place, is uniquely placed to bring to a rural agenda.

Q94 Chairman: Can you explain to me how the mechanism of Local Area Agreements actually operates? I am trying, in an area where I am not an expert, to understand how the different players relate one to another. If we start at the top, let me ask a simple question: where do you think the control lies on the delivery mechanisms to achieve the new DSO? Do they lie with Defra or do they lie with the partners in the sub-regional area? In explaining to me how Local Area Agreements operate, you might be able to explain how the wiring works between all the different players. We are going to have the Regional Development Agencies as our next set of witnesses but they seem increasingly, from what you were saying at the beginning of your evidence, to be taking a very important strategic view of bringing together both spacial and economic planning together so they seem to sit above you. Help me to become less confused about the architecture.

Ms Reid: The RDA cannot deliver that without working very closely with local authorities. There has to be agreement from local authorities, and local authorities also have to prove themselves competent to deliver in order to have the RDA invest in them.

Mr Annibil: There is a process within the implementation of Local Area Agreements where you agree a lead for each aspect of the work, and that tends to be based, through the process of negotiation, on which organisation is deemed to be the most effective to take forward a particular issue. In agreeing to tackle the core of 35 targets as the priorities, local authorities have very often said we will not seek to work across the whole of Lincolnshire to address this issue, we know there are five or six hot spots where actually tackling low skills will be resolved. Therefore, in that case, a bespoke partnership arises, led by the local authority with the support of the LSC and Business Link, which focuses on those particular places. It is very early days with the LSC very much we are work well, and what ought to emerge, is a process whereby people understand how each of those different projects to deliver the 34 targets aggregate up to something which is more holistic and meaningful about the future of a place. That is where the challenge is at the moment. The targets are quite top down in the way they are put together so there is a bit of disconnect between what we might see as our local authorities’ targets and these centrally received targets. That is not to say it is not a good idea to have a more structured approach to how people deliver things, but I am not sure at the moment if we are very much on how you engage with the levers do not rest in any one place but many different places and the challenge is to draw them together, as Ivan has described, into something that is locally coherent and meaningful for that community or that place. In its pure form that is what the LAA is supposed to be and do. I think that is a learning exercise that we are all going through and which councils are certainly going through. One thing that is worth registering is that the LAA process is linked to a comprehensive area appraisal process. Actually in some ways some of the things you have raised will be reflected in that appraisal process because the council’s performance will be judged on its success, not just in terms of what it does with its own resources but how it manages to bring the organisations and the public sector, and the private sector in some cases, together into something that makes coherence and sense to the place and the community. The council’s performance will be assessed on that basis. That will challenge because it will actually draw all sorts of institutions together and needs to drive institutions to come together.

Ms Reid: In most local authorities with LAAs there is an economic partnership which has been established to deliver the mechanisms, and that will consist of representatives from each of the local authorities, but most significantly representatives from the local businesses from, in some cases, the trades unions, from the Learning and Skills Council and from Business Link. They will meet together with the economic targets which have been decided upon by the board as a whole and work with the RDA, who will also be a member of the economic partnership, to monitor, advise, work with, research and help deliver the economic development. It is not just local authorities working in isolation but is them working with their communities.
Mr Annibal: An important point to say about LAAs is that partnerships existed before LAAs and will exist afterwards so whilst they are very important at the moment and a key focus there is a lot of good work going on which will not necessarily be subsumed within LAAs but will continue to make a contribution. Certainly in terms of the research we did for the LGA, it seemed clear to us that in those places where organic partnerships have arisen, and people have actually seen a problem and wanted to work together to address it, partnerships are a lot stronger perhaps, in some cases, than they are around LAAs. If you look at the Partnership for Urban South Hampshire, there was a clear view about the relationship between Southampton, Portsmouth and the adjoining rural authorities which has now taken on the status of an MAA and that has been getting together for seven years. I think it will ultimately stay longer and achieve more. I am not knocking LAAs but they are very much a top down deterministic process for how regeneration takes place. We need to appreciate that there are other things going on which are equally important.

Q95 Chairman: In a way that we are inevitably talking in generalities—and I am not saying that in a way to be critical of what you have said—the feeling I get is that here we have a new Departmental Strategic Objective, we have Local Area Agreements in their early stages, we have new architecture being defined about spatial and economic planning coming together and, therefore, it is quite difficult to talk about outcomes when you are still gathering the information for what the input is. The other impression I get is there is still a lot of top down, and you are basically saying—and I noticed in your evidence you used the term—“there is also a need for greater support for the innovation nested in communities”. That says to me there are things happening on the ground that we need to support. It would be very helpful if we might ask you, in the light of our exchanges, to pool together a few examples of real good practice which you have seen working in different models around the country which might lend themselves to being adapted to the new architecture, the new DSO, and which give an indication of things that have basically worked. Somebody has looked at the challenges, community well-being, economic skills, and said this is what we will do on the ground to fix that problem. We would find it extremely helpful to have those practical examples.

Ms Reid: How early do you want it? Chairman: At your earliest convenience in the next two or three weeks, if that is not asking too much. We thank you very much for what you have given us. We are going to get out of the Westminster bubble and see for ourselves in Yorkshire some life on the ground which may give us a better feel, together with your practical evidence. We might want to come back to you when we have got ourselves into this and ask some further questions. Thank you for your oral comments and your written evidence.

Further supplementary memorandum submitted by the Local Government Association [RE 19b]

THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

You wrote to my colleague Jonathan Blay following our evidence to the Environment, Food and Rural Affairs Committee on 12 May seeking further information on two matters:

— Local Government Association involvement in and response to Commission for Rural Communities work on health policy following the Department of Health “Leading Local Change” report.

— Examples of good practice in local authorities in developing economic well-being that might inform practice and Defra objectives for “strong rural communities”.

HEALTH POLICY

The Local Government Association was not directly involved in the Commission for Rural Communities report, but has been involved in relevant discussions with the Commission about healthcare needs and delivery in rural areas. We have—and continue to be—engaged with the NHS Review.

In principle, the Local Government Association believes that effective, high quality and accessible healthcare services should be available to citizens whether they live in urban or rural areas, and that healthcare services need to be responsive to the needs of citizens and the characteristics and circumstances of the communities they serve.

In this context, a simple urban / rural distinction may be less helpful than ensuring that services are configured appropriately to meet distinctive local needs and circumstances, for example, population sparsity, relative remoteness from urban centres, the local demographic profile or the socio-economic circumstances of individuals and communities. We know that such factors vary widely across rural England, as they do across urban areas. In addition, a key principle should be strong local accountability for the services provided.
EXAMPLES OF GOOD PRACTICE

A key plank of our evidence is that policy and practice must respond to needs of local communities and economic circumstances and therefore avoid one size fits all approaches. However annex 1 contains three varied examples that offer insights into approaches that have worked.

T D Allen
Programme Director: Analysis and Research
Local Government Association

Annex 1

EXAMPLES OF GOOD PRACTICE

1. PENWITH DISTRICT COUNCIL, CORNWALL

1. The Penwith Farm Business Advice Centre was set up following the last foot and mouth outbreak as a working partnership embracing District and County Council, The Bolitho Estates, The St Aubyn Estates, Tregothnan Estates and numerous other private and public individuals, with funding drawn from EU monies administered through DEFRA.

2. The objective was to understand the needs and impacts on farmers in West Cornwall and help them make necessary changes: initial work showed that despite a plethora of advice and support, many farmers still needed help to see the first steps towards change.

3. With start up funding of £30,000 from Job Centre Plus, the District Council’s Rural Economy Officer and Bolitho Estates Land Agent met and developed an action plan to deliver change. They asked the six most productive farmers in the District to meet and help develop a farm business advice service. These farmers then wrote the job description and interviewed both formally and informally prospective “Whole Farm Advisers”. Following the appointment of an Adviser this group has continued meeting every month to discuss and support the Adviser in often difficult and complex issues. Due to the nature of the work they are and remain anonymous.

4. The Centre was evaluated in 2004 by the University of Exeter and has since started work to build on this to develop a “balance sheet” for the value of food and farming in the district. In summary, the evaluation found that:

— The Centre had “its roots in the farming crisis of late 1990s and represents the partial implementation of one of the principal recommendations arising from the study Agriculture in Penwith: Report 2000
d. That report identified the need for a ‘one stop shop’ facility to promote rural development, which would act as a catalyst in helping the farming sector to collaborate, stimulate new thinking, encourage the uptake of training and signpost the existing provision of support and development opportunities.”

— The objective was to help farmers and farm families to recognise the need for professional help and to access the most appropriate form of such help to enable them to become effective managers of their businesses, to establish new markets for their products and to help (some) farmers to retire with dignity.

— The approach is unusual in the breadth of support offered, including social as well as economic goals.

— Steering Group members were strongly supportive of the breadth of the Scheme, albeit with some healthy differences of emphasis, and that stakeholders were also generally very supportive of the Scheme’s breadth.

— The Centre uses as a diagnostic framework a four-fold categorisation of clients’ businesses around which help is tailored according to classification. The four are:

a) Category A: Economically sound and well-established (0%).

b) Category B: Economically sound with affordable borrowings (36%).

c) Category C: Below benchmark performance, often with sizeable borrowings (41%).

d) Category D: Well below benchmark, over-borrowed, struggling to survive (23%).

5. The research looked at the Centre’s performance and concluded that overall the service “seems to be pitched at the right level with nearly all clients likely to renew their contract if they had another problem to discuss. The evaluation found ‘almost universal client regard for the Centre and the benefits they’ve received: the centre was clearly impacting positively on clients’ management of their farms with strengths that included on-going support, independent advice, appropriate interventions, a sounding board for new ideas (and free professional help)”.

2 Agriculture in Penwith, Rural Economic Partnership, Research Report
2. **Bradford Metropolitan Borough Council: Data and Intelligence**

6. This is an example of what might ostensibly be considered an urban authority seeking to understand and plan policy interventions for its rural areas in a way which moves away from notions of the traditional rural/urban dichotomy.

7. Bradford have developed an approach which enables them to model their interventions around the neighbourhood agenda across the whole Borough. In doing so, they seek to understand the challenges both around rural and urban integration, and wider community cohesion within one agenda. In rural terms, the most important issue is the consideration of the patterns and nature of settlements across the District, and the relationship between them. By area, 60% of the District is “rural”.

8. Bradford does not have a rigid or separate approach to rural issues: instead they place high priority on this neighbourhood agenda, i.e. they work at local level with some 80 neighbourhood forums across the Borough which meet three times per year. Over the last 10 years the District has also moved from seven to 17 parish councils.

9. The council has a well developed research function to inform council objectives and activity, and the Council also supports a data observatory linked to the LSP—the Council and the Observatory have a data led approach which involves being able to drill down to small area level to aid understanding and therefore the capacity to develop local policies, develop bids for resources and ensure that there is good transferability and use of this understanding across council departments including planning and the Sustainable Community Strategy (which focuses on regeneration, skills and education). The Local Strategic Partnership is strongly linked into the councils economic strategy.

10. In addition, cross boundary rural working is achieved through the West Yorkshire Rural Partnership, a cross council collective, with administrative support from four authorities in West Yorkshire. This has a developing relationship with the Leeds City Region Team and there is also a West Yorkshire dedicated RDPE officer funded by Yorkshire Forward.

3. **Lincolnshire—Holbeach Food Hub**

11. Lincolnshire County Council in partnership with South Holland District Council have used EU and their own funds to establish the Holbeach Food Hub in partnership with the University of Lincoln.

12. The Food Hub is based on a 5 acre serviced site adjacent to the A17 which is the main distribution route for agricultural products from Lincolnshire and East Anglia. It was a down at heel former agricultural college site prior to the intervention of the authorities, who convinced the emerging University of Lincoln to retain it as the only site outside of the City and to develop a food manufacturer centre. It was purpose built to support the training and development needs of the South Lincolnshire food cluster.

13. The centre was built in 2 phases at a total overall cost of approximately £7 million. It contains training and development facilities, including food packaging and development equipment of cutting edge standards, which is used to train the workforce of the food sector and to enable companies to develop new and innovative products.

14. The centre supports—in an isolated rural location—the training and development of over 1,000 food processing staff per year. It also provides Higher Education access for the residents of South Lincolnshire, North Norfolk and Cambridgeshire in an area which had previously been a Higher Education “desert” with very low levels of higher educational attainment. Most interestingly in terms of the food sector which is often characterized as a low skill sector the centre offers graduate level training in food science and production. The product development facilities have been accessed by over 50 local companies who have been able to use state of the art equipment previously remote in terms of both distance and their ability to afford access to it, from them.

15. There is significant pressure for food related companies to take up the remaining 3 acres of the site to be adjacent to the centre. The centre is also a nationally recognized Centre of Vocational Excellence.

16. This is a strong example of local authorities intervening with a relatively distant Higher Education provider to ensure that the development needs of their food cluster were addressed locally and to develop significant additional benefits through the creation of an Higher Education centre for a remote rural community. The centre also adjoins the George Farmer Secondary School and significant linkages between the school and the food sector have been developed as a consequence of the opportunity to share facilities.

Local Government Association

*June 2008*
Memorandum submitted by the Regional Development Agencies

EXECUTIVE SUMMARY

1. The nine Regional Development Agencies (RDAs), established in 1999, have a common mission: to transform England’s regions through sustainable economic development. They lead the creation of Regional Economic Strategies (RESs), which are developed in partnership with, and owned by, a wide range of stakeholders across each region. Each RES is a ten-year overarching framework that sets out how the region’s strengths can be exploited and its barriers to growth overcome.

2. RDAs are the leaders of rural economic delivery at the regional level. In 2005–06 RDAs created, or safeguarded, over 25,000 jobs in rural areas and almost 5,000 businesses, and around a third of all outputs were delivered in rural areas. This role gives RDAs a unique insight into the economy in rural areas. They combine an understanding of local sensitivities with the strategic capacity to bring together a wide range of policies and programmes to deliver against a common goal. They have built into their tasking framework a recognition of the strategic added value achieved through their leadership and influencing role, supporting the longer term sustainable outcomes in regeneration rather than simply shorter term outputs. As part of the Modernising Rural Delivery Programme, RDAs are taking on greater responsibility for socio-economic development in rural areas. This is increasing the RDAs’ ability to provide strategic integrated investment in rural areas.

3. The single pot approach, by which RDAs are funded, has allowed the RDAs greater flexibility in delivering integrated and innovative solutions to meet the regionally specific objectives set out in each RES. The RDAs are learning from the success of this model in taking a mainstream approach to rural policy. Through this approach rural areas can meet their needs and make the most of their opportunities by appropriating support from all programmes, rather than a limited number of specially created rural schemes. The RDAs believe that specific rural interventions should only be developed where market failure cannot be addressed by mainstream provision.

4. RDAs would prefer to see their mainstream approach to delivery supported by a complementary mainstream approach to target setting from Government, based on rural proofing of all departmental Public Service Agreements (PSAs) rather than rurally specific ones. In the meantime RDAs would like to see the basis for measurement of some PSAs radically reviewed. This includes Defra’s PSA4. More widely RDAs would support a rationalisation of the targets.

THE ECONOMY IN ENGLAND’S RURAL AREAS

5. England’s rural areas are making a significant and increasing contribution to the economic prosperity of the UK. In comparison to urban areas, rural areas have higher levels of economic activity, higher levels of self employment and, on average, higher incomes (State of the Countryside 2006).

6. However, it is limiting to think of rural areas as having a separate economy to their urban counterparts. There is considerable interdependence between cities, towns and rural areas, including substantial similarities in the business profiles of urban and rural areas.

7. Consequently, economic prosperity in rural areas can best be secured by tailoring mainstream policy to meet the needs of those living and working in rural areas, rather than creating programmes designed solely with rural areas in mind. Specific rural interventions should only be developed where market failure cannot be addressed by mainstream provision.

8. There are, however, significant wealth disparities within regions. For example, although the East of England is perceived as relatively affluent, there are pockets of deprivation and a significant number of people who experience social exclusion. It is estimated that 22% of children and 25% of pensioners live in poverty. There are also skills issues. In certain rural districts the percentage of working age population with no qualifications is over 20%. RDAs address these problems by helping people into work, improving the skills base of the local population and encouraging business and entrepreneurship.

DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS, INCLUDING THE RELEVANT PSA TARGET, AND THE FUNDING AVAILABLE TO ACHIEVE THEM

RDA performance and PSA targets

9. Each RDA is a regional delivery agent for a number of national PSA targets. The Tasking Framework agreed by the RDAs with Government, supports a number of core PSAs (those which every RDA considers a key priority and which all deliver against) but also allows flexibility between regions to pursue a number of non-core PSAs. RDAs do not have sole responsibility for the targets against which they deliver and work with a number of partners to deliver against the PSAs at regional and local level.

10. In the year 2005–06 the RDAs delivered on their targets areas across the board. This was the first year in which outputs, such as number of jobs created, were broken down between rural and urban areas. This clearly demonstrated the huge impact RDAs are having in rural areas.
11. In 2005–06 Defra contributed £72 (3.5%) million towards the RDAs’ total Single Pot of around £2 billion. During this year the RDAs helped create or safeguard more than 90,000 jobs, of which over 25,000 (28%) were in rural areas. RDAs also assisted 40,000 people to get a job with 9,000 (23%) of these in rural areas. 15,000 businesses were created and over 115,000 assisted to improve their performance with a third of this activity taking place in rural areas.3

PSA measurements

12. Rural specific PSAs tend to provide fewer opportunities than would be afforded by better integrated targets. They also perpetuate the perception that rural and urban economies are mutually exclusive. We believe that these problems could be overcome at national level with a simplified, better integrated and outcome focused PSA framework. Rather than retaining “rurally specific” PSAs the needs of rural areas should be reflected across all PSAs, through the use of appropriate indicators. Such a new PSA framework must allow regional and local partners to provide innovative and integrated solutions to meet the needs of different regions.

PSA 4

13. In some cases, such as with Defra’s PSA4, the requirement for change will not just be in the wording or location of the target, but also in the way in which it is measured.

14. PSA4, which was designed to champion the needs of rural areas, is in fact a rather blunt instrument which constrains both Defra and its partner agencies. It fails to recognise the inter-relationships between the urban and rural economies by attempting to separate out productivity in rural areas alone. Specifically:

(a) Aiming to reduce the gap between the least well performing quartile of rural areas and the English median has little statistical validity. It could be achieved inadvertently by a reduction in the performance of the most productive region.

(b) Problems with the appropriateness of the productivity measure were originally raised by Lord Haskins’ Review of Rural Delivery. The use of earnings per head is distorted because many people in rural areas do not live where they work—often in nearby towns and cities. This makes identification of lagging areas problematic.

(c) Rather than focus attention purely on areas of lagging productivity, RDAs would prefer to focus also on exploiting opportunities for significant growth in areas where productivity is perhaps above the median but could be improved still further. This approach is in keeping with the RDAs requirement to fulfill the overarching Regional Economic Policy PSA (jointly held by DTI, DCLG and HMT)—to make sustainable improvements in the economic performance of all English regions while over the long-term reducing the persistent gap in growth rates between the regions. It is also in the best interests of UK plc as a whole.

Adding value to measurement by target

15. RDAs are committed to meeting the targets set by the New Tasking Framework, which now recognises the strategic added value that RDAs make through their leadership and influencing role. RDAs work to build partnerships that deliver long term rather than simply counting short term outputs such as jobs created.

16. Consequently, RDAs are exploring other ways to measure, and maximize, their overall performance and impact. For example:

—— The Northwest Development Agency has worked with the Forestry Commission and other partners to develop the Public Benefit Recording System. This uses Geographic Information Systems to develop a combined needs/opportunities overview of the economic, social and environmental potential of a site or area. It produces maps that highlight the highest value-added sites at which to target public sector interventions.

17. Mechanisms of this type allow RDAs to look at the more complex picture and target resources more effectively than would otherwise be the case. As these approaches and others are better refined, we plan to move to a more outcome focused and realistic approach to performance measurement.

3 These figures refer to RDAs reported end year outputs for 2005–06 excluding figures from the LDA. See annex 2 for more details.
Funding

18. The single pot (whereby money from contributing government departments is pooled into one single budget for the RDAs) has allowed RDAs to use their budgets more flexibly in the regions to pursue the regionally specific objectives and targets set out in their respective RESs.

19. Historically, direct funding from Defra has been scattered in its approach and this has contributed to the confusion for customers referred to in Lord Haskins’ Review of Rural Delivery (2003). We welcome the work being done by Defra to reduce the number of funding streams and hope that future funding will be channeled through the minimum number of delivery agents to meet the priorities set in each RES.

20. The way in which the RDAs manage their funds and in which they have pursued flexibility to devise innovative and integrated solutions through a mainstream approach, means that a far greater percentage of RDA results are achieved in rural areas than would be suggested by the relatively small contribution to RDA budgets that is made by Defra. This belies the historic perception that RDAs are focused primarily on urban areas.

21. Government needs to recognise that where either mainstream delivery mechanisms need variation to meet rurally specific requirements, or where there is an identified need for a specific rural solution, these are relatively expensive to deliver and hence require additional funding.

The role of RDAs in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs

Mainstreaming policy and regional solutions

22. RDA activity is based on the priorities outlined in the RES, which alongside the Regional Spatial Strategy in each region, is the main framework for all sub-national sustainable economic development. Responsibility for delivering the RES is shared by many regional, sub-regional and local partners.

23. In taking forward the mainstreaming model, RDAs draw together region-wide programmes that are sympathetic to local circumstances and contribute to the growth of each region as a whole.

24. For example, since April 2005, RDAs have offered mainstream business support to rural businesses through the Business Link Network, the single portal for business support and advice in the regions. Business Link provides impartial information and diagnosis of customer needs. It acts as a broker, routing customers to the most appropriate source of help in the public, private or voluntary sector. This brokerage model simultaneously supports mainstream provision while recognising that customers have individual needs. With the Business Link customer proposition and core service offer agreed, Business Link must be recognized as the single route to market for business support.

25. RDAs help realise rural potential by:
   — bringing together partners to agree an economic strategy, and guiding the work of delivery bodies;
   — being business led and testing new ways of working;
   — employing staff with specialist knowledge in rural affairs;
   — planning long-term investment programmes and leveraging private funding sources;
   — championing the needs of regions;
   — bringing together business, government, local government, academia and the voluntary sector to achieve common goals;
   — and commissioning other work in the region that will deliver the economic strategy.

26. For further regional examples of how mainstream RDA activity has met rural needs please see Annex 1.

Relationship with Defra

27. The East of England Development Agency is responsible for heading the cross RDA agenda on environmental issues, food, rural affairs and sustainable development policy. It is leading the Modernising Rural Delivery Programme on behalf of the RDAs. National working relationships between Defra and the RDAs are generally strong. The success of the shared partnership approach between RDAs and Defra is evidenced by the additional responsibilities that have been given to RDAs through the Modernising Rural Delivery process.

28. There exists a generally good relationship between RDAs and Defra where honest opinions are shared. Defra is a large department with a broad scope, however, and this can lead to some fragmentation in knowledge and awareness of how activity contributes to overarching shared priorities. This, combined with variable levels of understanding as to how regional partners work, can, in some cases lead to a tendency to:
   — fail to engage regional partners at an early enough stage of policy development;
   — micro-management of policy implementation, ignoring the principles of the devolution agenda;
The RDAs hope that Defra’s ‘strategy refresh’ and a revised target framework will:

- improve the Department’s coherence through its “One Planet Living” mission;
- help to improve its awareness of regional policy and delivery; and
- help to pursue greater influence over other departments in their contribution to delivery of its cross-cutting agendas.

29. We commend the establishment, and the progress, of the RDA Co-ordination Unit within Defra, which has improved understanding of how RDAs work. However, since the Unit is based in the rural affairs section of the department it has perhaps reinforced the perception that RDAs are not as relevant to some of the wider Defra agenda. We need to work together to ensure a wider understanding of potential RDA contributions across the Department’s Directorates.

30. RDAs work in different ways in different regions to deliver the same overall objectives. Consequently, relationships with Defra at a regional level are as important for RDAs as national relationships. These relationships work well in most cases so there is a need to ensure that they are not stifled by too centralised an approach from the Department. The need for RDAs to deliver on the region’s RES can at times conflict with national sectoral strategies from the department.

Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the retail food sector, to their further development

Rural employment

31. While farming and tourism remain important mainstays of rural areas, an ever-increasing share of wealth is created outside these traditional sectors. In rural areas today, 80% of jobs are in manufacturing, wholesale and retail, public administration and financial services. These employers play an important part in local, regional, national and international supply chains and make a vital contribution to the UK.

32. Rural communities are some of England’s most entrepreneurial and innovative. More than a third of England’s VAT registered businesses are in rural areas, where there are more businesses per head of population than in England’s towns and cities. And some of the traditional barriers to economic inclusion have been broken down faster in the countryside. For example, a higher proportion of women run businesses in rural areas than is the case in cities.

Barriers to employment: The planning system

33. A significant barrier to business in rural areas, and particularly to agricultural diversification, is the implementation of the planning system. Too often, conflicting guidance causes unnecessary confusion. RDAs would like to see rural issues mainstreamed through all the Planning Policy Statements (PPS). Each PPS would then be less open to diversity in its application and the conflicts that arise from having a separate statement (PPS 7) for rural areas would be reduced.

34. In addition, RDAs would welcome more training for planners and council members on rural needs and advice and training for rural businesses to improve their approaches to developing planning applications.

Barriers to employment: Access

35. Many people in rural areas have difficulty accessing employment opportunities. RDAs help mitigate this problem by schemes to help people get to jobs or training or by programmes to develop jobs and training opportunities closer to those who need them, for example through the use of ICT (see Annex 1) or the development of Multiple Service Outlets.

36. In addition, projects such as “Wheels to Work” schemes have been funded by Advantage West Midlands and NWDA. These help young, unemployed and disadvantaged people get into work. The scheme works to break a vicious circle that many young people in rural areas can face: without their own transport they can’t get to a job or training; without a job, or the skills to secure a job in future, they can’t afford the means to get around. Wheels to Work offers short-term scooter loans and some schemes provide additional services, such as driving lessons.
The retail sector

37. Supermarkets have 80% of the grocery trade. RDAs therefore take a positive approach to the challenges faced by local business and producers and work with large retailers to ensure that the agricultural and horticultural sectors have access to this market. RDAs are working in a pro-active way to increase supermarket use of local food, for example:

— With the support of One North East, Northumbria Larder, the North East’s Regional Food Group, was set up in 2001. It aims to promote and support regional food producers with a view to increasing their sales and profitability. It also seeks to create more jobs in the food industry while enhancing the reputation and standing of the region’s indigenous food and drink. In a short time it has been successful in promoting local produce and boosting sales through Farmers’ Markets, agricultural shows and also working with large supermarkets. In August 2006, supported by Northumbria Larder, Asda staged a month-long celebration of all things local in its stores across the North East. There are now 27 local producers selling over £20,000 of produce a week in Asda stores compared with a figure of just £5,000 only a year ago. Some suppliers have tripled their sales in a matter of months.

— Heart of England Fine Foods (HEFF), supported by Advantage West Midlands and Defra, has helped to supply locally produced vegetables to Sainsbury’s West Midlands stores. To promote sales, HEFF provided merchandise ideas including a mobile kitchen and exciting recipe ideas. As a result of this initiative, some stores sold 10 times their normal volume of vegetable products.

The effectiveness of rural proofing arrangements in ensuring that the rural aspects of economic development are properly reflected in national and regional policy, including planning policy

Rural proofing

38. Rural proofing is inherent in the RDAs’ mainstream approach to economic development. Since few RDA based programmes are designed specifically to meet rural needs, it is difficult for programmes that are not in some way applicable to rural areas to slip through the net. For example, in its Regional Economic Strategy, the Northwest Regional Development Agency explicitly states that all its policies and programmes are applicable equally to all areas of the region unless there is a specific note to the contrary.

39. All Government Departments should recognise the role of Defra and work with it to ensure their programmes are rural proofed. For example there could be policy synergies between Defra and the Department for Communities and Local Government on housing issues, and the Department of Health on healthy eating. These need to be better aligned at the earliest stage of policy development.

The role of Natural England and the Commission for Rural Communities (CRC) and their effectiveness in taking forward the work of their predecessor bodies

Commission for Rural Communities

40. We are keen to work with the CRC in the development of their role and to develop shared approaches. There is a need to clarify the role of the CRC, since its current status as advocate, watchdog and expert adviser is not clear in terms of scope or alignment. If the CRC is a watchdog of Government does it have sufficient independence to carry out this role? It would be useful to know exactly where the boundaries of its various roles lie.

Natural England

41. Natural England needs to develop regional structures, which are able to operate autonomously to a great extent. This would allow it to work with RDAs and regional stakeholders to identify solutions that meet specific regional needs. It will need to work particularly closely with RDAs in developing an integrated approach to the delivery of the LEADER axis in the new England Rural Development Programme 2000–07, as well as in the establishment of innovative regionally relevant initiatives for both urban and rural areas which reflect the appropriate balance of economic, environmental and social objectives.

October 2006
SOME EXAMPLES OF MAINSTREAM RDA ACTIVITY MEETING RURAL NEEDS

Facilitating broadband internet access, while not specifically a rural policy, can make a real difference to economic and social opportunities for people in rural areas:

— In 2004, the Northwest Regional Development Agency (NWDA) approved funding of £20 million for Project ACCESS, a broadband project which, in partnership with BT, has seen regional coverage increase from less than 70% of households and businesses to around 99%.

— In the rural community of Eastgate in County Durham, broadband access supported by One NorthEast has made it possible to develop the UK’s first renewable energy village at the home of the former Lafarge Eastgate cement works. Eastgate is just one of the communities targeted in a project to bring broadband to 150,000 households and businesses across the North East.

— In 2004 Yorkshire Forward supported the enabling of 23 telephone exchanges in the rural areas of the Yorkshire & Humber region and opening up communities beyond the range of ADSL technology. Through this Yorkshire Forward helped connect 1,000 subscribers and 350 Businesses. In 2006 Yorkshire Forward added a further £150,000 to the original budget of £450,000 to support 120 subscribers in the North York Moors, and a further project in North Lincolnshire.

RDA efforts to develop the skills base have clear benefits for rural areas:

— To meet the Government’s animal health and welfare policy requirements since the foot and mouth outbreak, there is an increasing need for veterinary surgeons and nurses in the UK. The School of Veterinary Science at the Sutton Bonington Campus of The University of Nottingham is the first new veterinary school to be built in the UK for 50 years. This has been made possible by a £30 million investment, including £2.5 million from the East Midlands Development Agency, for state of the art teaching and laboratory facilities. The project has created 272 jobs, and will support an intake of 360 undergraduates.

— In 2005, over eight hundred people gained additional qualifications through the South West Food and Drink Skills Network. The project has brought together land-based colleges, private sector training organisations and the industry to tackle skills deficits in the food and drink sector. Part funded by the South West of England Regional Development Agency, the Network, which runs to March 2008, helps people access sector specific training courses and can help arrange bespoke training programmes for businesses. Since the project began in 2003, over one thousand businesses have benefited from an improvement in workforce skills.

— To raise the skills levels of businesses across the south east, the Rural Business Advice and Training (RBAT) Network brings together training and advice providers across the region to support the growth and development of rural businesses. Funded by the South East England Development Agency, the Network currently has over 50 training providers who collaborate to provide a simple and easily accessible single service to rural businesses.

RDAs are also at the forefront of the drive for renewable energy development:

— The East of England Development Agency has established “Renewables East”, as the agency responsible for facilitating renewable energy activity in the six counties of the East of England: Norfolk, Suffolk, Essex, Hertfordshire, Bedfordshire and Cambridgeshire. Its mission is to help the region meet its renewable energy targets whilst ensuring that the East of England gains the widest economic benefit. The focus of Renewables East is on tackling market failures in the deployment of those technologies most advantageous to the geography of the East of England (i.e. onshore and offshore wind, biomass and biofuels) and its workstreams are based around supporting emerging technologies, breaking down financial barriers, tackling supply chain failures and providing support and guidance to planning authorities. As a result Renewables East has facilitated the development of over 150Mw of installed capacity and the region is on track to meet its target of 14% electricity from renewable sources by 2010. The majority of Renewables East’s activity has focused on rural areas as both the location for new generating capacity (especially onshore wind) but also in developing alternative markets for crops through the developing biofuels and biomass power infrastructure, and for example, the use of anaerobic digestion in processing agricultural waste. Renewables East was cited by Sir Ben Gill’s Biomass Taskforce as an exemplar for the development of biomass energy.
Supplementary memorandum submitted by the Regional Development Agencies

1. Introduction

1.1 This paper includes additional evidence submitted by England’s RDAs to the refocused brief of the Environment, Food & Rural Affairs (EFRA) Select Committee. The nine Regional Development Agencies (RDAs), established in 1999, have a common mission: to transform England’s regions through sustainable economic development. They led the creation of Regional Economic Strategies (RESs), which are developed in partnership with, and owned by, a wide range of stakeholders across each region. RDAs are the leaders of rural economic delivery at the regional level.

1.2 RDAs will continue to deliver results which could be considered as contributing to this Departmental Strategic Objective (DSO) as we are committed to creating sustainable economic development which improves circumstances in all areas of England, whether urban or rural. RDAs are and will be delivering against the Government’s PSA 7 (Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions) which aims “to raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all”.

1.3 With regard to the RDAs’ key PSA we use mainly mainstream interventions to deliver outcomes in rural areas; ensuring that rural areas benefit from RDAs’ core business support, skills, regeneration, economic development and sustainable development activity. Annually around a third of all RDA outputs have been delivered in rural areas. In addition to this, RDAs are now delivering 20% of the funding available through the Rural Development Programme for England (RDPE) which will deliver socio-economic benefits in rural areas within a tightly prescribed European framework.

1.3 The RDAs have addressed the request for additional evidence in the form of two short sections, one on the DSO itself, and the other on the potential delivery architecture.

2. The Departmental Strategic Objective

2.1 It would be helpful if the DSO was accompanied by a definition of a strong rural community. RDAs are developing the regional evidence base that is starting to show that the needs of rural communities, and the way they function, vary according to location and other factors. The definition of the strong rural community does need to consider sustainability of that community and the ability of appropriate development to support future community sustainability.

2.2 The economic outcome should seek to support economic growth across wider rural areas. Targeting at areas of lowest levels of performance potentially ignores the complexities of the rural economies, and in addition, their potential. For instance the indicator selected does not factor in the higher levels of self employment and entrepreneurship found in rural areas.
3. DSO DELIVERY ARCHITECTURE

3.1 The DSO hasn’t been explicitly discussed with RDAs and we haven’t had sight of a delivery plan for this DSO, so it is a little difficult to comment on the delivery architecture which has been put in place. We hope that delivery of the DSO will recognise RDAs’ regional strategic leadership of rural economic development and that plans for delivery, when developed, will align with regional and sub-regional economic development architecture.

3.2 The single pot approach, by which RDAs are funded, has allowed the RDAs greater flexibility in delivering integrated and innovative solutions to meet the regionally specific objectives set out in each RES. The RDAs are learning from the success of this model in taking a mainstream approach to rural policy. Through this approach rural areas can meet their needs and make the most of their opportunities by appropriating support from all programmes, rather than a limited number of specially created rural schemes. The RDAs believe that specific rural interventions should only be developed where market failure cannot be addressed by mainstream provision. In taking this approach, however, there is obviously a need to ensure that mainstream policy is effectively rural proofed.

3.3 RDAs have been promoting the mainstream approach to Defra for a number of years and we are therefore very pleased that this approach has been built into the “strong rural communities” DSO. Whilst we appreciate, however, that Defra’s decision to restructure and focus on their two PSAs (effectively reducing their explicit commitment to rural affairs within their agenda and reducing their rural team resources by half) has been made in the context of mainstreaming, we are concerned that this action is not concurrent with effective cross government rural proofing, and therefore there is still a substantive gap in the explicit rural proofing coverage of key Whitehall departments. The CRC report on Rural Proofing 2007 (Monitoring Rural Proofing 2007) specifically states that “Our evidence shows that the commitment (“to rural-proof policy”) is not being delivered consistently or systematically across departments or policy areas”. We believe, therefore that Defra still has a key role in influencing mainstream delivery to effectively deliver against those needs. This is not only vital at national government level per se, but it also provides the underpinning policy framework support needed to ensure that Government’s sub-national partners can provide adequate and appropriate support to rural areas.

3.4 There remains a need for Defra to ensure the ongoing commitment to gathering suitable evidence that defines the needs of rural people/communities and influencing other Departments to gather consistent appropriate evidence. For example, Advantage West Midlands’ Access to Services study highlighted that there is a vast amount of evidence available, but it is not comparable across Local Authorities. This lack of comparable data prevents aggregation to regional and national levels, therefore reducing the ability to identify the real issues in a way that can be effectively factored in to mainstream regional and national policies.

3.5 In terms of monitoring outcomes from the DSO, the RDAs report through a single performance framework to government and are keen to emphasise that there should be no additional feedback loops to report separately to Defra on activity which might contribute to this DSO. In the past there have been a number of duplicated requests which have caused confusion and had considerable resource implications.

March 2008

Witnesses: Mr David Marlow, Chief Executive, East of England Development Agency and Ms Fiona Bryant, Head of Rural & Sustainable Development, EEDA, gave evidence.

Q96 Chairman: Can I formally welcome you, Mr David Marlow, the Chief Executive of the East of England Development Agency, who is supported by Fiona Bryant, the head of Rural and Sustainable Development from the same agency. I gather you are the lead RDA on rural matters.

Mr Marlow: For my sins, yes.

Q97 Chairman: I saw Mr Steve Broomhead on the train coming down this morning who seemed to get very excited when I told him we were talking to his colleagues about this. He immediately offered to tell me all about what he was doing in the North West so I am sure, in due course, I will learn something. I ask a question about how you see the total financial resources that are available for the development of England’s rural economy. I was struck by some of the background briefing that we had when you see that the budget for the rural development programme is £3.9 billion. Then you realise that is over five years, you divide it by the nine RDAs and very quickly it shrinks back to a relatively small sum of money per RDA per year. What is your overall view of RDAs now that you are one of the key economic delivery mechanisms on behalf of Defra for the development of the rural economies as to whether they have the resourcing right?

Mr Marlow: Thank you very much for inviting us and for the question. I was really interested in the discussion you were having with our colleagues from local government just before we came in. The first thing to say, which echoes very much what the local government colleagues said, is that the single pot for the RDAs in England is just over £2 billion, and although it sounds a lot of money actually in many regions it amounts to a tiny amount of regionally identifiable public expenditure. If I give the example of my region, my RDA has a budget this year of about £130 million which compares to a local government budget of £9 billion to £10 billion and
an overall public spend of about £32 billion, so we are 0.4% of regionally identifiable public expenditure. Our approach, therefore, in terms of stimulating rural economic development, is wherever possible to mainstream it with our main programmes, whether that is business support or innovation and knowledge transfer, improving quality of place and sustainable communities or inputs to deprived areas. Within that approach, where we apply almost everything on a mainstream basis, there are sometimes good rationales for having specific rural programmes, or we are asked by governments to actually administer a specific rural programme as in the example of the socio-economic strands of the Rural Development Programme for England. That is a European programme and that is in addition to our other responsibilities. This may well have been in our evidence but we did some work where, although the Defra contribution to the RDA single pot amounts to about 3.5% of the pot, about 30% of our actual outputs are delivered in the rural areas in the English regions economy. It is a rather long answer to your question. I do not think there is a right answer to this. Clearly one would always want more resources but in terms of an overall approach, if one looks at the economic analysis, whilst there is a case sometimes for small targeted rural specific interventions, the future growth and development sustainably of our rural economies relies largely on a mainstream approach from RDAs and other public bodies like the local authorities and others.

Mr Marlow: I think it does. It has a lot to do with developing niche specialisms which can be, in that particular case, of international, national, regional or sub-regional significance, having a very strong relationship with urban centres, whether they are relatively nearby in the Ipswich case or a market town or whether it is a major metropolitan area as in your region and Yorkshire and the Humber. It is about having the type of public and private leadership that can actually make the most of those assets for the benefits of urban and rural populations.

Q98 Chairman: Does that mean the distinction between rural and urban is perhaps slightly redundant?

Mr Marlow: I think that is right. Certainly in my, and the RDA’s, relationship with Defra we are continually having this dialogue about definition of rural. On the train coming down here I was thinking about some of our rural districts which are in the local authority districts with the highest proportion of rural populations, what Defra calls the LAD 80s. If you take one of my districts, which is Suffolk Coastal, an LAD 80 district so a predominantly rural district with over 80% of the population in rural settlements, that district has within it an industrial estate which has BT’s research centre and is actually the largest ICT business park in Europe. It has within it Sizewell, a major nuclear centre. It has within it Felixstowe port which is our largest container port for Far Eastern imports and exports and it has, for example, Aldeburgh which is a world brand in performing arts. When you have a district like that, adjacent in some parts to Ipswich, a major regional city, you do have to think quite carefully about what it means to be defined as a predominantly rural district.

Q99 Chairman: That is perfectly true, but does that help us to answer the question of what a modern rural economy should look like?

1 Note by witness: The programme is actually a 7 year one, and the RDAs are only responsible for managing 20% of the total amount (around £540m) not the whole £3.9bn

Ms Bryant: I think they have had to undergo quite a few changes since their development. They did start with three particular regional officers that were looking to work between the nine regions. That has since changed which has meant we have had to retrench and rebuild relationships at the national level, which are generally very good. Where we feel we would still like to build on that is in getting earlier engagement with them on some of the activity they are taking forward, which is just beginning to happen, and perhaps in looking at particular projects. We are doing some work with them on migrant workers where EEDA is leading for the RDAs. Generally our relationships with them are good. We can act for them as a regional conduit by providing them with the contacts into some of the evidence base they are looking for in the regions.

Q101 Mr Drew: In the good old days each RDA had one of its board assigned rural responsibilities. Is that still the case?

Mr Marlow: Yes, I think that is correct. It is certainly true in our RDA. One member of each RDA board is meant to have a specialist focus on the rural economy although, of course, many board members do take an interest but there is a specific board member. It is interesting you say the good old days because it was only 1999.

Ms Bryant: There is still a board member, as David says. What we do for EEDA in our lead role is once a year we bring all the board members together.

Q102 Mr Drew: If there is such a person, do they meet collectively from time to time to look at common perspectives and does anything come out of those meetings? Is there a formal agenda? Is there...
a strategy, a position paper, and someone says to
look at the east of the country, that is very different
from the south west?

Ms Bryant: We have a number of things that tend to
happen during the meetings. There are particular
themes we tend to focus on. Some of those will be
because the topics are very current, so this year in
January when we met we had a focus on Sub-
national Review. We tend to have a focus on some
themes other than that we particularly want to look
at. We were looking at issues like access to services
this year as well. Then we have a round the table
discussion where all the regions have a chance to
discuss what they have been doing, the issues that
have happened, and we also get outside guests and
partners in as well.

Q103 Mr Drew: Do those discussions look at issues
to do with city regions? Is there a common approach
between RDAs on whether city regions are a good
idea? Does that relate to every RDA region or how
is this perceived?

Mr Marlow: Certainly it is the case that RDAs have
spoken collectively, and obviously sometimes in
smaller groups, about city regions and indeed rural
economy positioning vis-a-vis city regions. There are
actually significant differences across the network,
not in terms of whether city regions are a good idea
or not; we all accept that our cities are major drivers
of the regional economy. My point about sub-
groups of RDAs perhaps working collectively from
slightly different vantage points is if you took
something like the Northern Way, which is a
collective of the North East, North West and
Yorkshire and Humber economies, they have large
metropolitan cities and city regions which are based
around them which have a different relationship to
the regional economy and the rural economy than,
for example, if you take us at the South East and the
South West. We would have more small and
medium size cities which are indeed drivers of our
regional economies but would have a different
relationship to market towns, rural communities,
the food-based sectors, tourism and so on. There is
a general consensus that city regions are major
drivers of regional economies and that the
relationship of the city regions to their rural
hinterlands is absolutely vital for the well-being of
those rural economies but there is a differential
relationship depending on the type of region you are
talking about.

Q104 Mr Drew: The new kids on the block, the
Commission for Rural Communities, how would
they relate to RDAs either currently or in the future?
Do you have contact with them? Is it something that
comes up? It is a new body and in a sense it is
replacing the Countryside Agency but how would
that relate to discussions at the rural RDA
representatives.

Mr Marlow: We have said we are developing good
relationships with the CRC at both senior and
operational level. We are trying to do joint projects.

We have meetings at chairman and chief executive
level quite frequently and we have a growing
closeness and recognition of each other’s roles.

Ms Bryant: Graham and Stuart came to talk to our
board members when we got them together.

Q105 Chairman: In paragraph 28 of your evidence
there is a wonderful sentence which says: “There
exists a generally good relationship between RDAs
and Defra where honest opinions are shared.” That
is usually shorthand for the fact you do not always
get on all that well and there is a bit of plain
speaking. What is the RDA relationship with Defra?
How is it conducted and, given our previous
witnesses’ observations about what they saw as the
importance of rural affairs within the Defra
hierarchy, what is your view about how important
it is?

Mr Marlow: The relationship is frank and is
something that both parties need to work on
continuously. Defra is in a very interesting position
in government. Defra is a bit like the RDA in terms
of Defra’s relationship to the regional economy. The
0.4% argument that I gave you at beginning of my
presentation is not totally dissimilar. I have to do as
much influencing as I can of other public sector
spenders, the 99.6% of public spend in the east of
England, if we are going to get the most bangs for
our bucks in terms of the East of England economy.
Defra’s position with government is very similar.
They are a relatively modest spending department
and in some senses, if they are going to champion
rural growth, rural development, rural well-being,
they have to influence other parts of government at
quite a sophisticated persuasive level. I think the
honest position in terms of the Defra relationship
with RDAs, and arguably with some other bodies, is
that the influence has sometimes with the RDA been
much too much on quite a formalistic view: we give
72 million, or 50 million or whatever it is, to the
RDA single pot, what are we getting for that
investment. As I said, it is 3.5% and they get about
30% of our output in rural areas. The dialogue ought
to be at a much more sophisticated level: how does
Defra actually influence business support in the
round; how does Defra actually influence the Sub-
national playing out of housing growth in both
urban and rural areas, sustainable development,
knowledge transfer from universities to small
to enterprises in key sectors which are important for
the rural economy, in tackling deprivation from the
big spenders like local government, Job Centre Plus
and so on. We need to constantly refresh our
dialogue and relationship with Defra, a strategic
dialogue as well as an operational dialogue which is
very transactional in character in terms of what do
we get for our £70 million.

Q106 Chairman: The question I get from that
observation is you think Defra perhaps should be
doing better within government to get the kind of

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reaction from other players which you identify but which I sense you do not see actually happening on the ground?

Mr Marlow: There needs to be as much effort put into strategic dialogue and working with the RDAs on that strategic dialogue. Certainly if you look at Defra’s targets and DSO and so on, we share those objectives really at the core of what we are trying to do in our regional economies. If we are going to see both parties fully effective, we need a strategic dialogue both between ourselves and with other parts of the public sector to deliver the best outcome for rural communities.

Q107 Chairman: If you share in perfect harmony the objective of Defra, could you tell us what a strong rural economy is from your standpoint?

Mr Marlow: I tried to provide some early hints: it is diversified; it does have niche specialisms which have economic impact well beyond the rural community in which it is located; it engages local people and their skills, energies and talents; it provides a range of opportunities; it is well designed and well connected to its urban centres of varying kinds; and it is articulating demand for public service and the types of public services that can help it grow and develop.

Q108 Chairman: As a group of RDAs, were you asked, before Defra came out with the new DSO, what it should be to make some input?

Mr Marlow: It is fair to say we did not feel particularly engaged.

Q109 Chairman: Your short answer is no?

Mr Marlow: Yes.

Q110 Chairman: You have given your version of strong rural communities. Should Defra try to do that? It sits on a piece of paper and there are lots of things about intermediate outcomes and measurement but you are still left scratching around thinking quite what does the department mean by this.

Mr Marlow: It is really difficult to always codify a concept into something which is measurable although I think it is really important that we can measure what we are trying to achieve. I certainly think in terms of capturing hearts and minds of the kind that I have said, across the public sector and indeed across the business and third sectors as well, there needs to be an image of a strong community which captures hearts and minds as well as providing a stimulus for measuring outcomes.

Q111 Dr Strang: Where there is a lot of unemployment and poverty that would be a weak rural community so in a sense where there are higher levels of employment that is a strong community.

Mr Marlow: Absolutely.

Q112 Dr Strang: On this change from the PSA4, which in your written submissions you described as a blunt instrument, what difference do you see this making changing over from that to the Departmental Strategic Objectives? Do you see this as meaning that the impact is different? You said you were not consulted about the change but since they came out with the DSO have they spoken to you about it?

Mr Marlow: The answer to the last part is clearly we do speak about the Departmental Strategic Objectives. From my point of view, and the RDA point of view, all of these things are about setting out how you do your business. Potentially the DSO has a richness which is stronger than PSA4 was in terms of, for example, some of the intermediate outputs and outcomes being able to influence Local Area Agreements, measures of well-being and so on, in a way that perhaps PSA4 needed a bigger stretch of the leap of imagination to do that. I am with the previous local authority speakers: it is an improvement. They are now talking to us about how it would play out. Defra are attempting to engage in things like Local Area Agreements to add that rural richness to the outcomes and the outputs that are being measured.

Ms Bryant: I would agree with that to a certain extent. It is an issue, and the LGA were mentioning this. It would be nice, in an ideal world, if all departments actually followed through and demonstrated measurable outcomes in rural areas with their mainstream policies as they do in urban areas. Whilst that clearly is still not the case as ideally as it should be, it is important to have something that pushes. The fact that it has changed from being a PSA to a DSO does impact on that. In concentrating on the 12 least performing areas, it does not recognise the full changes in the economies in rural areas that have happened. I know Tim and Ivan were pointing out it does not recognise the interdependence. It does not recognise the high level contributions that David has already pointed out that some rural areas are making to the urban hinterlands or the interdependencies of it. Finally, I would say that it is unfortunate that it is a Defra departmental DSO. Most levers are going to be delivered through other departmental driven activity and, therefore, again to follow up it is unfortunate that it is trying to be pushed from one department across the rest without the strength of the delivery requirement.

Q113 Chairman: You made that point in your revised re-focused evidence in paragraph 2.2.3 The impression I got was because of this focusing, as you were saying, on the lowest levels of performance you are almost suggesting that if resources chase that objective then you are not going to get as big a bang for your buck because people are not recognising the other potential. In fact, you talk about those measures not looking at things like the potential for self-employment and entrepreneurship found in rural areas. It is a bit concerning if you, as people who work in an area of objective economic assessment, are saying to Defra that one of the measures of success you have chosen will not necessarily maximise the potential benefit from the

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Mr Marlow: I think clearly there is always a political value judgment to be made, either at national or local authority level, about the extent to which you invest in success with public resources and the extent to which you tackle deprivation. Remember we are bodies set up to actually improve the regional economy and meet regional growth objectives and so on. If the focus on rural economic development is solely on the tackling deprivation issue, one misses a lot of opportunities for growth and development in adjacent rural areas which may have national or regional economic impact, which may be very well connected to the adjacent area if you get things like the skills and the transport right and which do have merit in being part of Defra's overall view on growing the rural economy. I will go back to the example I gave you of the BT industrial park, the Sizewells and the Aldeburghs and the Felixstowes of this world who have quite a profound impact on Tendring, which is across the estuary, and one of the most deprived rural districts in the country. It comes to the point of rural definitions and so on.

Q114 Chairman: One of the other issues that we were discussing earlier was the ability to follow economic zones as opposed to administrative boundaries. The message you have said to me is, taking the three examples you have given, those three enterprises if they are properly invested in could have a greater effect on building the strong community, by definition, because people will move from the rural to these nodal points of economic activity for employment reasons and, therefore, the well-being of the community would benefit. Sometimes you get the impression that what we are talking about is lots of little bits of economic activity scattered around rather than these inter-relationships which you described in your evidence.

Mr Marlow: I think that is right. In the example I have given those three centres are relatively close to each other. What it points out is, in a sense, the spurious character of rural and urban interventions except in very specific cases of acute rural stress or rural deprivation. It is quite legitimate, if we are looking to grow the national and the regional economy and to ensure rural communities benefit from that, for the public sector to do interventions which, for example, do grow the access of communities to the economic opportunities of an industrial park or a Felixstowes or a Sizewell in due course. They are actually neither urban nor rural interventions in their own right but one would need to make sure that issues like skills, enterprise or transport did accommodate the rural communities that are adjacent to those centres.

Q115 Chairman: You make an interesting point in your re-focused evidence in paragraph 3.3 where you say: “Whilst we appreciate, however, that Defra’s decision to restructure and focus on their two PSAs (effectively reducing their explicit commitment to rural affairs within their agenda and reducing their rural team resources by half) . . . .” That is quite a criticism of the department that they are perhaps not putting as much resources as you think they ought to into rural affairs and almost saying they are not taking that responsibility quite as seriously as they did. Is that your perception of where Defra stand?

Mr Marlow: I think it was a legitimate judgment to make by Defra to focus on sustainable development, climate change, and so on, and, like the RDAs and like local government in a way, to seek whenever possible to mainstream rural priority concerns.

Q116 Chairman: You then go on to say: “. . . and therefore, there is still a substantive gap in the explicit rural proofing coverage of key Whitehall departments.” If you have less bodies in Defra to do the chasing up, being kicked generally by the CRC, one sees the rural dimension fading away a bit in central government.

Mr Marlow: That is a legitimate point but it comes back to the point I was making earlier about Defra having to be extremely skilful and sophisticated in the way it influences other government departments and that might not always be through someone who is rural banging CLG or DWP’s head against a brick wall; it is about understanding the new way of looking at rural and urban intervention. There is also a point about other departments being much smarter about rural proofing.

Q117 Chairman: Can I get your comment on this sentence: “Our evidence shows that the commitment to rural proofing policy is not being delivered consistently or systematically across departments or policy areas.”

Ms Bryant: That was the CRC’s evidence and we were just quoting it. We were quoting their report.

Q118 Chairman: I am assuming that you endorse what they say otherwise you would not have put it in.

Ms Bryant: We do endorse that. David is obviously right that Defra have chosen to focus now on two of the PSAs that are seen as very high priority across government and focus their resources on pushing those agendas across government. In principle they feel that the requirements for rural proofing of all policies have been set. The timing, however, is such that reducing their resources to such an extent when, according to the CRC at least, rural proofing is not happening as well as it should, which we would agree with, is perhaps unfortunate. On the other hand, should Defra have the responsibility of rural proofing across government or should we be pushing for all departments to show measurable outcomes a lot more explicitly than they have done so far through being driven by Cabinet Office and/or Treasury?

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4 Ev 66, para 3.3
Q119 Chairman: That is a good question for us to reflect on when we come to write our report. In your evidence you told us that specific rural intervention should only be developed when market failure cannot be addressed by mainstream provision. Can you try and help me to understand what that actually means and perhaps give an example of an instance where a specific rural intervention might be necessary? At the beginning you were talking about using your mainstream policies to benefit rural economies and communities in equal measure as you would urban challenges.

Mr Marlow: One example where we went through a process of having a specific rural initiative, and then having learnt rural demand and needs we mainstreamed it, is the Business Link network. When the RDAs took it over we set up a specific rural gateway to enable rural businesses to access publicly funded business support. Having actually done that for a couple of years our new contracts were able to mainstream the business support service through having special rural advisers within the mainstream Business Link as opposed to having a specific parallel service. That type of process is probably quite a good illustration of how you can learn how to better meet rural demand and rural priorities as a precursor to providing a mainstream service. There are some other examples where we could argue similarly.

Ms Bryant: It follows the economic geographies' argument that actually rural is a spatial concept and for most of the issues and interventions that we are needing to address, whether they are around skills or transport, there is a call for mainstream policy to address those in rural areas as much as urban. Indeed, I would suggest that the work the RDAs have done has meant that we have increased the value of the benefits to rural development, and have delivered through our mainstream investments rather than being driven by the specific funding that required us to do that. You do occasionally need specific interventions which can be for different reasons. For example, in our region we are trying to ensure that the agricultural industry and the food processing industry benefits, as far as possible, from mainstream support, and certainly through the Business Link, through leadership advice and support we would do that. There are certain areas where, as the driest region, we do a lot of work on water resources, but there are particular issues for agriculture around water resources. We have put together a programme with Cranfield, with the NFU, with the CLA and the UK Irrigation Association to look at some work on maximising the efficiency of water resource use and abstraction within agriculture and pulling together some groups on the back of that. We did actually look at it around those bases. There are also issues around the recognition of entrepreneurship and the stimulation of that in rural communities where sometimes you just need some additional drivers to actually get the motivation and stimulation going. Certainly in the North West they fund a particular strength in rural communities which is around that capacity building arena within the constraints of the access and the timescales that people in rural communities have.

Q120 Chairman: We have talked about the potential for the rural economy as the focus of our work. I wondered if anybody had done any economic work which you have seen which attempts to quantify what that potential might be. One of the things that have come through already is that agriculture clearly in some areas is very, very important. If you take the total non-urban economic activity, agriculture is now quite a small part. Your own examples of things that go on outwith of the urban area emphasised the point very well. An awful lot of non-traditional economic activity is taking place in a definable rural environment. Has anybody done any work, therefore, to say if you put X in we might get Y out in terms of what the rural economy could deliver?

Mr Marlow: There are lots of studies of individual locations and individual economies, and perhaps that is something that we could get our intelligence people to point you in the direction of in terms of evidence. Can we come back to you on that?

Ms Bryant: In the North West they have done a study which has evaluated that most of the value in the economy in rural areas rather than in rural economies is coming increasingly from things like services, public sector and hospitality. About 23% of their GVA in the North West comes out of those rural areas and they have built on that to demonstrate the contribution of the rural areas to their urban hinterlands.

Q121 Chairman: One of the interesting features of the evidence we have had is that economic growth seems to be quicker. Percentages are always dangerous, particularly if you are starting from a low base, but from the traditional picture of the sort of sleepy rural idyll the impression I get is that things are more active, interesting and innovative in the rural economy, therefore you could be making quite a strong argument about stimulating it because the potential gains are quite considerable.

Mr Marlow: That is entirely right but it also comes back to where we started in terms of whether rural/urban is an outdated dichotomy. A lot of the innovation, a lot of the growth, in rural economies, certainly in the examples that we have looked at, has been significantly influenced by out-migration from the urban areas and individuals and businesses making lifestyle decisions, perhaps doing some telecommuting or distance working and then creating a stimulus for service industries in the rural economy. The remaining concentrations of deprivation are often from the indigenous long-standing communities who might have lower skills, a lower culture of ambition and so on. It is actually quite an interrelated economic system but you are quite right that all the evidence is that actually, albeit from a modest base, rates of growth, rates of
innovation and rates of business start-up and so on are higher in rural areas than in urban areas in the round.

Q122 Chairman: The Sub-regional Reviews, the bringing together of what you do and what the Regional Assemblies do, in your judgment what difference is that going to make towards the fulfilment of the Defra DSO?

Mr Marlow: The bringing together of the spatial and the economic strategies into one document and having one process for consultation, development and formulation is actually a potential very powerful driver, taking an holistic approach to both urban and rural development. I also think the mechanisms for delivery that sit behind the proposed single regional strategy of increased regional funding allocation rounds, Local Area Agreements, multi-area agreements sub-regionally again provide potential integration mechanisms to actually benefit both urban and rural development and allow that more sophisticated approach to growth and development to move forward. I would finish with one of my earlier comments and that is that places requirements on Defra to have quite a different sophistication of engagement sub-nationally with RDAs, local authorities and other partners to really make the most of those opportunities.

Chairman: Thank you very much indeed. We are feeling our way into this subject. There are two things perhaps I might say in conclusion: first of all, thank you very much for agreeing to have a look and see if there is some economic work that has been done that might quantify what the potential is. We have talked in policy terms but if there are any examples of good practice which exemplify the points you are making about the application of mainstreaming policies but in a rural environment that have a good effect, and other good examples of what RDAs have done to help stimulate the economy, we would be grateful for having that further information. Thank you for your oral and your two parts of written evidence.

Further supplementary memorandum submitted by the Regional Development Agencies (RE 17b)

INTRODUCTION

EEDA offered, at its oral evidence session with the EFRA Select Committee, to provide further information on:
- Any studies RDAs were aware of that had quantified the potential of the rural economy.
- Examples of good practice that illustrate the point about the benefits of mainstreaming in a rural environment.
- Any other good examples of what RDAs have done to stimulate the rural economy.

This paper provides the requested additional information.

STUDIES INTO RURAL ECONOMIES

The RDAs have, over time, commissioned a number of explicit studies into the economies of their rural areas, in addition to the core research RDAs commission on the regional economy which is used to inform the production of Regional Economic Strategies and which often has a rural dimension. RDAs have also worked with Natural England, the Forestry Commission and Government Offices to compile an evidence base on which to found the Regional Implementation Plans which prioritise the delivery of the Rural Development Programme for England (RDPE) in the regions. Whilst RDA research has not tended to attempt to quantify the potential of the rural economy in the same way as is expected from the Rural Advocate’s report to the Prime Minister, it has provided evidence which has helped to inform RDA interventions to strengthen the economies of rural areas. The following list provides details of some recent RDA-commissioned studies in to rural economies.

Recent RDA-commissioned studies into rural economies
- State of the Rural Northwest, 2004 (currently being refreshed).
- Mapping socio-economic flows between urban and rural areas in the Eastern region, 2008 (to be published shortly).
- Rural Community Sustainability: Chapter 8 Rural Economy, a report to Advantage West Midlands and West Midlands Regional Assembly, March 2008.
— Access to Services—Establishing Patterns of Use between villages and market towns in the Welland (East Midlands), 2006.
— Creating the right conditions for attracting entrepreneurs to the rural North East, 2006.

THE BENEFITS OF MAINSTREAMING IN A RURAL ENVIRONMENT

RDAs use mainly mainstream interventions to deliver outcomes in rural areas; ensuring that rural areas benefit from RDAs’ core business support, skills, regeneration, economic development and sustainable development activity. The RDAs believe that specific rural interventions should only be developed where market failure cannot be addressed by mainstream provision. The following examples illustrate the benefits of mainstreaming in a rural environment.

Business Support

The RDAs believe that businesses, regardless of their location or nature, should be able to benefit from the Business Link Information, Diagnostic and Brokerage (IDB) service. This ensures that businesses located in rural areas or rural by nature are able to access a wide range of mainstream advice and support which enhances their opportunity to grow and increase their contribution to the regional economy. Examples of how this rural mainstreaming has been achieved include:

— EEDA funded a specific rural gateway project to test and demonstrate how to deliver to rural areas. Once the methodology had been proven it was mainstreamed as the Business Link Gateway. A specific Partnership Manager is now funded within Business Link to promote generic Business Link services to business located in rural areas or businesses rural by nature. Business Link is also used to channel funding to businesses responding to emergencies. It acted as the front door, for example, for EEDA’s recovery funding for Bluetongue Virus and Foot & Mouth Disease affected businesses. This route ensured that businesses were actively encouraged to access mainstream business support services in addition to recovery funding.

— One NorthEast has ensured that Business Link is able to deliver effectively to businesses located in all parts of the region by providing “rural lens” training for existing account managers and frontline staff to help them to understand the rural-specific issues which might be faced by businesses located in rural areas (for example, access to markets). It has also funded three Business Link Rural Account Managers to improve the use of Business Link services by the land-based sector and rural estates. In addition, One NorthEast’s recovery funding for businesses affected by foot & mouth disease in 2007 was accessed via the Business Link front door to ensure that affected businesses were able to access business support alongside the funding which was delivered by the North East England Investment Centre.

— A number of RDAs are delivering RDPE (Rural Development Programme for England) business support funding through the Business Link front door, recognising that this is a real opportunity to connect businesses located in rural areas or rural by nature in to mainstream Business Link services. RDPE funds are being targeted to fill gaps in mainstream provision with an emphasis on adding value. Yorkshire Forward, for example, is delivering the RDPE start-up programme alongside their core business start-up programme managed by Business Link. The new Regional Knowledge Management System will be used to capture and store information about the businesses which apply which means that these businesses will be better connected in to mainstream provision in future.

Skills

RDAs have a key role in ensuring that training, education and skills development is meeting the needs of employers and individuals. We are working with partners through the Regional Skills Partnerships (RSPs) to analyse employment skills and needs in the regions, to ensure that skills providers fit neatly into a pan-regional network of provision and to identify and fill gaps in provision. This ensures that businesses located in rural areas or rural by nature are able to benefit from both mainstream provision and specialist support where specific skills are required. Examples of how this rural mainstreaming has been achieved include:

— Emda, with support from the Employment Skills & Productivity Partnership (ESP), has developed a programme called “capacity building employability professionals”. This will see the provision of networking, capacity building events and mentoring opportunities for local VCS organisations and providers of employability services to share good practice. It is targeted across the region, includes rural VCS organisations and the provision of a virtual networking site to support the sharing of good practice amongst frontline staff, where they may be isolated from other providers of such key services due to locality.
— Emda is funding a short-term BIDS Academy to nurture and promote the concept of Business Improvement Districts and is offering bursaries of up to £20,000 each to localities pursuing the concept and working up proposals. The BIDS approach is as appropriate to small towns as it is to cities and this is demonstrated by the mix of locations in which local businesses have voted positively for the process.

— EEDA has been working with the LSC and regional Train to Gain team to ensure their core provision helps to meet the needs of the agri-food sector. LSC funding will be used to cover formal full qualifications in the agri-food sector. In addition, the potential for generic management skills to be supported via LSC Train to Gain funding is currently being developed into a sector specific initiative by the LSC and a number of rural training providers to increase the take-up of Train to Gain within the sector.

Sustainable development

Sustainable development is one of the RDAs’ five statutory purposes and is taken very seriously. AWM has recently published the first low carbon Regional Economic Strategy (RES) and EEDA is hot on its heels. RDAs are bringing regional leadership and focus to decisions and plans that address climate change and are determined to help businesses in their region make the most of the opportunities arising from the growing interest in resource efficiency and low carbon economies. Businesses in rural areas have the potential to make a significant contribution to the energy agenda by virtue of their location and resources, hence rural areas are benefiting from RDAs’ core activity on energy and tackling climate change.

— One NorthEast has an Energy Team which is developing a range of projects in relation to the energy agenda. As part of ONE’s strategic investment in renewable energy, it has invested in a number of projects which will benefit rural areas. One Green Route, for example, is a three year initiative to link both urban and rural garages selling biodiesel and One NorthEast has supported Kielder to become the country’s first wind fuelled district heating scheme. The system will use 250 tonnes of woodchip a year to power a system to heat and supply hot water in the Kielder Castle Visitor Centre, a unit of business workshops, the village school, youth hostel and six new homes. A community-owned energy supply company or ESCO has been established to run the scheme. These projects are just two of the strands of work One NorthEast is taking forward to develop the renewable energy sector.

— The East of England Development Agency established “Renewables East”, to facilitate renewable energy activity and to help the region meet its renewable energy targets whilst ensuring that the East of England gains the widest economic benefit. The focus of Renewables East is on tackling market failures in the deployment of those technologies most advantageous to the geography of the East of England (i.e. onshore and offshore wind, biomass and biofuels) and its workstreams are based around supporting emerging technologies, breaking down financial barriers, tackling supply chain failures and providing support and guidance to planning authorities. Renewables East was cited by Sir Ben Gill’s Biomass Taskforce as an exemplar for the development of biomass energy.

Regeneration

The RDAs use regeneration to turn around local economies, lever in investment in both urban and rural settings and raise aspirations. They work with partners to improve the quality of the environment, revitalise communities, create more jobs, provide more skills, and improve transport and communications infrastructure. Through engaging communities in economic development, RDAs also seek to promote greater cohesion and widen participation in the economy. Examples include:

— In Yorkshire & Humber, the Renaissance Market Towns (RMT) Programme has been helping the region’s rural capitals re-assert themselves as service centres for their surrounding areas. Through RMT, a sustainable town team is built in each town to create a vision for the next 25 years based on good research, consultation and expert analysis. This vision is translated into a strategic development framework and delivery plan for the town and its hinterland.

— In the North West, NWDA’s Market Towns programme invested in Frodsham Forward, a community-led partnership supported by Vale Royal Borough Council. Its flagship project was the restoration of a mansion house to create Frodsham’s first One Stop Information Shop. The Frodsham Forward partnership is now based in the house, alongside Job Centre Plus, the local housing trust, Business Link, the Council for Voluntary Service, Age Concern, the Citizens Advice Bureau and the local council. The building also houses SME accommodation and a cyber café which offers structured learning for the community and businesses and meeting and conference space.

— RDAs have also launched a number of strategic initiatives to improve the roll-out of broadband. RABBIT, the remote area broadband inclusion trial, was set up to promote the use of broadband to small businesses and organisations in remote areas and to evaluate the effectiveness of the available solutions. Six RDAs worked with the devolved administrations to deliver this joint project. EEDA’s Demand Broadband Campaign encouraged people who couldn’t get broadband
to register their details online so that EEDA could encourage suppliers to service identified clusters of demand. South West RDA teamed up with Cornwall County Council, Cornwall Enterprise, Business Links, Cornwall College and BT to launch the ActNow project which supported the upgrading of BT exchanges, pre- and post sign-up advice for businesses and broadband connections.

Economic recovery

RDAs are responsible for handling the regional response to economic shocks, whether the closure of the coal-mining industry, contraction of the car manufacture business, the outbreak of foot-and-mouth or the flooding in 2007. RDAs have made timely interventions in response to all of these shocks and this has been of benefit to both urban and rural areas. Examples include:

— The RDAs responded swiftly to the floods of summer 2007, supporting business recovery through a number of routes. AWM targeted funding at five areas, all rural, left devastated by the downpour, releasing funds to initially assist the flood-hit towns with the huge clean-up operation with further support offered to replace wrecked items. In addition, AWM released a package of funding to support the recovery of the region’s tourism economy and the Business Link West Midlands team were enabled to give up to five days free business advice to help re-start the estimated 1,000 plus flood-hit businesses. SEEDA made grants available to businesses affected by the floods to help them to develop recovery plans as well as five days of consultancy for SMEs through Business Link. SEEDA also helped to provide alternative, temporary business accommodation and information about the nearest wireless Broadband Hotspots provided by SEEDA’s Broadband partnerships.

— NWDA reacted to the impact of the 2001 foot & mouth disease outbreak by creating Rural Renaissance, a six-year £100 million programme to broaden the economic base by helping restructure agriculture, strengthen and modernise the tourism sector, develop a diversified business base and develop skills. One of the delivery mechanisms was the Cheshire Rural Recovery Programme. A series of innovative and engaging programmes took Cheshire’s Rural Partnership from a standing start with no investment in rural development prior to 2001 to a position where every £1 invested by NWDA attracted a further £4 from other public and private sector sources. As the 2001 foot & mouth crisis unfolded, South West RDA took a strategic view and conducted research to identify what could be done to help the area recover. This led to the creation of the South West Rural Enterprise Gateway, aimed at improving the competitiveness of farming & food businesses via a dedicated information network that offered tailored business support and skills training via Business Link and a free telephone service. This Gateway has gone from strength to strength and is now the first point of contact for small & medium-sized businesses and social enterprises in rural areas wanting to access Axis 1 or 3 RDPE funding in the South West.

Rural-specific interventions

The RDAs tend to create specific rural interventions where there is an identifiable market failure or where specific rural circumstances demand a specialist intervention. Wherever possible, these interventions are connected to and, eventually, moved in to mainstream provision. Rural-specific examples include:

Farming, fishing and food & drink

— All RDAs were partners in the regional roll-out of the Strategy for Sustainable Farming & Food and have engaged in a raft of projects to boost the contribution of the land-based sector to the economy. One NorthEast commissioned a Strategy for Regionally Produced Food & Drink in North East England to inform work to increase the value of distinctive regional produce in the economy. The Strategy made a number of recommendations, one of which was about the role a Regional Food Group should play. As a result a newly formed consortium, led by Northumbria Larder in partnership with the North East Chamber of Commerce and Improve, won funding from One NorthEast to act as the Regional Food Group and assist businesses, increase consumer awareness and improve the availability of a wide range of quality regional and local produce. Advantage West Midlands has invested in a dedicated business park for food & drink companies in Shrewsbury. The park is intended to create a base for the region’s food and drink sector, an industry which faces increasingly strict regulation and which requires access to expensive and sophisticated equipment. To meet these challenges, the enterprise park will offer companies the chance to share facilities such as storage and distribution and offer technical and business expertise.

— East of England International (EEI) received EEDA funding to develop project HELIX as a generic programme which was complemented by supporting greater regional activity within three national bodies—the Home-Grown Cereals Authority (HGCA) (cereals & oilseeds), Food from
Britain (finished/processed food products) and IATC (agri-technology). What started as a specific rural intervention, has brought FFB, HGCA and UKTI together and they are now delivering an integrated package of support.

— Yorkshire Forward is working with farmers who specialise in producing beef, pork and growing arable produce to identify the potential for establishing value chains that will link farmers and growers with food manufacturers who want to offer quality ranges based on local provenance. Farexchange aims to help farmers to reach new markets. SEEDA has continued to invest in a Farming Sector Champions scheme which encourages both farmers and growers to develop wide-ranging and robust projects where crucially, the learning, best practice and valuable experiences of each of the “Champions” can be disseminated widely and successfully replicated.

— EEDA has funded work on water resources which has lead to the creation of an active partnership between Cranfield, NFU, UK Irrigation Association and the Environment Agency which has now mainstreamed the importance of securing water resources for the agri-food sector within Environment Agency planning processes. As a result of this specifically rural project, the Environment Agency has now funded a new guide to help farming businesses develop reservoirs by guiding them through the planning and development process.

— SEEDA has been working with representatives of the South East inshore fishing industry, Defra and the Sea Fish Industry Authority to try to ensure the long term sustainability of the region’s coastal fishing industry and as a result a South East Coastal Fishing Industry Development Plan has been launched. The process of compiling the Plan included an audit of the region’s coastal fishing industry, meetings with fishermen and other stakeholders at 26 different landing points and an investigation of market opportunities through quality improvements, branding and added value processing. South West RDA is making a substantial investment into increasing the capacity of the Appledore fish dock which will help the town to expand its fishing industry. A new ice plant and fish processing facility will be constructed and two existing buildings extended to provide fish storage and processing facilities, a training room and office space for local businesses. The new buildings have been designed to receive a BREEAM “excellent” environmental rating and have been innovative in their use of the ice plant to cool and heat the building.

— RDAs are using RDPE funding to fill specific gaps in skills provision relating to land-based industries. EEDA, for example, is creating an Agri-Food Sector Skills & Knowledge Transfer Programme which will complement mainstream provision by Business Link East, the Learning & Skills Council, the Train to Gain Brokerage, the Manufacturing Advisory Service East and HEFCE funded providers. The aim is to facilitate a long-term increase in the take up of mainstream provision by the sector by engaging with them initially through the provision of vocational skills (relating to agriculture, food or craft) and by investing in knowledge transfer. Yorkshire Forward will be using RDPE to invest in a LandSkills Programme which will ensure that the region’s agricultural, horticultural and forestry sectors are best placed to improve their competitiveness, efficiency and profitability whilst SEEDA is looking to invest RDPE funds in a vet-led skills programme on improving the resilience of the livestock industry. These niche programmes, funded through RDPE, are all designed to complement mainstream provision and they demonstrate the opportunity which can be realised through combining mainstream provision with tailored support where required.

Quality of life

— ONE has commissioned research into in-migrant entrepreneurs on the basis of some evidence that they can be attracted to the quality of life in rural areas. This will inform mainstream delivery and has been commissioned with support from other parts of the agency.

— Enterprise Local, supported through AWM’s Rural Regeneration Zone, is a new project providing the UK’s first support system for home-based entrepreneurs. It is estimated that by 2010 one third of the British workforce will either run a business from home or spend part of the working week based in an office at home.

— NWDA is funding Strengthening Rural Communities which specifically seeks to address the problems of access in rural areas by supporting innovative ideas for improving services for local people through social enterprise. This project has been taken forward by the Plunkett Foundation.

EEDA on behalf of England’s RDAs

May 2008
Wednesday 2 July 2008

Members present

Rt Hon Michael Jack, in the Chair

Mr David Drew Lynne Jones

Dan Rogerson

Witnesses: Mr Robbie Jones, Agricultural Banking Manager, HSBC, Ms Rima Berry, Chairman, The Business Association (Wensleydale) Ltd, Mr Paul Birnie, Finance Director, Wensleydale Creamery, Mr Robert Tunstall, Accountant and Tax Adviser, Cllr John Blackie, North Yorkshire County Council, Mrs Ruth Annison and Dr Peter Annison, W R Outhwaite & Son Ropemakers, gave evidence.

Q123 Chairman: Welcome to this evidence session which is being held at the Wensleydale Creamery Restaurant in Hawes. We are grateful to the creamery for making available this particular facility and for its hospitality in already having provided us with a cup of tea. This is the first time that the Committee has been described as “Today’s special”. At least on the menu we have a mouth-watering array of witnesses in front of us. I say to them collectively: thank you very much for giving your time and coming to give evidence to us. I hope that it will not prove to be too onerous an experience for you. What you say is on the record and will form part of the evidence given to the Committee in this inquiry. If after you leave you have a blinding flash of inspiration and wish you had told us something feel free to drop us a line or send an email with your afterthoughts. The only point I do make is that what you have said cannot be undone. Nonetheless, we are very grateful to you for the time you have given up to be with us. For the record I welcome from HSBC Mr Robbie Jones who is its agricultural banking manager; Rima Berry, chairman of the Business Association (Wensleydale) Ltd; from the Wensleydale Creamery itself we welcome Paul Birnie, its finance director; and Mr Robert Tunstall, a local accountant. We hope later on, subject to travel arrangements, to be joined by Cllr John Blackie, a member of a number of local councils, and Ruth Annison, one of the partners of W R Outhwaite & Son Ropemakers. I should like to start with a general question to Mr Jones. How do you believe your bank is able to support local businesses, bearing in mind that what we are looking for is the potential of the rural economy and what barriers may be in its way. Obviously, access to finance and so on is a key part of that. Perhaps I may also ask for a general comment from the business association about the type of issues that it must deal with in giving support to businesses. From the accounting point of view perhaps Mr Tunstall can refer to the difficulties facing his clients. There is no need to mention them by name; you can maintain their anonymity unless you choose to do otherwise. Perhaps we can start with Mr Jones.

Mr Jones: Perhaps I may first establish my credentials. I am an agricultural manager rather than a rural business manager. Obviously, there is a distinction to be drawn. My specialism and background lie in agriculture. As to the bank’s support of local businesses, obviously one of the main areas we look at for rural businesses is access to communications, which would obviously be IT communications, so people can access financial services over the internet. Much more important is probably access to managers like myself who operate within the rural communities. We are out and about in our cars visiting our customers directly and supporting those businesses, so they do not have to come to us; we go to them. Within that structure we have corporate agricultural managers who deal with the very large businesses. There are agricultural bank managers like myself who deal with farming business of a more general nature. We also have commercial managers who operate in rural areas, so they deal with rural businesses that are not necessarily agricultural or farm-related. In addition, all of those types of managers take with them product providers to provide extra services to those businesses and communities, whether it be financial planning for pensions, life policies, risk management products for managing interest rates, foreign exchange or possibly employment benefit packages. There are many other things that I do not have time to mention. That is where we try to fit in to support the local business community, whether they be agricultural or rural businesses.

Q124 Chairman: Before we move on, as a result of what you have just said do you see agriculture still being at the heart of the rural economy? Already today we have been exposed to other types of business that are able to locate and prosper in a rural environment but the nature of what they do is very different from the core agricultural business. Mr Jones: There are probably regional differences. For example, if you are in the centre of Lincolnshire or the Fen agriculture will be hub of the rural community. Obviously, here in the dales it is slightly different where tourism is the hub of the rural community. Therefore, it will be regional. As a very general statement, looking across the country we would be of the view that agriculture is probably the hub and other businesses will do better when agriculture is doing better, and vice versa.

Q125 Chairman: I welcome Ruth Annison whom we are delighted to see. We will come to you in a moment or two. We will work our way down the panel with our first question. Ms Berry, would you like to comment on that?
Ms Berry: To go back to the agricultural side of it, under the 2001 census agriculture, fishing, hunting and forestry still formed the single largest employer in this area. Tourism and tourism-related industries come second to that, so it is still very important in this area. The main issues that businesses in this rural area face are basically two: first, there is the cost of deliveries and freight. That means we are not very attractive for certain sectors of business to relocate which means that the infrastructure is not there to support that variety of business. Therefore, there is not a large variety of employment opportunities in that area. I merely mention this in relation to the Defra indicators later. In addition, the cost of living is a lot higher than in urban areas. We pay more for living in an area like this. We cannot wear or eat the scenery. Recruitment is very difficult. The cost of housing and rent is high and it is in no way linked to the economy and local wages. For instance, one member used the Jobcentre to try to recruit and they were sending members from Newcastle and Sunderland. Quite frankly, it is ridiculous to expect them to come here. It is even difficult if we recruit from Swaledale, for example, because during the winter the roads are treacherous, if not impassable. I am tempted to say that the recruitment issue is not necessarily due to a lack of skill sets but it is due to low wages. There is little prospect of advancement within the local economy. Wages do not meet the high cost of living here as evidenced by the fact that most economically active people have multiple jobs which is a characteristic of our rural economy. Our organisation is largely tourism membership. Again, most businesses in the area are supported directly or indirectly by tourism. We know from experience that reliance on two sectors like agriculture and tourism is a recipe for disaster. Twenty-eight per cent of the economically active people in this area are self-employed. Self-employment is not necessarily a guarantee of high prosperity. This compares with Richmondshire where only 12% are self-employed. I believe that sums it up.

Q126 Chairman: I can see that you have plenty on your menu to give active advice to your members. You referred to the difficulties of recruitment. At the present time what kinds of opportunities exist for employment in the area for which it is difficult to find people to fill the posts? Ms Berry: One organisation I know has been advertising for several months to operate customer services and it has not been able to recruit. People from as far afield as Northallerton have applied for the jobs. That means a 60-mile round trip to get a job which at the end of it will pay £6 to £7 an hour. A lot of the jobs in the area are service industry-related and so pay very low wages.

Q127 Dan Rogerson: Do you have access to broadband in the area? Ms Berry: We do. It is fairly good but very slow because of the narrow bandwidth.

Q128 Lynne Jones: Since when have you had it? Ms Berry: I believe we have had it for the past three or four years. If enough community members demanded it BT would come and do it. There was a local initiative in which people went round and got everybody to register their telephone numbers. That meant BT had to install it because we hit the threshold. I am probably not the best person to answer that question.

Q129 Chairman: You sound very knowledgeable and we are very impressed by it. Mr Birnie? Mr Birnie: As to employment, we employ about 25 to 30% East Europeans. A lot of them are very good workers. Some have stayed; some come for the season from August to December and then return. We have found them an absolute godsend. We would not be where we are today without them in the past two or three years. I reiterate the problems. It is expensive to live here; housing is expensive. It is difficult to get specialist managers to relocate here. We are a bit fortunate in that some people like to live near here and commute about 40 miles; they live at either end of the dales near the A1 or M6, so we tend to catch some people in that way. Generally, we are squeezed between the farmers and supermarkets for the majority of our life. The remainder is dependent on tourism for this place so, following the previous comments, I am going to commit suicide tomorrow.

Q130 Chairman: We do not want you to do that at all. As I understand it, you employ over 200 people. Mr Birnie: Yes.

Q131 Chairman: Are a lot of other businesses dependent on you? A business anywhere that employs 200 people is quite a sizeable enterprise. Mr Birnie: Thirty-nine or 40 local farms supply us with all their milk; we take every litre that they produce during the year, so there is a big catch there. A lot of the other stuff tends to be further out of the dales. Packaging materials—cardboard and so on—tend to come from further afield, but there are some small local services such as stationers, printers. We tend to keep it fairly local if we can.

Q132 Chairman: Mr Tunstall? Mr Tunstall: You will have to excuse me if my preparation is not quite as good as that of my colleagues. I got the invite to come here only a few days ago. I come off the bench, as it were, substituting for a colleague.

Q133 Chairman: You can play a blinder now. This is the opportunity for a dazzling piece of footwork. Mr Tunstall: I think I must give my background because I must answer the question in that context. I have been an accountant for 38 years, 32 of which I have practised in Wensleydale servicing the needs of the small traditional businesses of the dales. For 22 of those years I was in partnership with Robert Blackburn at Leyburn during which time we would have acted probably for 1,300 or 1,400 small business clients in Wensleydale, the top of Swaledale
and the top of Wharfedale on the western fringes on the other side of the Pennines. During the 32 years I have been practising in Wensleydale—my knowledge is really confined to that area and I cannot comment on other rural areas—what sticks out, apart from the things that have already been mentioned by my colleagues, is the growth of bureaucracy and form-filling required. The prescriptions to which farmers in particular now have to keep are just phenomenal compared with what they were. Taxation generally has gone through a huge change; it changes continually, for example health and safety, Employment Act and all these things. Obviously, many of them have merit, but in terms of the small businessman in the dales—my colleague talks about a bigger business—the vast majority in the dales are one-man bands. To cope with the bureaucracy that now exists and the form-filling and the rules and regulations is the biggest single burden I have seen develop in the past 30 years. Other than that, the cost of living and affordable housing are big issues. As Rima Berry said, transport is obviously a disadvantage in the dales. Other than that, I would repeat what has already been said. I am sure that it is no more difficult to trade than when I first started.

**Q134 Chairman:** Do you find that over time you have become not just an adviser from the financial point of view but that because your clients are sole practitioners they come to you for wider advice because Mr Tunstall is a professional and he knows about things? Do you find that you give support in that way?

**Mr Tunstall:** That has definitely developed in the past 10 to 15 years. Initially, our job was primarily to assist people in keeping suitable financial records in order to comply with the revenue authorities and hopefully have some sort of management information to help them run the businesses, but I agree with Rima Berry that certainly the agricultural sector is still the main industry in the dales. We have had all sorts thrust upon us for the reason you suggested whereby we have had to become specialists, I suppose, to assist in interpreting the various forms of Defra, RDA and various other organisations. With business generally, we now fill in a greater number of forms during any particular financial year than in the old days when it probably required four VAT returns and one tax return.

**Q135 Chairman:** You have seen businesses develop in this area over a long period of time. If there are any quieter moments in your life, do you often think of an opportunity and wonder why somebody has not come along and taken it? We are interested in looking at the barriers to progress. Apart from the barriers in terms of bureaucracy, taxation and record-keeping that you mention, are there any other factors in respect of which people have said they would like to locate here but you have not been able to answer the “but” question?

**Mr Tunstall:** I think the very nature of this particular rural location is that the marketplace is inherently very small in terms of the vast majority of goods and services that new or potential proprietors would want to offer. The improvement in communication, and to some extent transport links, has meant it has been possible for some bigger businesses to develop, but for the core businesses nothing has changed because there has not been the opportunity. In the 100 square miles within which we operate the population is very sparse. One has a very small marketplace which is different from an urban conurbation. It is very difficult to envisage anyone coming along with an opportunity that depends on a marketplace and saying that, yes, something is a good idea and one should go for it. I do not think there is one.

**Q136 Chairman:** I now welcome Ruth Annison and Cllr John Blackie. Before you arrived I gave you a brief introduction as to your respective roles. Thank you for making the effort to come and join us. We have been asking each of the witnesses in their respective ways to tell us a little about what they do. We have probably got a fairly good idea of that as far as Mr Blackie is concerned since he is a councillor, but we might usefully touch on what role he performs in the context of rural business and business support. Mrs Annison, in your case we are interested in what your business does, in particular the relationship that you may have in giving support and help to other local businesses. Perhaps you would comment on that.

**Mrs Annison:** I would like to ask that underpinning your deliberations you consider how decisions are made and by whom, what sort of decisions are made for us centrally over which we have no control and often what the unintended consequences of those decisions may be. I can give examples but I do not think it is appropriate now.

**Q137 Chairman:** Do so; you have already whetted my appetite.

**Mrs Annison:** A very topical one is the loss of capital allowances that has affected our business and others like it. When we came here a third of a century ago there was a 100% capital allowance on new buildings. That diminished until it is now nothing, so there is no incentive to put up new buildings even if there are no difficulties because of being in a national park where planning constraints are quite tight. The world is very different from what it was a third of a century ago. At that time Hawes had sheep going down the street to the market every Tuesday. That is now a very rare thing. We also had a doctor who was available 24 hours a day. If any of you have a heart attack 28 minutes from now you will not be seen by a doctor until tomorrow morning. If it was Friday night you would not have a doctor until Monday morning. If there was a bank holiday in the previous week you would not have a doctor until Tuesday. That is the background to our lives. It is beginning to feel less secure and less attractive as a place to live, in spite of, for example, senior citizen bus passes. We
have to look at the soft infrastructure in which we live as well as the industrial background. The effect of rurality is very considerable. A third of a century ago, whatever the difficulties facing young people in buying a house in the area, they were not as acute as now because there was a closer relationship between earnings and house prices. That now makes it very difficult as you will be aware. When we came here a third of a century ago we had an organisation called the Council for Small Industries in Rural Areas (COSIRA) and that was followed by the Rural Development Commission. That was subsumed into the Countryside Agency and all of that work is now with the regional development agency Yorkshire Forward. Yorkshire Forward has a different take from its predecessors on how to support the rural areas. Yorkshire Forward believes that “strategic” means “large”. As far as I am concerned “strategic” means “appropriate to the scale on which the decision is being implemented”. For example, the national Settle to Carlisle railway—our local station Garsdale is only six miles from here—is strategic in the context of the North Yorkshire and Cumbrian dales and fell areas through which it goes but not to Yorkshire Forward. Therefore, decisions are made and funding allocated to the large issues because they are viewed by Yorkshire Forward as strategic, whereas we would say that in the context of Wensleydale the smaller scale is equally strategic. Unfortunately, the funding at the disposal of the Rural Development Commission and subsequently through Objectives 2 and 5b does not come into the rural areas in the way it did, and yet quite often a very small amount of money would make a difference. Again, if required I could give examples. We have to remember that if people are to be attracted to come and work here and bring their new skills and knowledge what you need is broadband. In many respects small areas are just as strategic as larger ones. However, it now means “appropriate to the scale on which the decision is being implemented”.

Q138 Chairman: Can you give us a postcard-size observation of the rope works and how many people you employ? Just give a flavour of the range of products and what else happens there.

Mrs Annison: We manufacture ropes and braids comprising different forms of fibres which are assembled into products that originally were entirely for the agricultural industry. Now they serve quite a wide range of end-users. We have survived by being very adaptable and resilient which is the only way to continue in business anywhere, certainly here.

Q139 Chairman: Do I understand correctly that your ropes are made of a range of natural as well as manmade fibres and you have to be adaptable to all the types of demand for which you seek to cater?

Mrs Annison: The website “http://www.rope-makers.com” will give you all the information you need. We sell directly to some end-users and to others through intermediaries. We use the internet a great deal for our sales. The broadband width leaves a lot to be desired. Although we have broadband, if it is compared with, say, Finland they would think that what we have here is out of the ark.

Q140 Chairman: How many people do you directly employ in this area?

Mrs Annison: We now employ 16. For the first 20 years we increased the number of jobs by one a year and we got up to just over 20 and then we began to streamline procedures and change the range of products to use our labour force more effectively in order to increase earnings, which we thought was the right thing to do.

Q141 Chairman: Cllr Blackie? Cllr Blackie: As chairman of Hawes and High Abbotside Parish Council I should like to start by welcoming you to the delightful town of Hawes. I am also the Richmondshire district councillor for Hawes and High Abbotside. I am also the North Yorkshire county councillor for the glorious Upper Dales.
Q142 Chairman: Do you have any spare time?
Cllr Blackie: In a minute I shall tell you how I spend my spare time. To put it in perspective, the Upper Dales is England’s most sparsely populated county council division which covers 325 square miles and is home to 6,000 people, 250,000 sheep and one million rabbits. That is the glorious scenery that you see in upper Wensleydale, Swaledale, which I believe you are to visit tomorrow, and Askrigg and Garsdale. I am also a businessman in my own right. I came here from Hemel Hempstead in 1985, from all places, which shares the same letter of the alphabet as Hawes but that is about the only thing it has in common. My business employs 10 people full time and about 15 part-timers. It is involved in holiday cottages and catering. The business runs a café and bistro. I also have a local gift shop. I have a broad range of experience to bring to the table. If Mr Tunstall needs to play a blinder I need to play out of my league because I was told about this hearing only this yesterday and arrived late, for which I apologise. I was at an area committee trying to sort out the county council which has now insisted on a new signature policy which, believe it or not, signals people driving these roads into the next county, Cumbria, rather than keep them in North Yorkshire. One of the barriers to which others may have referred—Chairman, if I repeat anything you must stop me straight away—is our remoteness from local authorities. Occasionally, we believe that the decisions made by local authorities on our behalf could do with a lot more local involvement and input than they receive. The county council is 37 miles away; the district council is 27 miles away. I have also been a member of the national park for 12 years. That is the only local organisation, but its statutes and purposes mean that it must be far more national in its approach than simply a local authority itself. One of the big issues is that we find some of the policies put in place come as a complete mystery to us in the more remote areas simply because there has not been the local involvement that is required. For example, we now have a big issue about wheelie bins which appear all over the place and despoil the countryside. The population of Hawes and High Abbotside—one takes them together as being either side of the river—is about 1,500 people.

Q143 Chairman: What is the population of Hawes?
Cllr Blackie: The population of Hawes and High Abbotside—one takes them together as being either side of the river—is about 1,500 people.
Q144 Mr Drew: Cllr Blackie, if you had a magic wand in terms of affordable housing what would you do as the priority? Is it that there is not land available at a price that people can afford to build on? Is it lack of local builders? Is it just that the type of people who live locally now just do not have the means to be able to buy into the property market? There is also the issue of the dales and the national park.

Cllr Blackie: Hawes and High Abbotside Parish Council was responsible for that wonderful scheme of affordable housing directly opposite here. There were 10 houses which were desperately needed. It was recommended for refusal by the national park because it was seen to be joining the two communities of Hawes and Gayle. It was a quite unbelievable recommendation but we overcame it as members and so had 10 houses all of which were immediately taken up by local people. We need more schemes like that. What we do not need are 10 houses in every village. We could do with a housing association that can develop two houses in one village and two houses in another. Parish councils, of which there is a very good example in Askrigg, are very good social housing landlords. I believe that Askrigg has three or four alm houses that are rented to local people. It is a relic of the past. A parish council could be a housing authority. Again, small is beautiful. As to barriers, the government’s Index of Multiple Deprivation put together access to services and barriers to housing in one domain so they recognised there was a connection between the two. I should like to plead for a degree of relaxation from the national park’s planning policies particularly in terms of barn conversions. Because 35% of people in Swaledale and 25% of people in Upper Wensleydale are farmers one finds that the affordable element in affordable housing, i.e. the site, with potentially a barn available for conversion can be in the possession of local families. What is not in their possession is the ability to grant themselves planning permission. If you look around there are some lovely barns on fellside and one would not want to change that; it is part of the character of the area, but there are lots of barns in villages and by roadsides that, frankly, would make wonderful homes for local people where affordability is built in by the fact that they are owned locally and so they have a leg up; they have the site. They have the barns for conversion and, generally speaking, are extremely resourceful; they have the means to convert them into houses. Another idea is the Half-a-House scheme. Ruth Annison will probably want to speak to this because her husband was a key mover and shaker in it. Under that scheme people could buy half a house and investors, particularly those with some loyalty to the dales, could be encouraged to put in the other half. As values grow they can take back their relative investment. That is a really good scheme and is an innovative way to move forward. As to buying existing homes, the national park has a policy where in future all new homes created will be for local people. It is working, but it will take a long time to introduce a second local-only tier into the market whereby prices would be about 30% cheaper. If prices were 30% lower people could begin to afford them. It is that affordability gap that they cannot meet.

Q145 Chairman: I am going to be very naughty. A lady at the back caught my eye. Madam, I do not know whether you want to tell us something though not publicly. If you are to stay to the end I would love to know why your body language at the beginning was positive and half-way through it changed to negative. There may be an important adjunct that you want to give us, so do hang on. Mr Birnie, I noticed that you were nodding away during Cllr Blackie’s contribution. Do you want to articulate why you were doing that?

Mr Birnie: You will see a barn at the bottom of the hill which currently is the subject of planning permission for a dwelling. We await the outcome with interest.

Q146 Chairman: So, this is a commercial venture, is it?

Mr Birnie: Basically, we have two or three barns on the site and the one down there just has jackdaws living in it. We have another one at the top of the hill where jackdaws live.

Q147 Chairman: There is obviously good barn potential.

Mr Birnie: We could convert it to a dwelling and use the money to convert the barn at the top of the hill for use in the business.

Q148 Lynne Jones: Would that be for local housing? How do you make sure that houses remain local once they are built?

Mr Birnie: We would probably advertise it within the factory first.

Cllr Blackie: It would be a condition of the permission that it would be for local occupancy.

Q149 Dan Rogerson: As Member of Parliament for North Cornwall I recognise many of the things you mention. It is not quite so remote in many ways; there are lots of small settlements but there are similar challenges. It is good to see that solutions are being proposed at the other end of the country. I am sure we can all learn from each other. The Local Government Association in particular has talked about different types of rural areas—I am sure that many of us would agree—and has distinguished those that are close enough to large settlements from those that are remote. Although we have heard quite a bit from Cllr Blackie I should probably direct my next question to him in the first instance. Do you think we need separate categories and that “rural” is not specific enough to fit local circumstances?

Cllr Blackie: I will take first shot at that. Recently there has been quite a lot of work on this. “Rural” became the flavour of the day with government about two or three years ago. We put together a reasonable rural framework and quite a lot of work was done on rural strategy around the time that Defra funds were being spun out and Lord Haskins
was reading, as you will remember. I am sure that in a week or so he will be walking through Hawes; he often comes here. It was found that there was a separate category to which I referred earlier as remote rural communities. Because of the difficulties to do with access to services which are way beyond the periphery of even a small town like Hawes there needs to be a separate category because it brings with it its own constraints and difficulties.

Mrs Annison: I want to put a positive spin on this. Cllr Blackie referred to the fact that there are lots of positives. I am also chairman of Wensleydale Railway plc which is a local initiative. It has taken over from Network Rail a surviving 22-mile track from Northallerton on the east coast main line to Redmire on the edge of the national park. We have 18 miles to rebuild to connect with the Settle to Carlisle railway in the other direction. There is a source of local expertise. William Hague, our Member of Parliament for this area, visited the railway a fortnight ago. We are just coming up to our fifth anniversary of its reopening. For those who need to know, the website is http://www.wensleydalerrailway.com. We have raised several million pounds entirely locally with some support from people who come on holiday here and take an interest in the long-term welfare of the area. We would like Yorkshire Forward to assist by opening some doors that we believe are there to be opened; in other words, while we know how difficult it is it is not just grant that we require. It pains me to ask for grant. We run the railway without grants. We shall be running it every day from now to the end of September and another 100 days in the year. The long-term aim is to rebuild an ordinary railway through the dales to connect with two main lines because it is the biggest single tool for regeneration that we can have. However, when you get the transport back you need things like housing, hospitals and education as well because ordinary living and employment take place against the background of a range of different factors that affect people's lives. At the top of the list for most people at the moment is housing. It is appropriate to mention the Half-a-House scheme which was devised in this area. It found £1 million of seed corn funding from a private commercial sponsor but the rules of its game changed and the money disappeared. The unique feature of it is that the organisation simply acts as a channel for funding; it does not own the properties but leaves them in the hands of the occupier of the house who finds a house, arranges a mortgage but would get a discretionary benefit on half the mortgage from the trust. Wensleydale Railway raised £2.3 million in share money from supporters and a great deal more from other donations. We all believe that the Half-a-House scheme would appeal to the same basic constituency, largely empty-nesters whose children have grown up and whose financial commitments are changed. They are beginning to think of the future after they have passed on and want to leave the world a better place than they found it. Half-a-House is a scheme that deserves to succeed. All it needs is seed corn funding. On all the research and predictions that have been made it is likely to run itself with no trustees having to worry about repairs to roofs because the occupier of the building will do that. William Hague came to visit the railway the other week; it will be his eighth visit over a number of years. He waved the green flag for the first train on 4 July 2003. Its fifth birthday is on Friday. I was astonished to read in the Yorkshire Post the day after his visit what he had told reporters. I did not think he would say it in public. He said, “I am inclined to agree with those who believe that Yorkshire Forward should be doing more to help the Wensleydale Railway.” Why won't Yorkshire Forward help this railway? Because we are too small in the scale to be included in their strategic thinking.

Q150 Chairman: Is it a steam railway?

Mrs Annison: We run steam trains for 24 days from August 15 to September 7. I have the timetable here for you. Normally, we employ Diesel Multiple Units. We earn our money from a portfolio of properties that came from Network Rail on a 99-year lease, train fares, two shops, a holiday cottage, catering, mail order and assorted other means to make the railway pay. We have steam for a short period in the summer using locomotive no.80105. It is undoubtedly a huge magnet. We know that to serve the local community we need to utilise all the leisure business that is available. We have already demonstrated that two-thirds of the businesses in Leyburn, which is a slightly larger market town just down the dale, say that the railway already helps their business in an economic way. The access to recreation in the countryside and national park is a clear benefit to society. Although we hope that the long-term goal of the railway when it is all built will be a transport benefit, at the moment that is a small component—we have the odd commuter—but the real benefit is to the economy of the area and access to the countryside without the need for cars. Yesterday we had 70 passengers on one train and their cars were somewhere else. If they had come by road that would have meant perhaps 30 cars in the dales.

Q151 Chairman: I am very impressed that you are able to tell us the passenger numbers the day after. I do not think Virgin Rail can do that.

Mrs Annison: We know the passenger numbers all the time; they are counted at every station. We make the railway pay. We have steam for a short period in the summer using locomotive no.80105. It is undoubtedly a huge magnet. We know that to serve the local community we need to utilise all the leisure business that is available. We have already demonstrated that two-thirds of the businesses in Leyburn, which is a slightly larger market town just down the dale, say that the railway already helps their business in an economic way. The access to recreation in the countryside and national park is a clear benefit to society. Although we hope that the long-term goal of the railway when it is all built will be a transport benefit, at the moment that is a small component—we have the odd commuter—but the real benefit is to the economy of the area and access to the countryside without the need for cars. Yesterday we had 70 passengers on one train and their cars were somewhere else. If they had come by road that would have meant perhaps 30 cars in the dales.

Q152 Mr Drew: Yesterday we were with the rural advocate, Dr Stuart Burgess, who is sometimes referred to as the rural tsar. We always have a lot of dealings with him and he will give evidence to us again in an informal setting. I do not know whether you have read any of the material he has written, but
in his latest report he makes the point that he thinks the prospects in rural Britain are eye-watering and there is a great lost opportunity in terms of the growth that is foregone because people do not see business, employment or opportunities for housing, tourism and the rest of it being properly delivered in parts of the world like this. Do you see that as a realistic appraisal or is he being unduly Panglossian in his portrayal of some of the things that could be going on in rural Britain?

Mr Tunstall: To start with, the problem is that you have to split the industries and economy of the dales into separate parts. Farming is a very different industry.

Q153 Mr Drew: I am not talking principally about farming but non-farming activity.

Mr Tunstall: As far as concerns non-farming activity I am not sure that in Wensleydale I would have the same pessimism that Dr Burgess expresses.

Q154 Mr Drew: It is not pessimism; he just says that this is something that could be taking off if we spent more time, effort and resources on the rural economy.

Mr Tunstall: It must mean new businesses developing because of existing communication and transport benefits or that could be here. The car industries are very much exploiting the opportunity in the way they always have done. The net returns are certainly modest compared with what would be achieved in urban areas, but I believe that the work ethic of the local community is the same as it has always been. I do not see a lot of lost opportunities in that respect. It may well be that because of the growth in small industrial units that have been put together in Hawes and Leyburn there is an opportunity to exploit them by new types of high-tech businesses coming into the dales, and there would certainly need to be some encouragement on that side of it. As to the economy and the traditional businesses that have always existed in the dales, in my experience they are as buoyant or not buoyant now as they always were. I do not believe we have missed a lot of opportunities in those sorts of industries.

Mr Birnie: I look back at this business which has been here for 15 years and grown from nothing to a turnover of nearly £20 million. It is rurally based and has a lot of provenance and it markets that provenance hard. This business now has growing pains; it has become so big that it needs to take another leap forward and get assistance to do that which would be very beneficial. We are at a stage where we will go either forward or backwards. If it was the latter it would be disastrous for the area.

Q155 Lynne Jones: What sort of assistance would you need?

Mr Birnie: We are now fairly national in terms of distribution of cheese in the UK. We struggle in Europe but we have quite a bit of success in North America now. Obviously, that is a bit of a struggle because there are import quotas in the US and the currencies in terms of both the US and Europe are against us at the moment. We would like some export assistance, even if it is only in the form of marketing assistance. Today my boss has just returned from a three-day show in New York. We exhibit in New York and San Francisco twice a year. To have four or five people in the States for a week at a time costs us a lot of money, but that is what we have to do to break in. If you like, it is all gambling money: if we do not bet it we will never succeed, so we have to go. Any assistance in terms of overseas marketing would be helpful.

Q156 Mr Drew: Ms Berry?

Ms Berry: Although I do share the optimism there is a lot of potential I cannot see it happening unless we get the basic maintenance issues solved first; that is, access to skills, life opportunities, transport solutions, technological infrastructure and innovation. If these are in place we have a start. High skills and capacities within the communities come from those which resolve the exclusion of services, reward personal achievement and look for workforce development and things like that. Although I share that view I cannot see it happening unless we first solve the basic maintenance issues.

Q157 Mr Drew: Mr Jones?

Mr Jones: I think I am the only person who does not represent the dales. There are always opportunities in rural Britain. Rural communities are very versatile, resilient and dynamic and that will change to suit the conditions. One feature that has been prevalent in the press over the past few months is the move towards more local produce. Many factors affect that. Things like high transport costs can be an opportunity for rural Britain because people want to consume what is produced locally.

Q158 Mr Drew: Cllr Blackie?

Cllr Blackie: I agree with Mr Tunstall. I think that given the constraints here we have played a pretty good hand over the past 20 years utilising the resources we have here. We are a long way from civilisation; at times we have difficulties accessing services and so on. Infrastructure came to us last of all. If you go to Upper Swaledale you will find no terrestrial radio or TV; there is still no mobile phone contact and party lines are still in use, if you can remember the time when someone said “Are you on the phone, love? Can I use it, please?” In Upper Swaledale there are still only six telephones lines and they have been patch so many times now that they do not even know where the connections lead to. We still have not cracked it in the upper dales, but, generally speaking, we have played a pretty good hand. I do not believe there is any doubt that we now need to step up a league or two. Why? There are two issues: first, whatever you say farming is not going to be the occupation of a huge percentage of the population in future as it was in the past; second, I am particularly concerned about tourism. Until Ruth Annison’s railway came most people arrived by car. Have you seen the cost of petrol nowadays?
Recently somebody walked into my office and picked up a set of keys for a holiday cottage. He had come from Southampton and had spent £75 on petrol. It cost £150 there and back and, say, £75 for travelling around the dales. That is over £200. A lot of people will find that too much of an expense to bear. Unless we have some other form of tourism, perhaps car-less tourism, we will have some problems because we need footfall at the door.

Q159 Mr Drew: Mrs Annison?
Mrs Annison: At half term a number of families on the railway said they were having a day out rather than a week away because of the cost of petrol, but, as the other side of the coin, this is the opportunity for us to get together and sharpen up the quality of our product to ensure we get a fair share of the domestic market in tourism. One matter of which you may not be aware is the change over the past 10 or 12 years in the way the Yorkshire Tourist Board is financed and managed. It is now a puppet of Yorkshire Forward and therefore the problems we mentioned earlier are becoming acute even in the one organisation that we all believed was there to serve us.

Q160 Mr Drew: Is there a problem that you could see yourself being too much the victim? Representing a semi-rural area, I believe that sometimes we talk up all the problems—you have already provided a great deal of balance in terms of what good things are going on—but there is a perception in urban Britain that rural Britain moans a lot about things that are not being given to it such as lower grants and the fact that it is more difficult to provide services. Obviously, the Post Office saga has been experienced by all of us. Is this something of which we must be aware so we give the message from rural Britain that we are working on it but could do a lot more with greater resources?
Mrs Annison: I believe that today we have shown you some fairly positive enterprises which are not small scale. We do not always need money but encouragement. This is meant to be a bottom up society with individual businesses and communities offering advice. We have experienced a long spell when this has not been taken on board. I am sorry if you think we moan. We are taking the opportunity to explain to you what the barriers are, which was the question. We are also pretty optimistic as well, and you can help.

Clr Blackie: I thought I prefaced my remarks by saying that I did not want to be negative but positive. I started my political life locally on the wall outside the hall and said it was to be closed down but we were not to worry; a relocation team would be sent up and all the people would get jobs. Somebody asked, “Where?” and he replied, “Give me a map.”

Q161 Dan Rogerson: Defra, the department that it is our job to scrutinise, has set us the objective of creating strong rural communities but it has not told us what a strong rural community is. Can any of you define what you believe is a strong rural community? Are we sitting in one? Do you think it is useful that a government department is focusing on that as an objective?
Ms Berry: I am not surprised that they have trouble defining it or feeding back to anybody what the definition is. I think “strong” is the wrong word; it should be “sustainable”. When I talk about “sustainable” I mean not just development or environment but income and business life, community capacity and inclusion issues. I think that it has got it wrong, and its indicators are totally wrong.

Q162 Chairman: Would you like to develop that?
Ms Berry: When I saw its indicators I looked at them with disbelief. To me, the whole perception of wages, local authority indicators and unemployment is homogenised under Richmondshire. In Richmondshire there is a huge garrison town which means that if you lump our statistics in with them suddenly we have hardly any old people at all. We have a high level of employment here but it is characterised by low wages, so under the Defra indicators we will appear as a really strong community but we are not. Clr Blackie mentioned access to services. One of the wards here is 23rd out of the 22,000 wards in the whole of England. Referring to the Index of Multiple Deprivation in terms of access to services it is 23rd. That is absolutely huge. Again, that relates to access to housing and everything else. Only 30% of our workforce is in full-time employment; the rest are in part-time or self-employment. We would not even hit the radar for the Defra indicator. I do not believe that the needs of our communities are being addressed through public service delivery and policy when that policy takes no account of the grass roots needs of the communities themselves. The communities are very good at identifying their own needs. The local White Paper goes on about the bottom up approach and yet the strong policy that is coming through is a top down approach and does not even notice us.

Mrs Annison: One of the features of a strong community is its ability to respond to change. I think you have seen that demonstrated here. As Clr Blackie said, you can sweep it all away over night because it can be swept away over night as Dairy Crest did when it sent up a chauffeur from Thames Ditton who stood on the stage in the market hall and said it was to be closed down but we were not to worry; a relocation team would be sent up and all the people would get jobs. Somebody asked, “Where?” and he replied, “Give me a map.”

Mrs Ruth Annison and Dr Peter Annison
the only business people at a three-day residential government inquiry which discussed how to help small businesses. We were surrounded by under-secretaries of state, chief executives of the RDC and so on. We were in a position to say this was a really important issue for Hawes. We were incredibly lucky at the amount of support round the table which was part of the armoury that supported the local initiative to save the dairy, but I believe that one of the factors that assisted in the saving of this dairy was absolute luck.

Cllr Blackie: I like the word “strong”; “sustainable” is an overused and hackneyed word in my view. “Strong” sounds right. I believe that a strong rural community is one that has the confidence to see itself today, tomorrow, next year and 25 years down the line. That means that the three prongs of sustainability, if I may bring it back in again—social, economic and environmental matters—are all in balance one with the other so that there is a social care network and health facilities. One of the big issues here in the dales is its distance from healthcare provision. It is likely to be further away if Lord Darzi has his way. We want prosperity. Prosperity may be self-generated and kept within its own local network, but that spins off to the social side as well. I guess we can always rely on the national park to give us an environmental offer which is as good as anything outside.

Q163 Lynne Jones: Unlike my colleagues, I come from Birmingham which is very much a non-rural area. What is coming across to me is that we need policies that relate to the characteristics of the individual area. The policy of Defra is to concentrate its efforts on rural areas that are the poorest performing. What Ms Berry said begs the question: what is the definition of “poorly performing”? Do you think that is the right approach or should we look to the whole rural economy? I do not know what Defra’s definition of “poor performance” is but from the comments made it appears that it is not looking at the right indicators in assessing poorly performing areas anyway.

Ms Berry: If we had received the last tranche of European funding in 2000 under the indicators now proposed by Defra we would not have had that money. Since 2000 close to £1 million in funding has come into this area which has helped enormously. It has created fantastic child care facilities and helped a good number of community-led projects; it has built social capacity hugely, but according to these indicators we would not have had that money.

Q164 Lynne Jones: Does anyone else want to comment?

Cllr Blackie: Some of my best customers come from Birmingham, so you are very welcome here. For a time a whole carload of people came here on a weekly basis from Birmingham to work at the dairy when it was short of staff. I believe that Defra ought to look at individual communities as you suggest. Simply to take a tranche of poor-performing rural communities without having a handle on how to describe a poorly-performing rural community does not seem to be the best way to spend money. I return to the issue we talked about earlier. It does not have to be a huge investment. In any of these rural communities small can have huge impacts. By anybody’s standard you can make a small investment but locally it will have a great and to deal with the Chelsea tractor. How would you modify the policy to ensure that the needs are catered for within policies that are designed for the whole country?

Mrs Annison: It may be that you can use postcodes. For example, insurance premiums are based on postcodes. It may be that some existing statistical analysis will help you to make the right decision in that regard. I think that the press is our greatest friend. The press listens to these stories, although it may highlight anecdotes rather than general patterns. I believe that in an economic sense without the press we would not be here at all, but it may be that the information is there if we can only uncover it to advise you in your policymaking.

Mr Birnie: As to the issue of four-wheel drive vehicles that is linked to the cost of fuel. For example, I do not live in the dales but 30 miles outside it. Here petrol is 10p to 20p a litre dearer than 30 miles away just because it is a small area with a small garage and it does not have the same volume of throughput. If you weigh up the cost of a four-by-four, which I understand is needed here, having to pay extra for petrol means that the costs are
multiplied one on top of the other. Surely, something can be done on a postcode basis; it is done for everything else.

Q166 Lynne Jones: In effect you are advocating subsidies for petrol retailers.
Mr Birnie: Yes, in rural areas. Why not? Perhaps it would not be a subsidy but lower tax.

Q167 Lynne Jones: We are talking about government policies, but if we really have decentralisation of power and decision-making Mrs Annison spoke earlier about the need for small amounts of money. Surely, if the funding formula for local authorities is made right, where money is allocated for local schemes should be a matter for local decision-making?
Mrs Annison: Whether this will work or not depends on how “small” is “local”. Perhaps Cllr Blackie needs to address that.
Cllr Blackie: Earlier you asked how we could mainstream a policy that applied to the nation as a whole and did not miss out the smaller, rural communities such as the one in which we are present today. I am chairman of the health scrutiny committee of North Yorkshire County Council. The government brought forward a new policy on pharmacists and completely overlooked the fact that in an area like North Yorkshire most GP surgeries were dispensing practices. Unfortunately, the impact of the new pharmacy contract was very much negative when it came to GP dispensing surgeries. I just offer that as an example. What we do not want is one size fits all. By all means mainstream it and have a policy that applies across the nation but you have to build in exceptions; otherwise, the more remote rural communities fall through the net.

Q168 Lynne Jones: Specific funds are made available for example for post offices or pharmacies but generally they are administered nationally. Should particular regard be had in formula funding to the need for local authorities to intervene where necessary? To take one example, Essex has been supporting post offices. Surely, in terms of these developments could not more be done at a local level so it is more bottom up rather than top down?
Cllr Blackie: Unfortunately, the problem is that resources are always in short supply. My experience of formula funding—I certainly do not pretend to be an expert—is that it is a completely dense, complex area and you cannot make any headway at all. I have been a member of the LGA for some years. Rita Hale comes along and tries to explain it but at the end I am none the wiser. That is no disrespect to Rita Hale who is absolutely brilliant, but you just cannot get your head around it. I believe there is a need to build into any sort of funding stream or government policy that relies on the distribution of resources the ring-fencing of funds for rural areas and communities. I do not see a way round that. We are underneath the radar screen here when it comes to numbers.

Mrs Annison: If you look at the telephone directories that serve our area, we deal with Darlington, Harrogate and Leeds—different areas—for our normal lives. One phone book does not cover dealings with HM Revenue & Customs, tax and all the things that employers deal with, let alone customers and suppliers. We have local strategic partnerships and Peter Annison was chairman of this one. That is one layer of discussion but they are not active decision-makers. The national park is a decision-maker but it does not have to take account of the effects of its decisions, so if, for example, it turns down an application for a house, unlike Richmondshire District Council, it does not have to deal with the homeless. The district council does not have authority over building and planning permissions in the national park. Some years ago a government minister in this very room thumped the desk and said there would be joined-up government but there is a lack of joined-up thinking. Sometimes decisions are taken out of sequence. To give a practical example, a subsidy was given to a bus service from Hawes to Ribblehead which is about 15 miles away but it failed because they did not put in the link that was needed first to make a success of the longer transport route. It was subsidised. The scheme ended a year early because it failed, but the local view that you have to do A before you do B was ignored.

Q169 Mr Drew: We have heard a lot about Yorkshire Forward, but if the figures are to be believed the amount of real resource that comes in via the RDAs is relatively low compared with the learning and skills councils, particularly local authorities. The figures we have been given show that RDAs account for about 4%, LSCs 18% and local authorities 78%. Therefore, this is really a question initially for Cllr Blackie. I have served all three authorities at the same time; I bear the scars. I also served on a parochial tourist council, so I was very greedy. How would you redesign local government to be more effective in remote areas? One of the problems with local government at the moment is that in my experience it has abdicated a lot of responsibility in terms of what I call the drive for initiative and there is a lot of overlap. For example, in the case of flooding it was not very clear until we looked into it who should be doing what. There is no involvement of other bodies like the Environment Agency. I give you a blank sheet of paper. You are the view that you have to do A before you do B. We have heard a lot about Yorkshire Forward, but if the figures are to be believed the amount of real resource that comes in via the RDAs is relatively low compared with the learning and skills councils, particularly local authorities. The figures we have been given show that RDAs account for about 4%, LSCs 18% and local authorities 78%. Therefore, this is really a question initially for Cllr Blackie. I have served all three authorities at the same time; I bear the scars. I also served on a parochial tourist council, so I was very greedy. How would you redesign local government to be more effective in remote areas? One of the problems with local government at the moment is that in my experience it has abdicated a lot of responsibility in terms of what I call the drive for initiative and there is a lot of overlap. For example, in the case of flooding it was not very clear until we looked into it who should be doing what. We may be getting better at it. There is now the involvement of other bodies like the Environment Agency. I give you a blank sheet of paper. You are the decision-maker but it does not have to take account of the effects of its decisions, so if, for example, it turns down an application for a house, unlike Richmondshire District Council, it does not have to deal with the homeless. The district council does not have authority over building and planning permissions in the national park. Some years ago a government minister in this very room thumped the desk and said there would be joined-up government but there is a lack of joined-up thinking. Sometimes decisions are taken out of sequence. To give a practical example, a subsidy was given to a bus service from Hawes to Ribblehead which is about 15 miles away but it failed because they did not put in the link that was needed first to make a success of the longer transport route. It was subsidised. The scheme ended a year early because it failed, but the local view that you have to do A before you do B was ignored.

Cllr Blackie: I have to say that as leader of the district council at the time I was a supporter of the unitary bid made by North Yorkshire County Council. It did not quite make the grade; it was an early favourite, but somehow or other in the race to the finishing post it was pipped by Northumbria and Durham. Here we have several layers of local government but the local people out there do not care a jot who does what; they just want it done. A
lot of people think that the national park does everything because sometimes it is the most dominant authority and you read about it most in the paper. Perhaps a degree of streamlining would not go amiss. There is no need for duplication and overlap that you rightly point out. Obviously, I would wish to see the devolution of local government and funding to a more localised community than the one we have now which is many miles away. I should like to see area committees which have substantial funds to spend on their local areas. That is how I would start to tackle the issues you raise.

Q170 Mr Drew: Having heard Cllr Blackie, what would the other witnesses want from local authorities in terms of business development that is not happening at the moment but might happen if a reorganisation or, dare I say, more sensitive feel for local authorities could be delivered?

Mr Birnie: The first one is Yorkshire Forward. Yorkshire is a very large and varied county. West Yorkshire is different from South Yorkshire and that is entirely different from North Yorkshire. North Yorkshire is as big as many other counties. If you could split up Yorkshire Forward into three or four at least it would give us somewhere fairly local to go and it could focus on a particular area. I think that would help immensely in this area.

Q171 Mr Drew: Would you make that the responsibility of local authorities?

Mr Birnie: No.

Q172 Mr Drew: Perhaps you would explain that.

Mr Birnie: For most of my working life I have had more success when dealing with the old Department of Industry in terms of business help than the myriad of authorities we now have.

Q173 Chairman: The RDA has had the responsibility for a couple of years of disbursing funds to the rural economy. What kind of contact do you have with it?

Mr Birnie: A couple of years ago I spent many hours writing a paper in support of an increase in the budget of authorities we now have. I took it along to Northallerton and various questions were raised upon it. Basically, we were looking to spend quite a bit of money to create jobs. At the end of the day I was told that the budget had run out and it was being transferred to Yorkshire Forward anyway next year. The whole thing was a complete waste of time.

Chairman: Perhaps I may put a question to Rima Berry. Bearing in mind that you represent a business association, do you have any kind of continuing dialogue with Yorkshire Forward? Does it come along and bounce ideas off you or ask for information, or has it been unable to get through on the party line?

Q174 Mr Drew: To make a quick rejoinder, do you know who your rural director is? Each RDA has one person who notionally has a rural responsibility. Have you met that person?

Ms Berry: I do not have a clue. It is hardly knocking on the door. In my other role I work for a rural community council which has a bit more contact with Yorkshire Forward, but at this level I am afraid we do not exist, to be honest.

Cllr Blackie: It was Richard Caborn who some years ago as minister sat where you are, Mr Drew, and introduced the idea of Regional Development Agencies. I was sitting approximately here listening to this hope for joined-up thinking. It was then a brave new world but, unfortunately, Rima Berry is quite right; there is no engagement in the more rural areas by the local Regional Development Agency. I make these remarks with caution because the agency is now the only game in town but the fact of the matter is that the rural funding that has been swept up into its coffers has not come back in the way it did in the past. We are back to having small hypothecated funding streams that are ring-fenced for rural areas if we are to make a difference.

Q175 Lynne Jones: Mr Birnie, you said earlier that you believed the RDA needed to be regionalised further, but you then said that the old business department was more helpful. Is not the locality less important than having a sectoral interest?

Mr Birnie: I think a lot of it comes down to the people. If you have someone in the organisation who is driven you can usually get somewhere. At that time I was working more in the North East and dealing with Newcastle. I had some very good support in the area. That was not a rural area. But if you have people who are switched on and who focus on a rural area you may get some action.

Q176 Lynne Jones: Might not the problem be that rural areas are the responsibility of Defra which may not have very much clout in terms of the RDAs?

Mr Birnie: Quite possibly.

Q177 Chairman: Perhaps we may draw matters to a conclusion by looking at one of the areas that sometimes can be very contentious, that is, the operation of the planning system in terms of enabling business to develop. Mr Birnie, I start with you. You have expanded your business and done a great deal in terms of the physical structures. What is your experience of dealing with the planning authority in terms of the type of project in which you have been involved?

Mr Birnie: I have not been here long enough, given from when they were originally developing this site, but I gather that the national park is rather slow and cumbersome in terms of planning applications. It is particular in terms of the finish that is needed and so on, but I have been benefitting from the tourist trade and I go along with that by all means. Generally, I believe it must be a bit more expansive in allowing businesses to develop further and faster. We have a
site here. We cannot move Wensleydale cheesemaking away from Hawes; this is its natural home, but there are other things that we could take away if we were not allowed to develop them. We have another site 40 miles away that could be developed as easily as this one, but it is our wish to keep the heart of the company in this community because that is where it belongs; it is its home. We need the planners to help us do that. We cannot stand still because other dairies will overtake us with technology, so we have to develop the site. These buildings have been standing for 50 years. They are patched up a bit and we need to keep making improvements. We need the park authority to understand our need to develop the business which we believe also meets the need of the local authority.

Q178 Chairman: How often do you ask a representative to come down so you can provide an update on what your business is doing outwith any other need?

Mr Birnie: It happens once a year or two years.

Q179 Chairman: Do you think it ought to be a bit more proactive in learning what your business does and its needs?

Mr Birnie: Yes.

Q180 Chairman: Rima Berry, what is your reaction to the planning issue?

Ms Berry: A business park has been built. The stipulations as to what businesses can locate there are fairly restrictive and have served to stifle business development. One business could not locate there and it has since gone elsewhere, but it puts a halt on that business for six months or so. It is not necessarily to do with planning but perhaps it is more to do with policy. Business around here is very keen to go green but there is no way at the moment that it can recycle all its business waste and things like that. It costs business a lot of money to do so.

Q181 Chairman: Cllr Blackie, are you involved in the planning process in any way, shape or form?

Cllr Blackie: You may say that. I have been on the planning committee since 1996. I am now the member champion for planning. As to restrictions, those were placed on us not by the national park but the fact that it was European money which comes with a lot of conditions as to how you can and cannot use it.

Q182 Chairman: Let us concentrate on the domestic planning agenda. This afternoon, for example, we had the pleasure of visiting for the first time Broughton Hall on the outskirts of Skipton. They have done some remarkable things there. One of the points they made was their difficulty in persuading the planning authority to allow development because the authority conjectured that in its view it was not sustainable. The reason was that people had to journey to that particular location by car. Therefore, the fact they were not going elsewhere by car did not seem to count. Eventually, obviously they have got round some of those problems, but it seemed to be counter-intuitive when looking at the end result, which was a remarkable refurbishment of a lot of redundant buildings, and yet one had a comment about the planning process which seemed at the outset to have an objective that was diametrically opposed to the one ultimately achieved. From your experience are there barriers like that which get in the way of those who know the area? You have made a great play of the fact that it is local people bottom up doing what one might intuitively want to do but the rules say that, no, that cannot be done.

Cllr Blackie: Did you see Roger Tempest?

Q183 Chairman: Yes. Cllr Blackie: Rural Solutions is a fabulous exemplar which obviously you have had an opportunity to study. There is no question that the planning policies in the national park under the new local plan in terms of how business is developed are not good, but it is more than that. There is an attitude among planners that makes them look extremely circumspectly at any planning application for business that comes in despite a policy that would see barns being converted into rural work space which sometimes are not in the best of places and do not have the services to support them. Generally speaking, it is a battle. Only last month at a planning committee we listened to somebody who battled for a year to put forward what was an altogether acceptable, sensible proposal to convert a barn into a work space unit and had come up against every single barrier one could imagine.

Q184 Chairman: What are these principal barriers or restrictions?

Cllr Blackie: There is always a concern that you are taking your foot off the brake and putting it onto the accelerator in an area like the national park. A classic example is the extension that Dr and Mrs Annison financed for the rope works a number of years ago. Because of the quality of materials demanded in the national park it cost £40,000 more than it would have cost to finance the same extension just 25 miles down the road. Some people were prepared to pay it because they made a sacrifice generally speaking in terms of lifestyle, but many others would say that if that is the cost of expanding their business they will go elsewhere. There are those constraints and sometimes I think they overplay their hand as a planning authority to demand the very highest quality when it should bear in mind that the aim of the game is to keep the communities sustainable and prosperous. I think it needs a change of culture among the organisation to instil some of the more competitive approaches one expects to see elsewhere in a planning authority that deals with industry and an economy that must continue.

Q185 Chairman: You make the very interesting point that a change of culture is needed. What will be the catalyst for change? If for argument’s sake somebody from government had arrived here and
heard you say that from your experience which bit ought to respond to that? Who will make this change of culture?

Cllr Blackie: You need to look at the planning policy guidance, if it is still called that.

Q186 Chairman: It is now PPS.

Cllr Blackie: I knew it had changed.

Q187 Dan Rogerson: It is soon to become NPS.

Cllr Blackie: I am sorry it sounds as if Mr Blackie is always making a special case, but I think that some of those PPSs should apply in national park areas. Some of them take a broad-brush approach and occasionally planners here in the national park can duck out on the basis that that is not for their area. I know that hard examples do not make good cases, but a lady brought a fantastic internet-based operation into the dales and it needed some local signage as well to make sure people could find it if nothing else. She had to enter into a section 106 agreement to get a sign. Do you know what a section 106 agreement is?

Q188 Chairman: Yes.

Cllr Blackie: I thought you would. The section 106 agreement was to get a sign at the end of the track to say “Medicare this way”. A big leap is required in moving from where we are to where we ought to be so we can promote the strong communities that Defra has as its objectives. I think there needs to be a hand from on high.

Q189 Lynne Jones: Section 106 money would have gone into the local community, would it not?

Cllr Blackie: It does not work like that. It would be lovely if as in Birmingham you could have, say, a Tesco and put £1 million into my local economy, but we do not get that sort of money at all; it is not that sort of section 106. A section 106 agreement is a completely different ball game here in the dales.

Q190 Dan Rogerson: If you are talking about economic development as well as planning, what about the capacity of local authorities to be able to deliver things? I represent an area that has had Objective 1 funding which is the top whack with six small district councils and one county council and lots of SMEs. There is a whole issue about the capacity to use it effectively. Do you think that is part of the problem?

Cllr Blackie: Is there not a sub-national review taking place at this very moment to promote economic development as a statutory function? My view is that there is not the necessary capacity in the county council and seven district councils. I have no doubt that this is an area where, if it is to remain two tier, enhanced working will really make a difference. That was one of the attractions in the unitary bid. You are simply spreading the jam too thinly and nobody benefits at all.

Q191 Lynne Jones: You have all been very negative about the national park.

Cllr Blackie: That is what it is like.

Q192 Lynne Jones: So, does it do more harm than good?

Mrs Annison: Nobody wants this area to stay beautiful more than those of us who live and work here. We have the greatest interest in its long-term wellbeing and cosmetic appearance. The Chairman touched on a really important point that we ought to spotlight. The planners themselves and those with the votes on what we must now call “the authority”—I do not like to do so because to say they are in authority over us is the wrong attitude—must be more familiar with what we are doing and why. It is much easier to make a case for saving a rare plant nowadays than to save a community. The community is a cluster of all those features that make up earning a living, living in a house you can afford and enjoying whatever spare time you have.

Q193 Mr Drew: If you are 18 and do not want to go to college what would encourage you to stay in this area?

Mrs Annison: Those are the ones who want to stay in this area.

Mr Birnie: A 17-year-old girl!

Cllr Blackie: I think a career structure in tourism must be the way forward in many cases. There is no proper career structure in tourism; you are just doing another job in a tea room or a local hotel.

Q194 Chairman: I thank the members of the panel for a genuinely fascinating and relevant series of contributions in response to our questions. I think it shows the benefit of the Committee coming from Westminster to take evidence in circumstances like these. Clearly, from what you say it would have been quite a hike for you to come and see us. We are glad that we have been able to come and see you. We will learn a little bit more about what you do during the remainder of the evening. I am also conscious that a number of members of the public have come along to listen to our proceedings. We do not normally do this when we take evidence outside, but if anybody wants to make a point to us now is the opportunity to do so. If it is too embarrassing to do it in public we shall be around for a few minutes after we have finished the session. It may be you want a quiet word with us. Does anybody want to respond?

Dr Annison: I was the first chairman of the strategic partnership for Richmondshire. I commend the government for the way in which the concept of the LSPs was drawn up and gestated. LSPs were given the power to produce a community strategy which was the community’s needs and wish lists. Very sensibly, they amalgamated the community strategies with local planning policies and embedded them all in the local development framework except where you are sitting now, in that the local authority is the one that produces the community strategy because it has the LSP, but it is the national park that has the planning powers and therefore is the one that produces the local development framework. These two just do not marry up; there are too many cracks
in the pavement and people do not feel responsible because they have not been the ones who have put together the whole thing. It is made even worse by the fact that within the national park there are three local authorities with three separate local community strategies and two county councils which also have their strategies. If this is a method of joined-up thinking and trying to synergise I cannot think of a worse way of going about it.

Q195 Chairman: That very nicely rounds off what has been a fascinating contribution from all of you. I thank you most sincerely for what you have said. You have brought a very realistic dimension to our consideration of this subject. The other members of the Committee will have an opportunity to read the transcript of our proceedings. I should like to thank the shorthand writer who has taken down all the evidence and the gentleman in the corner who has manfully dealt with all the sound reproduction equipment. I also thank my colleagues on the Committee and our clerk Chris Stanton for making the arrangements to bring us here. I also thank Mr Birnie for his generosity in hosting the meeting this afternoon. I formally close this session with my sincere thanks to all those who have contributed and made it possible for us to come and hear some very useful evidence.

Cllr Blackie: On behalf of Hawes and High Abbotside, I thank the Committee very much for coming along.
Wednesday 16 July 2008

Members present

Mr Michael Jack, in the Chair
Mr Geoffrey Cox
Mr David Drew
Mr James Gray
Patrick Hall
David Lepper
Miss Anne McIntosh
Mr Dan Rogerson
Sir Peter Soulsby
David Taylor
Paddy Tipping

Memorandum submitted by the Department for Environment, Food and Rural Affairs

SUMMARY

Based on a wide range of economic criteria many of the rural areas of England are thriving. They have much in common with the economies of urban areas and England as a whole.

At lower spatial levels, however, it is clear that some rural areas are facing a number of economic challenges. There are positive signs that the Government’s approach to economic development is delivering improvements. However, as the evidence base has developed so has our understanding of the challenges faced by rural areas. Now is an opportune moment to review the Government’s current objectives for rural areas to ensure that they remain appropriate.

As the Government’s relationship with the Regional Development Agencies has matured an increasing clarity has been brought to the way the RDAs are tasked on rural economic development and their achievements reported.

In the main the needs of many rural businesses are not very different to their urban counterparts. Whilst similar in terms of business type and employment the economy in rural areas is different in terms of business size and business and labour market density. The delivery of services which support economic activity in rural areas needs to take this into account.

Rural areas must capitalise on their particular characteristics, making the most of their comparative advantage in land-based activity and attracting visitors. However to fully realise the potential of rural areas all must recognise the wide range of economic activity which occurs in them, and in which the people who live there participate, and ensure that appropriate hard and soft infrastructure is provided to take advantage of opportunity provided by the growth of the knowledge economy.

The refocusing of functions and redistribution of resources between the Regional Development Agencies, Natural England and the Commission for Rural Communities will allow each organisation to show leadership in making its contribution to ensuring the sustainability of rural communities.

THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

1. The Government welcomes the Committee’s inquiry into the potential of England’s rural economy. It provides in particular a timely opportunity to consider the new arrangements for rural policy put in place by the Natural Environment and Rural Communities Act 2006.

2. Around 19% of the population, or 9.5 million people, live in the rural areas of England.1 Of these 6% (610,000) live in sparsely populated areas with the remaining 94% (8.9 million people) living in less sparsely populated areas. Within these contexts the majority of people live in small towns and villages rather than in hamlets and isolated villages.

3. Whilst the rural areas of England account for approximately 19% of the population they account for around 25% of the business stock. There is a tendency with increased rurality for a greater proportion of businesses to have no employees but, as with urban areas, the dominant business size is between one and nine employees. Measured in terms of average household income, 55% of households in rural areas are above the median, and 28% are in the top quartile. People continue to choose to live in rural areas; net “inward” migration in 2003–04 was 105,000.2 In migrants to rural areas tend to be adults over 30 with children and more mature people downsizing or establishing businesses. There is a net migration of young adults (between 16 and 30) from rural areas to urban areas.

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1 Details of the rural definition can be found at: http://www.defra.gov.uk/rural/ruralstats/rural-definition.htm
4. Overall, it is fair to say that the rural areas of England have performed well in economic terms compared with urban areas. But the rural economy has undergone significant change over recent decades; employment in agriculture has, for example, declined by 30% in the last 20 years. As other sectors, particularly services, have contributed increasing proportions to the economy in terms of gross value added (GVA) over recent years, so the proportion contributed by agriculture has fallen. However, in absolute terms agriculture’s GVA was maintained, or slightly increased, between 2000–04, although Single Payment has caused a fall in 2005. The reduction in numbers of people employed in agriculture, combined with an improved mix of sectors in rural areas, means that distinctions between the economy in rural and urban areas have, in general, become more difficult to discern and thus a sectoral approach to economic development more difficult to sustain. The rural economy, just like the national economy, needs to be viewed in the round. Further information on the economy in rural areas can be found at annex A.

5. Applying the rural definition and district classification (see map at annex B for classification of local authority districts) to the available evidence, it is clear that communities in rural areas range from some of England’s most prosperous, to those where average incomes are at similar levels to those in the most deprived urban areas.

6. The evidence highlights some common characteristics of those rural areas that are facing the greatest challenge in terms of sustainable economic development. Broadly, they are:
   - greater population sparsity and distance from major urban centres (peripherality)
   - comparative advantage in low paid sectors; and
   - where major economic structural adjustment is needed.

These characteristics are explored in more detail at annex C. While aggregated figures can indicate the overall health of the economy in rural areas and highlight key issues it is important to view rural areas in their regional and local context and we shall continue to work closely with regional and local agencies to develop a full understanding of the issues faced by all rural areas.

7. The Committee’s press release noted that the inquiry would consider a number of specific matters, each of which is addressed below.

A: DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS, INCLUDING THE RELEVANT PUBLIC SERVICE AGREEMENT (PSA) TARGET, AND THE FUNDING AVAILABLE TO ACHIEVE THEM

8. One of Defra’s five Strategic Objectives, as set in 2004, is to work to develop sustainable rural communities, which we express more fully as: Encouraging sustainable regeneration in disadvantaged areas, promoting social inclusion and reducing deprivation, ensuring higher quality, more accessible public services to rural communities. The economic dimension to this is expressed in Defra’s Public Service Agreement target 4 (PSA 4) seeking to: Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.

9. PSA 4 is measured at local authority district level. A total of 44 rural districts (see map at annex D) have been selected to represent the least well performing quartile of rural areas. All these districts have at least one of the characteristics noted in paragraph 6 above. It is, however, important to emphasise that this approach cannot necessarily provide a complete picture of the lowest quartile since local authority districts are at too high a level of geography to allow the identification of all lagging rural areas. But we believe the approach that has been adopted is reasonable and drawing on the available data there is evidence for a closing of the gap between the level of the least well performing districts and the English median.

10. The simplification of the rural delivery landscape, on which Lord Haskins’ Rural Delivery Review focused, has consolidated the number of Defra-led funding programmes for economic development in rural areas. The current key funding programmes are:
   - Defra’s contribution to the RDAs’ single programme (the “Single Pot”)—which is covered in Part B of this Memorandum;
   - the England Rural Development Programme (Pillar 2 of the Common Agricultural Policy); and
   - European Structural Funds.

11. The England Rural Development Programme was launched in January 2000. By the close of the programme at the end of this year some £1.7 billion will have been paid out. This includes about £300 million of voluntary modulation receipts (a proportion of direct production subsidies from the Common Agricultural Policy redirected towards rural development), which is match-funded by the Exchequer. The UK pioneered voluntary modulation in the 2000–06 programming period, using the money to fund a substantial increase in agri-environment expenditure under Environmental Stewardship, which was introduced in England in 2005.

3 Since 2000 the agricultural industry has accounted for around 0.8% of the total UK economy falling to 0.5% in 2005, measured in terms of gross value added. This fall is a technical consequence of the introduction of the Single Payment Scheme. Since 1973, when the share was almost 3%, the overall trend has been downwards.
12. A successor to the England Rural Development Programme is being developed to cover the seven year period from January 2007 to December 2013. Like its predecessor, the new programme will provide a significant source of support for improvements to land management in the countryside and the rural environment, particularly through Environmental Stewardship.

13. The Government is committed to maintaining a high level of expenditure on Environmental Stewardship to meet demanding targets for improving the quality of the environment and maintaining the character of the English countryside. However, environmental land management also has an important role to play in the social and economic sustainability of rural England. In particular, it can make a significant contribution to encouraging increased earnings opportunities, both directly and—through tourism, recreation, and maintaining a high quality of environment in which people want to live, work and invest—indirectly.

14. The Government recognises, however, that further intervention may be required to promote the competitiveness and innovative capacity of business in rural areas. The new Rural Development Programme for England will therefore include measures to support and complement other domestic and EU funding streams to ensure that farming, forestry and wider rural businesses are able to generate high quality employment opportunities across a range of activities. With this in mind, Defra is developing the programme to ensure that:

- its overall design encourages integration between the social, economic and environmental;
- full account is taken of existing strategies at EU, UK and England level;
- it operates within the context of the RDAs’ Regional Economic Strategies; and
- the Leader approach (community based and “bottom-up”) is used as a local tool to ensure programme integration.

15. Under the new programme, Regional Development Agencies will deliver support for social and economic regeneration, working in close partnership with local authorities and others. Natural England and the Forestry Commission will deliver environmental land management.

16. It is not possible to calculate the precise spend in rural areas of EU structural funds programmes for 2000–06. The Objective 1 areas received some £66.5 million from the EAGGF which was matched by Defra. The bulk of the resulting £133 million was allocated in Cornwall and the Isles of Scilly. Rural areas also benefit by around £10 million per annum from the Leader programme. We have calculated that rural areas benefit from a further £100 million of spend from the other structural funds. The shape of future structural fund programmes is still to be decided but rural areas will continue to have a significant profile. In particular Cornwall and the Isles of Scilly, which together form one of our most significant “lagging” rural areas, will continue to receive the highest level of EU support as a Convergence region.

17. But direct regeneration funding is just a small part of the picture. There is a wide range of public bodies at national, regional and local level which contribute to economic development and regeneration in rural England. Many of their activities are aimed at the whole of their geographical territory. That is why the Secretary of State, in his letter to the Prime Minister outlining the Department’s priorities, indicated the need to mainstream rural issues across government and “develop a positive approach to ‘places’ that works for rural communities as well as those living in towns and cities”.

18. PSA 4 has proved to be a particularly difficult target to measure, because of data limitations. Though these to a considerable extent persist, the very existence of the target has stimulated a considerable expansion in the knowledge base. This in turn has raised the level of debate on the challenges of rural regeneration and has provided a focus for our work with the RDAs on this.

19. Looking forward, the Comprehensive Spending Review will provide an opportunity to review the current PSA target with a view to creating, in the light of the evidence base we now possess a more effective approach to promoting economic development in England’s rural areas. In this we shall work closely with the RDAs, local government and the new Commission for Rural Communities.

20. The economy in many rural areas has a great deal of potential and will continue to grow with the economy of the country as a whole. Other rural areas will continue to need additional investment to ensure that they benefit from economic growth. This must build on and support the diverse range of economic activity already present and exploit the potential of developments in information communication technology. It will also support sectors, such as agriculture, to help them to adapt to considerable structural change.

21. Like all parts of the country our ambitions for economic growth in rural areas must be sustainable. We will take into account issues such as climate change and the consumption of natural resources. It is also important that development in rural areas does not result in those characteristics which we all value being lost; such loss would reduce the attractiveness of rural areas as places to live in, visit, and set up business ultimately undermining the economic potential of many rural areas.

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4 This follows the adoption of Council Regulation 1698/2005 (the Rural Development Regulation) in September 2005.
5 European Agriculture Guidance and Guarantee Fund.
B: THE ROLE OF REGIONAL DEVELOPMENT AGENCIES (RDAs) IN UNLOCKING THE ECONOMIC POTENTIAL OF RURAL AREAS, AND THE EFFECTIVENESS OF DEFRA’S RELATIONSHIP WITH RDAs

22. The Regional Development Agencies are important for delivering economic development in England’s rural areas. This is a role which will continue to grow with their new responsibility for the socio-economic aspects of the England Rural Development Programme and aspects for the mainstream European structural fund programmes.

23. The 2004 Spending Review enshrined the principles of the Government’s Devolved Decision Making Review in a new RDA “Tasking Framework”, with just two core elements: first, a list of Departmental PSA targets to which RDAs would contribute, and secondly, a small number of core outputs, such as “number of jobs created” and “number of businesses assisted”. RDA Corporate Plans for the SR2004 period (2005–08) link these Tasking Framework requirements with objectives from Regional Economic Strategies. In performance management terms, this translates into setting broad strategic outcomes, underpinned by just a few high-level output targets.

24. Defra’s contribution to the RDA “single pot” is for RDA activities in rural development, business support for the farming and food sectors and the broader sustainable development agenda (Defra’s PSA targets 4, 5 and 1). The £72 million contribution for 2005–06 includes £21 million for rural social and economic development that formerly rested with the Countryside Agency and transferred to the RDAs in 2005–06.8

25. RDAs’ mainstream activities range from inward investment to business support, and they have a strategic role in transport, housing, and tourism. The Government expects RDAs to ensure that, in developing regional-level strategies and carrying out their mainstream activities, the needs of people living in rural areas are addressed. The RDAs will no doubt be making a submission of their own to the Committee that will detail specific examples of their activities in support of rural economic and social development.

26. RDAs’ progress in delivering their Corporate Plans is reported in six-monthly Board Reports, that are sent to Departments and also made public. For Defra, the key elements of these reports are disaggregation of outputs on an urban, rural and disadvantaged area basis, (to provide an indication of where they are focussing their efforts), and narrative on strategic added value (SAV) in sustainable development and access to services in rural areas.

27. Perhaps not surprisingly, the RDAs’ first six-monthly reports showed some variation in the interpretation of these requirements, in both disaggregation of outputs and narrative on SAV. Defra is working with the RDAs to identify and share best practice methodology, particularly focusing on the benefits of disaggregated output data, in order to address this. Improvements should be evident in the first six-monthly report for 2006–07.

28. The DTI (the RDAs’ sponsoring department) has stated its intention to look again at the self-reporting element of RDA performance management, in order to assess how it is working and whether reports are meeting the needs of RDA Boards and Ministers, as well as the RDAs’ stakeholders. This will be an opportunity further to develop Defra’s relationship with the RDAs as key strategic partners.

C: AGRICULTURAL AND NON-AGRICULTURAL PROVIDERS OF RURAL EMPLOYMENT, FOR EXAMPLE HORTICULTURE, AND POSSIBLE BARRIERS, INCLUDING THE STRUCTURE OF THE RETAIL FOOD SECTOR, TO THEIR FURTHER DEVELOPMENT

29. The main business employment sectors in predominantly rural areas are wholesale and retail, manufacturing, and real estate, renting and business activities. These sectors account for 46% of employment in predominantly rural areas. The education, health and social work sectors account for the next largest proportions of total employment in those areas. So, by and large, the profile of businesses in rural areas mirror those in non-rural areas.

30. Overall the agriculture, hunting and forestry sector accounts for 2.6% of total employment in predominantly rural areas. In some cases this can rise to as much as 9% of employment in a local authority district. Defra does not break down agricultural employment to identify employment in horticulture.9 Agriculture is just one part of the food chain, which includes food and drink manufacturing, wholesale, catering and retail. Altogether, the food chain accounts for 14% of total employment in England, although these industries account for up to 39% of employment in some of the most rural areas.

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8 RDAs also receive an additional separate allocation for regional co-ordination of the Business Resource Efficiency and Waste Programme (BREW). This is £11.6 million in 2006–07 and is subject to separate reporting arrangements
9 As authors of Regional Economic Strategies, and through their relationships with regional and local stakeholders, RDAs are best placed to lead and coordinate discussions at regional level to influence the design and delivery of Government policy and programmes. RDAs are increasingly active in non-project activities that do not produce traditional outputs (for example, influencing regional transport and housing decisions) so capturing this “catalytic” and “influencing” role is essential to full monitoring of RDA performance
10 The NFU has estimated that horticulture represents 25–30% of all jobs in agriculture (2002).
31. The Sustainable Farming and Food Strategy: Forward Look,\(^{11}\) published in July 2006, outlines the Government’s aims for further development of agriculture. One of its themes, Succeeding in the market, seeks to develop further the reconnection of farmers with their markets and strengthen the linkages between the numerous elements of the food chain. Farmers who succeed in developing a more business-focussed approach will contribute to rural areas, achieving their economic potential, particularly where agriculture is locally important, and in ensuring the continued economic prosperity and sustainability of those areas. We shall also work with farmers to help them exploit growth in the markets for biomass.

32. In relation to the retail food sector, Defra recently published an Economic Note on UK Grocery Retailing.\(^{12}\) The UK grocery market is currently the subject of an investigation by the Competition Commission. Defra has written to the Commission drawing attention to matters into which we believe it should look. These include the impact of supermarket buyer power on the long-term viability of suppliers and producers in the UK, and whether the development of centralised national supply and distribution networks will make it more difficult for the major retailers to respond to consumer demand for local and regional foods.\(^{13}\)

33. The economic impact of farming and other land-based industries does not reflect their full significance in rural areas of England. They are in very many respects intrinsic to the social fabric of rural communities and to the wider environmental offer which supports rural quality of life and which, in turn, attracts businesses to operate from, and people to live in and visit, rural areas.

34. Turning to barriers, low levels of population density in rural areas results in greater challenges to providing the infrastructure that supports economic development. In terms of transport this requires imaginative public transport solutions and an acknowledgement that the use of private cars is likely to remain significant. Rural areas also have a low level of business density and a higher proportion of businesses with no employees (than urban areas). This can present barriers to accessing skills and business support measures although in the latter case solutions may not be unique to rural areas but could have a greater impact on businesses located there.

35. The land-based sector contains many highly-skilled people, yet reports of skills shortages remain frequent. Furthermore, the skills that are present are not always appropriately recognised. Research shows that there can be cultural resistance in some rural areas to training borne primarily of a poor appreciation of the business benefits of training. Physical barriers, such as distance and cost, have also been recognised. These issues are accepted as a hindrance to growth in the rural economy. Research conducted by Lantra (The Sector Skills Council for the Environmental and Land-based Sectors), and funded by Defra, recommended the development of an on-line competence framework and accompanying skills passport. Defra funded the development of the competence framework in 2005–06 and is currently supporting its continued development and pilot launch in this financial year.

36. Looking beyond the farming and food sectors, the availability of information communication technologies is, and will continue to be, very important for rural economic development. This is why the Government has worked with national, regional and local bodies in the public and private sector to achieve high levels of broadband coverage. The net migration of people into rural areas frequently takes the form of entrepreneurs seeking to start up new businesses or work remotely and this trend is likely to continue in coming years. The available evidence suggests that up to 66% of rural entrepreneurs are in-migrants.\(^{14}\)

D: THE EFFECTIVENESS OF RURAL PROOFING ARRANGEMENTS IN ENSURING THAT THE RURAL ASPECTS OF ECONOMIC DEVELOPMENT ARE PROPERLY REFLECTED IN NATIONAL AND REGIONAL POLICY, INCLUDING PLANNING POLICY

37. Defra is committed to realising the Government’s aim as signalled in the Rural White Paper 2000, and set out in more detail in the Rural Strategy 2004, that its policies and delivery programmes are developed so as to apply effectively and equitably in rural areas. We have worked closely with other government departments, at Ministerial and official level, to ensure that due consideration is given to the effect of policies on rural areas at all stages of their development and delivery at both national and regional level. The Committee will appreciate that this is not necessarily a straightforward task, and the continued development of the rural evidence base is an important element of our work.

38. There are some good examples of rural proofing successes linked to planning policy. One is Planning Policy Statement 7: Sustainable Development in Rural Areas, published in summer 2004. This provides a clear framework in which to consider rural economic development in the wider context of social and environmental considerations (though it is rather too early to assess its impact on planning decisions at the local level).

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\(^{14}\) Defra: Rural Productivity Paper, 4.2.2 Enterprise: http://www.defra.gov.uk/rural/pdfs/research/productivity-rural-england.pdf
39. Another, related, example is Defra’s input to draft Regional Economic Strategies and Regional Spatial Strategies in order to ensure that they take account of the needs and potential of rural areas. The recently completed Regional Rural Delivery Frameworks are beginning to show their potential as a tool for influencing the final shape of regional strategies generally.

40. The availability of affordable housing is a key issue for people living and working in rural areas. Social and economic diversity are key elements of sustainable rural communities. Without a range of affordable housing the trend for those on low incomes, particularly young adults, to leave rural areas will be further exacerbated: reducing the social diversity of rural areas and undermining social support networks; and limiting the viability of some rural businesses undermining the economic potential of some areas.

41. The evidence shows that outside of London, housing affordability is a greater problem in rural than in urban areas. For people earning £17,000 per annum 28% of rural wards are affordable compared with 50% of urban wards. At the same time local wages in rural areas are lower than the national average; in 2004–05 average earning in the most rural districts was only £17,000 compared with £22,300 in major urban districts.

42. These issues were explored by the Affordable Rural Housing Commission (ARHC) which reported on 17 May 2006, setting a number of recommendations to support the development of more affordable housing in rural areas.

43. In response to these challenges Defra has succeeded in establishing measures to increase access to affordable housing in rural areas. In particular, working with DCLG, we have secured arrangements for the buy-back of rural properties under the new Homebuy scheme and made rural proofing a requirement for Regional Housing Boards. We have also ensured that rural circumstances have been addressed in the development of draft Planning Policy Statement 3 and the Government’s response to the Barker Report.

44. In addition Defra has also supported the work of the DCLG’s new Rural Homelessness Adviser; commissioned research into the affordability of housing in rural areas and the economic drivers of rural housing markets; and committed funding to support Rural Housing Enablers through the Rural Social and Community Programme until 2008.

### E: The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies

45. One of the tangible products of the Government’s Modernising Rural Delivery Programme is the Natural Environment and Rural Communities Act 2005. The Act enabled the creation of Natural England and the Commission for Rural Communities (CRC), both on 1 October 2006. It is early in the life of these bodies for a detailed discussion of their effectiveness but their role in economic development in rural areas was articulated in the Act.

46. The purpose of the CRC, as set out in the Act, is to promote awareness of rural social and economic needs and the meeting of those needs in ways that contribute to sustainable development. Its functions are to:

- provide independent, expert advice to government and other public, private and voluntary sector bodies on issues affecting communities and businesses in rural England;
- act as a rural advocate, providing an independent voice for rural people and communities, especially those suffering disadvantage;
- monitor progress in the delivery of the Government’s rural policies, including at regional and local level. The CRC will advise on whether policies and delivery on the ground are addressing the needs of rural communities; and
- inform its advisory and monitoring roles the CRC will commission research on specific themes relating to rural people and communities.

47. The Prime Minister has given the CRC a remit actively to challenge the Government on the effectiveness of rural policies and to ensure that the rural voice is heard and listened to at all levels. Its independent statutory status will enable it to provide strong, impartial external challenge.

48. Natural England’s general purpose, as set out in the Act, is to ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations, thereby contributing to sustainable development. One of the ways in which it will fulfil that role is by contributing to social and economic well-being through management of the natural environment and, in particular, to do so by working with local stakeholders.

49. Apart from rolling forward the existing programmes of its three predecessor bodies (English Nature, Landscape Access, and Recreation Directorate of the Countryside Agency, and Defra’s Rural Development Service), Natural England’s particular contribution to rural economic development is likely to be in promoting the use of the countryside for outdoor recreation and sustainable tourism, adding to the already significant number of jobs and incomes generated in tourism related industries, and in supporting land owners and others who seek to actively manage and care for the landscape and the natural environment.
50. Finally, another commitment of the Rural Strategy 2004, given life through the Modernising Rural Delivery Programme, has been the development of a new regionally-focused approach to rural delivery and stakeholder engagement. Under this approach each region has developed its own Rural Delivery Framework which is intended to identify regional priorities and coordinate their delivery. This work has been led by the Government Offices in conjunction with the RDAs, local government, NDPBs, the voluntary and community sector, and other regional and local delivery bodies. Central to the development and implementation of these frameworks has been the Regional Rural Affairs Forums, which have been refreshed and charged with ensuring that the views, interests and concerns of rural people, communities and businesses are brought together and presented to Government, not least through the quarterly meeting between the chairs and the Minister for Rural Affairs.

Annex A

THE RURAL ECONOMY

The mix of employment in different sectors of the economy is similar in rural and urban areas:

With the exception of agriculture, the mix of business sectors is similar for rural and urban areas.
There tends to be a higher percentage of businesses in rural areas with no employees. This increases with level of rurality.

**Percentage of businesses by size (based on number of employees) (2005)**

<table>
<thead>
<tr>
<th>Employees</th>
<th>Urban</th>
<th>Rural Town</th>
<th>Rural Village</th>
<th>Rural Dispersed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Employees</td>
<td>15.5</td>
<td>22</td>
<td>30.9</td>
<td>34.9</td>
<td>18.9</td>
</tr>
<tr>
<td>1–9 Employees</td>
<td>66</td>
<td>65.5</td>
<td>59.1</td>
<td>54.9</td>
<td>64.5</td>
</tr>
<tr>
<td>10–49 Employees</td>
<td>114.6</td>
<td>10.7</td>
<td>8.6</td>
<td>8.5</td>
<td>13.3</td>
</tr>
<tr>
<td>50–250 Employees</td>
<td>3.3</td>
<td>1.6</td>
<td>1.3</td>
<td>1.5</td>
<td>2.9</td>
</tr>
<tr>
<td>&gt;250 Employees</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*Source IDBR—Local units

October 2006*
Annex B

THE RURAL CLASSIFICATION OF LOCAL AUTHORITY DISTRICTS

Local Authority Districts by Rural and Urban Classification.

Rural and Urban Classification:
- R00 00% or more of the district population in a rural area
- R50 50% or more of the district population in a rural area
- SR less than 50% of the district population in a rural area but significantly rural
- Urban

Further information on the rural definition and classification of local authority districts can be found at:
http://www.defra.gov.uk/rural/ruralstats/rural-definition.htm
CHARACTERISTICS OF RURAL AREAS FACING ECONOMIC CHALLENGES

Whilst it is important that the challenges of rural areas are considered at a local level and in their regional context, there are some characteristics which are shared by many of the rural areas facing the greatest challenges. These three broad categories are considered below.

Population sparsity and distance from major urban centres (peripherality)

In economic terms, there are advantages from the co-location of firms and industries in cities, in terms of knowledge spill-over, networking, reduction of transport costs, labour market efficiency, local competition and services. By their nature sparsely populated rural areas tend to be distant from such urban centres. This tends to increase the cost of service provision, and means that the more peripheral rural areas gain the least benefits from the agglomeration of economic activity in cities.15 Map 1 looking at city regions in terms of commuting from local authority districts illustrates this point with the white districts not being identified with any city region.

Comparative advantage in low paid sectors

The characteristics of some rural areas play a strong part in determining the activities which take place there. For example the presence of high quality agricultural land leads some areas to specialise in commodity agricultural production and distribution, both comparatively low added-value economic activities. Map 2 indicates high levels of employment in agriculture at a local authority district level. Again there is overlap with the most rural areas and those on the periphery.

The high environmental quality of some rural areas leads to an extensive tourism sector, some (though by no means all) of which relies on seasonal and low paid employment. Map 3 illustrates districts with low pay which overlaps with areas of employment in agriculture and tourism.

**Areas undergoing major economic structural adjustment**

A final category of rural area characterised by low productivity and consequent low levels of social welfare is those areas adjusting to recent declines in a major economic activity; in particular the former mining areas of the East Midlands, Yorkshire, the North East and Cornwall. Many of these areas lie close to major cities and therefore the issues facing these communities tend to be very different from the first two categories and more akin to the regeneration issues in urban areas. Also, on a smaller scale, some former seaside resorts and fishing communities fall into this category.
Supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs

**EXECUTIVE SUMMARY**

(i) Defra has a Departmental Strategic Objective (DSO) of maintaining Strong Rural Communities. This reflects the fact that the social and economic outcomes sought by Government, apply equally to both urban and rural areas and that the public service needs of people living and working in rural areas must be addressed by the same parts of the public sector that work for all of us. This headline objective is supported by two Intermediate Outcomes:

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- the evidenced needs of rural people and communities are addressed through mainstream public policy and delivery; and
- economic growth is supported in rural areas with the lowest levels of performance.
(ii) In order to measure these outcomes we are developing a dashboard of social and economic indicators so that specific problems can be identified and tackled if and when they arise.

(iii) There is a range of mechanisms in place to ensure that the Government delivers on its aspirations for economic development in rural areas. Some of these have been designed exclusively to support development in a rural context whilst others are in place to support all areas of the country rural and urban.

(iv) The Rural Development Programme for England is a delivery mechanism which is designed explicitly to support rural areas. The RDPE 2007–13 aims to build profitable, innovative and competitive farming, food and forestry sectors; to improve the environment and countryside; to enhance opportunity in rural areas, in a way that harnesses and builds upon environmental quality; and to mobilise the development potential of rural areas in a way that stimulates innovation to the benefit of the local area. The RDPE has a budget of £3.9 billion—more than double the budget available for the previous programme which ran from 2000–06.

(v) The new Review of Sub-national Economic Development and Regeneration (SNR) published on 17 July 2007, is the mainstream architecture by which Government will deliver its desired economic outcomes in all areas, rural and urban. The objective of the SNR is to provide local authorities and Regional Development Agencies with new powers and incentives to drive local prosperity, economic growth and regeneration.

(vi) Defra is a formal delivery partner to the Regional Economic Performance Public Service Agreement, the delivery agreement for which records our specific interest in intra-regional disparities—including rural versus urban growth—as well as the competitiveness of the food and farming sector, climate change and business resource efficiency.

(vii) The Commission for Rural Communities as the Government’s rural advocate, expert adviser and watchdog will ensure strong quality assurance of Government’s offering to support the achievement of rural economic potential across the country.

1. Supplementary Memorandum

1.1 This memorandum provides an update on the evidence submitted to the Committee in October 2006. It focuses on work undertaken since that time, in particular the development of Defra’s Strong Rural Communities Departmental Strategic Objective (DSO) and changes to the delivery architecture in place to deliver the Government’s aspirations for economic development in rural areas.

2. Strong Rural Communities

2.1 Strong Rural Communities are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment and contribute to a high quality of life. A strong rural community is created by the people who live in it and is reinforced by its diversity and the extent to which all its members share a sense of place.

2.2 Rural areas contain many strong communities. In the majority of cases rural areas perform on a par with or better than urban areas for a range of social and economic indicators. Proportionately fewer rural people live in poverty, whether they are children, pensioners or people of working age. Fewer are victims of crime. Proportionately more people in rural areas are employed than in urban areas.

2.3 The social and economic outcomes sought by Government, apply equally to both urban and rural areas and our objective is not different or better outcomes for people living in rural areas than those enjoyed by people living elsewhere. The public service needs of people living and working in rural areas are addressed by the same parts of the public sector that work for all of us. Rural communities and businesses, rightly, expect Defra to ensure that Government doesn’t overlook the challenges associated with more remote or widely dispersed communities; and particularly the challenges faced by relatively disadvantaged people in those communities.

3. Measuring Achievement

3.1 In order to provide a basis for tracking and communicating progress in our work to support strong rural communities, we have two Intermediate Outcomes (IOs):

— the evidenced needs of rural people and communities are addressed through mainstream public policy and delivery; and

— economic growth is supported in rural areas with the lowest levels of performance.

3.2 Beneath these headlines, our work on achieving Strong Rural Communities will require us to have a handle on a wide range of social and economic indicators—in effect, to create a dashboard so that specific problems can be identified and addressed if and when they arise. That dashboard will include indicators that tell us about real-life outcomes for rural people—rather than drawing inferences from inputs, outputs or processes. It will tell us how rural people and businesses are faring using the national picture as our
comparator. These indicators will be based on mainstream Government data, to which we can reasonably expect to have access to over the full three years from 1 April 2008. We expect to publish the dashboard on the Defra website setting out the current baseline for all indicators, shortly.

3.3 Intermediate Outcome 1. *The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery*

3.3.1 Policies and processes must be designed effectively to meet the needs of people living throughout the country. This Intermediate Outcome has been designed to assess the performance of the Government’s social and economic policies in rural areas by comparing outcomes and trends in rural areas to the national picture. This measure will include the following indicators:

- Educational Attainment (GCSE Results, entrants to higher education);
- Social Capital/Quality of Life (Trust, belonging, community cohesion);
- Health (Life expectancy, and potential years of life lost for a range of diseases);
- Housing Affordability (Affordability, homelessness, delivery);
- Crime (measured against a range of standard offences); and
- Poverty and Unemployment.

3.4 Intermediate Outcome 2. *Economic growth is supported in rural areas with the lowest levels of performance*

3.4.1 Whilst most rural areas are performing quite well, there are rural areas where levels of economic performance are below average and prospects for growth are more limited. To better understand and influence economic performance in rural areas we have developed—as a component of our Strong Rural Communities dashboard—a new measure of rural productivity in conjunction with the Office for National Statistics’ (ONS). It is a measure of output per worker using Gross Value Added (GVA) as the output measure and Workforce Jobs (WFJ) as the input measure.

3.4.2 The headline measure provides a sub-regional breakdown of GVA using the Local Authority District Classification. Beneath this sit intra-regional measures of rural productivity and a basket of supporting economic indicators:

- Workforce Participation;
- Adult Skills;
- Earnings; and
- Business/Innovation.

This evidence base will be used to inform the delivery of economic support for all rural areas and to encourage a particular focus on those rural areas with the lowest levels of performance.

4. **Relationship of Farming to the Wider Rural Economy**

4.1 Farming accounts for broadly 4.5% of employment in rural areas in England, but this average disguises the much greater significance of agricultural employment in some parts of the country, particularly in sparse hamlets, where employment in farming is 19% of the local workforce (13,342 from a population of 70,085 living in sparse hamlets work in agriculture, hunting and forestry). Beyond this, farming also has a major indirect contribution to the rural economy through managing much of the landscape and natural resources upon which many rural businesses, in particular those in the countryside leisure and tourism sectors, depend. Defra therefore sees a strong link between its vision for the future of farming and the Strong Rural Communities DSO.

5. **Delivery Mechanisms**

5.1 There is a range of mechanisms in place to ensure that the Government delivers on its aspirations for economic development in rural areas. Some of these have been designed exclusively to support development in a rural context whilst others are in place to support all areas of the country rural and urban.

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16 The England average.
17 Data from the 2001 Census.
18 Working within the context of the Strategy for Sustainable Farming and Food, Defra and its key stakeholder partners recently reached a broad consensus on a long term vision for farming which identifies a sector that is profitable and competitive due to the quality and standards of its produce; collaborates to meet the challenges and manage the risks it faces; embraces its environmental responsibilities; and is valued and rewarded by society for the public goods it provides. A Framework for Action is being drawn up to identify a number of priority themes, actions and commitments that will help to deliver this vision.
5.2. The Rural Development Programme for England and EU structural Funds

5.2.1 The RDPE was agreed by the European Union on 6 December 2007. Defra’s strategic priorities for this funding are to build profitable, innovative and competitive farming, food and forestry sectors; to improve the environment and countryside; to enhance opportunity in rural areas, in a way that harnesses and builds upon environmental quality; and to mobilise the development potential of rural areas in a way that stimulates innovation to the benefit of the local area.

5.2.2 The RDPE 2007–13 has a budget of £3.9 billion—more than double the budget available for the previous programme which ran from 2000–06. The overall design of the RDPE encourages integration between social, economic and environmental objectives, and RDPE measures complement other domestic and EU funding streams to ensure that rural businesses can generate high quality employment opportunities.

5.2.3 In practice, much of the £3.9 billion will fuel rural economic development. But around £600 million will be specifically targeted to support the delivery of economic and social outcomes. This will be the responsibility of the Regional Development Agencies (RDAs). The RDAs launched the RDPE at the beginning of January 2008.

5.2.4 An integral part of the RDPE, Leader, is a community-led “bottom-up” approach designed to ensure programme integration at the local level. It is not a separate fund or set of objectives: rather, RDAs will be empowering Local Action Groups to identify the solutions to their key rural development priorities and mobilising endogenous local development.

5.2.5 In addition to the RDPE, over the same 2007–13 Programme period the European Regional Development Fund and the European Social Fund will have significant impacts in rural areas. In particular, the ERDF Convergence programme will provide targeted support to the local economy of Cornwall (£55 million) and the Isles of Scilly. We have worked hard to ensure complementarity between RDPE and the Structural Funds (ERDF, ESF) and the European Fisheries Fund.

5.3 The Sub-National Review, RDA Sponsorship and the Performance Assessment Framework

5.3.1 As stated above, the public service needs of people living and working in rural areas are addressed by the same parts of the public sector that work for all of us. In general, the advice, information, incentives and regulation that serves to support business in rural England is the same as that which serves businesses operating in all parts of the country.

5.3.2 The new Review of Sub-national Economic Development and Regeneration (SNR) published on 17 July 2007, is the principle architecture by which we will deliver our desired economic outcomes in all areas rural and urban. The objective of the SNR is to provide local authorities and Regional Development Agencies with new powers and incentives to drive local prosperity, economic growth and regeneration.

5.3.3 At the regional level, RDAs will take over the role of regional planning body from Regional Assemblies and will be responsible for producing a new single integrated strategy for each region, working closely with local authorities. These regional strategies will be underpinned by sustainable development, and should address economic, social, and environmental priorities. This is a real opportunity to ensure that social and environmental objectives are genuinely integrated with goals for economic growth. It should also provide the framework within which we can ensure that rural communities’ needs, as articulated by those with the local knowledge and vision, are intelligently integrated within regional strategies. Each RDA has a statutory duty to ensure that its purposes apply as much in relation to the rural parts of its area as in relation to the non-rural parts of its area.

5.3.4 The RDAs will be required to demonstrate adherence to two cross-cutting principles—sustainable development; and economic opportunities for all. The latter will ensure that all sub-regions and localities within each region, including rural and urban areas, can achieve their potential.

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19 £3.3 billion allocated to agri-environment and other land management schemes. £600m to make agriculture and forestry more competitive and sustainable and to enhance opportunity in rural areas.
20 There is considerable diversity in the needs and priorities of the different English Regions. RDAs and their partners have developed regional approaches to identify priorities and solutions in Regional Implementation Plans within the national framework of priorities. RDAs will be operating a strategic investment-led approach to delivery. This means that the RDAs will be taking a proactive approach to project development under the new programme and may well be working through commissioning projects or working with groups of key businesses and/or community partners to develop projects that deliver multiple outcomes, as well as discussing projects with individual enterprises and training providers.
21 Details of the allocation of ERDF and ESF funding for the 2007–13 programming period can be found at www.berr.gov.uk/files/file37998.pdf
22 The report of the sub-national economic development and regeneration review was published on 17 July 2007: http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm
5.4 The Regional Economic Performance Public Service Agreement (REP PSA)

5.4.1 As the principal delivery agent for the Government’s Regional Economic Performance PSA target, RDAs will use their own direct investment activities, and help to drive and co-ordinate the activities of their partners. This will require them to be clear about overall strategy and priorities but also to give far greater autonomy to local authorities and sub-regions in the allocation and management of spending. Defra is a formal delivery partner to the REP PSA, the delivery agreement for which records our specific interest in intra-regional disparities—including rural versus urban growth—as well as the competitiveness of the food and farming sector, climate change and business resource efficiency.

5.5 Local Area Agreements

5.5.1 At the sub-regional level, Local Area Agreements are an important integral part of the sub-national machinery. They are at the heart of the new local performance framework and they set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level.

5.5.2 LAAs will be the place where central government will agree targets with local authorities and their partners on outcomes delivered by local government on its own or in partnership with others. The process for agreeing LAAs will ensure that they properly consider the needs of the rural areas within their boundaries. We have been working with Government Offices to ensure, as reflected in the LAA guidance, the process for negotiation of LAAs includes due consideration of any rural dimension.

6. Being Held to Account: The Role of the Commission for Rural Communities

6.1 The Commission for Rural Communities (CRC) was established on 1 October 2006 to provide evidence-based, impartial advice on rural issues both to Government and across the wider public sector. It also provides an independent voice for people in rural England and is tasked with ensuring the development and implementation of government policies take account of the particular characteristics of rural areas. The CRC’s statutory responsibilities require it to have a particular regard for persons suffering social disadvantage and rural areas experiencing under-performance.

6.2 The CRC has already presented evidence to and engaged with the Government on a range of issues including the review of the rural Post Office network, affordable rural housing and the impact of migrant workers in rural areas. Its annual rural proofing report is part of its ‘watchdog’ role and helps ensure that policies across Government take account of rural needs. It is also increasingly engaged in dialogue with local government and other agencies with responsibility for economic and social regeneration. And the CRC’s Chairman, in his role as Rural Advocate, is currently in the process of completing a commission from the Prime Minister to identify ways of strengthening rural economies.

6.3 The CRC’s advocacy, expert adviser and watchdog role will provide ensure strong quality assurance of Government’s offering to support the achievement of rural economic potential across the country.

March 2008

Further supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs (RE 20b)

Strong Rural Communities DSO

I thought it would be helpful, in advance of my evidence session with the EFRA committee on 16 July, to share with you and members of the committee the indicator list and current baseline of data for our Strong Rural Communities Departmental Strategic Objective.

For the current Spending Review period (CSR 07) effective from 2008–09 to 2010–11, each government department has developed a set of Departmental Strategic Objectives (DSOs). These set out a picture of what the Department as a whole aims to achieve over the next three years and provides an overarching framework for performance management and progress reporting.

The methodology underpinning this DSO was agreed with HM Treasury in advance of 1 April this year. I know that Committee had sight of an early outline of the proposed methodology that was published in the autumn last year. As you would expect, there have been some changes during the intervening period as the methodology has been refined and improved through discussions with colleagues elsewhere in Government and the Office for National Statistics. I have asked that it is published on the Defra internet site, where members of the committee and the public can easily access it. It can be found here: http://www.defra.gov.uk/rural/dso/index.htm
This measure provides a robust way to focus our activities, for example on issues such as affordable housing and local wages. You may note that against many (although by no means all) of the measures rural areas appear to be performing well when compared to the national average. Whilst I am pleased to be able to report that this is the case, I fully recognise that there is no room for complacency. An average figure can, and in many cases will, mask considerable variation between different groups and different areas. With this in mind, our analysis of these indicators does not stop at providing a simple overall picture as illustrated in the DSO. We continue to work closely with the departments that lead on each policy area to get underneath the headline figures and find out in detail how policy and delivery are manifested on the ground, playing a complementary role here with the Commission for Rural Communities.

July 2008

Witnesses: Jonathan Shaw MP, Parliamentary Under-Secretary of State (Marine, Landscape & Rural Affairs), Mr Robin Mortimer, Director (Rural, Land Use and Adaptation), and Mr Ron Scrutton, Head (Rural Policy), Department for Environment, Food and Rural Affairs, gave evidence.

Q196 Chairman: Good afternoon, ladies and gentlemen, to this last session of oral evidence in the Committee’s inquiry into the potential of England’s rural economy. Before I formally welcome our witnesses can I also welcome to our proceedings representatives of the South Lakeland District Council who I know are here today. Having had the pleasure of meeting them earlier on already, we have a willing set of further volunteers to supply the Committee with excellent evidence from the other side of the Pennines from which the Committee visited when we went to North Yorkshire. Can I formally welcome Jonathan Shaw, the Under-Secretary of State for Marine, Landscape and Rural Affairs, and he is supported by Mr Robin Mortimer, the Director of Rural Land Use and Adaptation (sounds jolly interesting—and if you do rural land use my allotment beckons, so I will see you there on Sunday!), and Mr Ron Scrutton, the Head of Rural Policy in the Department. Gentlemen, you are very welcome. Thank you for the written evidence and thank you for agreeing to come and give us oral evidence. When we heard from the Centre for Rural Economy, Minister, they said (and I quote): “Defra needs to become a more effective champion of rural affairs; improve rural proofing in Whitehall and the regions; and more effectively promote the idea of rural economies as sources of economic dynamism in their own right.” Do you think in the time that you have been in post, Minister, you have achieved that objective? If so, how?

Jonathan Shaw: Would any Minister get to the Promised Land, as you have sort of described it, is something that we have to continue to work hard for, but I think that within the year that I have been in post that gives you some time to reflect on the Government’s policy and areas within which we are ensuring that, whether it is rural proofing or mainstreaming or whatever we want to call it, the Government is delivering on its PSA targets within sparsely populated areas to ensure that both the economy and people’s wellbeing is improved, and I think that we are making good progress. Indeed, around 30% of England’s businesses are within rural areas. Is there more that we can do? Absolutely, but it is not just for government; it is for government, it is for regional organisations, such as the RDA, and indeed local authorities and local organisations.

Q197 Chairman: It is fair to say, though, that you have already had to change one PSA which was unmeasurable—the one that looked at rural productivity—to the one that deals with strong rural communities. So there have been some quite wholesale changes in the way that you deal with your priorities in this area.

Jonathan Shaw: That is right. It is not just changes to the PSA in relation to the Department where I am the Minister. What we did have were PSAs which were department-specific; there were only, perhaps, a couple that actually joined departments together. Previously, it was our department and the Department for Transport that worked on climate change, for example, but the PSAs are complemented now by a number of Departmental Strategic Objectives, the difference being, as I am sure you are aware, that PSAs go right across government so all departments have a responsibility for improving on climate change, etc.—none of them work in isolation—but the Departmental Strategic Objectives, generally, are departmental rather than cross-government. Ours is different because it does go outside of the department and it ensures that the Government is delivering to rural communities those PSA targets, which are the priorities of the Government for all of our citizens, whether they are urban, suburban or rural.

Chairman: You have emphasised in your two answers the importance which you attach to these matters. Could you, for the record, tell me how many people in DEFRA are currently involved in undertaking your rural policy work?

Jonathan Shaw: I will let my colleague answer on the specifics, but it is reasonable for me to say let us look at the politics of this. At the last election—

Q198 Chairman: I would rather just have an answer to how many people there were.

Jonathan Shaw: I think it is an important context in which to put the answer, Chairman. At the last election all political parties, certainly the Labour Party and the Conservative Party, said that they would reduce the number of civil servants (I can of those pictures of Michael Howard walking through those cardboard cut-outs of bowler hats) because both of us wanted to ensure the delivery and the priority of public services. However, it is not just measuring in rural; if we are mainstreaming, there are people in the Housing Corporation working on rural issues; there are people who work on the RDPE programme, there are people in animal health and there are people in CLG. So in just the
same way as the rural matter is not just the issue for Defra, dealing with rural matters cuts across all government departments. I am happy for my colleague to answer the specific, but that is the general context, I think, within which you should make a judgment.

Q199 Chairman: Okay. Now we have walked through the sunny uplands of Britain’s political past, Mr Mortimer is going to tell us the answer to my question.
Jonathan Shaw: Yes, please.
Mr Mortimer: I am just echoing what the Minister said, really, it depends what you are asking exactly. In terms of how many people across Defra work on issues relating to rural affairs—a very large number.

Q200 Chairman: I posed the question. You can give me the factual answer in any way you want, but I would just like to know, and perhaps you can tell me, if one takes the people who deal with the policy issues (let us be specific) how many of those are there?
Mr Mortimer: Working directly in my team there are 17 posts in the rural policy division, but we organise ourselves not just in divisions we organise on programmes, and in terms of the rural programme—

Q201 Chairman: If we go back to before the Defra change programmes started, how many were there?
Mr Mortimer: If I can just finish the point, in terms of the rural programme, which draws in people from a large number of other areas of the department, around 30 work directly on the rural programme.

Q202 Chairman: So 17 and in total 30. Wind back to before the run-down in numbers, which the Minister alluded to: how many was it?
Jonathan Shaw: Chairman, through this number-crunching exercise you will get to a lower figure than what was. That is why I put the political context. The issue is, surely, about deliverability of services. People in rural areas are worried about the bus, not civil servants.

Q203 Chairman: You have put the context to us. I am just trying to get a measure of the resource that is available at the centre for the department in government who have responsibility for this area. I do not mind you putting it into context—that is probably very helpful—but just for the record could we not have an answer three years ago to the question that Mr Mortimer has helpfully answered?
Mr Mortimer: It is genuinely difficult to answer—I am not trying to prevaricate—but in the restructuring we moved people out from what was the Rural Policy Directorate. The Rural Policy Directorate included people who were not working on rural policy. So I think it would not be a like-for-like comparison to give you the number for the Rural Policy Directorate versus now.

Chairman: Now you have excited my colleagues, who all want to come in with supplementary on this.

Q204 Mr Rogerson: I certainly accept what you are saying that other departments have a responsibility for delivering on this, and that is reassuring in many ways because that is what we want to hear. However, we are able to call you in front of us and, I suppose, what we need to know is how you are co-ordinating those efforts as a department. There always used to be this system, and I am not sure there still is, of Green Ministers in all the other departments responsible for delivering on that. Should there be Rural Ministers; people who have specific responsibility—ministerial responsibility—for ensuring that their departments are delivering across all areas in terms of this? Are there regular meetings together of civil servants from all the other departments with this small, very focused team? Finally, to hit on what the Chairman was saying, the number may have gone down, as you rightly say, but should we talk in percentage terms? So has the percentage of civil servants focusing on rural issues before changed, or has that number fallen right the way across the board?
Jonathan Shaw: I will try, but that is seven questions.

Q205 Chairman: Very good value for money!
Jonathan Shaw: Absolutely—very efficient. In terms of are there discussions between Ministers—absolutely—and obviously I attend a number of Cabinet sub-committees. Part of my responsibility there will be to ensure that when policy is being developed they are taking account of sparsity (therefore, rural areas), and we develop policy together. For example, with rural housing, we will develop that with the CLG. It is not just a case of us going out to police departments; departments come to us as well because they want to see the development of policy. An example might be the 14–19-year-old diploma—

Q206 Mr Rogerson: Transport issues.
Jonathan Shaw: Absolutely. The education department approached us last autumn in looking at how they were going to deliver. We all want more kids to stay on in education but, as you absolutely rightly say, Mr Rogerson, the issue is about transport, so some resources have been put up there and work is going to be undertaken to ensure that that happens. Yes, there are a number, both at official level and at ministerial level, of meetings to discuss policy—and outcomes is the key thing—but it is not a case of Defra going around policing. It is ingrained more than it was, I believe—rural proofing across government. I can go on to give other examples throughout my evidence.

Q207 Sir Peter Soulsby: I just wanted to return to the question of numbers because the suggestion has been made to us that there has been a disproportionate reduction in the numbers of civil servants dedicated to rural affairs, and that rather than mainstreaming (as you describe it) it has
Jonathan Shaw: I do not think it is. I would not suggest that we are getting everything right, but in terms of characterising this in terms of the numbers of staff and getting it right—what is getting it right? Getting it right is delivering services, and that is the key thing that people have become concerned about. I think that we want to use our resources smarter. There has been a reduction across Whitehall, but it should not be the sole responsibility of one department to ensure part of our population receives services and sees their local economies do well and prosper; it is for all of government. That is why the PSA targets, whether it is on poverty, whether it is on educational attainment or whether it is on health outcomes, are something that we want to improve for all of our citizens. So all government departments have got a responsibility to deliver upon that and we work with other departments to assist them develop their policy, as indeed we do at a regional and local level. Again, I can give examples of that in my evidence.

Q208 Sir Peter Soulsby: I think, Mr Chairman, some figures might be helpful—perhaps not today—to return to this point about the disproportionate reduction that has been suggested to us.

Jonathan Shaw: In terms of my opening remarks and why I was defensive in terms of the Chairman's questioning, that is not the right question or the right thing to look at; it is outcomes. If you have a huge number of people—what are they doing? I would say it is about people having a job and part of their job may well be rural, and that might be within other departments. So that is the number, in terms of full-time equivalents, that you might want to add up.

Q209 Chairman: If it is difficult to put numbers on it, what is the most important top priority for your department? What is number one on the list?

Jonathan Shaw: Climate change and the natural environment. That is the PSA target.

Q210 Chairman: Number two?

Jonathan Shaw: The natural environment. They are our—

Q211 Chairman: Where does rural come on that list?

Jonathan Shaw: That is why I described the difference between the PSA targets, which cut across all of government, and then the department's Departmental—

Q212 Chairman: Priorities?

Jonathan Shaw: The department's priorities. Most of them operate within the department but, obviously, ours operate outside of that, to ensure that those PSA targets reach people in sparsely populated areas.

Q213 Chairman: You have given me a very straightforward answer, you said the first and second priorities; all I am asking is on a scale of one to whatever the priorities are, what number is rural affairs?

Jonathan Shaw: We have eight DSOs and two PSAs and the PSAs are the Government's priority. That is about climate change, that is about education, that is about health outcomes, is something that we want to improve for all of our citizens. Within our department we need to ensure that the Government delivers that for people in sparsely populated areas.

Q214 Chairman: In other words after one and two everything else is equal.

Jonathan Shaw: One and two, those are the two PSA targets that the Government has, all across Government, and then we have eight DSOs which are of equal priority.

Q215 Chairman: It is not a difficult question.

Jonathan Shaw: I have answered it in an easy way.

Q216 Chairman: You have told us what the pan-Government target is, I am talking about the priorities of Defra. Sir Peter asked a perfectly reasonable question which was can you help to, if you like, dissipate or dilute the suspicion that some have about where the priority of rural affairs lies in Defra. Sir Peter has asked for a little more information on the resources within the department that are being devoted to help us understand that and, looking back, to give us an historic perspective. I was just enquiring in a friendly sort of way where it comes in the Richter scale of one to whatever—in other words if it is the third, the fourth or the fifth most important, what is it?

Jonathan Shaw: Chairman, there are eight DSOs within Defra and all are of equal value, and the reason why I answered the question in the way that I did from Sir Peter is because the suspicion can be heightened if you ask that question, how many have you got in the rural division now and how many did you have in the past. You can ask that and then that can lead someone to be suspicious that that is a decrease in terms of the priority, which is not the case. The question is what is the total resource across Government, that is the question.

Q217 Chairman: Mr Cox is now bursting to get in.

Jonathan Shaw: He is always bursting to get in.

Q218 Mr Cox: The rural economy is quite important and I suppose one thing that might make people suspicious in a rural area is the sight—and I pluck Devonshire almost at random—of 83 rural post offices closing. How does that square with a PSA4 which is to, among other things, improve the accessibility of services in rural areas, encourage the diversity of businesses and strong rural communities? If it does not—and I would suggest to you it is almost a done deal that it does not—was your department consulted, did you make
representations about the importance of these institutions to the isolated rural areas in which dozens of them are closing?

Jonathan Shaw: You will be aware, Mr Cox, of the resource that has gone into supporting the post office network in the last few years, I think that up to 2011 it will be £3.7 billion.¹

Q219 Mr Cox: This is not a general question, this is a question about isolated rural areas for which you are responsible and the vulnerable communities which your PSA4 seeks to protect. The question is, when the Post Office proposes the closure in those areas, some of them on high moors, in national parks, have you had anything to say about it on behalf of these rural communities?

Jonathan Shaw: Our department works closely with BERR that have got the lead responsibility for this area, and they were talking to us about sparseness. They would look to us to ensure that when going about the changes and making the reductions that it is done in a strategic way, so the proposal is that 95% of rural Britain will be no further than three miles from a post office. In addition to that we will be working closely with a range of organisations on the 500 or so schemes for the dual usage of pubs and shops et cetera so that people can access particular services, and indeed spreading the best practice that a number of organisations, including local authorities, are doing.

Chairman: You can contemplate that, Mr Cox, because we will come back to targets later on but, Mr Gray, I apologise for delaying your intervention.

Mr Gray: It has been germinating away in my mind.

Chairman: Now is the chance to let it bloom.

Mr Gray: Returning to this question of the accusation that rural affairs have been marginalised by Defra—and you know, Minister, that I personally have the very, very highest regard for the excellent job which you personally are doing so it is not a personal remark I am about to make. When I was the Shadow Minister for Rural Affairs my opposite number, Alun Michael, was a senior minister of state, he was a member of the Privy Council, he had been leader of the Welsh Assembly, was a person with the Prime Minister’s ear, he said, one of the very, very senior ministers of state in Government, and you are a Parliamentary under-secretary—an extremely good one I hasten to add.

Mr Cox: Punching above his weight.

Q220 Mr Gray: When I was a special adviser to the Department of the Environment I remember when jobs were reduced from a minister of state down to Parliamentary secretary, there was an indication that that was a bit of a marginalisation there. How would you dispel that feeling?

Jonathan Shaw: You could look at it another way, could you not, Mr Gray, perhaps my opponent is not up to your calibre. That is not something that I think and it was not personal about my opponent, it was just another way of looking at your question, sir.

Q221 Mr Gray: Joking aside, Parliamentary secretaries are looking after rural affairs, it used to be a senior minister of state, is that not bad?

Jonathan Shaw: What is important, as I said about numbers, is the outcomes on hospitals, on health, on transport—

Q222 Mr Cox: On post offices.

Jonathan Shaw: On economics, on post offices and the strategy to get that right. On all of these things those are the most important things. I do not believe that people wake up in rural communities in England and are concerned about the number of civil servants or concerned about whether I am the minister of state or Parliamentary under-secretary of state, or how effective or not the shadow spokesperson is.

Q223 Chairman: What Mr Gray was doing was trying to be helpful in terms of furthering your career and we will make certain that a copy of that—

Jonathan Shaw: I want to further his career, I want to get him back onto the front benches—the shadow front bench of course. We will help each other.

Q224 Chairman: We will make certain that No 10 gets a copy. Just before we move on, the reason why we are probing is that Dr Stuart Burgess, in some points that perhaps we will go into in more detail later, told this Committee that the potential for the rural economy was up to £347 billion in terms of value. I would have thought that given that level of potential unrealised economic activity, a department would have used that in helping to prioritise the attention that it gave to it, because that is a very significant potential boost for the whole of the economy.

Jonathan Shaw: It is not just this department that needs to give that—and we do—that serious attention, it is all government departments and I think the report that has been published today on the State of the Countryside does show that many people are indeed moving to rural areas and setting up businesses, which is very encouraging and, as you say, around 30% of England’s businesses are in rural areas. The figure of £347 billion is a huge figure and obviously we need to look at that and a number of other recommendations that Dr Burgess made in his report. I have brought together all of the relevant ministers from across government to look at the report and we are going to respond to that.

Q225 David Lepper: Just a small point that relates to something Dan Rogerson said earlier when he referred to the system of “green ministers” across departments—I am not sure whether that still exists or not. We have heard from the Commission for Rural Communities some praise for Jim Knight’s work on schools in rural communities.

Jonathan Shaw: He is the Parliamentary under-secretary, is he not?

¹ Note by witness: 2011 figure will be £1.7 billion.
Q226 David Lepper: What Dan was asking—although he may not have phrased it as a specific question—was are there ministers in other departments with a specific responsibility for rural issues.
Jonathan Shaw: We do not have rural ministers in the way that we have green ministers but we do have a requirement for everyone to consider rural issues in the development of policy. I suppose, again, it is not a case of people having posts or jobs, it is about outcomes. Another example is that the DWP have approached us because part of their job is to tackle poverty and they are releasing some £20 million to local authorities to assist in finding innovative ways of identifying where that poverty in particular communities is and making sure that people get the benefits they are entitled to—benefits take-up is an important one. You need to know networks and communities et cetera and some of that will be within very sparsely populated communities. One of the features of rural England is that in terms of a number of indicators it is better, better educated et cetera, but within that we know that can sometimes hide or mask real poverty, but as I say it is very sparsely populated. We are providing that advice to DWP as to how they might go about working in partnership with the local authorities to identify that, work up new ways of getting money to people who are entitled to it and then obviously sharing that good practice, similar to that which we did with the rural pathfinders—I think we did one in your county, Chairman.
Chairman: You did indeed and I went to talk to them; I have been to Chipping village hall so I got a first class briefing on it, thank you very much. Mr Drew.

Q227 Mr Drew: If we move on to the policy area, it is generally conceded that there is not a divorce in policy between urban and rural Britain and there is a lot of evidence to support that. The problem is how you deliver that policy and clearly there is a need for additional sensitivity and to look at the way in which the delivery mechanisms are able to reach down because of the problems of much smaller communities and obviously, sometimes, more sparsely distributed communities. That is really the nub of this; in fact there is a false dichotomy between urban and rural and what we should be really talking about are the special characteristics of very remote settlements. When we went North Yorkshire you could not but be struck by the special characteristics they have got, even though they may still face the same problems with schools, health, transport, it is just that it is not like my part of the world in the main where we have got rural characteristics but within reason everybody is a bus ride away from some centre. How can you look at these sparsely populated areas?
Jonathan Shaw: First of all, as I think the Committee understands and recognises, rural England is not all the same. It is very, very different and if you look at the North East somewhere in the written evidence it referred to Easington which may have third generation unemployed and if you look at some of the very wealthy villages around rural Buckinghamshire you probably need at least three times the national average salary to get a very modest property, so it varies enormously, Mr Drew. What we do know is that there is a relationship between the urban, suburban and rural area within the spatial area and that is why local authorities are so important to identifying how services are delivered, and that is why we have developed the local area agreements in which Defra were heavily involved. Some of the work that I have referred to in the Chairman’s county, we assisted Lancashire County Council to develop their rural proofing or mainstreaming so that they may then use that when developing their local area agreement. We also fund the rural community councils to around £10 million a year and they are also part of that picture, so that is national and local. Sometimes it goes down all three, sometimes it goes from the top to the bottom, so you are right to say that there are particular areas that are very, very sparse but even then they are not all the same in terms of the socio-economics, as the two areas that I have just referred to.

Q228 Mr Drew: If you were looking at those special characteristics of sparsely populated remote areas what particular policy levers would Government feel not necessarily they themselves have to operate, but they have to be confident that there is a recognition that somebody has to operate these particular levers?
Jonathan Shaw: They will not all be the same. If you took a sparsely populated area with very poor health indicators we would want to ensure that there was more proactive input, whether it was breast screening or GPs getting in contact with people in terms of reducing cardiac disease, or if there were areas with young people from less well-off families having transport difficulties in terms of staying on in education, and I have referred to the 14 to 19 year old development of the diploma and the work that we did there. I think that it is in each particular case and I do not think Government can pull those levers, what we need to ensure is that at every level we are thinking about the development of policy appropriate to that level and how it impacts upon people. The local councils are closest to their communities and that is why we have developed the local area agreements so that partners within those areas work closely together on their agreed priorities, and obviously the RDAs have their priorities and we in Government too. No two areas are the same. Mr Drew, it is what are the key priorities for that area, whether it is health, whether it is employment or whether it is access to transport services.
Q229 Mr Drew: Just a final point to dwell on how difficult this is, when we were in North Yorkshire we heard the case of one family that had twins and two primary schools had basically conducted an arms race to try and get the two children into their school. That is the reality of what happens in some rural areas because it is the difference between one school staying open and potentially the other school
closing, so in a sense what I am saying is, is there almost like a de minimis level whereby you have to fund very differently? You say it is different and we know it is different, but it is not just different it is light years away from the sort of problems we are facing in urban Britain.

*Jonathan Shaw:* You will know, Mr Drew, that since 1998 to 1999 there is a requirement not to close rural schools. There are about nine on average per year closed and before that there were 30 per year. Importantly, absolutely, schools need children and children need somewhere to live and that is why we are increasing the amount of affordable rural housing to communities of under 3,000 to 10,300 over the next CSR period, and that is why we are investing £8.4 billion.

**Q230 Mr Drew:** The planning system of course is still not helpful to that. We were told that categorically across the board by everybody, that that was the single biggest problem to the regeneration of rural communities in remote areas.

*Jonathan Shaw:* PPS3 provides a lot more flexibility for local authorities and during my visits around the country—and some of those are to the national parks—I see excellent examples of affordable housing and people getting on with it. The frustrations for all of us involved in politics are about finding great examples, and what you want them to do is to spread that across the board. We are putting in considerably more resources now, it is a priority and we have got to ensure that people who have spent their lives and grown up in rural communities are able to stay there. That is why we are putting in this considerable sum of money and we have a 10,300 floor—not a maximum—over the CSR period. We are making some good progress on that.

**Q231 Chairman:** Just before I move on to Anne McIntosh, just to follow up Mr Drew’s line of questioning, you were talking about sparse areas and the information you had at your disposal, yet as we shall see when we probe a little later about the Department’s DSO, some criticism has been made that it is what some witnesses have described to us as too coarse-grained to get down to the kind of level of detail where you can identify statistically what is happening in sparse areas. Can you reassure me that you have got the data to enable you to analyse problems in truly sparse areas?

*Jonathan Shaw:* We are more data rich than we have been in the past and we seek to continue to try and gain new data. It is problematic for us sometimes in very sparsely populated areas, that is why I was referring to the money that DWP are giving to local authorities to try and develop new ways of accessing people who are not perhaps claiming what they are entitled to, and as a consequence of not claiming they find themselves in poverty. Perhaps I can ask my colleague Robin Mortimer to provide a bit more meat on that bone, Chairman.

*Mr Mortimer:* We use the data at the lowest level at which it is available from the Office for National Statistics, and it varies from indicator to indicator. For some, for example the education indicator on educational attainment, we can apply our rural definition to that data set and get data down to a postcode level; therefore we can very much pinpoint what is happening in very local areas. Other data sets are at the district level and obviously they are a little bit constrained, but we use whichever is the lowest possible data set available.

*Jonathan Shaw:* We are continuing to want to learn more so we will welcome the outcome of this inquiry and we are looking forward to your report. What the Committee might be interested to know is that the OECD are going to undertake a review of our rural policies in England, that work will begin soon and the study will be available at the end of next year. It will make comparisons with a number of other European countries—Italy, Netherlands, Germany and within the UK Scotland.

*Chairman:* Very good. Anne McIntosh.

**Q232 Miss McIntosh:** What definition do you use for a rural area?

*Jonathan Shaw:* In terms of sparsity that is what we focus on in terms of 10,000 and below, so it is communities of 10,000 and below, Miss McIntosh.

**Q233 Miss McIntosh:** You use the same definition as the Department of Communities and Local Government.

*Jonathan Shaw:* We would do, yes.

*Mr Mortimer:* The definition was developed between Defra and ODPM as was in 2002. I should say that the 10,000 cut-off point has in fact been the cut-off point between rural and urban since the 1980s, so that has been a continuity.

**Q234 Miss McIntosh:** As a Government you have established city regions; what is the rural corollary of a city region, because there are areas of Yorkshire, particularly North Yorkshire, that do not fall into any city region so presumably if you are the Department for Rural Affairs, what is the corollary of a city region for a rural area?

*Jonathan Shaw:* What impact do we have?

**Q235 Miss McIntosh:** If you are organising most of your policies through the stakeholders, the partners, like the RDAs, if you have city regions what is the rural corollary of a city region?

*Mr Mortimer:* It is a slightly false way of looking at it in a sense. Defra did some analysis last year looking at the footprint if you like of city regions, and what came through from that is that the vast majority of rural areas are within one or other city region so it is not an urban concept, city region, I would say it is a rural and urban concept.

*Jonathan Shaw:* It is within the spatial area as well, certainly within the context of the sub-national review, where certainly in my neck of the woods, the South East, there is some disagreement about the sub-national review, but where there is universal agreement is about bringing together the economic strategy and the regional spatial strategy, so that needs to take account of urban, suburban and rural areas.
Q236 Miss McIntosh: You do not think rural areas are losing out by your city region agenda.
Jonathan Shaw: Many people who live in rural areas will work in urban areas. We know from the report today from the Commission for Rural Communities that many people are indeed leaving urban areas and starting their businesses in rural areas, particularly with the availability of broadband—and we have heard some welcome announcements from the new chief executive of BT, he referred to rural in particular. We have a wide broadband rollout in our country, very comparable to any others within Europe, so we are seeing more of those types of businesses.

Q237 Chairman: You have some way to go. All I can say is I wish you had been a fly on the wall in the Hawes Creamery—
Jonathan Shaw: I have read that evidence.
Chairman: If you have read it you will know they are even battling up one Yorkshire valley with party lines, there is Flo and Doris on the same telephone; broadband is like on another planet for them.
Miss McIntosh: You have some interesting conversations.

Q238 Chairman: Miss McIntosh is admitting she is on the other end.
Jonathan Shaw: That is an example of where it is not working, but overall certainly I have met many businesses within rural areas that are using that technology and doing so very well.

Q239 Miss McIntosh: The Rural Advocate’s report to the Prime Minister estimated that the untapped potential of the rural economy could be as much as £347 billion per annum. I am going to ask you what are the main barriers to realising this potential, but as the department concerned for rural affairs—you talk about PSA targets but delivering public services in rural areas at the moment is costing a phenomenal amount more because of the fuel increase. I have about four councils that serve my particular constituency in the Vale of York, and if you tot-up what their waste collection and waste disposal costs are with the increase of fuel, if you tot-up the ambulance service, if you tot-up the post vans, they are all really struggling. That is obviously one barrier but what are the other barriers to rural areas achieving this potential that has been highlighted?
Jonathan Shaw: As I say, this is the potential that has been set out by Dr Burgess in his report and as I said to the Chairman I, along with other ministers from government departments, have been considering his report because the Prime Minister obviously wants the Government to respond and that figure, looking at the various barriers, will be one of those things that we are considering, and that is obviously something that we are working with colleagues in BERR on.

Q240 Miss McIntosh: Are you actually going to implement his recommendations?
Jonathan Shaw: The Government will obviously consider the report and then we will respond. This will be all government departments agreeing, when we have considered the report fully, and then we will make our response in the fullness of time. Can I just add something to what you have referred to, Miss McIntosh, because you are absolutely right about fuel and there is increasing concern about fuel poverty because many people in rural areas do not have access to gas mains and they have little alternative but oil. We know there are a considerable number of people in rural areas who are in fuel poverty and there is a link there between their access to alternatives. That is something that we are looking at, both in terms of what industry can do and the requirements that we have for industry with the Cert arrangements, but also on Warm Front and in terms of sustainability and the work that the Government is putting into alternatives such as anaerobic digestion and the fuel that can be derived from that. We are conscious that that is happening and we are looking at the short term, but also the medium and the long.

Q241 Miss McIntosh: You mentioned fuel poverty and that is a very good point. Minister, but are you aware that small businesses are actually having to let people go and make them unemployed at the moment, particularly small sector businesses who are heavily dependent on delivery?
Jonathan Shaw: I am aware of many different businesses that are being impacted upon because of high fuel prices. One of my other hats is as the fisheries minister and the red diesel increases have gone up from £96 million to £200 million as the total cost for the UK fleet, so I am very well aware and obviously many of those fishing industries are within rural coastal communities.

Q242 Miss McIntosh: Have you or your officials met the Rural Advocate to discuss the report and his recommendations?
Jonathan Shaw: Yes, I meet the Rural Advocate regularly—in fact I met him earlier today.

Q243 Miss McIntosh: Are you intending to publish a formal response with the Government’s recommendations on the back of that report?
Jonathan Shaw: Yes, we are. As I say, it will not just come from Defra, obviously we will lead and I will chair those meetings but it will be across Government.

Q244 Chairman: The Rural Advocate told us that next week he is on his way to have an half an hour head to head with the Prime Minister; is that solely between the Rural Advocate and the Prime Minister? You are not there or are you?
Jonathan Shaw: Not to my knowledge, Chairman.

Q245 Chairman: What will be the feedback mechanism, what will No 10, do you think, do as a result of that, are they going to issue you with a summary of the points and a few instructions about what to do or how does it work?
Jonathan Shaw: That will depend on the conversation and what the Prime Minister decides. I would not want to prejudge what the Prime Minister says, but I talk to the Prime Minister and Dr Burgess.

Q246 Chairman: Based on previous precedent—because clearly this is not the only time he has seen the Prime Minister—have you as a department got some feedback of the nature of the discussions is what I am asking.

Jonathan Shaw: When we had the floods and the foot-and-mouth the Prime Minister asked Dr Burgess to look into that matter and report to him, so that is very welcome. We have also, as I say, got the report today, State of the Countryside—that is the tenth report that has been published, a very helpful document for Government in developing policy, so we have already seen the Prime Minister making time available for Stuart Burgess but also wanting to follow up on things like the report that he has published.

Q247 Chairman: You said you were going to look into the number which Dr Burgess has put on the value of the rural economy of £347 billion; what is it worth at the moment?

Jonathan Shaw: I will turn to my official; do we have an exact number?

Mr Mortimer: No. Not off the top of my head. It would be very difficult to do the sum, would it not, because so many companies straddle between rural and urban boundaries?

Q248 Chairman: Mr Mortimer, the reason I asked the question was to first of all find out what the difference between A and B was, the point being that the Rural Advocate has made a calculation which you are now telling me is very difficult to do, so how are you going to work out whether it is the right number?

Jonathan Shaw: We will consider how Dr Burgess has arrived at his figure and then provide some analysis on that.

Chairman: With that we will adjourn the Committee and return in around 10 minutes’ time to continue our evidence, when Mr Taylor will take over the questioning. The Committee stands adjourned. The Committee suspended from 3.59 pm to 4.18 pm for a division in the House.

Q249 David Taylor: Are you now or have you ever been a resident in a rural community?

Jonathan Shaw: On the definition of rural, yes, I was born in a rural community, in a village called Aylesford, which is very small.

Q250 David Taylor: Do you live in a rural community now?

Jonathan Shaw: I live in a place called Snodland which has a population of just over 10,000, so it probably was when I moved there 10 years ago but it has gone just over the 10,000 now. It has a town council and is surrounded by the countryside.

Q251 David Taylor: I want to examine this DSO that has now supplanted the PSA4. Lord Haskins was quite critical of PSA4, he talked about it being “aspirational and woolly” and in a sense simplistic, which sounds like a social climbing sheep. Do you feel that it had serious flaws?

Jonathan Shaw: In terms of maintaining strong rural communities, on that in itself you can make your own judgment, but it is looking at the detail below the statement and you will know that we have got the two intermediate outcomes.

Q252 David Taylor: I am talking about PSA4 now; do you share his criticism?

Jonathan Shaw: We found that difficult to measure. As I said, the PSAs have changed from going from departmental to now cross-Government so everyone is responsible for delivery on those. The judgment was that it was difficult to make those measurements and so we refined them. If you find something is not working well you change it.

Q253 David Taylor: If you are going to have a DSO on something that is deliverable it needs to be something that is measurable, does it not?

Jonathan Shaw: Yes.

Q254 David Taylor: Achieving strong rural communities, is that measurable?

Jonathan Shaw: If you look at the detail of what we mean by that in terms of the two intermediate outcomes, outcome one is educational attainment—that is certainly measurable—quality of life, we think that that is measurable. They are less tangible things but things that we look at—for example volunteering, we know that volunteering makes for stronger communities and actually what we know is that the more sparse the community is the more volunteering there is. Then life expectancy, housing, crime and poverty, all of those things are measurable and we measure those in the way that you would expect us to do, but the other intermediate outcome is on the lowest performing rural areas.

Q255 David Taylor: We are back to PSA4 now which was widely criticised was it not?

Jonathan Shaw: Yes, but these are the two intermediate outcomes.

Q256 David Taylor: This DSO was not chosen because it is exquisitely vague and can mean anything to anyone?

Jonathan Shaw: I described the DSO in my answers to the Chairman and its relation with the PSA. PSAs are across government, DSOs are within departments. This is not within the department because clearly Defra does not run schools, hospitals, police et cetera, so our DSO is a bit different and what it does is it ensures that other government departments are delivering their PSAs, the ones that they are responsible for, within sparse communities, within rural communities, and we do that through the rural proofing, the mainstreaming.
Q257 David Taylor: We will come on to that in a moment. It is not then an unmeasurable intangible that you can argue the toss about and challenge. Jonathan Shaw: If you just take the statement on its own you could draw that conclusion; what I am asking you to do is to look at the detail which underpins that statement: the intermediate outcome one and intermediate outcome two, education and low performing economic areas, or education and all of the traditional public sector areas which we want to measure and also then under-performing economies within local areas. Those two intermediate outcomes, what I have just described, do not match up with what you perhaps have suggested strong rural communities should mean.

Q258 David Taylor: Why was “strong rural communities” the best encapsulation of what Defra was all about in terms of the DSO? Jonathan Shaw: If that could be improved then I would be pleased to hear from you but I think that what is more important is not the title, it is actually the outcomes. I think that what people are concerned about is educational attainment, health, housing, crime, those are the issues. You can say it is a blandishment but what I draw your attention to is the detail that underpins those, and that is about the outcomes and that is about policy delivery, and that is what the Government wants to do.

Q259 David Taylor: You asked for alternatives and while we do not want to argue the toss on this now it was put to the Committee that perhaps “strong” was the wrong word and sustainable would have been a better one, and indeed more consistent with what the Department was doing in a range of other areas. That seems to me to be a reasonable observation. Jonathan Shaw: That is a reasonable observation.

Q260 David Taylor: So you will change it. Jonathan Shaw: That is a reasonable observation. Obviously what I will do is I will consider this Select Committee’s report.

Q261 Chairman: Otherwise we will unleash Rima Berry of the Wensleydale Business Association—not a woman to be trifled with I can assure you—who was the originator of this innovative suggestion. We will unleash her on you. Jonathan Shaw: You have threatened me with many things since being in this position and most of them I know—I have read the transcript—and I will bear that in mind when I am considering the recommendations. Worse than James Gray.

Q262 David Taylor: The Centre for Rural Economy, with whom you will have dealt from time to time, has been somewhat critical of the Government’s approach to rural issues as being overly agricultural. We did not quite get an estimate of what the rural economy was worth, although we did hear an estimate of what the potential extra was, but what proportion of the rural economy do you believe is attributable to agriculture to see if indeed the Government do overplay the agricultural element? Jonathan Shaw: We have the RDPE programme; a lot of that is agriculture, the vast majority of that, and you will know that is a big increase, that is £3.9 billion and the RDAs have the responsibility for delivering the socio-economic section of that, which is around £600 million, of which, £246 million, will be spent outside of the land-based sectors, but the rest goes into agriculture. Of course, it is not just to farmers per se, a lot of work needs to be undertaken to ensure those stewardship programmes, for example, are delivered, whether it is putting hedgerows in or whether it is walls, there is a whole series of jobs that that money creates within agriculture.

Q263 David Taylor: Is it not the case that the agricultural element of GDP is somewhere between 1 and 2%, something like that, depending on definitions, and therefore even in rural areas, if the rural economy is about a third of the national GDP it would mean that the agricultural share of the rural economy might only be 4 or 5%. Do we not focus on that 4 or 5% sometimes to the detriment of the 96 or 95% that is the balance of that rural economy? Jonathan Shaw: The RDPE programme will fund a lot of our agri-environment schemes. It is now 21 years since we introduced those. They have made an enormous contribution to improving our environment.

Q264 David Taylor: Enormously costly, certainly. Jonathan Shaw: In terms of what they do to improve wildlife and the countryside, farmers have been very much the stewards of that and that has been enormously successful. If you are measuring that in pure economic terms, also it is about the farming community and what that community is for in the wider sense of the community. Farming and farming communities play a very important role in building strong communities, not just economically but socially. One of our indicators is about quality of life, trust, belonging and I think that farming is an important part of that.

Q265 David Taylor: They are well organised and articulate, are they not, the farming community? Jonathan Shaw: I am pleased that they are well organised and articulate.

Q266 David Taylor: Do you think they punch above their weight to a considerable extent? Jonathan Shaw: Some of the decisions that we take, we have that agreement with the farmers. Take the vaccine for blue tongue as a recent one. Others not so. Take the announcement on bovine TB.

Q267 David Taylor: Let us move on to the intermediate outcomes for the DSO which you mentioned a moment or two ago and look specifically at rural proofing. The NFU, when expressing its concerns about this, said, “Worryingly [. . .] we suspect that the strategy is now driven by
the rural proofing agenda with the expectation that Defra’s need for direct engagement is reduced because other Departments should be factoring a rural dimension into their policy and delivery mechanisms [. . .] even the Commission for Rural Communities has seemed to accept that this is something of a pious hope.” That is, rural proofing. Do you agree with that? Is it just window dressing?

Jonathan Shaw: It is not window dressing. The Commission for Rural Communities supports rural proofing. It sees its role in not just speaking to Defra but speaking to all government departments. We set it up not just to report to us but to talk to education, to BERR, all of the people who provide services and develop policy. They do that and they advise. They are advocates as well and they provide some criticism. They put the spotlight on us and we are very content about that. It is not always things we agree with but we did not set the organisation up to always agree with us, in the same way we did not set up Natural England to always agree with the government. They have an advisory and an advocacy role. It is a confidence of government that you set up an organisation to prod, poke and criticise with constructive criticism but, in terms of direct engagement, if you look at a number of policy areas, you can see how rural proofing has been effective.

Q268 David Taylor: Apart from rural schools, name two others.
Jonathan Shaw: The local area agreements which deliver policy across the board. We funded the Rural Pathfinder to help support rural proofing in a number of Councils, including Lancashire. After popping the champagne corks, Lancashire are getting a more than 8% increase in the CSR.

Q269 David Taylor: You are measuring inputs rather than outcomes at this point. That is a classic civil servant approach.
Jonathan Shaw: It is not. We funded that in order to develop expertise on the ground in Lancashire and other rural areas. When Lancashire County Council, with their partners, develop policy or develop delivering services, they do that in an informed way. That is the right way for us to intervene. Defra are not going to deliver those schools, that health care etc. Much of that will be delivered by local authorities.

Q270 David Taylor: You have to work with them; you have to encourage them; you have to sometimes coordinate, stimulate and catalyse?
Jonathan Shaw: Yes. We do that. It is also about us learning from them. It is not just a one way process. We do not for a moment think we have all the answers. Of course not.

Q271 David Taylor: No one is suggesting that that is possible. Why should the independent Commission for Rural Communities, which was positive about the work on rural schools? They did say quite bluntly that there are other areas where it is extremely difficult to make sure that government departments are rural proofed. Were they right to say that?
Jonathan Shaw: I do not always accept everything that the Commission says. We are going to respond to that report.

Q272 Chairman: Can I just remind you what you said in paragraph 37 of the evidence which you sent into the Committee under paragraph D, “The Effectiveness of Rural Proofing Arrangements . . .”?
You say, “We have worked closely with other government departments at ministerial and official level to ensure that due consideration is given to the effect of policies on rural areas at all stages of their development and delivery at both national and regional level. The Committee will appreciate that this is not necessarily a straightforward task . . . “. I think that rather underpins what Mr Taylor is asking about. If it is difficult, perhaps you could tell us what you have done to improve it.
Jonathan Shaw: I have referred to the Lancashire example.

Q273 Chairman: That is an example of cooperation with a county authority. As Mr Taylor said, praise has been given to the government for Jim Knight’s work with rural schools. In terms of cross government policy like that, give us a couple of other examples.
Jonathan Shaw: I have given you examples during my evidence.

Q274 David Taylor: What are the outcomes? What is the vision?
Jonathan Shaw: Housing, on the numbers. Dr Burgess said to you that one of the key issues he hears time and again is affordable rural housing. He said in his report, published in June, that he was pleased to see that the government were making progress on this area. It is 10,300 affordable rural homes as a floor. That is the minimum and there could be more. We have worked very closely with CLG. Secondly, on the 14 to 19 year old agenda, developing the diploma, the Education Department came to see us. We talked about how we would ensure that youngsters in rural areas were able to stay on at school and complete these diplomas. Transport is an issue. We are helping them to develop that. We have worked with the Department for Transport closely on the rural bus fund. It is £55.6 million a year and the improvement is that 50% of rural households live within a 13 minute walk of an hourly bus service or better, compared to 37% in 2000.

Q275 David Taylor: If 20% of the 60 million population of this country live in rural areas—it cannot be far off that—that is about 12 million people. That is about four million houses and we are adding 10,000 to that stock. What is that? A quarter of 1%? It is not exactly a huge boost, is it?
Jonathan Shaw: It is a considerable boost on what has been done. 8.4 billion will be put in for housing which is a tidy sum of money.
Q276 David Taylor: Inputs again. Jonathan Shaw: We say 10,300 as a minimum. If local authorities and district councils working in partnership with their parishes and communities come forward with more, then there will be more.

Q277 Chairman: Mr Mortimer is indicating he wishes to contribute something. His body language is suggesting more facts. Mr Mortimer: The comparison is slightly wrong in that the 10,300 is in communities of under 3,000.

Q278 Chairman: How many communities under 3,000 are there? Mr Mortimer: I do not know off the top of my head. I can find out for you.

Q279 Chairman: There is a reason for asking that question. When we took evidence particularly in and around the village of Hawes, the point was made to us that large scale housing development was not being requested. Two or three dwellings here and there produced in the right tenure of ownership, land trusts and whatever may be the answer. It would just be helpful if you could translate that 10,300 by the number of communities that could potentially benefit to see if the outcome matched the aspiration of those who indicated to us how they saw their rural housing needs being satisfied in those circumstances. Jonathan Shaw: We will do that. Importantly, this is about completions as well. We are measuring on completion of the home. You are right. That has been said to me as well time and again. In low populated communities, it just requires two or three maybe a year. That will provide opportunities for people to stay in their communities, bring up their children who go to the schools and keep the whole thing sustainable. You are absolutely right.

Q280 David Taylor: Was the department consulted on the proposed changes to vehicle excise duty which start in April next year, which have a disproportionate impact on rural areas? Jonathan Shaw: The department would have been involved. The Secretary of State and the Cabinet would have been discussing—

Q281 David Taylor: Did the Secretary of State ask you? Jonathan Shaw: The Secretary of State is responsible for overall government policy. The Cabinet obviously discuss the Budget.

Q282 Chairman: That was not quite the answer that Mr Taylor was hoping for. Jonathan Shaw: If you are asking me did the Secretary of State consult me on the Budget, no. That is his job as he is responsible for the department.

Q283 David Taylor: The key work is being done elsewhere. We heard that the Rural Advocate—Jonathan Shaw: I am surprised that you ask me. It is a rather odd question.

Q284 David Taylor: We heard right at the start of the session that the Rural Advocate and the Prime Minister are going to be in conflab on Southall beach, presumably with a box of corned beef sandwiches and a crate of Irn Bru or something next week. Why are you not involved more closely in this? Jonathan Shaw: The Cabinet make the decisions. My right honourable friend, Hilary Benn, would not have corned beef sandwiches, would he, because he is a vegetarian.

Q285 Chairman: Let us not get into the Secretary of State’s dietary requirements. Jonathan Shaw: It was not me who raised it. I was trying to respond to the very sensible question that Mr Taylor put. Chairman: There was a very serious point put to us.

Q286 David Taylor: You are too distant from what is happening. Jonathan Shaw: I do not accept that at all. You are asking me whether the Secretary of State consulted me about the Budget. When you were a parliamentary under-secretary of state, Mr Jack, at MAFF, you were consulted about the Budget prior to it being published, were you?

Q287 Chairman: I can tell you exactly how we did it when I was there. As Mr Scrutton may remember as a contemporary of mine in MAFF, we were as ministers asked at the time when the Budget was going to be done what our submissions would be from the department to go into the Treasury, so there was an element of consultation. Jonathan Shaw: We certainly did that but that was not what you were asking.

Q288 Chairman: I did not ask the question. Jonathan Shaw: You added a supplementary and turned it round.

Q289 Chairman: We heard evidence from Mrs Annison, one of our witnesses, who runs the rope making business in Hawes. I quote from her evidence: “The new car tax which is intended to deal with urban Chelsea tractors hits the people in this area who need these vehicles”—by that she meant 4x4 vehicles—“because we still have some snow.” When we explore that a bit further, what we find is that the stock in trade of agricultural vehicles, Land Rovers, etc is crucial to the wellbeing of people in particularly the remote, rural areas. The point that was being made was: did anybody take into account the quite considerable additional on-cost, bearing in mind fuel price increases etc., and the impact it would have on the type of business there? Coming back to what questions were asked of Defra, did the Treasury ask you to give any kind of appraisal as to the impact on the rural economy of this proposal before the changes in Vehicle Excise Duty were enacted? Was a cost benefit analysis undertaken by your department? Jonathan Shaw: The cost benefit analyses are published in the Red Book at the Budget. We do it the same way as you did it. We put our suggestions
up to the Treasury when they are considering how they want to present the Budget in terms of the priorities.

Q290 Chairman: The point that people like Mrs Annison derive from that argument is that that analysis has contributed to the overall exercise.

Jonathan Shaw: You will obviously want to interview the Treasury ministers.

Q291 David Taylor: We are talking about rural proofing. You are there in the interests of rural areas.

Jonathan Shaw: On Vehicle Excise Duty, that was a matter for the Chancellor. They obviously had a discussion in Cabinet prior to which we would have put forward our submissions for the policies, changes in tax, etc., in the same way that you did. You agreed that when you were a parliamentary under-secretary, Chairman, the Chancellor did not ring you up and say, “Okay, Michael. What do you want me to put in the Budget?” It does not work like that. To characterise it in a way that it does is rather odd.

Q292 Chairman: I do not think that is what we are trying to seek.

Jonathan Shaw: What are you trying to seek?

Q293 Chairman: Let me spell it out and make it clear.

Jonathan Shaw: This is a strange line of questioning.

Q294 Chairman: It is not a strange line of questioning. Mr Taylor asked for some demonstrations of rural proofing where other departments would have modified their policy to take into account the specific needs of rural communities. We took evidence to indicate that the types of vehicle concerned were very central to the running, particularly, of an agricultural community in a remote part of England. If you are saying to me that your department contributed to the Treasury an analysis of what the impact on rural communities was of that proposal, and the Chancellor took a decision overall not to make a particular exception or to provide help for those communities, people will draw their own conclusions.

Jonathan Shaw: I think I have drawn my conclusions that you are drifting into party politics here.

Q295 Chairman: I fundamentally resent being told that we are drifting into party politics when I have read out to you what one of our witnesses said to us, who asked the question whether due note had been taken. It is not a party political point. It is relating to you verbatim what a witness said to us and asking whether your department had acquainted the Treasury with the economic impact of that particular policy proposal. We are not asking to put you on the spot, as to whether you agree or disagree.

It is to find out whether you provided factual information to the Treasury to acquaint them about the impact of their proposal on those parts of the rural community that I have described. That is a factual piece of information, not a party political point.

Jonathan Shaw: Okay. I will write to you in terms of what the government and the department did in terms of that particular area of policy.

Q296 Mr Gray: The Minister made an interesting remark the other day when raising this matter in the chamber. She said she has looked into it and there are some categories of 4x4 which account for a lower level of VED. I could not think of any. That might be where Defra could have taken a keen interest as to whether or not farmers and others could have conformed to lower VED while still using their 4x4s.

Jonathan Shaw: We are only too well aware that many organisations and businesses have considerable pressures on them because of the increase in fuel prices. As I said earlier, an industry which is coastal and rural, the fishing industry, has seen huge increases. I was having a debate in Westminster Hall last week and many Members were speaking about their concerns about the fishing industries within their constituencies. I reminded the MPs who were there, because most of them were at the pre-December council meeting debate that we had, that the issue of fuel was not raised then. It was not something that was a central feature. It has come upon us very quickly.

Q297 Mr Gray: Road tax, not fuel.

Jonathan Shaw: Many businesses, in terms of the costs of transport, are finding it particularly difficult.

Q298 Mr Gray: One of the Treasury ministers in the chamber said it, on this question of road fund tax. Presumably one of the Conservative Members said, “This is going to have a terrible effect on farmers because they need to have 4x4s.” In response to that, the Minister said, “I understand that there are makes of 4x4 which will fall into categories which will actually reduce road tax.” The reason I ask the question is that would seem to me to be an area where, without getting into a head to head with the Treasury, Defra, representing rural interests and in the context of rural proofing, could reasonably have said to the Treasury, “What categories of 4x4 are these? Are there ways we can get round this so that farmers, game keepers and others can continue to run their vehicles without being hammered?”

Jonathan Shaw: I will have a look at that.

Q299 Chairman: Can we move on to one other part of the question of intermediate objectives or the outcomes? The second one is about economic growth being supported in rural areas with the lowest levels of performance. The Commission for Rural Communities indicated to us that they believed that this DSO focuses the economic ambition of Defra and wider government too narrowly on “areas” and on “lowest levels of
performance”. Could you explain to us why you selected something which clearly is at odds with what the Commission feel ought to be done?

Jonathan Shaw: We want to focus the priority on areas that are performing at a low level because of all of the social issues that will accompany that.

Q300 Chairman: Could you just explain how you identify those areas which are performing badly? How will that be done?

Jonathan Shaw: In terms of workforce participation, adult skills, earning and business innovation.

Q301 Chairman: Are there specific measures by which a red light comes on when you do not get to them? Mr Mortimer nodded then.

Jonathan Shaw: In terms of workforce participation, it will be the number of people—

Q302 Chairman: Do you want to report with a bit of detail on this, Mr Mortimer?

Mr Mortimer: In all of the indicators, we are measuring rural against national average, so the assessment of green, amber, red, the usual approach, is based upon above and below national average.

Q303 David Taylor: National average or national, rural average?

Jonathan Shaw: It is national average. We do not have an average for rural, for suburban and—

David Taylor: I guess you would have at some point. That would be a component statistic but it is national, aggregated average?

Q304 Chairman: What is the number that you pass when you are in the lowest? Compared to the national average, how many per cent below the national average do you qualify to be a lowest level performer? What is the range?

Jonathan Shaw: Those that are below. We have an average of work skills. We have an average of earnings which is now £24,000 or £25,000 per year.

Q305 Chairman: How far do you have to be below 24,000 to qualify as a lowest performer?

Jonathan Shaw: If the average number of people within that community is below that—

David Taylor: The south west is often seen as the lowest income region in England.

Q306 Chairman: Is there a cut off?

Mr Mortimer: I can give some numbers from the publication which is on our website. Taking the earnings or the productivity, using GVA data, the England average earnings in 2006 were £19,800. The category of rural districts, rural 50 and rural 80, was respectively 18,000 and 17,500. They were in our view significantly enough below the national average to count as being put into indicator “not green”. If you ask us, “If they were £10 below?” there would come a point at which there is a judgment but they seemed to us to be significant enough to qualify as being below.

Q307 Chairman: You have focused on his low performing area rather than perhaps talking about raising up the performance of the whole rural economy. It is almost as if you want to deal with the worst and you are not really going to focus on the better ones. Perhaps you could just explain.

Jonathan Shaw: It is a targeted approach. We want to see everyone come up so, yes, we focus on those who are not doing so well in the same way that we might target health care or education. If an area has high unemployment, the issue of adult skills may well be one of the things that is holding it back. The skills agenda is central to our economic prosperity across the board. Those are the areas that we would focus on, on a targeted basis.

Q308 Chairman: Minister, you were kind enough to write to me on 7 July. You sent me quite a lot of reading in a letter headed “Strong Rural Communities DSO.” I want to explore with you some of the material that you kindly sent so that I can get a better understanding.

Jonathan Shaw: I am sure you never get enough material sent to you.

Q309 Chairman: As you wrote the letter, you can help me understand what some of the information is here. Is most of the data used to measure progress against these indicators going to operate at a sort of district level? I think Mr Mortimer hinted there were different measures for different parts of the indicator.

Mr Mortimer: We use the data at the lowest level that is available. If data is available at post code level, that would be the preference. If it is not, we have to use higher geographical locations.

Q310 Chairman: You indicated in your evidence earlier that you were anxious to try and get a better uniformity of the availability of data because clearly the more you know the more you can target your help. What is the programme across government for you to get other government departments to be able to provide you with the missing data that you feel is necessary to get a better understanding of what is going on?

Jonathan Shaw: Perhaps I can refer you back to one of the examples I gave of rural proofing and trying to get more information and data through the DWP, where we want people to take up the benefits that they are entitled to. We know that many people living within rural areas are not taking those up so well be one of the things that is holding it back. The programme across government for you to get other government departments to be able to provide you with the missing data that you feel is necessary to get a better understanding of what is going on?

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Mr Mortimer: The Office of National Statistics has a geographical working group which Defra is plugged into. Through that we are pushing the use of the rural urban definitions to be applied to as many data sets as possible. The GVA data which we use to measure productivity is a product of two or three years' work with ONS to get to a lower level of data availability.
Q311 Chairman: One of the things that is evident from this is that there is quite a lot of variation, not just in the depth of detail but also in the timing. If I take the first of the traffic light areas, education, attainment and overview, the data there is reasonably up to date at 2006–07. If I turn for example to the productivity overview, the latest data there is 2005. Is trying to get it all more up to date also on the agenda?

Mr Mortimer: Yes. We are reliant on the data sets of both the ONS and other government departments. Obviously we are collating this in a way which is useful for the rural community.

Q312 Chairman: I think this is the point that perhaps we have been driving at in our other inquiry. You guys are in the driving seat. You are the experts. You know what you would like. You have achieved some of what you want by work with the Office of National Statistics but have you some kind of protocol agreement that says to all the others, “Okay, guys, by this time this is the detail we want across the piece?”

Mr Mortimer: We are working on a whole range of data sets with other departments, not only for our purposes but for the departments’ purposes. There is always a push to get data sooner.

Q313 Chairman: That is a wonderful way of walking ever so slightly away from my question. Part of the proofing by the departments and getting this information is to know what is going on. I can well appreciate that you want to have uniformly high quality information. You have made it absolutely clear that one of your priorities is pursuing the receipt of that. You are working with these other ministers and officials. Have you actually sat down with them and said, key department by key department or ONS, “This is what we want and this is when we want it?”

Jonathan Shaw: We have more data than we have had in the past and we are continuing to strive to get more.

Q314 Chairman: There is not a plan? There is not a matrix?

Jonathan Shaw: As Mr Mortimer said, in terms of breaking that down to as local a level as possible, using post codes, that is what we are attempting to do and we are wanting to find other ways as well.

Q315 Chairman: I accept that your aspiration is wholly laudable but I think the message I am getting is that, at the moment, there is not an end game where every department in government that requires to submit data to validate these traffic light arrangements will be able to provide you with the detail on a consistent basis across the piece in a most up to date fashion.

Mr Mortimer: There are some where we know there are fundamental limitations in the survey methodology, for example. In some cases, with data that is collected by survey, in order to get post code data, you almost have to have a universal approach to surveying. Therefore, it is simply not possible.

Jonathan Shaw: You are right. Do we have as much as we want in the most uniform way that would be helpful in terms of us proofing? No, we do not. Do we have more than we had in the past? Yes.

Q316 Chairman: The reason for asking that question was reflected in the chair of the Wensleydale Business Association who commented. She says, “In Richmondshire there is a huge garrison town which means that if you lump our statistics in with them suddenly we have hardly any old people at all. We have a high level of employment here but it is characterised by low wages, so under the Defra indicators we will appear as a really strong community but we are not.” That is the fear and concern if you do not have the detail. How do you respond to that criticism?

Jonathan Shaw: Within many areas you will have areas of wealth that mask poverty in the same way that you will have areas of population that come and go, that change the picture and perhaps people do not get the attention that they should do. This is another example of that. We are trying to develop as sophisticated a system as possible but of course that is not the total picture in terms of delivering services. The local authorities, the regional development agencies on the ground working with their partners will know and have a very clear picture. The local area agreements will be able to make priorities. You might come back to me and say, “This is how government measures for local authority grant”. We will use ward level or polling district level. That is how we have done that. Do we want to improve that to reflect an accurate picture? Some of the issues that have come up recently on the matter of immigration for example in particular areas have had an impact. I know that colleagues in CLG are looking at that.

Mr Mortimer: I would challenge the premise of the question a bit because I am not sure we are striving for total consistency. There are some indicators where it is meaningful to have data at a very local level so that you can say for a very small community what proportion of A to C GCSE grades there. That is a meaningful statistic. It is not particularly meaningful to talk about productivity at the very low scale because businesses are complex and will employ people from different places. If you said the productivity of a village of 50 people was X, what would that mean? If half the people working there commuted from elsewhere, would you count the productivity in that village? The local authorities, the regional development agencies on the ground working with their partners will know and have a very clear picture. The local area agreements will be able to make priorities. You might come back to me and say, “This is how government measures for local authority grant”. We will use ward level or polling district level. That is how we have done that. Do we want to improve that to reflect an accurate picture? Some of the issues that have come up recently on the matter of immigration for example in particular areas have had an impact. I know that colleagues in CLG are looking at that.

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ones which are decided as AR, which are the difficult ones. A cynic might say you have fixed the measures before you have even started.

Jonathan Shaw: Some of that is about the reflection that rural areas do perform better than some of our suburban and urban areas. I hope that what has been reflected in our evidence is that we do not by any means say things are therefore fine. Far from it. We know that it is difficult. It is complicated. Arriving at the point where we have all that information requires us to work very hard, not just at the regional level but at the local level as well.

The proceedings continued before Environment, Food and Rural Affairs Sub-Committee

Q318 Chairman: When next are you going to receive an update on the set of data that you kindly sent to me? How often is it reviewed?
Mr Mortimer: Annually.

Q319 Chairman: What is the anniversary?
Mr Mortimer: I suspect it would be the end of the financial year but I will have to check that.
Jonathan Shaw: We will confirm that.

Q320 Chairman: Can we move finally to the question of Defra’s relationship with the regional development agencies who are now an important part of your delivery mechanism? For the record, can you just refresh my memory as to what proportion of Defra’s expenditure on rural affairs is going to be handled on an annual basis by the RDAs?
Jonathan Shaw: I do not recall that.
Mr Mortimer: I do not think I have the percentages in my head but the total rural development programme is 3.9 billion of which axis three and axis one account for 600 million. As a proportion of our budget, percentage wise, I do not have that in my head. Sorry.

Q321 Chairman: How often do you meet with the RDAs to discuss how they are looking after the money and using it? Do you review their performance with them?
Jonathan Shaw: Yes. We have the lead RDA for rural affairs which is EEDA, the East of England Development Agency. I meet with the chair from time to time. I meet on a quarterly basis all of the chairs from the RDAs. Another group of people I meet with are the Regional Rural Affairs Forums chairs. I meet them on a quarterly basis and I ask each of them to provide me with a note on the reflections of their forums in terms of the regional development agencies’ performance and their relationship with them. When I had a session with the RDA chairs, we discussed that performance.

Q322 Chairman: You will not be surprised that when we have taken our evidence we have heard mixed reports. We have seen some quite splendid examples like the refurbishment of Richmond Railway Station which Yorkshire Forward had done, a magnificent project. On other occasions, we have heard that the RDA has not been terribly focused on the smaller scale rural business, a criticism that it was too urban focused. How do you, as the Minister who gives them the money in the first place, ensure that they are within their own province? They know what their priorities are but you are the one that is answerable to Parliament ultimately for the performance. How do you decide that they have the balance right between the types of project that they support?
Jonathan Shaw: They publish the regional economic strategy and obviously that is signed off. Our department is involved in that process. In the 1998 legislation there is a requirement a duty, for them to rural proof and ensure that they are affording the rural areas and businesses an appropriate proportion of the available funds.

Q323 Chairman: You are giving them money to carry out Defra’s priorities, as far as the development of the rural economy is concerned. I was interested to know what kind of scrutiny you carry out on what they have done with your department’s money.
Jonathan Shaw: It is government money.

Q324 Chairman: When you gave the RDAs the responsibility as the delivery mechanism outwith the rural development programme, because that goes by a different route, you made over some of your money. You said, “Here is Defra’s money. You are now responsible for distributing this money in your RDA area.” You are the guy sending the cheque.
Jonathan Shaw: They publish their regional economic statement which we sign off and they provide a plan of what they are going to do within their regions. As well as that formal document, we have meetings—

Q325 David Taylor: Are they obliged to disaggregate the measures they have for the whole region in relation to employment or income to the rural areas within their region, as distinct from the urban areas, so you have some measure as to whether or not the rural proofing is working and the strategy is not just warm words?
Mr Mortimer: There are two pots of money that we are talking about. One is the general RDA single pot to which Defra contributes. That is given not in a ring fenced way to the RDAs. Then there is the European Rural Development Programme, where there are very detailed reporting requirements and we are very clear about exactly what is delivered. In relation to the single pot, government is not so prescriptive. Having said that, the RDAs have collected output data and I think David Marlow, the chief executive of EEDA, when he gave evidence to you, referred to the fact that in EEDA’s case their estimate was that they delivered 30% of their outputs in rural areas, which is well in excess of the Defra contribution to the RDA single pot. The relationship between the input in terms of Defra’s resources and the output in terms of what is delivered in rural areas is not direct.
Q326 Chairman: Let us explore what your department said because I now have in front of me the note in which you said, in paragraph 24 to your evidence to the Committee, that in 2005–06 you had included £21 million for rural, social and economic development. This was the money that used to be with the Countryside Agency. In paragraph 27 you told us that, perhaps not surprisingly, the RDAs' first six monthly report showed some variation in the interpretation of these requirements in both disaggregation of outputs and narrative. Then: “Defra is working with the RDAs to identify and share best practice methodology, particularly focusing on the benefits of disaggregated output data . . .”. Can you tell us what those consultations have delivered?

Mr Mortimer: Under the tasking framework for the RDAs, which is the government's relationship with the RDAs, they are no longer required to collect output data in the same way. As part of the national review, the government took the view that we should be less prescriptive in relation to a whole range of reporting requirements on local authorities and regional development agencies, as I am sure you are aware. The requirement to produce that precise set of output data is no longer there in this CSR period. As I said earlier, we obviously do still have the output data which I referred to, which indicated—as our evidence on the ground would tell us—that the RDAs are delivering far more of their outputs in rural areas than certainly the Defra contribution to the single pot would imply.

Q327 David Taylor: The Chairman said earlier on that a witness had said that RDAs tend to be rather urban orientated. The East Midlands has a population of about 4.25 million and the RDA does seem to focus disproportionately on the approximately one million people that live in Greater Nottingham, Greater Derby and Greater Leicester. How do you track that sort of thing? How do you check it and redirect it if it does seem to be moving off course?

Jonathan Shaw: As well as what Mr Mortimer has said, it is through conversations I have with people who are the recipients of RDA funds or not. I talk to them as I go round the country. In each region bar one there is a national park. I will have conversations with the national park to see what the relationship is with them. By and large, it is very positive. I do not know whether the Yorkshire Forward investment is in one of the national parks.

Q328 Chairman: Part of it is. One of the problems that we did encounter with the national parks—you made a point about PS3 earlier on—was that there are different definitions of what is permitted in terms of rural development between the national park that has an objective of sustainability and the local authority who have a more standard view of what policy planning is. It looks like there is an area that needs to be resolved there because a lot of people became very frustrated at the difficulty they had in persuading a national park to agree to a development which the local authority would have signed up to.

Jonathan Shaw: The national park and those authorities obviously are independent. They have to adhere to the rules that have been set out in the Act. I am seeing some very positive approaches to development, whether in terms of energy or housing. When I speak to the parks, they are showing me examples where it has been difficult to persuade local communities to see a particular development, but they are determined to do that for the greater good, particularly when it comes to renewable energy for example. It is a challenge for them because importantly they want to retain the charm and beauty for all the reasons that we enjoy visiting our national parks, but they are not to be preserved in perpetuity. They are dynamic communities and need to progress in a sustainable way.

Chairman: Minister, thank you very much indeed for assisting us with our inquiries, for your earlier written evidence and for your comprehensive response to our request to understand more about the DSO on strong rural communities. Thank you also for agreeing to write to us on a number of aspects, and for showing your keen anticipation of the fruits of our labours when they are produced. Thank you very much indeed.

Further supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs (RE 20c)

THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

During my appearance before the committee on 16 July I said that I would write further on a number of issues. The particular issues and my responses are set out below.

1. The number of communities in England of under 3,000 people (Q 278)

Using figures from the 2001 Census via the Rural Gazetteer, the number of settlements with populations of below 3,000 is 16,280. This number includes settlements with very small populations, including 4,000 of below 50.
2. Whether Defra provided information to the Treasury to acquaint them with the impact that their Vehicle Excise Duty proposals were likely to have in rural areas (Q 295)

The usual procedures were followed with submissions received from Departments. HM Treasury is aware that for some, especially those in rural areas, the use of a car is a necessity and not a luxury. However, it is worth noting that there are existing safeguards for the essential users of certain rural vehicles, which remain in place, including a total Vehicle Excise Duty exemption both for agricultural vehicles and for all working vehicles that are only used on the public road when passing between different areas of land occupied by the same person for a distance of no more than 1.5km. Beyond this, the Government is committed to strengthening the incentives for consumers to opt for the least polluting option within each category of vehicle, and this applies to both urban and rural areas. This follows the King Review finding that consumers can save up to 25% of carbon emissions by shifting to a lower emitting (and more fuel efficient) car in the same class of vehicle. This choice exists in all categories, including four by four vehicles where there are a number of models which are not in the highest bands of VED. In addition, it is not the case that all rural motorists have a particular need to drive vehicles that fall within the higher bands.

3. Whether there any types of 4x4 vehicle that will not be subject to the rises in VED (Q 298)

Not all 4x4 vehicles will be subject to large increases in VED under these reforms. The central point about these reforms is that consumers should be incentivised to go for the least polluting option in a particular category and there is choice available in all categories. The following table illustrates the differences in the 4x4 category, using the 2009 rates that were announced at Budget. This shows that it is possible for 4x4 owners to save over £200 by choosing the best in class version of the car in question and any of these savings will be reflected in even larger savings from fuel efficiency. It is also worth noting that the overall best in class 4x4 is the Subaru Legacy with CO\textsubscript{2} emissions of 151g/km.

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4. At what point during the year the data for the DSO indicators will be updated and reviewed (Q 319)

The DSO indicators will be updated at the end of the financial year (see question 6 below).

5. The proportion of Defra’s annual expenditure on rural affairs that is handled by the Regional Development Agencies (Q 320)

The amount of funding that the Department had directly allocated to rural affairs in 2008–09 is £102.3 million. This includes £3.7 million to the Rural Community Councils and £6.4 million to the Commission for Rural Communities. Some £89.5 million of this is the axis one and three elements of the RDPE which is handled by the RDAs to deliver priorities agreed with regional delivery partners and stakeholders and detailed in Regional Implementation Plans. This amounts to around 87.5% of the total.

The other element of funding to the RDAs is the single programme which is not ring-fenced and to which Defra contributed £53 million for 2008–09. This is not earmarked for a specific purpose when it is given to the RDAs. Individual RDAs' objectives for the spending period have been set out in their corporate plans which have just been approved by Government. In drawing up their corporate plans, the RDAs have had to apply the cross-cutting principles of sustainable development and economic opportunities for all (including rural areas) to all their activities, and are also required to demonstrate effective delivery of these principles. RDA delivery for rural areas is primarily through mainstream and place-based services supplemented in many areas through specific rural programmes. In 2006–07 (the last year for which figures are available), an average 31% of all RDA outputs were delivered in rural areas.

6. During the evidence session, we were told that the data for the indicators would be updated and reviewed annually (Q 318), but in a written answer on 17 July (UIN: 219307), the Minister said that progress against the DSO would be assessed quarterly. Please could Defra confirm whether quarterly or annually is correct?

There are two separate processes being described here. As stated in question 4 above, the updating of the DSO indicators will take place annually at the end of the financial year. This is in line with all DSOs. In addition, as part of the routine corporate performance management processes, delivery of all DSOs is monitored quarterly by the Defra Management Board.

I hope that you find this further information helpful.

July 2008
Further supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs (RE 20d)

THE POTENTIAL OF ENGLAND’S RURAL ECONOMY—SKILLS

Thank you for your letter of 21 July 2008 following my appearance before the Environment, Food and Rural Affairs Committee on 16 July.

Your letter identifies a number of issues that you do not believe are picked up in the performance management indicators for the Strong Rural Communities Departmental Strategic Objective. The areas you identified were transport infrastructure; broadband connectivity; skills and the availability of post-19 educations. You have also asked separately about the Rural Advocate’s estimate of the unfulfilled potential growth in output from rural firms which I am using this opportunity to respond on as well.

The main focus of your letter is the availability of education and skills training for the post-19 age group so I will deal with this first. Skills and education post-19 are indeed included in the performance indicators for the Departmental Strategic Objective. Educational attainment is covered under “the evidenced needs of rural people and communities are addressed through mainstream public policy and delivery” intermediate outcome. Under this we track full time entrants to higher education. Using the traffic light principles this particular indicator comes out as green (an explanation of the traffic light principles can be found at http://www.defra.gov.uk/rural/dso/traffic-light.htm). There are two key things we can tell about the current situation from this indicator. Firstly, proportionally more 18–20 year olds from rural areas enter full time higher education than those from urban areas or the national average. Secondly, sparse areas have a lower rate of entrants to full time higher education than equivalent less sparse areas. When compared to the national average while rural villages and dispersed sparse areas perform above the national average, rural town and fringe sparse areas perform below it.

Skills are one of the five drivers of productivity in the Treasury framework and are included under the DSO intermediate “economic growth is supported in rural areas with the lowest levels of performance”. Under this, the individual indicators that we use as proxies for workforce skills are: the percentage of the working age population with no qualifications; the proportion of the working age population with NVQ2+; the percentage of the working age population with higher qualifications; and on the job training. Using the traffic light principles these all show up as green. There are a number of points that can be extracted from the skills indicators:

— In predominantly rural areas, there is a higher proportion of the workforce with higher level qualifications, and a lower proportion with no qualifications.
— More people in all types of urban area have no qualifications compared with all types of rural area.
— The percentage of working age people with qualifications at NVQ2 or above is slightly higher in predominantly rural areas than in urban areas and the national average.
— The percentage of people with higher (NVQ4) qualifications is quite similar in rural and most urban areas though in major urban areas it is higher.
— Major urban areas have the lowest rates of on-the-job training. All other types of area are broadly similar.

You also asked what assessment Defra has made of the skills required in order to meet the economic challenges that rural areas face and about what discussions we have had with other organisations on the subject. On the former, as several of those giving evidence to your inquiry have made clear, there is no such thing as a distinctive “rural economy”—the economies in rural and urban areas are similar, in terms of the mix of businesses and employment. This issue is therefore one of mainstreaming and the DSO is consequently an important tool to ensure that mainstream provision is working. That said, it is important that we maintain dialogue with the bodies you mention and below are some examples of how we have done this.

In September 2007 the issue of rural skills was the focus of one of the regular meetings I hold with the chairs of the eight Regional Rural Affairs Forums. DIUS officials were present at that meeting, which gave them a valuable insight into the concerns and perspectives of rural people, businesses and communities.

We have had some involvement with local authorities on skills and training through the Rural Delivery Pathfinder Programme 2005–08. This was a joint initiative between Defra and local government to test opportunities for more joined-up, flexible approaches to rural delivery at a local level. The programme has made improvements to a wide range of issues including business support, skills and training. The Peak District Rural Delivery Pathfinder set out to provide a way in for business and communities to access information and services to support enterprise across the Peak District. An internet portal—Peak Directions at www.peakdirections.co.uk—provides a sign posting service to organisations that support enterprise amongst businesses and communities in the area. The website contains links to learning, training and development support services. My officials have been working with the LGA to disseminate the lessons learned from the pathfinder initiative to other rural Local Authorities.
As far as agriculture is concerned, skills and training was a core element of David Miliband’s vision for farming which he set out at the Oxford Farming Conference in January 2007. He called on the industry to take a lead in identifying the kind of skills that farmers will need to address the challenges they face. This led to the development of the Skills for Farming Project, in association with key farming stakeholders. The objective of the project was to facilitate the establishment of an active improvement Programme, owned by the industry to re-skill and raise professional standards in order to deliver the vision for 2020. This contributes to the overall vision of Farming for the future in 2020 as well as being a key part of Defra’s response to the Leitch Review of Skills, which challenges workers to upskill by 2020. A series of workshops with industry stakeholders took place in 2007 and early 2008.

The Skills for Farming project is now being taken forward by industry. An industry skills group as been proposed (currently known as the Agri-Skills and Knowledge Federation or TASKF), which will consist of Lantra, National Farmers’ Union, Landex (an association of further and higher education colleges with specialist provision in land based and related subjects) and the Agricultural and Horticultural Development Board. The structure and remit of the group are still to be confirmed with wider industry members of the Skills Forum, the original, wider group set up by the NFU after the last Defra Skills for Farming Project workshop in February this year. The next meeting of this wider group is in early September, at which we expect the establishment and remit of “TASKF” should be agreed.

In addition, you ask about our relationship with Lantra. Lantra’s remit is sectoral rather than spatial, although it is certainly fair to say that the majority of their work is of benefit to rural areas. We have an active relationship with Lantra and engage with them at official and Ministerial level on a regular basis. A Defra official sits on the Lantra Council and my colleague, the Secretary of State, has agreed to meet with them as they develop their strategy. We have recently funded research conducted by Lantra which recommended the development of an on-line competence framework (OCF) and accompanying skills passport. Defra funded the development of the OCF in 2005–06 and is currently funding its continued development in this financial year. Lantra anticipate that the OCF will provide a foundation for increasing skills levels in the environmental and land-based sectors. This in turn is predicted to promote increased productivity, industry competitiveness and economic growth.

The remaining areas you were interested in were transport and broadband connectivity. Public transport services and infrastructure in rural areas are mainly provided and co-ordinated by local authorities. Local authorities tend to work closely with local communities to identify problems and opportunities, and in consultation with their partners determine the types of service and infrastructure that are most appropriate.

Local Transport Plan guidance issued by the DfT indicates that rural authorities’ Local Transport Plans should demonstrate that they have considered how to deliver better public transport in rural locations. Local authorities are encouraged to direct efforts to improve the availability of public transport in rural areas for example, by introducing flexible transport services or improving the existing bus network.

Local authorities are best placed to lead initiatives to improve the quality, reliability and punctuality of rural bus services which maintain rural residents’ access to jobs and essential services. To this end rural transport links are supported by additional funding streams, such as Rural Bus Challenge scheme funding and Rural Bus Subsidy Grant. Rural Bus Challenge scheme funding allows local authorities to provide innovative and tailored bus services in rural areas, while Rural Bus Subsidy Grant allows the continued operation of more traditional bus operations.

DfT is continuing to encourage and champion best practice in rural transport. The DfT has for example recently published “Meeting Targets through Transport” which includes a number of case studies that demonstrate how good transport services and infrastructure in rural locations can develop stronger communities.

The UK has one of the fastest growing broadband markets in Europe and continues to have the most extensive availability, with 99.6% of UK households able to access broadband (Ofcom 2007). The intention is that those rural areas unable to access broadband should be serviced in the future using a range of alternative technologies such as fixed wireless, satellite and cable. Regional Development Agencies and Local Authorities are working to address the gaps of broadband access in their regions.

Broadband connectivity is monitored from data collected by Ofcom. The Nations and regions Communications Market Report (Ofcom, May 2008) showed that people living in rural areas are more equally or more likely to have broadband at home (59% and 57% respectively), although we do recognise that broadband speeds are generally lower in rural areas.

Broadband policy, including in rural areas, is led by the Department for Business Enterprise and Regulatory Reform (BERR). We work closely with BERR to ensure that rural areas are taken into account in the development of broadband and ICT policies. In addition, we have, with support from the Commission for Rural Communities, been working with the Department for Communities and Local Government on development of the Digital Equality Strategy which is due to be launched in the autumn.

Finally, set out below are responses to your additional questions on the Rural Advocate’s estimates of the unfulfilled economic growth potential of rural areas.
I welcome the recognition in the Rural Advocate’s report of the significant economic contribution already made by rural areas as well as the potential for the continued growth. However, we need to ensure that we have realistic aspirations about the potential to narrow the “gap” between, for example, remote rural areas and the City of London. There are a range of well established economic reasons for relatively lower levels of economic growth in some rural areas as compared to major urban centres. These include distance from economic mass, absence of agglomeration effects, sparse populations, thin labour markets, comparative advantages in lower productivity industries such as agriculture and tourism.

The figure that is arrived at assumes that rural economies have the capacity to turnover as much output as their urban counterparts. Whilst it is adjusted for size of business, it makes no such adjustment for sector type and therefore does not reflect the fact that business productivity varies by sector type, regardless of firm size.

The Government does not carry out estimates for the unfulfilled economic growth potential of the country as a whole so setting one for rural areas would be a difficult and potentially misleading exercise. The number of variables involved, including technical progress, international competition, number of people in employment, learning and skills (to name a few) make it impossible to identify an accurate figure. In addition, it would be necessary to factor in the negative impacts from such growth (eg congestion, natural resource depletion) to come up with a desirable estimate of unfulfilled growth. This is something that the Rural Advocate’s figures do not address.

For these reasons we do not have an estimate. What is far more important is that rural areas are performing as best they can. This is why the DSO is so important. By tracking a range of indicators including drivers of productivity such as investment, skills and enterprise, we can identify potential barriers to rural areas performing as well as might reasonably be expected and ensure that appropriate action is taken to ensure that mainstream delivery is sufficiently tailored to provide for rural needs.

I hope this additional information is helpful.

Department for Environment, Food and Rural Affairs

August 2008
Written evidence

Memoranda submitted by John Middleton

I welcome this opportunity to express my concerns regarding ornamentals prior to the Select Committee. Ornamental growers are the unsupported sector of the rural economy. This sector is discriminated against by having to charge 17.5% VAT on our crop against our Continental competitors who pay only 6%, whilst the rest of the rural economy are rated at zero.

The demise of horticulture in general is best recorded by the Horticultural Development Council Returns from 1988 to 2002, when the number of levy payers fell by half, yet the amount of levy collected remained roughly the same at £3.5 million, collected at a rate of 0.5% on sales. This values British Horticulture at £700 million as against Defra’s figure of around £2 billion. This rate of decline is unsustainable.

As a rhododendron grower my greatest concern, which has reversed my business from profit to loss during the last four years, has been Defra’s policy on Phytophthora Ramorum (Sudden Oak Death).

PHYTOPHTHORA RAMORUM

Four and a half years have elapsed since Phytophthora Ramorum was first identified as a possible risk to the environment, yet no scientific evidence exists that a single tree has died in Europe as a result of PR.

Defra has spent several million pounds attempting to eradicate an organism that shows no distinctive symptoms and cannot be confirmed without a laboratory test.

The Nursery Industry has taken a heavy toll from the inspections and destruction orders leading some mixed growers from not growing rhododendrons at all, whilst others have gone out of business leaving a greater opportunity for imports and consequently a greater risk of disease that these plants pose. Earlier this month Exbury Nurseries Limited went into administration citing Phytophthora Ramorum had cost them £300,000 (they in turn owe me over £10,000 thus compounding my own problems).

Two major errors of judgement appear to have been made when the decision was taken that PR could possibly pose a threat to the environment.

The first was Defra’s acceptance from America that PR was the cause of tree deaths in California. Jonathan Jones from America has publicly admitted that no research was carried out on the effects of pollution upon the dead or dying trees in the mainly heavily polluted San Francisco area, a key scientific requirement in establishing cause of death, thus invalidating their claim that PR causes tree deaths.

The second error was Forest Research’s failure to carry out the Koches Postulence test correctly. The final stage in this test requires the organism to be inoculated into a healthy tree to establish whether the symptoms can be replicated. Forest Research used logs instead, which would be as effective as a drugs company using a corpse in place of a living being in a drug’s trial.

The policy has inflicted as much commercial damage as possible upon wholesale growers under the Plant passporting system whilst retailers of plants are exempt. Plant passporting is said to be about traceability in the event of disease, yet the end buyer is untraceable.

In the event of this organism being detected the grower is given three choices of destruction of infected plants:

The first is burning on site within three days, which is difficult as peat compost holds 20 times its own weight in water.

The second is burying on site. An option I have resisted on environmental grounds as phytophthoras are water borne and my nursery lies 0.5 mile from the New Forest National Park, which carries a SSSI whilst my land also borders a tributary of the River Test. There have been occasions when this organism has escaped from a known location into a water course resulting the landowner in a costly cleanup operation. Defra will not accept liability for this method.

Defra officials allow both these destruction methods which happen to be against the EU Waste Management directive, yet refuse to accept any responsibility for the consequences of this action. None of these burial sites are recorded or monitored, making them a ticking ecological time bomb should this organism pose a threat to the wider environment.

The third option is the most costly, which is deep landfill.

As nurserymen are totally unsupervised in the execution of these destruction orders and the plants ordered for destruction are perfectly healthy, there is a great financial incentive to sell them.

Defra is a dysfunctional Ministry, hopelessly incapable of protecting the environment, with three Horticultural Ministers within a year there is little Government input, whilst the officials’ responsible for dealing with this problem are split between Forest Research, Plant Health & Seeds Inspectorate and Central Science Laboratory. Defra has further complicated the problem by approaching the EU and extending this policy in Europe.
This current policy is a precautionary approach to protect the environment, yet while the £2 billion paid annually to the farmers is gradually being transferred away from production towards environmental protection, no back up, help or support is offered to nurserymen in their struggle to respond to Defra’s demands to tackle this questionable disease that does not affect nursery stock. Yet we are compelled to destroy our own crop at our own expense as a precautionary approach to protect the environment from a disease that does not exist, and we are still compelled to pay for Defra’s inspections at over £80 per hour.

This policy is a prime example of this Government’s contempt for small businesses, the environment and the rural economy.

I, therefore, recommend the following proposals.
1. Protect the British environment from disease by banning the import of all ornamentals.
2. Give ornamental growers a level playing field by returning the difference in VAT between ours and the rest of Europe to reinvest in their businesses.
3. Forest Research should be transferred to the Central Science Laboratory in order to have a more efficient use and coordination of disease control such as the alleged Phytophthora Ramorum.
4. One Minister should take precedence when tackling threats to the environment. At present we have three covering horticulture, forestry and the environment.
5. Businesses should not be sacrificed when dealing with environmental protection.
6. Destruction orders should be carried out by independent contractors overseen by an inspector at Government expense to ensure strict compliance.

September 2006

Memorandum submitted by Peel Holroyd

May I submit some views that may contribute to your review?

1. I am assuming the continuation of the current breakdown of the average UK family weekly income. I am also assuming that central government will continue to control all areas and aspects of English life through various “town & country” legislation and defined responsibilities.
2. The interpretation of the term “rural” is perhaps, more of that defining physical location outside the urban registered boundaries. Rural economics therefore have little independence and probably have to face many more layers of officialdom in decision making? . . . eg Parish councils, local government, regional development agencies, potential regional powers like the Welsh and Scottish parliaments often duplicating central government et al.
3. Such recognition of today’s facts suggest that the future of the rural economy is through being the playground of the City and its “fit for purpose” very much influenced by the level of council tax (which has doubled since 1997) and the ability of the local population to maintain a 12 month per year viable rural economy.
4. Every part of England is different and in response, local infra-structure has to react to that fact. The viable areas enjoy public transport, postal services, active centres of education, church, sport, retail and above all reliable local community services ie a 365 day harmonious society. The necessity of local employment is not always apparent with the common practise of commuting.
5. Many centres of population in the rural areas, do not enjoy such luxury (eg closure of post offices, local hospitals, transport etc) and the inconvenience of the need for individual transport limits many especially of the older generation, from taking part in the wider community.
6. It is an increasingly emerging fact of life, that in England, the older one gets the more dependent one becomes on Government services . . . proximity to urban facilities is then a critical issue.
7. Village communities are continually changing. The “City” resident is expanding the trend to second homes. The local vendor enjoys the sale often ignoring the resultant difficulty to existing local residents/ families to get into the housing market. To the new owner, in what to many is an unknown rural way of life, the traditional friendly farmer is now regarded as the enemy by using modern technology (sometimes noisy, dusty, inconvenient et al) to replace the absence of local labour.
8. Future divisions in society are inevitable when the growing urban culture of “I want/I need now” dominates one section of society at the expense of another who traditionally enjoyed the urban guest, but now fears a changing life-style and business climate unknown to most long term residents of rural England.
9. Equally the new owner is often not aware of the climate differences between winter or summer and the impact on local farming et al.
10. You will share such outline of modern day and inevitability of subsequent divisions in society.
11. To the “City” occupant in rural areas will be the assumption that, be the residence on a part-time or full-time basis, the local community will be viable 365 days of the year but yet in the changing economic business climate across England, this is the wrong presumption primarily because of ignorance by each “society” of the others.

12. May I emphasise that in exploring the potential of the rural economy and hopefully, generating true long term value (which does exist from my lifetime experience in Agriculture, Food production and Retail with RHM Agriculture 1964–72, Senior Agriculturalist to Marks & Spencer 1972–1990 and now international consultant across the total food chain) that the initial focus is clearly through education, education, education to members of the different English communities/societies understanding each other eg expand knowledge, reduce fears, create vision, share culture, joint investment, partnership in driving forward, avoid disasters that can attract ‘media hype’, add value across the age groups so that everyone always feels wanted.

13. The potential of England’s rural economy is then self-generated and does not depend on Government policy but on utilising Government help and professionalism.

14. Change then evolves and the rural potential realised.

August 2006

Memorandum submitted by the Country Land and Business Association

EXECUTIVE SUMMARY

1. England’s rural economy is already, in most places, essentially a thriving part of the UK economy and society. It is also a highly desirable place to live and work; this is why the rural population is growing. Within this overall picture, there are aspects of poor service availability and pockets of deprivation. The main concern of the Country Land and Business Association (CLA) is that within this scene the main land-based activities, agriculture and forestry, already unprofitable face a highly uncertain future. It is Government policy to reduce agricultural supports, to open borders to more imports, and to impose significantly higher costs on the industry for higher environmental standards and for controlling animal disease. This will necessitate a significant restructuring of the businesses which manage land including further economic diversification.

2. In addition to producing the bulk of the nation’s food, England’s land managers have enormous potential to deliver environmental services of landscape, biodiversity and heritage protection, water filtration and water storage, carbon management, and renewable energy, to the population. To realise this potential we require flexible and integrated policies and the right institutions. At present we have neither. This inquiry does not seem to be addressing these big questions so we reply to the more immediate issues raised by the inquiry, focusing on the “modernised” institutional arrangements of the RDAs, RRAFs, Natural England and the critical issue of diversifying employment opportunities and the role of the planning system.

RDAs and the RRAFs

3. The performance of the RDAs is not uniform given the diversity of each region. However, not enough priority is being given to rural affairs, accentuating the urban-rural divide.

4. Although only created in 1998, there is evidence of a willingness to understand the complexities of the rural economy, particularly through partnership with private estates. Some progress is being made.

5. The relationship between the RDAs and government departments, including the Government Offices, does not necessarily lead to cohesive policy. This is further constrained by the lack of funding available. We are also concerned with the emergence of Natural England and its relationship with the RDAs.

6. Some progress is being made to engage the rural community through the RRAFs although painfully slow. Where there is partnership between the public sector and private rural business, economic potential is released to the benefit of the rural economy.

Provision of rural employment and the barriers

7. There is fundamentally a broken market in the food supply chain. Primary producers are squeezed between upstream oligopolistic input suppliers and equally concentrated food processors and retailers. This massive market imbalance has rendered the primary sector fundamentally unprofitable—which in turn inhibits its ability to deliver public environmental services. Without some kind of redress this system is not sustainable. There is an unwillingness of government to face this problem.
8. Over-regulation imposes enormous constraints on rural business which stifles innovation. The regulatory burden for agriculture, estimated at £1 billion, is too high. However, where regulation is less intrusive, for example in the field sports sector, a positive dynamic is introduced.

9. More needs to be made of renewable heat sources where the potential for the rural economy remains significant but unfulfilled.

Planning policy and rural economic potential

10. The planning system restricts economic potential and acts as a brake on economic development. Economic viability should be placed at the heart of the land use planning system and aid the crucial role of rural business in underpinning rural communities through the provision of housing, jobs and services and access to them.

11. However, for example national guidance on housing (PPG 3 and draft PPS3) prevents this happening through urban-centric policy. Business development in rural areas is made more difficult because of the monocural focus on housing rather than focusing on housing and jobs. The failure to recognise the needs of rural businesses who have to rely on private cars and road haulage owing to the lack of public transport in rural areas is another example of urban-centric planning policy. Inflexible urban-centric planning policy simply nullifies any benefit from the rural economy.

12. The current unbalanced and narrow interpretation afforded sustainable development—that is over-emphasis on environment and social issues and under-emphasis on economic viability—has become a key example of the law of unintended circumstances. What is required is a planning system that promotes a balanced approach between all three legs of sustainable development and for none of them to have any predetermined priority over the others.

Natural England

13. The Select Committee should request the guidance from Defra as to the purpose of Natural England.

14. There needs to be an equitable balance struck between the role of Natural England and the RDAs in order to promote effective sustainable development.

15. A sea-change is required in the application of legislation by Natural England regarding SSSIs and the conservation of species. It needs to be less cautious and interpreted as originally conceived.

INTRODUCTION

1. The Country Land and Business Association (CLA) welcomes the opportunity to make a submission to the Environment, Food and Rural Affairs Select Committee inquiry into the potential of England’s rural economy.

2. The CLA represents some 38,000 members in England and Wales, all of whom have a direct and indirect interest in the well being of the rural economy. Our members are farmers, land managers and rural businesses who are affected by the policy decisions made by Government departments as well as the implementation of those decisions by regional and sub-regional bodies.

3. England’s rural economy is already, in most places, essentially a thriving part of the UK economy and society. It is also a highly desirable place to live and work; this is why the rural population is growing. Within this overall picture, there are aspects of poor service availability and pockets of deprivation. The main concern of the CLA is that within this scene the main land-based activities, agriculture and forestry, already unprofitable face a highly uncertain future. It is Government policy to reduce agricultural supports, to open borders to more imports, and to impose significantly higher costs on the industry for higher environmental standards and for controlling animal disease. This will necessitate a significant restructuring of the businesses which manage land including further economic diversification.

4. In addition to producing the bulk of the nation’s food, England’s land managers have enormous potential to deliver environmental services of landscape, biodiversity and heritage protection, water filtration and water storage, carbon management, and renewable energy, to the population. To realise this potential we require the right government policies and the right institutions. At present we have neither. This inquiry does not seem to be addressing these big questions so we reply to the more immediate issues raised by the inquiry, focusing on the “modernised” institutional arrangements of the RDAs, RRAFs, Natural England and the critical issue of diversifying employment opportunities and the role of the planning system.
THE ROLE OF REGIONAL DEVELOPMENT AGENCIES IN UNLOCKING THE ECONOMIC POTENTIAL OF RURAL AREAS

5. The Regional Development Agencies (RDAs) were created in 1998 to aid the economic regeneration of the respective regions. The CLA has contacts with all the RDAs as they affect rural areas.

6. The first point we make is that the performance of the RDAs is not uniform. Of course, this is expected, given the diversity inherent in each region. However, this has a major impact on the priorities each RDA gives to rural affairs. There has been a strong tendency in the past for many RDAs to downplay the importance of the rural economy to their region despite the importance attached to rural communities by central government. We see little evidence in a number of RDAs that this trend, which accentuates the urban-rural divide, is being reversed.

7. Given the newness of the RDAs and their unfamiliarity with the complexities of the rural economy it was bound to take some time for them to understand their rural areas. We believe that there is now a willingness to understand how the land based rural economy works and they are now seeking to get the best out of rural distinctiveness. In partnership with those in the rural economy they are beginning to identify the real agents of change—the innovative rural businesses who are looking at making best use of rural assets. Through opportunities to hear and see at first hand the issues faced by those on the ground, policy makers and those making funding decisions gain a far greater appreciation of the dynamics of the land-based aspects of the rural economy.

8. Indeed, there are instances of particular RDAs embracing the rural agenda. In the North East, for example, One North East (ONE) is working in partnership with the CLA to create a pilot scheme for private estates and public bodies. Aimed at creating a workable and effective partnership, the framework represents an opportunity for public sector funding to be accurately targeted whilst, at the same time regenerating rural areas. The lead rural RDA, EEDA, has set up Renewables East, which is working to promote biomass and biofuel renewables in the region. We believe that all other RDAs should follow this initiative: they also have a responsibility to embrace rural areas to a far greater degree than is the case at present. We are particularly worried that rural development funding (which is in part taken from farm support through modulation) may be delivered in a small number of high cost, high profile projects, rather than being made available to equally deserving SMEs.

9. We are concerned about the efficacy of Defra’s relationship with the RDAs. EEDA is tasked with the responsibility of directing, on behalf of the RDAs, Defra’s policy goals in terms of rural economic activity. We can see that some progress has been made in developing a more coherent policy framework and that there appears to be a more consistent approach. However, we understand that EEDA is one of the worst funded RDAs. The lack of funding is constraining EEDA’s efforts for the rural economy on behalf of the RDAs. We are concerned that the emergence of Natural England could undermine the work of the RDAs, especially those with a limited background in rural affairs. The unbalanced nature of the institutional structure undermines the range of rural initiatives being undertaken by the RDAs.

10. The Regional Rural Affairs Forums (RRAFs) were created by the then Minister for Rural Affairs as a way of creating greater engagement for those in the rural community. Laudable in principle, it appears that the RRAFs have been less successful than envisaged. We do not believe that RRAFs should simply be talking shops. The original goal of the Haskins Review was correct. But the objective of using the RRAFs to facilitate regional decision making through greater joined up thinking between the RDAs and Government offices has, so far, not been met. The momentum built up as part of the Haskins Review and the objectives of “Modernising Rural Delivery” are not being realised. Progress is now being made in a number of RRAFs but it is a slow process. Indeed, where the opportunities for public sector bodies and providers to link up and play a positive role, in conjunction with trade associations and others, in regenerating the rural economy exist, the result has in most cases been positive. To be successful it is vital that the forums engage effectively with the key industry leaders who have the capability to invest and act. Involving too many stakeholder groups simply slows progress.

11. Overall, we recognise that some progress is being made by the RDAs and the RRAFs. Of course, funding is an essential requisite for regeneration but so is well thought out and coherent policy objectives. Moreover, we believe that if the RDAs are to take their rural responsibilities seriously there has to be greater partnership with those in the rural economy. Where this is apparent, the objectives almost always are met, economic potential is unlocked and the benefits released to those in the rural economy.

AGRICULTURAL AND NON-AGRICULTURAL PROVIDERS FOR RURAL EMPLOYMENT AND POSSIBLE BARRIERS, INCLUDING THE STRUCTURE OF THE RETAIL FOOD SECTOR, TO THEIR FURTHER DEVELOPMENT

12. One of the biggest challenges facing UK agriculture is the imbalance in market power that exists in the food supply chain between primary producers, food manufacturers, and the major retailers. The intense competition between the major retailers leads to low food prices for consumers, whilst maintaining what are considered normal profits for retailers but this is at the expense of zero or negative profits of primary producers. Without the government financial support, UK agriculture operates at a large financial loss. This is not sustainable. The solutions offered to date by Government: to abolish farm subsidies in 10 to 15 years, to increase environmental standards for water and soil, and to switch costs of animal disease onto farmers, will make it harder for farmers, especially in the context of opening trade to countries not required to farm
to the same environmental, animal health and welfare standards. We welcome the new investigation into the supermarkets by the Competition Commission and hope they confront the problem we have described and suggest some remedies. Without action to redress these problems there will be a significant restructuring of agriculture with a large number of suppliers going out of business.

13. Worryingly these are the views among large producers who see downward price pressure on commodity farmers supplying the supermarkets (fruit and vegetables, chickens, pigs, dairy, red meat). Margins are now so tight that there is no money to spare for investment in new equipment or technology, let alone meet higher standards and also cross-subsidise environmental services. The industry is being run down. This has been described as a “broken market” in that, under normal market conditions, when a product is in short supply, prices go up. But the opposite is often the case with the supermarkets.

14. We believe that the food supply chain requires joint industry and Government action, particularly in terms of encouraging suppliers to deal with retailers without the fear of intimidation or retribution.

15. We would also contend that a major barrier to the provision of rural employment, indeed the viability of the rural business itself, is the relentless increase in regulation that places an enormous burden on rural business, which are mostly small businesses. This includes gold-plating and duplication. Our estimates suggest that the administrative burden imposed on the farming community in the areas DEFRA is responsible is approximately £1 billion per annum. This compares to the gross value added of agriculture’s contribution to the economy of £8 billion, a burden of some 12%. This does not take into account the regulatory burden placed on the rural economy by other policy measures, such as planning, which could be even higher.

16. Of course, we do not suggest that all regulation should be abolished but the response to imposing regulation has to be proportionate. Our call is for far greater reliance on self-regulation and greater emphasis placed upon effective risk assessment.

17. As farming income declines (down 50% from average 1994–96 figures) other rural employers and industries become more important. Joint research recently published by CLA with BASC and the Countryside Alliance shows the current gross value added (GVA) of shooting to be £1.6 billion, employing the full time equivalent of 70,000 people. It is important that Government avoids imposing restrictions on the sport. The recent Defra deregulatory proposals on game licensing and sale of game out of season are to be welcomed.

18. Renewable energy, particularly from woodlands, bio waste and energy crops is an area with huge potential for the rural economy and employment. Numbers engaged are small at present, but this is set to grow when barriers detailed in the Biomass Task Force report are addressed. The CLA is particularly concerned over the lack of support currently available for renewable heat, which we see as holding back the development of CHP on a community wide basis.

**The effectiveness of rural proofing arrangements in ensuring that rural aspects of economic development are properly reflected in national and regional policy (including planning policy)**

*Sustainable development and planning in rural areas*

19. The countryside is a mosaic of economic activities, each with a contribution to make to the whole. The pattern of that mosaic is continually changing; new businesses must continue to be encouraged to come into the countryside to provide new sources of income and employment; these businesses may be based on manufacturing and services, tourism and equestrian activities. The mosaic of rural activity extends beyond the economic. The rural economy, management of the countryside, the health of rural communities, the vibrancy of the economy, provision of services—all make up one picture and all are interdependent.

20. In the past, the planning system has been used too much as a brake on economic development in the countryside in the belief that this is the best way to support communities and the environment and a mistaken belief that only by such restriction can environmental protection be assured. There is now a growing acceptance that economic success, the health of communities and environmental stewardship are interdependent. The key elements of sustainability—the environment, economy and community—need to be equally balanced and equally considered for development to be sustainable. Thus a planning system that seeks to achieve its objectives for communities and the environment by an unbalanced emphasis on restricting economic development will fail, and will fail those communities and the environment it is intended to support. Without economic development, communities and the environment cannot be supported, thereby becoming unsustainable and failing the Government’s main objectives.

21. Our view is that the planning system must be approached in a different way, as a positive and flexible instrument to promote economic development, communities and environmental stewardship. For a balanced approach to sustainable development to be achieved, the same principles of working with the grain of rural business should be pursued in relation to the impact of planning on community development and environmental stewardship as on economic development.

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1. CLA estimate.
2. PACEC report.
22. The CLA acknowledges that generally speaking much of the rural areas of England are well diversified, with high employment levels and strong showing on many economic and social indicators. This is why many of these areas in this condition are enjoying increasing population and an inflow of investment and businesses. However, this picture is by no means uniform and even within these prosperous rural regions there are difficulties of some service provision and pockets of deprivation. Also peripheral and marginal rural areas are not enjoying vibrant economic growth. Within this picture, the CLA is concerned about the land based—i.e. agricultural and forestry sectors—which as explained above are in a poor and unsustainable state. Whilst these sectors do not contribute a majority of rural economic output or employment the critical fact is that they manage three-quarters of the rural territory. Their success is thus vital for achieving environmental objectives. As these businesses must diversify to survive we believe that economic viability must be placed at the heart of rural planning policy as it affects this land-based sector.

23. Unfortunately, these businesses are being undermined by urban-centric National guidance set out in Planning Policy Guidance 3 Housing (PPG3), and repeated in draft PPS3, which has had, and is likely to continue to have, a severe impact on the provision of rural employment sites. PPG3 and draft PPS3 precludes development on most greenfield sites by restricting residential development to “previously developed land”. As a consequence all “previously developed land” in rural areas is vulnerable to residential development and rural businessmen have to take account of the very high value of residential land in deciding whether they can afford to purchase “previously developed land” to set up a rural business. It is increasingly difficult for businesses to re-locate since most alternative sites have been previously developed and are being sold for residential development. This is a serious and as yet unacknowledged problem which is affecting small businesses upon which the national economy is heavily dependent and will be increasingly so as large-scale business relocates abroad owing to lower labour costs and superior transport infrastructure.

24. This is exacerbated by the increasing restrictions on greenfield development. There is now a general prescription against development in “the countryside”—areas beyond defined settlement boundaries—which is almost equivalent to Green Belt restraint, but covering the English countryside.

25. The case for the provision of employment in rural areas is urgent. Business in rural areas should not be caricatured as comprising craft workshops and tearooms. Businesses of every kind should be encouraged in rural areas by a flexible planning system; for example small scale industry, offices, packaging, processing, manufacturing and distribution services as well as agricultural businesses. Currently, however, there is significant pressure on local authorities to turn down applications for development because they do not meet sustainable development objectives set out for example in Planning Policy Guidance 13: Transport (PPG13). But rural-based businesses, which are not located on public transport routes, have to rely on road transport and cars as there are few alternatives because of sparsity.

26. National guidance for planning in rural areas set out in Planning Policy Statement 7: Sustainable Development in Rural Areas (PPS7) is unequivocal; development that is close to urban areas is intended to be more acceptable, while development in the more remote countryside (including for tourism and leisure) is intended to be more limited. This policy condemns such areas to poverty and decline.

27. Practically all rural businesses rely on road haulage for goods in and out and the private motor car is used by employees as their only means of travelling to work. Whilst we do not oppose the general view that major enterprises generating volumes of traffic would best be located close to urban centres, we do not accept the notion that such activities are barred from rural locations. An increasing range of economic activity can only exist in large units and some will require (and for the viability of the rural economy should have) a rural location. Renewable energy generation sites are a case in point and some grain, fruit and vegetable processing sometimes falls into a similar category together with associated road haulage.

28. The current interpretation of sustainable development is too narrow; for example, there is a real danger that if “sustainable development” is interpreted only in terms of transport policy, and the need to reduce reliance on the private motor car and travel by roads generally (and this is often the case) large areas of the countryside will be denied economic development, and so will be economically unsustainable. This will surely militate against the shared objective to reinforce the fragile economies of the more remote rural areas. The narrow interpretation of sustainable development by Government has become a prime example of the law of unintended consequences.

29. Built heritage is a key issue for CLA members. It plays an important role in the rural economy, especially as a key tourism driver, but often not a profitable one because it is expensive to maintain. Government willingness to fund it through grants is inevitably limited, and it must—wherever possible—be allowed to earn its keep, by being put to financially viable use, if it is not to decay. This requires a consent system which allows change, but in practice onerous regulation often prevents this. In the cases where historic buildings have no viable use without first injecting an uneconomic amount of capital, rural development schemes have recently had impressive results, but funding for these now appears to be under threat. Where there simply is no viable use—stone walls and remote field barns—stewardship schemes similarly have been of real value, but these too are under threat. We remain concerned about this: while having more plant species is good, the benefit is reduced if walls and barns are collapsing all around them.
Land Use Planning System reform

30. There is no doubt that some element of reform of the planning system is required in order to put economic development back at its heart. In order to provide greater certainty and clarity within the planning system, there needs to be a proper balance between all three legs of sustainable development. The right balance for each situation would be different and this assessment would have to be made by someone who has sufficient knowledge of a situation so as to reach a reasonable judgement. This type of judgement is unlikely to be taken by a planning officer and so the proper balance cannot be established merely by the bureaucratic application of policies.

31. In these circumstances, the current plan-led system, in which the development plan takes precedence, cannot achieve sustainable development. This is because the development plan is just a raft of policies with no mechanism for judging balance. Indeed the requirement for the plan to prevail, unless material considerations indicate otherwise, is the very antithesis of balance.

32. Wholesale review of Planning and Compulsory Purchase Act 2004 is unrealistic. However, if economic development is to be seen to be a co-equal with community and environment, and set at the heart of the planning system, we consider that there is a requirement to review the supremacy of the development plan for decision taking.

33. CLA calls on the EFRA committee to categorically restate the three legs of sustainable development (economic, social, environmental) and to state that none of them has any predetermined priority over the others. EFRA must reiterate that the concept of sustainable development is about balancing the three legs; it is not that environmental or social issues must override the others. Almost every planning decision of any importance requires prioritisation of one or other of those objectives. Government planning policy and guidance should stress that such prioritisation to be evidence-based, clear and specific.

THE ROLE OF NATURAL ENGLAND AND THE COMMISSION FOR RURAL COMMUNITIES AND THEIR EFFECTIVENESS IN TAKING FORWARD THE WORK OF THEIR PREDECESSOR BODIES

Purpose of Natural England and its relationship with the RDAs

34. During the passage through Parliament of the Natural Environment and Rural Communities Act 2006, the Government stated that guidance as to Natural England’s general purpose would be issued. As yet, we are unaware of such guidance and we suggest the committee may wish to request this guidance. We suspect that what it says will have a significant impact on the committee’s conclusions.

35. During the Parliamentary process, we welcomed the Government’s rejection of amendments that would have significantly watered down Natural England’s ability to promote economic objectives. Although Natural England’s basic role is to promote the environmental leg of sustainable development, it is permitted to encourage the management of the natural environment in a way that promotes the economic and social aspects of sustainable development. Therefore, we believe that it is crucial that Natural England does not place too great an emphasis on environmental sustainability that could unduly frustrate rural enterprise.

36. Nevertheless, we recognise, as stated above, that the RDAs are responsible for promoting economic sustainability. However, in order to achieve this, an RDA may seek to contribute to environmental sustainability. We do believe that there needs to be an equitable balance between Natural England and the RDAs as both strive to promote sustainable development.

Sites of Special Scientific Interest (SSSIs)

37. The way in which Natural England will affect most rural landowners is, we expect, through the designation and management of SSSIs. The extent to which SSSIs can restrict economic activity is an issue which gives us cause for concern.

38. We believe that SSSIs should be used purely as a means of conserving features of special interest, not to achieve a range of policy objectives. Recent examples where SSSI designations have been used to prevent land managers erecting or maintaining coastal defence works, fail to recognise the actual purpose of SSSIs.

39. Similarly there seems to have been a distinct shift away from the Government’s stated desire of making the various restrictions imposed when a site is designated specific to the site. Before the introduction of the reforms to the SSSI legislation introduced by the Countryside and Rights of Way Act 2000, it was common practice to prohibit pretty much anything being done on the land without obtaining English Nature’s prior consent. This was largely because the prohibitions, once imposed, could not be readily changed.
40. The thinking behind the CRoW reforms was, we were told, intended to avoid the use of blanket one size fits all prohibitions. Because it would be easier to change the prohibitions, they need not be so all embracing on designation. Unfortunately, English Nature does not appear to have modified its practices in accordance with the new legislation. It is common to see the same general approach as before. A typical designation of farmland, for example, will generally prevent the carrying out of traditional practices such as grazing, or changing grazing patterns, or ploughing, or pest control without having obtained consent.

Management payments

41. Of course, if land managers are prevented from carrying on with what they have been doing as a result of designation they are compensated, but the level of compensation does not reflect what has been lost. Under English Nature’s Guidelines on Management Agreement Payments land managers were compensated on the basis of income forgone. In essence the land manager was required to demonstrate what he had been earning from the particular activity. However, Natural England announced in September 2006 that from now on the only form of compensation paid will be under a stewardship scheme. This is generally a much lower amount.

Conservation of Species

42. We have seen a similar approach with English Nature’s application of the legislation concerning the conservation of species. There is no reason to suppose that the situation will be any different with Natural England.

43. It is an offence to interfere with the breeding site or resting place of a European Protected Species, the list of which includes bats and great crested newts. If the landowner does so interfere he stands to be prosecuted. Unfortunately the phrase breeding site or resting place is increasingly being interpreted by English Nature as meaning a habitat.

44. The two are, however, very different. A breeding site or resting place is a place where a member of a particular species is actually located. A habitat, on the other hand, is a place which is capable of being occupied by a member of a species but which may or may not actually be so.

45. By blurring the distinction between the two, and insisting that anyone who interferes with a site which may contain a member of a protected species, even though there is no evidence to suggest it actually does, English Nature have been putting considerable burdens on even fairly minor development projects. In our experience, even if a license is granted, the conditions attached frequently are so onerous as to make the project economically unviable. For example, with almost every barn conversion project, because it is possible a bat may be present, a license is insisted upon. In our experience English Nature rarely make a definite decision that bats are actually present, just that they could be. The conditions attached to that will include a requirement that the barn be inspected at least once a fortnight to check whether any bats have been disturbed. This generally costs £200 per visit. As such the overall costs can be considerable.

46. None of this should be taken as a plea for landowners to be allowed to destroy our flora and fauna at will. It is a request that English Nature and now Natural England interpret the legislation as it was meant to be interpreted and not in the excessively cautious way it has been doing of late.

Concluding remarks

47. The Government wants to withdraw £1.5 billion in farm payments from the rural economy. Adapting to this will only be possible if the current constraints on economic development are rationalised.

48. The CLA believes that the present small business infrastructure will become increasingly unable to cope with the demands placed upon it. Already there is evidence of strategic failure by Government and the regional bodies to prioritise the needs of the rural economy to the extent that the urban-rural economic divide is widening to the detriment of rural communities.

49. We believe that more funding is required in the fields of IT and training in order for the rural economy to remain competitive, government policy and the actions of the regions need to become credible and there needs to be a greater awareness of the advantages and benefits effective partnership between private rural business and the public sector can bring to the rural economy.

October 2006
Supplementary memorandum submitted by the Country Land and Business Association

Executive Summary

Planning

1. The planning system must enable all communities to pursue their legitimate aspirations—for jobs, incomes, housing, transport, services, recreation and leisure.

2. The planning system therefore can ensure economic vitality and sustainable development in rural areas in order to build strong rural communities. This necessitates that planning policy clearly guides local planning authorities to produce Local Development Frameworks (LDFs) that promote sustainability through promoting well designed and suitable developments, not by imposing arbitrary restrictions on developments in rural areas.

Rural Housing

3. There remains inadequate provision of rural housing, frustrating the ability of the rural economy to serve the needs of rural communities.

4. Despite the recommendations of the Affordable Rural Housing Commission, little has been done via the LDFs or regional spatial strategies to put these into effect.

5. The supply of land should be incentivised through such fiscal instruments as conditional exemptions under IHT.

Regulation

6. There remains significant over regulation of the rural economy leading to reduced economic performance. Such performance would be enhanced through a lighter and better understood regulatory approach.

Rural Economic Growth

7. There remains a lack of effort in examining and developing the synergies for a stronger rural community. This is particularly the case with tourism and local food.

8. VisitBritain’s current role is not in the best interests of rural tourism operators. The focus of Visit England should be switched to market the best of the rural tourism product through a greater allocation of resource from VisitBritain.

9. Government must show a far greater commitment and enthusiasm towards the public procurement of locally sourced food.

Rural Service Provision

10. In the context of rural post offices, consideration should be given to the bundling of services to ensure economic viability as well as meeting the needs of the customer.

11. Government has a public responsibility to ensure the better take up of broadband in rural areas and in particular in agriculture. There remains a serious disconnect between Government aspirations in terms of on-line services, their availability and affordability.

CAP Reform

12. The large number of rural economic activities have agriculture as their base. It is widely agreed that the reform of the CAP means that the payments received are likely to pay for the non-market services supplied by farmers and other land managers.

13. However, if there is no commensurate increase in funding for the provision of environmental services, the impact on the farming and wider rural economy would be highly undesirable with a significantly negative impact on rural communities.
Climate Change

14. Rural areas are both threatened by climate change and have a potentially significant role in helping society deal with climate change.

15. However, in terms of practical solutions to the problems resulting from climate change, the UK is not in the lead. The development and installation of new technologies can produce huge rewards and many could offer local solutions (such as waste management) which can provide an integrating function in rural communities.

Introduction

1. The Country Land and Business Association (CLA) welcomes the opportunity to make a submission to the Environment, Food and Rural Affairs Select Committee revised inquiry into the potential of England’s rural economy. The response below is supplementary to the evidence we submitted in October 2006.

2. The CLA represents some 37,000 members in England and Wales, all of whom have a direct and indirect interest in the well being of the rural economy. Our members are farmers, land managers and rural businesses who are affected by the policy decisions made by Government departments as well as the implementation of those decisions by regional and sub-regional bodies. This is particularly the case with regard to the objective of building strong rural communities as set out in Defra’s revised PSA targets and departmental strategic objectives.

3. The CLA’s submission will focus on the areas raised by the Committee’s terms of reference as well as providing supplementary evidence on issues that we believe have a direct impact on the economic performance of rural areas in England.

Planning

4. The aspirations and needs of rural people for jobs, housing, transport, services and leisure are similar to those of their urban counterparts. However, many rural communities in the countryside feel that they do not enjoy the benefits of national economic growth, that their particular needs are not being met, and that interdependence between rural businesses, rural life and the environment are not appreciated by Government. The planning system must enable all communities to pursue their legitimate aspirations—for jobs, incomes, housing, transport, services, recreation and leisure.

5. The planning system has a major role to play in ensuring economic vitality and delivering sustainable development in rural areas. Sustainable development is a key topic for the Government and one which it expects the planning system to deliver. There is a close interaction between economy, community and environment in rural areas which serves as a lesson for sustainable development elsewhere. For example, good land management from an environmental perspective produces a valuable backdrop for inward investment and tourism, but that management can only be sustainable on the back of the profitable use of land and buildings; this use generates jobs and incomes which leads to the need for housing in all rural settlements, whether remote or not; and ultimately all of the above assists in the maintenance of sustainable communities and retention of some rural services. All three pillars of sustainable development are important, but ultimately environment and community depend upon the economic pillar. Thus a healthy environment and community cannot be sustained without a viable rural economy.

6. The planning system should, through planning policy and the regional spatial strategies, clearly guide local planning authorities to produce Local Development Frameworks that encourage sustainable development in rural areas. The particular circumstances of the countryside can be respected by promoting well designed and suitably (including for use) scaled developments, not by arbitrary restrictions on the type of development that can take place in rural areas.

Rural Housing

7. CLA’s members, as owners of diverse landowning businesses, stand at the centre of the rural economy and have long been involved in the provision of rural housing in many ways. Many CLA members are involved in affordable housing schemes. Much of this provision results from the involvement of integrated rural estates in housing and other rural infrastructure over a long period.

8. We have been increasingly concerned that an inadequate provision of rural housing is making it difficult for rural people to afford to stay in the communities where they grew up and is frustrating the ability of the rural economy to serve the needs of the countryside and the country as a whole. In 2004 we set out our concerns and recommendations in a report entitled Housing the Rural Economy.

9. There is no doubt that the pressures on rural housing are increasing. The Affordable Rural Housing Commission made important recommendations some of which were picked up in PPS3: Housing. Unfortunately, this important policy has not been translated into regional spatial strategies or local development frameworks thus continuing to exacerbate delivery on the ground.
10. Other barriers to delivery include funding and supply of land. Housing Corporation funding should be available to private landowners wishing to erect ARH in perpetuity (through s.106 agreements) in rural communities. The supply of land should be incentivised through fiscal instruments eg a form of conditional exemption under Inheritance Tax—as recommended by the CLA and ARHC report.

REGULATION

11. Regulation has become the perennial bug bear of the rural community, in particular for those businesses that operate within the rural economy. Despite efforts made by Defra to reduce the scope and impact of regulation through the simplification plan process, there remains the valid belief that economic performance is being strangled by over regulation. The CLA believes that economic performance, and from that stronger rural communities, would be enhanced if Government, and in particular Defra, recognised that growth is only possible through a light regulatory approach.

RURAL ECONOMIC GROWTH

12. In addition to the problems experienced through the lack of affordable housing in rural communities and the constraints of the planning system, as set out above, there appears to be a lack of effort in underpinning those areas of the rural economy that provide the framework for strong rural communities. In this context, we are referring to the issues of rural tourism and local food.

13. The CLA has calculated that rural tourism in England and Wales generates some £8–£9 billion per annum. However, this ‘success story’ is despite the fragmentary nature of the industry itself. A vibrant rural tourism sector has both upstream and downstream benefits for rural communities. This is seen in the increasing number of visitors to rural communities which provides for employment and income generation.

14. We believe that Defra and the DCMS must play a vital role in stimulating the rural tourism market. We remain concerned that the current role of VisitBritain is not in the best interests of rural tourism operators and we advocate that Visit England should be permitted to refocus its activities and through this strengthen the marketing of the rural tourism product by recognising the importance of rural communities in embracing the visitor experience.

15. As regards local food, the last five years has seen this issue rise up the political agenda. This we very much welcome. We believe that local food can perform a number of functions that strengthen rural communities, including: providing a sense of identity to a rural area; and providing increased employment opportunities. To this end, the CLA has been in the forefront of promoting local food through the CLA’s Food Chain Initiative and its “Just Ask” campaign. Both of these activities have illustrated that there is a willingness and appetite from the consumer to reconnect with quality products.

16. However, Government policies and actions are only now coming to understand the importance that local food can bring to rural communities. An obvious example of the failure of Government to provide adequate support to local food concerns public procurement where only 2% of food supplied to the public sector is locally sourced.

RURAL SERVICE PROVISION

18. A lot has been made of the decision to reduce the number of rural post offices and there is evidence that these closures will negatively impact certain rural communities. However, what is seen as a significant loss to a rural community should be turned into a positive through the bundling of services. In essence, the provision of the “one-stop-shop”. We accept that such ventures should remain economic but we contend that the current funding provision for the post office network should be used to provide pump priming for such initiatives.

19. There is little doubt that one of the main economic drivers for strong rural communities and their ability to prosper has been the widespread roll out of broadband. Indeed, the CLA was the only national rural organisation that campaigned for all rural areas to have access to broadband. We recognised as early as 2002 the importance of this technology.

20. This importance cannot be underestimated. Access to affordable and effective broadband speeds can often be the measure of the sustainability of a rural community, both in economic and social terms. In effect, broadband has become, for many, the lifeblood of the community.

21. However, despite the ability of many to buy into the broadband infrastructure, too many rural communities are losing out, either through poor network speeds, too many people on the line at any one time (contention) or simply through the inability of the current infrastructure to cater for remote areas. On all these points, and others, the CLA has been lobbying BT and the Internet Service Providers (ISPs) to meet their commitments for a technology fit for the 21st Century.

22. As important is that this is also a public policy issue. Government has continued to encourage more and more people to fulfil their legal obligations on-line, for example, the submission of tax returns and applications for the single farm payment. We fully acknowledge the importance of these methods.
23. However, the recent Anderson report into the Foot and Mouth outbreak in September 2007 at Pirbright, Surrey, concluded that: “Greater use of the internet is undoubtedly the direction in which progress is moving. Access should be a priority for those with responsibility for livestock. Livestock owners should ensure that they are connected; Defra should ensure accessibility, readability and intuitive signposting. The aim should be to be prepared to use whatever new technology offers as part of the communications strategy”. (Anderson Report 2007, p 47). As Anderson rightly points out, farmers need to be able to be connected to the internet via broadband. A dial-up connection is simply insufficient for the purpose.

24. Therefore, the CLA contends that Government and Defra have a public responsibility to encourage the wider take up of broadband and ensure that it is available and affordable. Unfortunately, we see little evidence that this has been accepted as standard practice and this invariably negates moves towards stronger rural communities.

CAP REFORM

25. The CLA fully acknowledges that direct agricultural employment is a small and generally declining part of employment in rural communities. However it is at the heart of what most consider to be the essence of rurality. In addition, it supports a large array of sectors which serve farming upstream and downstream which makes up a significant part of total rural employment (9% nationally, but often much higher in the most agricultural regions). Also there are sectors which depend hugely on the fact that the land is actively farmed creating the English countryside—here we have in mind the recreation, tourism, hospitality and catering activities on or around farms.

26. This land-based collection of activities centres around farming. The policy which supports farming is the CAP which has been under constant change since the early 1990s. It is recognised that its main future role is to pay for the non-market services supplied by farmers and other land managers. Government policy as stated in the 2005 Treasury/Defra Vision for the CAP is to eliminate the majority of the present supports to reduce significantly the EU budget. Our point is that if this were to be done without a commensurate increase in the funding of the provision of environmental services, not only would large parts of farming—and the related jobs disappear, but many of those in the rural tourism industry would too. This would have a highly undesirable impact on rural communities.

CLIMATE CHANGE

27. The rural areas are threatened by climate change, for example by flooding, storm damage, heat stress; and arrival of exotic pests and diseases (already evident for many plant and animal diseases). But the rural areas also have a potentially large role in helping society deal with climate change: by storing carbon in soils and trees, by enabling energy substitution of renewable energy generation for fossil fuels (by on-shore wind, biomass, biogas and perhaps biofuels), and by enabling material substitution—of for example timber and hemp for materials used in construction which are highly GHG emitting in their manufacture (brick, concrete, glass and steel).

28. The UK may well be advanced and even world class, in the theory and measurement of climate change, but it certainly is not in the lead in the practical operation of these actions to do something about it. There are potentially huge rewards from developing and installing the technologies and the workable incentive systems to bring about these climate actions. Some of these have the potential to create rural employment. Many of them could and should offer decentralised local solutions to environmental problems (like waste management and energy provision) which can provide a strongly integrating function in rural communities.

March 2008

Memorandum submitted by the Royal Agricultural Society of England

BACKGROUND INFORMATION

The Royal Agricultural Society of England (the Society, the RASE) is the leading independent voice for the agricultural industry and rural England. The Society has, since 1838, played a leading role in the development of British agriculture and a vibrant rural economy through the uptake and communication of good science, the promotion of best practice and a co-ordinated, impartial approach to wide-ranging rural issues. Today its work includes: support for business through communication, demonstration and facilitation; social welfare in rural communities; education; and its significant events management role, notably with the Royal Show and other Technical Events. It undertakes the activities above with its partner organisations the Warwickshire Rural Hub, the International Agriculture & Technology Centre (IATC), the Arthur Rank Centre, and Farming & Countryside Education (FACE), all now effective practical delivery mechanisms in their own right.
EXECUTIVE SUMMARY

New Market Opportunities

The RASE is confident in the belief that potential exists for England’s rural economy. For farmers specifically, we believe that the growing of non-food crops for industrial, energy, medical and other purposes offers significant potential, linked to environmental benefits.

The Role of SMEs

The Society looks to SMEs to be a significant driver of growth and innovation in rural areas and believes that all possible effort should be made to support them.

Effective Rural Delivery

If change, innovation and growth are to be achieved amongst rural businesses, the Society is of the view that local rural delivery of business support and facilitation is absolutely vital. Hubs and Gateways around the country can already point to superb work in this field, and have the real ability to unlock the potential of England’s rural economy.

The Role of the RDAs/RDPE

The RDPE offers a significant opportunity to build England’s rural economy, and the delivery of Axes 1 and 3 under the auspices of the RDAs is vitally important. The Society feels that RDAs can significantly aid the development of the rural economy, and is aware that many RDAs can boast very good work in this sector. We would argue, however, that all RDAs, not just some of them, need to be really engaged with rural issues and that rural representation on key RDA Committees, including those which will be the RDPE decision-makers, needs to be strengthened.

The Local Food Economy

The local and speciality food economy is growing, and the Society believes that this trend will continue, and that there are still further opportunities for rural food/drink producers. “Fresher by Miles” is one such example with which the Society and the Warwickshire Rural Hub was closely involved.

Planning

We would submit that local Planning Policy should more closely reflect national farming and rural policy, which encourages farmers to innovate and diversify. The Society is also anxious to avoid a “food or fuel” debate regarding the future use of land.

1. THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

1.1 The Society believes there is very real potential for England’s rural economy, including the land-based sector. It particularly believes that there are high-value niche market opportunities for those growing plant material to be used for new uses, such as lubricants, textiles, energy, industrial materials, and in manufacturing, engineering and the health industry. To avoid another commodity production scenario, the key must be for farmers themselves to develop robust sustainable supply chains, and they may need facilitation assistance with this. The building of new links between rural businesses, industrial companies and research bodies is also vital.

1.2 These and other opportunities have arrived against the background of the Sustainable Farming & Food Strategy and Sir Don Curry’s exhortation to the agricultural industry to reconnect with its markets, and of course recent CAP reform. The Society believes that there needs to be greater recognition of the role which agriculture can play in delivering these industrial and energy crops, new sustainable supply chains, and other waste and environmental benefits.

2. BUSINESS SUPPORT FOR SMES

2.1 SMEs are of course vital to the health of the rural economy. There are already a higher proportion of SMEs in rural areas than in urban ones, and these are so often the drivers of growth and of innovation, with the potential to become the bigger companies of the future. As such, the Society believes that everything possible should be done to support SMEs.
2.2 From the experience of the rural delivery initiatives mentioned below, what SMEs need is easy, and ideally integrated, access to:

- Sources of information;
- Support and advice services;
- Skills development & training;
- Links between SMEs and appropriate research;
- Potential sources of funding.

2.3 For farm businesses specifically, the Society agrees with many other organisations that, in future, their technical farming competence will be less important than their business and entrepreneurship skills, and they need help in developing these skills and evaluating the many options open to them for the use of their land and other resources.

3. LOCAL RURAL DELIVERY INITIATIVES AND THE IMPORTANCE OF GRASSROOTS DELIVERY

3.1 There are those throughout most parts of England who are already working hand in hand with rural SMEs to develop their businesses, and providing a conduit to other support services: these are the Hubs and Gateways.

3.2 The Society itself is closely involved with one such initiative, the Warwickshire Rural Hub. Through this, we have direct experience of working with farmers and rural SMEs to facilitate change and enable these businesses to take advantage of new opportunities. A business-led grouping of some 850 rural businesses, the Hub’s key areas are local and speciality food, rural tourism, bio-energy and non-food crops, and waste.

3.3 Collectively, the Hubs and Gateways around England work with over 10,000 farmers and rural businesses, often the most forward-thinking businesses. Most of the Hubs work in close partnership with Business Link, but act as a Gateway for Business Link and other organisations, whilst themselves offering a more integrated, tailored and specialised service for agricultural and rural businesses. Each offers different services and has different specialisms, but all have gained the trust of their businesses and can point to numerous effective and practical examples of helping individual businesses or groups to move forward, often through facilitation. They have also proved to be effective mechanisms for drawing rural business people into training, often by stealth!

3.4 The Society regularly brings together representatives of the Hubs & Gateways from all parts of England, in order that they can compare notes and share best practice. We strongly believe that this type of quiet, practical on-the-ground delivery is absolutely vital if real change is to be effected amongst farms and rural businesses, and cannot stress this point too much.

4. FACILITATING COLLABORATIVE COMMERCIAL VENTURES

4.1 The Warwickshire Rural Hub, as well as staging informational events, visits and demonstrations for its members, aims to identify actual collaborative commercial ventures and help members to establish these ventures. The first such venture, “Fresher by Miles”, a local food distribution initiative with orders taken via the internet, is about to go live in the next month. Funding has been raised from Advantage West Midlands (our RDA), Defra and from the producers themselves. But, without the support of the Warwickshire and Worcestershire Rural Hubs, Local Authorities, private consultants and other individuals, this initiative would never have reached this stage: in determining the appropriate structure, raising the funds, obtaining planning permission and undertaking all the associated paperwork, it has taken almost three years. The producers themselves could not and would not have devoted the time away from their core businesses, nor could they have stuck with the process for so long in order to overcome the myriad regulatory and other barriers which cropped up.

4.2 Everyone concerned believes that the effort was worth it, however, and the Hub is now working on possible commercial ventures relating to the distribution of biomass fuel and waste recycling.

5. REGIONAL DEVELOPMENT AGENCIES/RDPE

5.1 The Hubs and Gateways referred to above are wholly or in part funded by their Regional Development Agencies. This has been enormously helpful. The RASE believes that the RDAs have a key role to play in developing the rural economy, and is aware that many RDAs can boast very good work in this sector. We would have to add that, from our own experience in Warwickshire, the Local Authorities have also been fundamental to progress.

5.2 Axes 1 and 3 of the new Rural Development Programme for England (RDPE) have the potential to unlock significant rural economic progress if delivered effectively by the RDAs. This is a crucial opportunity which should not be missed.
5.3 Whilst we accept that English regions, and therefore their RDAs, have differing priorities, rural issues do have to be addressed by all RDAs. Further, effective rural representation on RDAs’ key decision-making committees has been missing. We would argue that, in some areas, rural representation needs to be strengthened.

5.4 The RASE, as a national organisation, has tried to engage with RDAs throughout the country on occasion. We would echo the views of many other national organisations with regard to the difficulties which this presents and the time which it takes. Each RDA has differing levels of interest in rural issues, each has different methods of working and differing criteria for funding projects. Unfortunately, the one thing which many share is a healthy interest in processes and paperwork.

6. Food supply chain

6.1 We do not feel equipped to talk about the structure of the retail food sector with specific reference to supermarkets. However, the Society believes that rural food producers continue to have many opportunities to carve out niche, differentiated markets for local and/or speciality food and drink products. “Fresher by Miles”, referred to above, is one such example.

7. Planning policy

7.1 Government policy relating to farming businesses encourages innovation, entrepreneurship, farm diversification and collaboration. The Government is also urging farmers to install on-farm renewable energy facilities. It seems to the RASE that local Planning Policy is lagging behind agricultural policy and indeed hinders individual initiative by farmers on occasion. Whilst not suggesting wholesale relaxation of Planning Policy, we would argue that this needs to more closely reflect national farming policy. What is sure is that, if the rural economy is to grow, premises in rural areas will be required for rural businesses.

7.2 Recently, there has been some reference in trade press to appropriate uses for farmland. Whatever happens, the Society believes that a “food or fuel” debate with regard to the use of land would be singularly unhelpful, and that there is opportunity for all.

7.3 Land management will in future play a vital role in determining whether the UK is successful in the development of sustainable supply chains, whether for food or non-food purposes. In the use of plant material for industrial and energy uses, we are lagging well behind other European countries and the development of key new relationships between land managers, industry and research in order to build these supply chains needs to be speeded up. The RASE intends, with key partners, to play its part in this process with a proposed BioFutures Centre at the redeveloped Stoneleigh Park, thus demonstrating our commitment to the future of England’s rural economy.

October 2006

APPENDIX

List of Hubs, Gateways and other Rural Delivery Initiatives around England

South West
South West Rural Enterprise Gateway
www.sw-gateway.com

South East
rbat Network
www.rbat.org.uk

West Midlands
Warwickshire Rural Hub
www.rural-forum.org.uk

Herefordshire Rural Hub

Shropshire Rural Hub

Staffordshire Rural Hub

Worcestershire Rural Hub

East Midlands
Leicestershire Rural Partnership
www.oakleaves.org.uk

East of England
ADER
www.ader.org.uk

North West
Cheshire Rural Enterprise Gateway
Memorandum submitted by the Historic Houses Association

OVERVIEW

1. The Historic Houses Association’s (HHA) locus in this inquiry is that the 1,500 member houses, parks and gardens in membership in the UK contribute significantly to the cultural and economic life to the nation. Over 500 of these houses are open to the public, more than those in the stewardship of the National Trust, English Heritage and their equivalents throughout the UK, combined. In 2005 these houses welcomed almost 15 million visitors. If the 1999 calculation of the British Tourist Authority that 96% of tourism spend is outside the house entrance charge itself still holds true, then these houses are responsible for generating upwards of £1.6 billion into the rural and national economy.

2. And yet the future of our heritage is under threat. There is an enormous backlog of repairs, within the sector of privately owned castles, houses and gardens, estimated in 2002 at £490 million (HHA figures based on its own survey work) and elsewhere in the heritage sector. At the same time the grant support available for restoration from English Heritage (and its equivalents in Wales and Scotland) is “flat-lined” (falling in terms of what it can buy) and the flexibility for estates to plan their expenditure in the One Estate Election, which was ended in 2001, has yet to be replaced. Add to that the demands that the Olympics will place on the use of total Lottery receipts, let alone the ever present pressure on Government finances, and the prospects for England’s heritage managers look depressing.

3. Ironically, this coincides with wider and better understanding of the value of our heritage, as shown by the following findings:
   — 40% of employment in tourism depends on a high quality environment, including the historic environment; 60–70% in rural areas (National Trust 2001).
   — 96% of the public believe that heritage is important to teach us about our past and 76% agree that their lives are richer for having the opportunity to experience this country’s heritage (2002 MORI Poll).

4. An important conference in January 2006 focused on identifying this value, both the intrinsic value of heritage and the indirect but substantial benefits to the economy and society:
   — conserving buildings and landscapes from our past helps meet not just government objectives for culture and tourism, but also health, education, urban and rural regeneration and employment;
   — public and charitable ownership of our heritage is important but the major part of our built and natural environment is still maintained by private owners. Should current owners, many of whom open their houses to the public, cease to be able to maintain this heritage, the risk is that properties and their contents, under different ownership, might well become less accessible to the public—that would be an own goal for public policy;
   — the public policy framework should enable owners and heritage managers to make their valuable contribution. Policies for taxation, tourism, licensing, lottery funding, grant support, coastal management and EU policies, including succession law, are all relevant.

HHA POLICIES FOR A SUCCESSFUL AND SUSTAINABLE RURAL ECONOMY

5. The HHA believes that the potential contribution to the rural economy, and thus the contribution of the rural economy of England to the prosperity of the nation as a whole, can be maximised if:
   (i) the budget for English Heritage (EH) grant support is increased in the 2007 Spending Review, to start to reverse years of real terms cuts, in time to improve the state of England’s heritage before the expected tourist inflow in advance of the 2012 Olympics and 2012 Diamond Jubilee; this would bring long term economic benefits;
   (ii) a new limited fiscal relief for the maintenance of historic buildings were introduced, because the revenue for most houses is insufficient to fund maintenance and repairs. Grant support from EH is now inadequate to fill anything more than a small part of this gap, and Heritage Lottery Fund (HLF) support is not generally available for this purpose, in relation to the two-thirds of heritage property that is owned and managed in the private sector;
(iii) there is a clearer and more uniform commitment by the Regional Development Agencies to promotion of heritage tourism as a central part of its tourism agenda. The NWDA has demonstrated that this can be successful, through their Heritage Tourism initiative, which has now supported investment in the capacity for tourism at a number of heritage sites in the region. Some RDAs have large budgets for tourism promotion; some, such as EEDA and SEEDA, have relatively small budgets. This is despite the fact that heritage is one of the main attractions, if not the main attraction, for inward tourism in England, and despite the fact that heritage is one of the biggest sector contributors to the national economy. There needs to be a closer link between the tourism policies of the RDAs and VisitBritain and EnjoyEngland. HHA recognizes the need for constant improvement of quality standards in the tourism industry, but would resist strongly any imposition of the type of comparative grading that is appropriate to accommodation but not to very different tourism visitor attractions. HHA is also very concerned that the Government is considering a “bed tax”, within the context of the Lyons Inquiry into Local Government. British tourism already suffers from the relatively high costs of regulation, land prices and taxation. A bed tax would immediately damage the competitiveness of domestic tourism versus the overseas alternatives;

(iv) planning policy is shaped to encourage development, including enabling development to embrace and support successful heritage conservation. The forthcoming review by English Heritage of its guidelines for Enabling Development will be critical in this respect. In the HHA’s view, planning policy is one of the key policy areas in which Government at national, regional and local level should state its recognition of the interdependence of the economic, social and environmental elements of sustainable development. In practice, this means that a dogmatic antipathy to economic development—including tourism—that depends on the car in rural areas, would run counter to the objective of encouraging development that can, in turn, sustain the environmental management and the social health of habitats and communities;

(v) there is an explicit recognition within Government of the value of supporting economic activities for the maintenance of the built and natural environment. Foremost among these are agriculture, rural enterprise and sporting activities. HHA notes the valid point made by the CLA that objective research has shown that shooting now contributes in the order of £1.6 billion to the rural economy. The future of shooting needs to be assured. The point at (iv) above on enabling development is also directly relevant. Thirdly, as agricultural incomes decline, overall, the importance of other rural enterprises, not only tourism, but other service industries and small scale manufacturing, grows in terms of the capacity to provide funds for the maintenance of the built heritage. In this context two recent developments are particularly concerning. The first is the changes to the tax regime of trusts under the 2006 Finance Act, because the trust system has been a key factor in the long term stewardship of Britain’s unique heritage (unsurpassed elsewhere in Europe). The second is the Government’s long term policy to remove the £1.5 billion injected into England’s rural economy through the Common Agricultural Policy Single Farm Payments. If these payments were to be reduced or removed, the ability of rural businesses to generate replacement income must be assisted, not stifled, by the planning system and other public policies on regulation;

(vi) the proposals for a Planning Gain Supplement are also relevant. In their current form, the proposals for a PGS would transfer resources away from rural areas where there were planning consents for small rural business projects, and towards larger urban areas. The proposals would also adversely affect rural businesses where development does not entail a freehold sale of property and the realisation of funds, with which to pay the PGS. Thus, in their current form, the proposals stand to damage the potential for England’s rural economy;

(vii) support is available for the retention of conservation skills essential to the maintenance and restoration of heritage property, through sector skills councils and the England Rural Development Programme (ERDP) of the EU Rural Development Regulation. Initiatives such as the establishment of the Cotswolds Heritage Academy and the links between Further Education colleges and historic houses, as have been made between York Conservation Consortium and Castle Howard, are also valuable;

(viii) conservation of traditional farm and estate buildings is eligible to receive a share of support under the new England Rural Development Programme. This looks extremely unlikely at present;

(ix) the Government’s Heritage Protection Review is implemented fully through the forthcoming White Paper, and accompanied with resources to assure effective local delivery; and

(x) the guidelines developed by English Heritage for the conservation of privately owned historic buildings, its Conservation Principles, fully recognise the need for listed buildings to have an economic use, to better secure their future—for the benefit of the local rural economy as well as the rural businesses of which they are a part.
Memorandum submitted by the Chief Economic Development Officers’ Society

INTRODUCTION

1. The Chief Economic Development Officers’ Society [CEDOS] provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

2. CEDOS welcomes the decision of the Environment, Food and Rural Affairs Committee to undertake an inquiry into the potential of England’s rural economy, what could be achieved and the barriers to achieving it. Successful and sustainable economic development is critical to the future of this country. We believe that all areas should have the opportunity to realise the benefits of sustainable economic development. We also believe that the rural areas have a considerable and, too often, an undervalued contribution to make to achieving sustainable national and regional economic growth.

3. The Committee’s inquiry is very timely, particularly given the increasing emphasis by Government and others on city regions and in particular the core cities. CEDOS is pleased to submit its evidence, which focuses on the key issues identified.

EXECUTIVE SUMMARY

— The rural economy is making a considerable contribution to the national and regional economies and has the potential to do even more providing the necessary investment is made nationally, regionally and locally.

— The contribution of the rural areas to national and regional economic development must not obscure the very real social and economic problems being faced in these areas.

— More investment in the rural areas is needed to unlock their economic potential and to enable their problems to be tackled effectively.

— We have serious concerns that after a period when rural issues were high on the political agenda, rural areas are now in real danger of being sidelined and investment stifled by a growing national and regional focus on core cities and city regions.

— The city region focus is inappropriate for many areas of the country and is likely to have an adverse impact on rural areas—both those outside defined city regions and also those that are within or lie between defined city regions.

— If the potential of the rural economy is to be unlocked, it is essential that the profile of rural affairs is raised significantly within Defra and that its focus and spending covers the full breadth of rural economic development activity.

— We support a PSA target that focuses on tackling rural disadvantage and improving rural services but there is a need to balance this with an equal focus on economic opportunities to ensure that the potential for sustainable economic development is realised in all rural areas.

— There is a need for the RDA monitoring process to be transparent and for their performance, policies and actions to be independently assessed and rural proofed. Regional Assemblies and the Commission for Rural Communities will have important roles to play in this.

— The regionalisation of Business Links and the Government’s Business Support Simplification Programme must not result in a ‘one size fits all’ approach that stifles initiative and innovation and a ‘local solutions to local issues’ approach to business support in rural areas.

— It is important that the Committee recognises the key role of local authorities in the delivery of rural services, programmes and initiatives to unlock the economic potential of the rural areas.

— If the potential of the rural economy is to be fully realized, then it is essential that elected local government is provided with the resources and the flexibilities to take the lead delivery role envisaged in the Government’s Rural Strategy.

— There is need for an increased focus by Defra on rural affairs, with an increased share of resources for rural economic development in its broadest sense and a new partnership between Government and its national agencies, Regional Development Agencies and local authorities—one that recognises the key role of elected local government in rural economic delivery.
THE POTENTIAL OF THE RURAL ECONOMY

4. The Government’s central economic objective is “to build a strong economy and a fair society, where there is opportunity and security for all”, an essential element of which is to “improve the economic performance of every part of the UK. Unfulfilled economic potential in every nation, region, city and locality must be released to increase the long-term growth rate of the UK”.

5. CEDOS believes that the economic performance of London and the core cities is vital to the future of this country but so are our other cities—large and small—and so too are our towns and rural areas. A balanced approach is needed if national and regional economic growth is to be achieved effectively and in a sustainable way. In this context, the economic role of our rural areas is too often undervalued and needs to be put into proper perspective.

6. A recent report shows that whilst the cities outside London that are classified as primary urban areas (“other PUAs”) clearly are playing a major role in the economy of the nation and the regions with 43% of England’s jobs in 2003 and 44% of job growth in the previous five years, the towns and rural areas are also making a very significant contribution with 37% of jobs and 42% of job growth. Indeed, the ratio of jobs to job growth was higher in the towns and rural areas at 1:1.12 than in the other PUAs [1:1.04].

7. Research by the Commission for Rural Communities underlines the economic importance of our rural areas:
   — rural areas host at least 30% of the country’s businesses;
   — their owners and 4.5 million employees work in all sectors and occupations;
   — over 25% of rural employees work in manufacturing;
   — rates of employment and economic activity are often higher and growing faster in rural England than in our urban areas;
   — rural areas host international names as well as micro-firms serving local markets;
   — the number of businesses in rural England grew twice as strongly as in urban areas in 1998–2003, with higher rates of growth in all employee size bands, including large firms with 300+ employees;
   — the number of employees in firms in rural local authorities grew at more than twice the increase generated by urban businesses between 1998-2003.

8. The rural economy is already making a considerable contribution to the national and regional economies and has the potential to do even more providing the necessary investment is made nationally, regionally and locally. In doing so, it is important to recognise that the rural economy is about much more than agriculture. Primary sector industries are important but the fact is that agriculture, forestry and fishing together employ under 3% of the rural workforce. By comparison over 25% of rural employees work in the manufacturing sector.

RURAL PROBLEMS AS WELL AS OPPORTUNITIES

9. The evidence of the contribution of the rural areas to national and regional economic development must not obscure the very real social and economic problems being faced in these areas. They may be less physically concentrated and therefore less visible than in the cities, but many rural areas have problems of unemployment, under-employment, low incomes, and multiple deprivation both in individual areas and groups within the population. In 2006 there were over 900,000 rural households in income poverty—i.e. with income less than 60% of the English median. Indices of housing affordability show affordability in rural areas is in marked decline.

INVESTMENT IN RURAL AREAS NEEDED

10. CEDOS believes that more public investment in the rural areas is needed to unlock their economic potential and to enable the problems they face to be tackled effectively. Indeed promoting rural economies is a key to tackling rural disadvantage and social exclusion as well as making a substantial contribution to achieving sustainable national and regional economic growth in this country. We have serious concerns that after a period when rural issues were high on the political agenda, they are now in real danger of being sidelined and investment stifled by a growing national and regional focus on core cities and city regions.

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3 Devolving Decision making 3—Meeting the regional economic challenge: the importance of cities to regional economic growth—HM Treasury, DTI, ODPM March 2006
4 State of the English Cities—Urban Research Summary 21. ODPM March 2006
5 See, for example, Rural Economies—Stepping Stones to Healthier Futures. Countryside Agency March 2003 [updated]; Rural Enterprise—Dynamos of the UK Economy. CRC October 2005; Choice of Jobs in Rural England—Rural Economies Bulletin 1. CRC February 2006
11. The reality is that a city region focus is inappropriate for many areas of the country and is likely to have an adverse impact on rural areas that lie outside defined city regions—not only in peripheral counties like Cornwall, Cumbria and Northumberland but also in others such as Somerset that are considered to be deprived of achieving their full economic potential by an investment focus on city regions. There is also concern about the impact on rural areas that are within or lie between defined city regions.

DEFRA’S ROLE AND OBJECTIVES FOR RURAL ECONOMIC DEVELOPMENT

12. When Defra was set up in 2001, the intention was to create a single Government department covering the whole rural affairs agenda. It is extremely disappointing to report the reality of Defra’s rural economic focus in 2006, which is illustrated by the following key features of the Department’s current spending profile as regards percentages spent on rural economies/communities “beyond the farm gate”:

- Defra Resource Budget 2.4%
- Defra’s Research Budget 0.5%
- Defra’s ERDP Budget less than 4%\(^7\)

13. Although Defra provided £77 million to the Regional Development Agencies in England in 2005–06, this should be seen in the context of their total budget of more than £2 billion p.a. and the total Defra budget of approaching £3.600 million.

14. CEDOS believes that if the potential of the rural economy is to be unlocked, it is essential that the profile of rural affairs is raised significantly within Defra and that its economic development focus and spending covers the full breadth of rural economic development activity. Whilst it is valuable to have a Government Department with a specific focus on rural affairs, it is equally important that other Departments, especially HM Treasury, the Department of Trade and Industry and the Department for Communities and Local Government take their share of responsibility for realising the potential of the rural economy and tackling rural disadvantage.

DEFRA’S PSA 4 TARGET

15. Defra’s current five-year strategy deals with rural economic development under the heading “Sustainable Rural Communities”. Whilst a stated aim is to achieve vibrant enterprise across rural England, the focus is very much on targeting resources on disadvantaged rural areas. This is reflected in the relevant PSA target [PSA 4]: “to reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas”.

16. CEDOS has recently carried out a survey of its members on the subject of the future revision of PSA 4, which concluded that

- there continues to be a case for a PSA target that focuses on improving rural productivity;
- most CEDOS member authorities support the definition of areas that need particular support but a better balance needs to be found between defining areas that are large enough to take meaningful action and an approach that is ‘fine-grain’ enough to support localised pockets of need within otherwise prosperous areas;
- whilst the difficulties of measuring productivity are acknowledged, there is a continuing need to improve data availability and develop a more sophisticated approach to defining rural areas of need;
- at the same time as focusing on particular areas of need, it is important to secure improvements to productivity in all rural areas.

17. We support a PSA target that focuses on tackling rural disadvantage and improving rural services but there is a need to balance this with an equal focus on economic opportunities to ensure that the potential for sustainable economic development is realised in all rural areas.

18. It is understood that the next rural affairs PSA target[s] is likely to be shared with other Government Departments. If this is true, it is to be welcomed. It should enable better synergy with other policies and instruments that currently exclude rural areas. CEDOS believes, for example, that recognition of rural productivity problems ought to mean that Local Enterprise Growth Initiative [LEGI] funding is available to rural areas as well as to urban neighbourhood renewal areas.

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Source: A New Rural Agenda. IPPR 2006, which uses data from Defra’s rural budget statement.

Although this is largely a consequence of EU funding restrictions, member states do have discretion and other states have invested more in wider rural development.

Delivering the essentials of life—Defra’s Five Year Strategy. December 2004
NATURAL ENGLAND/COMMISSION FOR RURAL COMMUNITIES

19. It is too early to assess fully the roles of Natural England and the Commission for Rural Communities [CRC] in taking forward the work of their predecessor bodies. Clearly both are important. As regards Natural England, it will be particularly important that it works closely with the RDAs and local authorities in the delivery of the England Rural Development Programme. It will be important that the CRC pursues with independence and vigour its rural advocacy and its role in rural proofing and assessing the extent to which policies at national, regional and local level are meeting rural needs.

ROLE OF REGIONAL DEVELOPMENT AGENCIES

20. The Committee’s inquiry refers to particular consideration being given to the role of Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs. The RDAs clearly have a key role at regional level as a result of the Government’s decisions taken in the light of the recommendations of Lord Haskins in his report on the delivery of government policies in rural England.9 The RDAs have been given the responsibility for rural social and economic programmes at the regional level, coordinating public sector rural business support and advice, and from October 2006 take over regional responsibility for “project-based” schemes under the England Rural Development Programme.

21. Reference has already been made to the limited resources made available by Defra to the RDAs and it is encouraging to see that some are spending significantly more on rural economic development than their Defra contribution. However, Defra’s money contributes to the RDA single pot and is not ring fenced for rural development. With the pressures to deliver on the core city/city region agenda, there is concern that spending on rural economies will be increasingly squeezed and marginalized.

22. It is difficult to judge RDA performance in promoting rural economic development. In its latest public update on the implementation of Lord Haskins’ rural delivery review, Defra reports that it is “monitoring RDA activity through the six-monthly and annual reports, and will also use the two other strands of performance management [impact evaluation, and independent performance assessments] to track progress in delivery during the course of 06/07” and that “regular discussions with RDAs are used to explore and resolve any concerns”. No details of actual performance are given, however. There is a need for the RDA monitoring process to be transparent and for their performance, policies and actions to be independently assessed and rural proofed. Regional Assemblies and the Commission for Rural Communities will have important roles to play in this.

23. An area of potential concern is the way most RDAs are approaching the reorganisation of business support services in their regions following taking over responsibility for Business Links. Most seem to be adopting the single regional Business Link model. This could result in services that are not geared up to meeting the particular needs of rural businesses, especially in the more peripheral areas. It is very important that the regionalisation of Business Links and the Department of Trade and Industry’s Business Support Simplification Programme does not result in a “one size fits all” approach that stifles initiative and innovation and the “local solutions to local issues” approach to business support in rural areas that many local authorities are actively involved in providing.

ROLE OF LOCAL AUTHORITIES

24. It is important that the Committee recognises the key role of local authorities in the delivery of rural services and programmes and initiatives to unlock the economic potential of the rural areas. Lord Haskins recommended “local authorities and local partnerships should assume the main responsibility for the delivery of schemes and services to rural communities”. The Government’s Rural Strategy 200410 emphasised the importance of the local authority role: “we recognise the crucial role of local authorities as community leaders joining up services to deliver high quality services to meet local needs and priorities and to support the development of sustainable communities”. Sir Michael Lyons in the interim report of his Inquiry into local government11 emphasises the importance of the local authority role in enabling economic development to achieve the economic prosperity, jobs and investment that are essential to the well-being of individuals and the vitality of communities in both urban and rural areas.

25. CEDOS member authorities—the County and Unitary Councils in non-metropolitan England—play a particularly important part in rural economic development:12

— they have a mandate to promote economic development as a key part of their community leadership in promoting economic, social and environmental well-being;

12 Examples of action by CEDOS member authorities to unlock the economic potential of our rural areas can be found in the joint report by CEDOS and the CSS [County Surveyors Society]: England’s County Sub-regions—Cornerstones of Economic Growth. To download a copy, go to the CEDOS web site at www.cedos.org and click on publications.
— the linkages between their economic promotion activities and their other service functions, in particular land-use planning, transportation and education, mean they can take a wide ranging, joined up approach to rural economic development;
— they have the scope and the specialist skills to tackle and take forward the rural economic agenda;
— they have the strategic and corporate capacity to provide leadership and bring together and sustain the partnerships that are the pre-requisite of achieving and delivering successful rural economies;
— as big players and good joiners, they have the influence to get other key players to the table to maximise the ability to unlock rural economic potential.

26. For the potential of the rural economy to be fully realized, however, it is essential that elected local government is provided with the resources and the flexibilities to take the lead delivery role envisaged in the Government’s Rural Strategy. On resources, there is evidence that rural counties, especially the more peripheral ones, are adversely affected by the distribution of government support under the Formula Grant system, which fails to recognize adequately the higher cost of service delivery in rural areas and to take into account fully the distinctive characteristics of rural deprivation.

BARRIERS TO EFFECTIVE RURAL DELIVERY

27. Barriers which impede the effectiveness of local authorities in delivering rural economic development and regeneration, include:
— resource constraints, which could intensify if the core city/city region approach gains further momentum;
— the way resources are managed and spent by the Regional Development Agencies—often channelled through the equally unaccountable sub-regional partnerships that many have set up to deliver their agendas—with over-complex bureaucracies and decision making which handicap progress;
— too much filtering of funding through too many layers of bureaucracy that inhibits the “local solutions for local problems” approach and runs counter to the principles of localism and Local Area Agreements;
— too many partnership requirements imposed upon local authorities, leading to an over-complex partnership landscape and, frequently, partnership overload and fatigue;
— having to “jump through too many different hoops” to gain access to different funding streams with different application processes, criteria and performance monitoring arrangements;
— national and regional decision-making on many rural issues is too remote and may not take into account the special circumstances that apply to a locality.

AN ENHANCED FOCUS AND A NEW PARTNERSHIP FOR RURAL ECONOMIC DEVELOPMENT

28. CEDOS believes that our rural areas are making an often undervalued contribution to our national and regional economies but there is much more that can be done to unlock their economic potential to improve the quality of rural life, to tackle rural disadvantage and to ensure the full contribution of the rural areas to sustainable economic growth in this country and the reduction of regional disparities. For this, CEDOS believes, there is need for an increased focus by Defra on rural affairs, with an increased share of resources for rural economic development in its broadest sense and a new partnership between Government and its national agencies, Regional Development Agencies and local authorities—one that recognises the key role of elected local government in rural economic delivery.

October 2006

Memorandum submitted by Action with Communities in Rural England

Action with Communities in Rural England (ACRE) is the national charity supporting rural community action through its founder members, the Rural Community Councils (RCCs) across England. The 38 RCCs are independent local development agencies, based at county level, addressing social, economic and environmental challenges in rural areas. They use a holistic approach to rural regeneration, providing support to enable rural communities and community organisations to improve quality of life for all.

1. EXECUTIVE SUMMARY

1.1 ACRE believes that:
— Defra’s longer term objective of mainstreaming rural affairs within the work of other government departments requires a clear and well-thought out strategy for ensuring adequate economic investment in rural areas, with effective evaluation as to its impact.
— The concept of dealing with investment in rural areas through separate economic, social and environmental programmes is inconsistent with rural needs and conflicts with Defra sustainable development objectives.

— Small-scale rural regeneration activity is not adequately served by current economic investment strategies.

— Rural social enterprise will never achieve the investment it needs within purely economic-based investment programmes.

— The focus for effective rural proofing is increasingly at local and subregional level and neither Defra, the Commission for Rural Communities, Natural England nor government offices are in a position to wield sufficient strategic influence at that level.

2. DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS AND FUNDING AVAILABLE TO ACHIEVE THEM

2.1 The Secretary of State for Defra has publicly announced in his letter to the Prime Minister that he aims to mainstream Defra’s rural affairs work through other government departments. In the long run, investment in rural economic development will not derive from ring-fenced rural funding, apart from the current European Rural Development Programme and its successor programme. The priority is therefore for Defra to quickly develop a transparent and achievable strategy for mainstreaming economic interventions with other government departments to produce benefit for rural areas.

2.2 At the same time, Defra’s departmental priorities lie in meeting the overall climate change and sustainable development agenda. This requires:

— an appropriate balance in government policy and programmes between social, economic and environmental considerations

— institutional and financial levers for delivering climate change objectives in private and public sectors

— investing in programmes that can support and deliver individual behavioural change, particular within local communities and community action.

2.3 Policies and programmes relating to the rural economy cannot therefore be treated in isolation if Defra’s objectives are to be achieved. It is ironic that government funding programmes still fail to integrate objectives and outcomes. We question whether we can adequately discuss economic development in rural areas without considering its inter-relationship with social, socio-economic and environmental objectives.

2.4 One of the major barriers to creating sustainable rural communities is the planning system that prevents adequate provision of affordable housing, regeneration and services in many rural areas. Current spatial planning objectives are based on creating proximity between housing development and employment opportunities. This automatically restricts the potential for smaller communities to develop stronger economic bases which interact with improved access to service delivery across public, private and third sectors.

3. THE ROLE OF REGIONAL DEVELOPMENT AGENCIES AND THE EFFECTIVENESS OF DEFRA’S RELATIONSHIP WITH RDAS

3.1 Defra’s direct rural investment in RDAs aimed to support small-scale economic activity on transport and access to services in rural communities. Unfortunately, it was thought by many to be too small an investment to carry adequate weight within RDA’s own strategies and programmes. Tracking the actual value of Defra’s rural regeneration funding at the grass roots has proved difficult, but our members report generally poor impact on small-scale activity, but better impact on larger scale investment programmes, for instance in Market Towns initiatives.

3.2 RDAs are now set to take on future delivery of significant ring-fenced European Rural Development Programmes, currently being delivered through government offices. Past experience of feeding ring-fenced investment into a single pot mechanism, such as RDA mainstream funding programmes, is that it will produce one of two outcomes:

(a) The ring-fenced funding will acquire added value by creating better awareness and focus on the needs of the rural economy and therefore will lever in additional funding from other mainstream sources in the single pot programme. This could generate more funding overall for rural economic development through simplification of what were two separate funding streams.

OR

(b) The ring-fenced funding displaces funding which would otherwise have benefited rural areas under existing mainstream programmes. Under this scenario, funding available for rural economic development would reduce overall.
3.3 ACRE would obviously be concerned if the net impact of the change to funding streams is that there was less overall investment in initiatives which support rural economic development. Adequate processes for evaluation to determine the impact of the change must be an integral part of Defra’s management of its mainstreaming strategy and its devolution of funding to the RDAs.

3.4 RDAs have a remit to support the growth of social enterprise and work through the Business Link network acting as local agents. However, the recent *Enterprise for Inclusion* research, commissioned by Defra, identified that rural social enterprise activity was often small scale, more associated with growth in earned income for community-based organisations, and needed support which was tailored to the type of services delivered rather than generic business advice alone. The RCC Network already provides local support services for community-based enterprise activity in, for example, transport, rural retailing and community-based tourism. Better connections with the work of generic business advice services are needed if rural social enterprise is to thrive.

3.5 In the *Enterprise for Inclusion* research, rural social enterprise was shown to play a significant part in addressing social inclusion. Enterprise activity delivered multiple outcomes across social, environmental and economic objectives, but often suffered from lack of economies of scale in developing its markets. The research concluded that, as a result of this, investment in rural social enterprise may fail to demonstrate value for money unless relevant funding programmes value all types of outcomes, not just those associated with economic objectives.

3.6 This conclusion is mirrored in economic activity in the commercial sector in rural areas. The recent issues around continuing subsidy for the rural post office network has focused on the value of the social outcomes, for an investment that cannot show viability in purely economic terms.

3.7 ACRE concludes that support for small-scale economic regeneration in rural areas will only be successful if investment is delivered through channels that have a remit for valuing social outcomes in funding decisions. Furthermore, RDAs may be in a position to tackle large-scale flagship economic regeneration from regional level, but the breadth of investment needed in small-scale rural regeneration is best achieved locally. This is already acknowledged in the channelling of RDA funding through local economic partnerships, but the accompanying need for social outcomes to be a factor in decision-making is not sufficiently evident.

3.8 Government is increasingly devolving funding to local level for distribution, primarily through priorities set by subregional Local Strategic partnerships. Unlike RDAs, Local Strategic Partnerships do have a balanced remit across social, environmental and economic objectives and the interaction between these in rural areas can be addressed. It will therefore be important for small-scale rural regeneration that Local Strategic Partnerships drive the priorities of any subregional economic partnerships, should these continue to be the local channel through which RDA economic investment is devolved.

4. THE EFFECTIVENESS OF RURAL PROOFING ARRANGEMENTS

4.1 The principles of allowing freedoms and flexibilities for greater local spending mean that rural proofing activity must focus on local and subregional strategies and programmes. Neither Defra, government offices, nor national agencies such as the Commission for Rural Communities are in a position to undertake effective strategic influencing at subregional or local level. That role has traditionally been the remit of county-level rural forums where they exist, supported by the strategic influencing work of the network of Rural Community Councils (RCC’s). RCC’s can have direct influence through their role on Local Strategic Partnerships, subregional economic partnerships and their work with local authority scrutiny committees. This is the most effective approach to ensuring that small-scale rural economic development is addressed, especially in areas with dominant urban regeneration priorities.

4.2 Some RCCs have already been given the formal role of rural proofing Sustainable Community Strategies by Local Strategic Partnerships, in recognition both of their expertise and the need for the work to be performed. RCCs now work at regional level as well, providing rural proofing input to regional programmes and regional spatial strategies. National and regional public bodies should still have a significant role to play in providing guidance on regional policies which impact on local funding decisions. Defra and national agencies also have a crucial role in conducting comprehensive research and evaluation to ensure adequate monitoring of impact on the ground.

*October 2006*

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13 www.enterprise4inclusion.org.uk
Memorandum submitted by the English National Park Authorities Association

EXECUTIVE SUMMARY

1. The English National Park Authorities Association (ENPAA) exists to promote the needs and provide a collective voice for the English National Park Authorities (NPAs). We welcome the EFRA Committee’s decision to hold an inquiry into the potential of England’s rural economy.

2. The National Park Authorities have two purposes, to:
   — conserve and enhance the natural beauty, wildlife and cultural heritage of their areas; and
   — promote opportunities for the public understanding and enjoyment of the special qualities of their areas.

3. In undertaking these two purposes, the NPAs have a statutory duty to ‘seek to foster the social and economic well-being of local communities’. The English National Parks are home to over 175,000 people, and the NPAs take their responsibilities in this regard very seriously. This is being achieved in a number of ways. Examples include their role as Local Planning Authorities, through the Sustainable Development Fund, branding initiatives, projects to develop local skills and rejuvenate traditional industries, and development of new economic opportunities linked to the special qualities of the national parks, including sustainable tourism and recreation.

4. ENPAA believes that to promote England’s rural economy in ways that are compatible with sustainable development, it is essential to:
   — recognise that a high quality environment is an essential underpinning of much economic activity within rural areas, and for this to be reflected in PSA4;
   — strengthen the connections financially between those who benefit from a high quality environment (in terms of tourism and recreation) and those who manage that landscape;
   — ensure Regional Development Agencies (RDAs) support sustainable local economies by:
     — recognising the economic value obtained from protecting high quality environments in their Regional Economic Strategies;
     — working with NPAs and other partner organisations in seeking to plug the leaks that leads to money seeping out of rural communities, and instead strengthen local procurement and multiplier effects, and branding geared around quality environments and produce; and
   — follow the South West RDA’s example by providing additional funding of the Sustainable Development Fund to help deliver projects on the ground.

INTRODUCTION

1. ENPAA was established in April 2006, and exists to provide a voice for NPAs in England to key influencers and decision makers. ENPAA welcomes this inquiry, and believes NPAs provide a good example of promoting sustainable rural economies within high value landscapes that could be replicated elsewhere.

2. The National Parks within England cover around 5% of England’s land area, and contain a population of over 175,000 people. These figures mask significant variations between the National Parks. The population, for example, of the Lake District was 41,800 in the 2001 census, compared to around 2,200 in Northumberland. The NPAs have two primary purposes:
   — to conserve and enhance the natural beauty, wildlife and cultural heritage of their areas; and
   — to promote opportunities for the public understanding and enjoyment of the special qualities of their areas.

3. In undertaking these two purposes, the NPAs have a statutory duty to “seek to foster the social and economic well-being of local communities”. This is a duty that the NPAs proactively embrace in a number of ways, working with partner organisations.

DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS NEED REFORMING

4. The Government’s objectives for economic development in rural areas are enshrined in PSA Target 4. This seeks to reduce the productivity gap between least well performing areas against the median by 2008, while demonstrating progress by 2006. The Department’s Departmental Investment Strategy 2005–08 (published in April 2005) describes the desired outcome as being:

   “Vibrant enterprises across rural England, with resources better targeted to help reduce the gap in productivity between the least well performing quartile of rural areas and the English median; rural social exclusion tackled wherever it occurs, with fair access to services and affordable housing”
5. Defra has used average earnings as the proxy measure for rural productivity. In part recognition of the limitations of this measurement, Defra has also developed a number of intermediary indicators. These include indicators on skills, innovation and competition. While these supplement the indicator on earnings, they still fail to contain any measure that will enable comparison to be made between economic activity and the impact of that activity on the quality of the environment. In the view of ENPAA this represents a current gap in both how the PSA is worded, and the corresponding measurements that are being used. This is quite significant because a number of the Districts that Defra are using to measure performance on productivity against, fall within English National Parks. Examples include Alnwick in Northumberland NP, West Devon in Dartmoor NP, and the High Peak in the Peak District NP.

6. Defra has indicated in its Addendum to the PSA Target Technical Note 2005–08 for PSA4 (Productivity) that it wishes to work with ONS on a better proxy for rural productivity. ENPAA welcomes this commitment, and would urge Defra in undertaking this task to aim to better integrate its measurements of productivity with its environmental objectives. We also believe there would be value in re-considering the wording of PSA4 as part of the Comprehensive Spending Review to ensure a more joined up approach to the measurement of sustainable rural prosperity and well being.

**National Park Authorities are supporting sustainable rural activity**

7. The NPAs are keen to support sustainable rural activity. Indeed, it has been the activities of human influence over the centuries that have shaped the landscapes of National Parks, and that bring millions of visitors to them every year. In appreciation of this fact it is important that the needs of the local population are met in ways that are compatible with the purposes of National Parks.

8. Box 1 provides a number of examples of the way in which NPAs are aiming to support sustainable rural economies. In addition to the individual activities outlined below, it is also important to recognise the central role the National Parks Authorities play in maintaining these high quality cultural landscapes.

**Maintaining a high quality environment is vital to sustainable development in rural areas**

9. Underpinning the economic performance within National Parks is a high quality environment. A number of studies have attempted to quantify these benefits. A recent report, *Valuing the National Parks of Wales*, published by the National Trust of Wales and others highlighted how the three National Parks brought in £177m to the economy and were responsible (directly or indirectly) for supporting 12,000 jobs. The Council for National Parks (CNP), in a project called Prosperity and Protection, are currently also investigating the relationship between high quality landscapes and prosperity.

10. While the precise figures for the level of economic activity generated are likely to be argued over for some time, ENPAA believes Government needs to better recognise the importance of National Parks in supporting new forms of sustainable development that are based on protecting and enhancing a high quality environment. This is all the more significant given the devastating effects of the foot and mouth crisis on the rural economy, and the growing recognition of the inter-dependence between town and country. The need for National Parks to act as test beds for new sustainable forms of development remains just as important today, as then. Greater recognition of this at a national level will help to reduce potential conflicts being played out by bodies with different remits at regional and local level.

**Box 1: National Park Authorities supporting sustainable rural economic activity**

Here are just some of the ways that National Park Authorities are working to support the rural economy. Whilst not mentioned here, all NPAs have programmes designed to support their local communities.

**Planning**—as Local Planning Authorities, the NPAs are able to encourage sustainable developments to meet local need. As special purpose Local Authorities, NPAs are in a unique position to have a detailed local knowledge to help identify faster and support development which does not degrade the special qualities of the National Park. As proactive local planning authorities, NPAs work with local businesses and residents. NPAs have been able to grant planning permission for between 81-95% of applications received (DCLG 2006).

**Sustainable Development Fund (SDF)**—the NPAs provide funding to a large variety of different projects through the SDF. This includes seed funding for new enterprises (such as renewable energy projects) and for traditional industries. In the Boards, the SDF has been used to help the Reed and Sedge Industry to purchase new cutting and harvesting machinery and establish a new Reed and Sedge Cutters Association. Through SDF, National Parks have been delivering a key role as test beds for sustainable development and rural regeneration.

**Branding**—the Yorkshire Dales NPA has recently given its full support to a campaign by Wensleydale Dairy Products to obtain EU Protected Designation of Origin status for Wensleydale Cheese. This is designed to protect the status and brand of real Yorkshire Wensleydale, and avoid the livelihoods of those involved in its production from being undermined. The Dales has also been supporting local
farmers through the *Limestone Country Project*. This aims to market beef as specifically coming from the Dales. As well as enabling participating farmers to get a better price for their product, it supports the return of cattle to the Dales, and is helping to restore a traditional landscape.

*Rural Skills and Training*—a number of the NPAs have schemes designed to support local skills. Northumberland NPA, through a *Traditional Boundaries Skills* project, trains 10 people a year in dry stone walling and other traditional skills. Many of the trainees come from deprived communities and are on low incomes. They are given accredited training and education to help them set up their own businesses so they can then bid for work from local farmers and land owners.

*Supporting local communities*—the NPAs provide practical support, for example, by sharing visitor centre premises and IT facilities so that they can be used by local enterprises too. National Parks have, in many areas involved local businesses in helping to deliver core national park services and in doing so have aided micro-enterprise development and helped secure local employment.

*The Visitor Payback scheme*—established by the Lake District NPA, it asks visitors if they’d like to pay an additional amount on the basis that this money is invested back into the maintenance of the area. Around 190 businesses are now in the scheme which has generated approximately £750,000 for the management of the Lake District. Other NPAs have, or are establishing, similar schemes.

11. Not only is it important to recognise the benefits gained through tourism from a high quality environment, it is essential that local farmers and landowners reap the benefits too. Currently many of these benefits are felt by the tourism sector. While welcome, in the face of grave uncertainties for upland farmers, commoners, and other land managers—this is not enough. ENPAA believes that more needs to be done to close the loop to create a virtuous circle that is genuinely sustainable.

12. Exmoor NPA has been involved in a project, QUEST (Quality Underpins Exmoor’s Sustainable Tourism). This five year project, with tourism partners, is a national demonstration project and aims to maintain a vibrant and sustainable tourism industry, as well as bringing benefits to the local environment and communities. Part of its work involves identifying existing and new projects that will encourage visitors to increase their appreciation of, and spending on, the things that make Exmoor special—such as its local produce, cultural heritage and festivals.

13. ENPAA believes that the High Level Stewardship Scheme (HLSS) is a key mechanism for ensuring that high quality landscapes are maintained. The NPAs are concerned that there seems to be inadequate funding available to support farmers wishing to enter the HLSS. In a number of National Parks, farmers have been in receipt of funding through the NPA. The NPAs have been encouraging farmers to look to the HLSS for support, only to find that they are not eligible. This will have long term implications for extensive farming (in both upland and lowland environments), and as a key part of the rural economy must be addressed.
Landscape restoration can deliver economic benefits

14. There is considerable scope to turn the restoration of traditional landscapes into an economic opportunity for rural areas. The study of the Social and Economic Impacts and Benefits of Traditional Farm Building Repair and Re-use in the Lake District ESA provides a good example. The ESA had offered grants to landowners to repair historic farm buildings. Between 1998-2004 the grants totalled £6.2m. An in-depth evaluation project for Defra sought to examine the extent to which the grants had made a difference. It concluded that through using 30 locally based contractors, the grants had generated between 25-30 full time equivalent jobs, and a total injection of £8.5m into the local economy. Yet, there remain large numbers of historic buildings and other features at risk. ENPAA believes that rather than viewing them as a drain on public funds, their restoration and future use should be seen as a simultaneous valuable investment in the rural economy, and local character of the area.

THE RDAS ROLE IN SUPPORTING SUSTAINABLE RURAL ACTIVITY IS VITAL

15. The National Park Authorities of England all aim to work closely with the RDA for their area. In many regions there is a good working relationship, although it could be enhanced. In the South West, the RDA has supported a project by Exmoor NPA looking specifically at how Exmoor’s economy could be better sustained (Box 2).

**Box 2: Exmoor’s economy**

Exmoor National Park Authority is in the process of developing the Management Plan for the area, with partners. As one input into this process, the Authority has commissioned work examining Exmoor’s Economy and how it may be better supported in a sustainable manner. The research project is aiming to maximise the money coming in, and minimise the amount of money that “leaks” from the local economy. An important dimension to this exercise is identifying local sourcing for products and services. The project is being undertaken by the New Economics Foundation. It is being funded by Exmoor NPA and the South West Regional Development Agency. The Authority is also asking local people for ideas to supplement its research.

16. A critical part of maximising the benefits to local people from economic activity is having a firm understanding of the local assets and opportunities that exist. ENPAA believes that there is fruitful work to be undertaken in matching up information held by the National Park Authorities on the special qualities of the area, with that of the RDA. This should help to inform the development of Regional Economic Strategies, Local Development Frameworks and other important strategies so as to protect these assets. Such information can also help avoid economic strategies being promoted that actually undermine those special qualities—either because of environmental degradation, or funds actually leaking out of rural communities. This requires close joint working both at the planning and implementation stages.

17. We believe the RDAs could enhance how they support rural communities, through working with NPAs. In particular, we would:

- urge them to give greater recognition to the economic value obtained from protecting high quality environments in their Regional Economic Strategies;
- encourage RDAs to work with the NPA and other partner organisations in seeking to plug the leaks that lead to money seeping out of rural communities, and instead strengthen local procurement and multiplier effects, and branding geared around quality environments and produce; and
- look to the RDAs to follow the South West RDA’s example by providing additional funding of the Sustainable Development Fund to help deliver projects on the ground.

THE LONG TERM PROSPERITY OF RURAL AREAS NEED NATURAL ENGLAND TO BE A SUCCESS

18. The National Park Authorities had close working relationships with each of the predecessor bodies that formed Natural England, and are keen to retain that relationship with the new organisation. We believe that a strong Natural England is essential if a high quality environment is to be maintained, and economic activity that is reliant upon it sustained. Since it is barely a month old, however, ENPAA is not yet in a position to comment on its effectiveness.

*October 2006*
Memorandum submitted by the Lancashire Rural Delivery Pathfinder

EXECUTIVE SUMMARY

ES.1 This is a submission to the EFRA Parliamentary Select Committee inquiry into the potential of England’s rural economy from the Lancashire Rural Delivery Pathfinder14 (http://www.lancashire.gov.uk/environment/ruralpathfinder/index.asp). The submission is based on the experience of those involved in the managing Task Group, highlighted and verified by lessons learned during the 19 months of Pathfinder activity. It has not been possible to support the statements in the submission with detailed case study evidence due to the restrictions on word count. Representatives of the Pathfinder will be pleased to present oral evidence to the Select Committee if that would be helpful.

ES.2 Engagement in the Lancashire Rural Delivery Pathfinder has shown us that it is increasingly misleading to refer to a ‘rural economy’; too often what this means to people who hear the phrase is the “economy of the countryside”. Whilst there is of course an economy of the countryside—farming, sporting and to a limited extent forestry, quarrying and small scale tourism, this is not in any way the totality of the rural economy. This view is historic and increasingly misses the whole point; in reality the largest employment sector in most of rural England is likely to be manufacturing.

ES.3 Across the vast majority of rural England the profile of economic activity (in terms of employment and the sectoral distribution of business stock) will be little different from the profile for urban areas. What is often fundamentally different is the scale and value generated by that activity. To understand the significant potential offered by economic activity across rural England it is necessary to see the connectivity between (and within) rural and urban areas, to understand the functionality of settlements and the way that communities choose to live their lives.

ES.4 Rural England offers substantial economic potential; both directly in terms of the outputs and productivity that it generates, and in the significant contribution that it makes to the ‘value proposition’ of our metropolitan areas and City Regions. For too long this value has been mis-understood and policy predicated on the historic view of the ‘economy of the countryside’. It is our hope in Lancashire that the Select Committee will discover the difference for itself during this enquiry.

We will be pleased to support the process.

AREA OF INVESTIGATION ONE: DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS, INCLUDING THE RELEVANT PUBLIC SERVICE AGREEMENT (PSA) TARGET, AND THE FUNDING AVAILABLE TO ACHIEVE THEM

Defra’s economic objective for rural areas as set out within Rural Strategy 2004 is two-fold:

(a) to build on the economic success of the majority of rural areas to ensure that they contribute fully to national, regional and local economic prosperity, and;

(b) tackling structural economic weaknesses and accompanying poor social conditions that exist in a minority of rural areas.

1.1 Building on Economic Success

Defra determined that it would deliver against the first objective by ensuring (through the rural proofing of other departments) that national priorities, for example in relation to skills, business support, planning and broadband infrastructure, and policies would be equitably and effectively applied in rural areas.

It is our experience that this policy of ‘mainstreaming’ has been limited in its success; the Economy and Enterprise group on the Rural Delivery Pathfinder consistently found during consultation, research and pilot delivery activity that planning, skills and availability of suitable premises remain the major constraints to growth for businesses in rural Lancashire.15 In particular:

— Business Link continues to deliver a disproportionate amount (when compared to population and business stock) of its service in urban areas.

— Learning and Skills Councils continue to focus a disproportionate amount of investment on urban residents, areas and facilities.

— Planning policy remains urban centric at national, regional and local level. The generic application of the principles of Sustainable Development via Sustainability Appraisals take little or no account of locally specific issues and conditions, and can be inherently prejudicial to development in rural areas

— The digital divide is alive and kicking; whilst residents in urban areas and even some market towns enjoy 8Mb broadband, those living more than 1km away from an exchange are limited to massively slower speeds—in some cases as little as 512kbs.

14 The Lancashire Rural Delivery Pathfinder is one of 8 regional pilots set up following Rural Strategy 2004 to assess and test key blockages to effective local delivery of rural policy and investment
15 We will be pleased to present case study evidence to the Select Committee
Despite Defra’s commitment to effective rural proofing and the equitable application of policy and intervention, our experience is that in order to build on the economic success of rural areas it has been necessary for partners (RDA’s, Business Link, sub-regional Economic and Rural Partnerships) to support interventions exclusively from funding and resources (both EU and National) ring-fenced for “rural” interventions. It has not been possible, or in any way advisable, to rely upon mainstream interventions. In Lancashire, this work has mainly been supported via the following funding sources:

- England Rural Development Plan.
- RDA Single Pot allocation to Rural Renaissance.
- EU Objective Two £’s.
- Leader Plus.
- Local Authorities revenue budgets.
- Private sector matched funding.

This position is no longer sustainable (or in the long run desirable); the level of ring-fenced rural funding available over the last few years is unlikely to be repeated and the change in Assisted Area boundaries will also impact on the level of European Structural funds available.

The aspiration to live in sustainable communities is not restricted to urban England; issues around low pay, housing, skills, social exclusion and service inequity affect people’s lives in both urban and rural areas. The issues and impact are the same regardless of where people live; what is different is the way that these issues are best dealt with. A one size solution is as inappropriate in a rural as in an urban context. Investment in the services and infrastructure needed to secure sustainable communities (of which economic productivity is a key part) comes from across government and is not solely within the gift of Defra.

It is therefore vitally important that Defra deals effectively with other Departments of State and makes the case for mainstream investment in rural areas.

1.2 Tackling Structural Economic Weaknesses

The second part of Defra’s economic objective relates to its target under PSA4; to “...reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008...”

It is our experience in Lancashire that the focus on “lagging rural districts” as a key part of meeting this target has been limited in its success and is potentially flawed.

(a) There appears to be a fundamental dichotomy between on the one hand encouraging local determination and evidence based targeting (via Regional Rural Delivery Frameworks and the empowerment of sub-regional rural partnerships) and on the other defining priority areas for intervention at national level.

(b) The basis of determining “lagging rural areas” at district level is flawed; in reality there is substantial diversity of economic performance across rural areas; local authority administrative boundaries are a clumsy unit of measurement. In Lancashire one “lagging indicator district” has been identified (from 41 nationally), together with three local authority districts with “consistently poor economic performance”. If regeneration and economic development partners are restricted to slavishly following administrative geography (as in earlier Rural Priority Areas and European funding programmes) there will inevitably be an inequitable and inefficient apportionment of public monies and intervention.

(c) The evidence base on which the “lagging areas” have been identified is very one dimensional; it relies purely upon household income aggregated over numbers of residents eligible for economic activity. It therefore takes insufficient note of the “working poor” and the often substantial differential between work based and residence based incomes.

(d) A focus on “lagging rural areas” is far too simplistic; it takes no account of the way that rural areas, towns and settlements function economically; of travel to work patterns and their negative impact on climate change, provision of workspace, skills and infrastructure. It is blind to the way that economic activity in rural areas integrates with, or is influenced by neighbouring urban areas, or how rural areas contribute to City Regions. It takes no account of local context or specific changing circumstances, such as the loss of a major employer or substantial development.

It seems possible that the lagging ‘indicator’ districts were originally identified simply as a means of measuring change in productivity; however they have inevitably become used at regional level as a targeting device and a focus for intervention. This is problematic and is likely to lead to inefficiencies; in Lancashire we have real concerns that the next tranche of EU and National funding allocated to rural areas (via the RDPE and RDA’s) will be incorrectly focused on ‘lagging rural areas’ leading to at best lost opportunities, and at worst exacerbating economic underperformance in large parts of the rural area across the region.
The consequences of such an approach will be made worse if better performing rural areas continue to be ignored by the regional and local application of ‘mainstream’ publicly funded interventions. In this event, it will be increasingly difficult to support and generate sustainable economic growth, manage impact on climate change and leverage private investment in those parts of the rural area with greatest potential for improved productivity.

1.3 Targeting Productivity—Matching Policy and Funding Objectives

Productivity will be generated in rural areas in a variety of ways; it is therefore important that local partners effectively target the sectors and areas which offer the best return on publicly funded investment. In Lancashire, (and many other sub-regions across the country) the profile of economic activity effectively mirrors the wider sub-region with substantial integration between rural and urban areas. The economic focus of the new RDPE (2007—2013) however appears to be predominantly focused on the land-based sector. In the North West, agriculture contributes less than 1% of GVA; investing EU monies aimed at improving productivity exclusively at this sector will not generate any meaningful contribution to PSA4 in the sub-region.

Source: Rural Innovation/SBS.
1.4 Integrating Productivity and Sustainability

Based on our experience in Lancashire, we believe that it is vital as we move forward that actions to promote increased economic output are framed within a context that drives forward actions to address climate change. For example, design standards for new workspace should ensure the minimum possible "carbon" impact; public investment should seek to reduce wasteful travel to work dynamics and support better integration of housing, workspace and services. A key finding from Pathfinder has been the link between accessible (and affordable) housing and economic growth; the lack of suitable housing was consistently cited by businesses as a major barrier.

AREA OF INVESTIGATION TWO: THE ROLE OF REGIONAL DEVELOPMENT AGENCIES (RDAS) IN UNLOCKING THE ECONOMIC POTENTIAL OF RURAL AREAS, AND THE EFFECTIVENESS OF DEFRA’S RELATIONSHIP WITH RDAS

2.1 In our experience the RDA has been at it’s most effective when working with sub-regional partners. It is important that RDA’s demonstrate a good understanding of local circumstances, and where possible (ie where sufficient sub-regional capacity exists) resist imposing one dimensional regional solutions and programmes. The increased involvement of RDA’s in delivering rural socio-economic investment is welcomed, (in the North West the NWDA has proven its ability to drive partnership working and improve evidence based targeting), but it is vital that they work hard with Natural England to ensure effective integration of Defra’s environmental investment with socio-economic delivery (RDPE Axes 1, 2 & 3). In Lancashire we have proven the value of such an integrated approach; Lancashire Rural Futures has successfully integrated environmental and socio-economic delivery and demonstrated how value can be added, and cost reduced, when working across “silos”.

2.2 There is concern locally however about the strength of the relationship between Defra and the RDA’s; the RDA’s tasking framework inevitably drives their activities and there is little sense that Defra’s objectives have been successfully added to their priorities (especially around improving access to non economic services for rural communities). In a sense we appear to be reliant upon the RDA wanting to do the right thing—in the North West we are lucky, as NWDA has adopted a positive approach to partnership and devolved working with the sub-regions. In other regions we believe things may be different.

AREA OF INVESTIGATION THREE: AGRICULTURAL AND NON-AGRICULTURAL PROVIDERS OF RURAL EMPLOYMENT, FOR EXAMPLE HORTICULTURE, AND POSSIBLE BARRIERS, INCLUDING THE STRUCTURE OF THE RETAIL FOOD SECTOR, TO THEIR FURTHER DEVELOPMENT

3.1 In many regions and sub-regions, economic activity in rural areas extends far beyond the agricultural and land-based sector (we have described the position in Lancashire in paragraph 1.3 above). It is apparent however that the incidence of the agricultural sector (employment and business stock) increases with sparsity and the reduction in the size of settlements. The economic impact of this is limited, as the sector contributes so little in terms of sub-regional and regional productivity (GVA); the impact on rural communities and potentially on the landscape managed by these businesses is however material. As agricultural and land based businesses become less able to support employment and sustain household incomes so the need for rural communities to find alternate sources of employment and income increases. Too often, planning policies designed to “protect” rural communities and their wider landscape can be threats to the ongoing sustainability of the community as they prevent new change of use and proportionate development of new homes and workspace to support new forms of locally based enterprise. It is ironic that the consequence of the application of a “sustainable development filter” at local level all too often results in the increasingly unsustainable functionality of the settlement as demand for housing from commuters and second home owners affects the affordability of the very limited housing and workspace stock.

AREA OF INVESTIGATION FOUR: THE EFFECTIVENESS OF RURAL PROOFING ARRANGEMENTS IN ENSURING THAT THE RURAL ASPECTS OF ECONOMIC DEVELOPMENT ARE PROPERLY REFLECTED IN NATIONAL AND REGIONAL POLICY, INCLUDING PLANNING POLICY

4.1 Successful alignment of economic development and spatial planning policy is critical if rural communities and the surrounding landscape are to thrive. Although real progress has been made locally in the last 18 months (in the Regional Economic Strategy, Lancashire Economic Strategy and Central Lancashire City Region), much of national and regional planning policy takes no account of local rural and economic development priorities. Instead it remains simplistic and overtly protectionist in its attitude to rural areas.

4.2 It is vital that local planning authorities are provided with a policy framework in which they can make informed and intelligent decisions, commensurate with local conditions and the views and aspirations of local communities. Restrictive settlement hierarchies and the blanket application of “sustainability criteria” ruling out development anywhere that cannot be serviced by public transport simply exacerbate the increasing ‘unsustainability’ of many rural communities.
4.3 Planning and highways are repeatedly cited as the key blockages to business growth and successful diversification in rural Lancashire. This is the case as much in the market towns as in the wider countryside; planning policy is either too restrictive and fundamentally mis-understands the rural context, or those responsible for interpreting and applying it fail to take sufficient account of local circumstances. If “lagging” rural areas are to improve their productivity, and successful rural areas fulfill their economic potential it is vital that an appropriate and inherently positive (i.e. it allows local councils to make evidence based decisions across their whole territory) spatial planning exists.

4.4 It seems to us that rural proofing at the centre has yet to succeed in securing this objective. Failure to make the case to departments of state at national level means that it is hugely challenging to secure effective rural proofing at local level. Our work on Rural Service Standards17 has shown that if service delivery targets are not specifically designed to provide for effective delivery in rural areas mainstream service providers will always focus delivery on the major concentrations of population. The winners and losers will always be the same.

Area of investigation five: The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies

5.1 It is very difficult, if not impossible to comment on this at the current stage of development of these two organisations. The change in focus of the CRC inevitably means that it had to “withdraw” from engagement at regional and local level, despite the best efforts of its board members and tiny regional affairs team.

5.2 The organisational challenge faced by the three bodies that have come together to form Natural England appears to have been their major focus for the last 18 months—as a result it has been virtually impossible to engage any of the key ‘environmental stakeholders’ properly in local integration of service delivery and targeting. This is disappointing, as great strides have been made in co-ordinating and integrating (public and voluntary) socio-economic sector at regional, sub-regional and local level since the publication of Rural Strategy 2004. The environmental sector has not been able to partake effectively in this process, and there are very real fears that it will remain a ‘centralised’ organisation, operating in a bio/geo diversity silo. At present, nearly a month after vesting, it is still far from certain that NE will be structured (or will have the cultural attitude) in a way that allows it to effectively integrate at sub-regional and local level. If this is the case, then the ability of sub-regional partnerships to properly encompass the three elements of sustainable development and to co-ordinate actions and investment in a way that best addresses climate change will be severely restricted.

October 2006

Memorandum submitted by the Confederation of Forest Industries

Introduction

England’s forest industries contribute significantly to the economy, in particular in rural areas. Recent studies have shown that the sector is both much larger than had previously been thought and has significant unrealised potential. There is a clear need for public policy to take account of the sector and a clear role for public sector agencies in helping to facilitate its sustainable development.

The potential contribution to England’s economy

A recent study undertaken by the Centre for Economics and Business Research18 into the economic contribution made by England’s forest industries concluded (based on Government statistics) that the sector’s direct Gross Value Added was over £5.2 billion and that it directly employed nearly 140,000 people.

A recent study commissioned by the England Forest Industries Partnership19 to inform policy and future action identified a sector that is “a significant contributor to the English economy, and to people’s lives (through recreation, tourism, environment and quality of life). The presence of the sector across all English regions means it has a place within national, regional and industrial development strategies”.

The report notes that England has not taken advantage of the sector in the same way that Scotland and Wales has. Only 39% of the annual growth in timber volume in England is harvested and over half of England’s woods (about 650,000 hectares) are unmanaged. This represents a significant missed opportunity for the rural economy. The lack of management also has a consequent negative impact on biodiversity.

This loss of production is important. Recent figures20 for forestry harvesting indicate that a pound spent harvesting timber is worth £2.56 to the economy because of the downstream and associated economic activity. For each job in forest harvesting there are 28.5 associated and downstream jobs.

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17 Fair Access to Services in the Rural North West: Rural Innovation and Community Futures
18 www.confor.org.uk
20 www.scotland.gov.uk/Topics/Statistics/14713/Multipliers2002
The sector has begun to bounce back from record low prices for timber and cheap and plentiful imports of raw and processed material. There are signs that prices for wood are recovering as a result of strengthening markets in China and elsewhere, and in response to the emergence of wood fuel as a cost-competitive source of renewable energy both domestically and overseas.

There is significant potential within the forest industries to contribute to the sustainable development of England’s rural economy, but currently there is market failure.

**OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT**

In order to realise the considerable potential that exists in the sector the following opportunities need to be grasped:

- public policy should focus more on the role that commercial activity makes to the sustainable management of England’s woods;
- Regional Development Agencies, as strategic deliverers of sustainable economic development, should better integrate the forest industries into their regional economic strategies;
- active management of England’s woods must be facilitated, misconceptions about the sector challenged and the use of wood from sustainable sources promoted;
- sufficient resources should be made available to enable the England Forest Industries Partnership to deliver the recommendations contained in its mapping study for the benefit of the rural economy.

**PUBLIC POLICY**

Defra’s PSA targets highlight farming, food and fishery, but do not mention forestry. This oversight is compounded by the impression that forestry is often seen in public policy circles as an ‘environmental issue’ rather an important sector with real economic potential.

Defra is currently updating the England Forestry Strategy and while the sector has been assured that the consultation document’s largely negative treatment of commercial forestry will be corrected in the final document there is still concern that England’s woods are seen in isolation from the industries that rely on them. There is also concern that policy thinking has not caught up with the significant steps that the sector has taken to address environmental and social concerns. These provide the basis for the sustainable development of England’s forest industries. Indeed economic development can go hand-in-hand with greater protection of the environment as well as increased employment and recreational opportunities.

The sector has developed detailed and robust standards for managing England’s woods in partnership with environmental and social organisations, and in 2004 with the support of organisations such as WWF and the Woodland Trust, the forest industries launched their sector sustainability strategy Naturally Wood.

England’s forest industries can deliver economic development and benefit the environment. A recent report commissioned by the UK countryside agencies showed a significant decline in woodland flora, which was attributed principally to the lack of management of woodland. A recent survey by RSPB, Forestry Commission and Defra showed that woodland birds are declining with a key factor again being lack of management.

The key determinant in whether a wood in England is managed is whether it is profitable, i.e. can a sufficient return be gained from timber sales, or other income such as sporting activity. Previous public policy has focused on the grant scheme as a means to provide owners of woods with an incentive to manage their resource. This has had some targeted success, but limited overall impact. A broader strategy focused on making managing woods more financially attractive, underpinned by agreed management standards and assisted by targeted grant aid would be more successful in reversing biodiversity decline while at the same time generating direct benefit to rural economies.

**REGIONAL ECONOMIC DEVELOPMENT**

The findings of the EFIP report clearly identify the sector as a strong candidate for regional development attention offering; longevity (average age of the sector businesses is 69 years), intention to grow and invest (87% surveyed have a greater than 10 year horizon—they intend to stay in the business), and over 40% of businesses are located in rural areas.

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21 www.defra.gov.uk/wildlife-countryside/rddteam/forestry.htm
22 www.ukwas.org.uk
23 www.confor.org.uk/sustainableforestry
25 Defra definition as applied to classification of Output Areas and 2003 Statistical Wards
The scale and potential of the sector has largely been overlooked in recent years and therefore it is vital that the evidence from the studies quoted above is actively considered by the RDAs, in particular the EFIP mapping study which provides a wealth of information broken down by each RDA area.

FACTOR ACTIVATE MANAGEMENT

The combination of current attitudes towards woodland management and the bureaucracy in place regulating the management of woods acts as a barrier to progress. There is a general perception still prevalent in many circles that England’s woods are disappearing and that using wood products is bad for the environment.

The area of England’s woods is increasing year-on-year and is double what it was 100 years ago. Challenges remain in promoting biodiversity, but active management and timber harvesting is part of the solution not the problem.

Combating climate change is regularly highlighted as a priority for Government activity, but while the opportunities for the sector to contribute are noted in the recent UK Climate Change Programme report, little real action is proposed.

The active management of England’s woods contributes to climate change mitigation through:

- sequestering carbon with the establishment of new woodland;
- providing wood fuel for renewable energy;
- substituting wood for less “carbon lean” materials such as steel, concrete and plastics.

Planting new woods is not the sole answer to the UK’s climate change emissions, but the right trees planted in the right place will sequester carbon and, if commercially managed, the new resource will provide long-term sustainable supplies of “carbon lean” wood.

Wood fuel is a cost competitive source of renewable energy. The Forestry Commission has recently presented a strategy to Barry Gardiner, Parliamentary Under Secretary of State at Defra to unlock 2 million tonnes of wood from England’s unmanaged woods. ConFor strongly supports this strategy as an example of active management to deliver sustainable benefits.

It is through substitution that wood can make its biggest contribution to climate change mitigation. Nearly a tonne of carbon can be saved on average for each cubic metre of wood used in place of other materials. For example, an average timber frame house saves 4—5 tonnes of CO\textsubscript{2}.\textsuperscript{26} Wood in construction also locks up carbon which at the end of its current useful life can be reused or recycled with a comparatively low energy input.

The Government should promote the greater use of wood through its own procurement policies, for example by increasing the use of wood in public buildings and by using wood fuel. This increased market will support management of England’s woods, support the rural economy and stimulate rural job creation—it is estimated that a new wood energy industry in England could provide tens of thousands of new jobs.\textsuperscript{27}

ENGLAND FOREST INDUSTRIES PARTNERSHIP

The recent mapping study produced by EFIP provides an excellent starting point for future work to realise the economic potential of the sector. It highlights a number of strengths and opportunities for the sector.

There is an onus on the sector itself to actively participate and indeed lead in this process of work, both at the national and the regional level. However, feedback from Scotland, which has over six years experience in this area, is that strong political support coupled with relatively modest public resources in staff and money can make a significant difference to the impact of such an initiative.

CONCLUSION

In many ways the forest industries are the “Cinderella sector” of England’s rural economy: rural policy rarely recognises the significance of the sector, misconceptions abound regarding the condition of England’s woods and forests, and of the impact of timber harvesting on sustainable forestry; and the unique role of the sector in mitigating climate change through carbon sequestration and the substitution of wood for less “carbon lean” materials such as steel, concrete and plastics is well documented, but little known outside forestry circles.

Any consideration of the potential of England’s rural economy needs to recognise that a significant forest industries sector exists which has real potential to deliver sustainable rural development as well as contribute to other key issues such as climate change mitigation and adaptation.

October 2006

\textsuperscript{26} www.woodforgood.com
\textsuperscript{27} www.confor.org.uk/news—detail.asp?id = 183&type = live
Memorandum submitted by the Association of Gardens Trusts

INTRODUCTION

On behalf of the thirty five County Gardens Trusts I am writing in support of the comments made by Heritage Link, of which we are a member, to this select committee inquiry.

The Association of Gardens Trusts (AGT) is a relatively small voluntary organisation but its 7,500 members are passionate about the value of historic parks and gardens for all communities whether they are living in the countryside or in our urban environments. Besides aesthetic enrichment, enlightenment and just sheer pleasure, parks and gardens encourage exercise, fresh-air, healthy living and the growing of food. We have a well-informed and specialist expertise in historic parks and gardens.

The Association of Gardens Trusts was established as a charitable trust in 1993 and comprises the thirty five County Trusts in England, together with another ten in Wales. The Objectives of the Charity are to promote Gardens Trusts, and through them, the interest, education, appreciation and involvement of the public in matters connected with the arts and sciences of parks and gardens; and to assist in the protection, conservation, restoration or creation of parks and gardens in the United Kingdom for the education and enjoyment of the public. Each County Gardens Trust, similarly run by volunteers, is an independent charity and draws its membership from both rural and urban areas.

1.1 The Association is concerned that the potential of the rural economy to deliver high quality tourist destinations, sustainable food production and an environment where people would like to live and work is sometimes poorly understood by government. Just over nine-tenths of England’s land cover is regarded as rural and just under one-fifth of England’s total population live there. It is a place where many people choose to work, live and visit and the significance of the heritage in these choices should not be underestimated. Change will occur but the rural economy, including its heritage assets, with government support, will create jobs, attract and promote businesses and kick-start the regeneration of run-down areas. It will continue to attract millions of visitors from home and abroad sustaining our national economy. In our view its no surprise that the recent research commissioned by the Campaign to Protect Rural England (CPRE) to “map tranquility” has found the most tranquil counties are Northumbria, Cumbria and North Yorkshire; all significantly rural counties. National parks such as the Yorkshire Dales, the North York Moors and Northumberland National Park were cited as the largest remaining areas of “deep unfragmented tranquil countryside.” At the other end of the scale, the least tranquil region was London and the South East. Tranquility is a much sought after ingredient of good quality life and an important contributor to tourist destinations. Those surveyed defined tranquility as seeing a natural landscape; hearing birdsong; hearing peace and quiet; seeing natural woodland and seeing the stars at night. We could add that the large number of historic parks, gardens and designed landscapes in rural areas undoubtedly add to the “natural landscape” and “natural woodland”. In addition the majority of all historic sites in England lie within local authority areas which are significantly or predominantly rural (178 unitary or district authorities).

1.2 A study commissioned by the Community Service Volunteers and undertaken by ICM Research published on 16th August 2006, reveals that almost half of the entire British Population are worried about the loss of green spaces and the countryside—an issue that is of most concern to younger people, with over half of 25–34 year-olds and 35–44 year-olds expressing concern on this issue. And significantly the 18–24 year-old group are the most concerned with losing Britain’s national heritage through the loss of historic buildings. Historic buildings are a significant component of the countryside whether they are old farm buildings, churches, country houses, stables, ornamental temples and follies, pinfolds etc. The Association of Gardens Trusts believes that parks, gardens and designed landscapes with their historic buildings are central to quality of life, and economic and social regeneration. The minister, Yvette Cooper has said “Regeneration needs to draw on all available assets, including the historic ones; we want the best possible combination for the built environment, and that means integrating the historical into quality new design.” (The Heritage Dynamo: how the voluntary sector drives regeneration, Heritage Link, 2004).

1.3 Villages, hamlets and open countryside contain 68% (by area) of registered parks and gardens and many non-designated parks and gardens which are of regional or local significance. Much of this area is parkland and in 2005 losses of historic parkland were calculated for the first time. Nearly half of the parkland recorded by the 1918 Ordnance Survey Edition was no longer extant at the close of the 20th century and, in some places, losses have been as high as 70%. In 1918, Yorkshire had around 33,000 hectares of historic parkland—distinctive landscapes some dating from the medieval period, most from the 17th century onwards and designed as part of a landed estate. By 1995 this had been reduced by 47.1%. The principal causes of loss have been conversion to arable land, development and, more recently golf course construction. (Heritage Counts 2005, National p10, 37–40, Yorkshire, p17). It should be noted that although much parkland is privately owned and maintained there is now significant access for public enjoyment and tourism.

1.4 Agri-environment schemes have in recent years been an important mechanism for delivering conservation and management of the historic environment in rural areas. They have been particularly significant for the restoration of historic parks and gardens where grant aid is very difficult, if not impossible, to secure. Between 2000 and 2004 agri-environmental schemes contributed £90 million towards the conservation of the rural historic environment. It is our understanding that, because of the reduction in
payments through CAP, Defra are seriously considering dropping these conservation payments altogether. This would have disastrous effects on the rural environment and rural economy. Not only do such conservation payments directly support and enhance the rural environment but the add-on benefits are substantial to both rural dwellers and visitors, making a very valuable contribution beyond their fiscal value.

1.5 The Conditional Exemption from Inheritance Tax (Section 31 of the Inheritance Tax Act 1984) oversees by the former Countryside Agency National Heritage Unit (now part of Natural England) has played a significant part in securing the repair and long term viability of outstanding scenic, scientific and historic land. This scheme also involves affording reasonable public access for walking and riding on existing rights of way and permissive paths, often supplemented by new access arrangements. We trust that this scheme, which has made an excellent contribution to the rural environment and economy, will be continued.

CONCLUSION

The Association of Gardens Trusts is pleased to have the opportunity to contribute to this consultation and to support the response of Heritage Link. This consultation gives an opportunity to understand the changes occurring in the countryside and to review the economic opportunities and threats which will inevitably follow. The potential of the rural economy to deliver places where people want to live, work and visit should not be underestimated and should be given better support in the future.

As an organisation, with a membership, which includes considerable specialist expertise in the historic environment, we strongly support the Heritage Link response to this inquiry.

October 2006

Memorandum submitted by Rural Services Partnership

EXECUTIVE SUMMARY

ES.1 This is a submission to the EFRA Parliamentary Select Committee inquiry into the potential of England’s rural economy from the Rural Services Partnership. Representatives of the Partnership will be pleased to present oral evidence to the Select Committee if that would be helpful.

ES.2 The key points contained within our submission are as follows:

— It is our experience that Defra’s policy to secure improved rural productivity by “rural proofing” activities of other Departments of State has been limited in its success; in the experience of the partnership planning, skills and availability of suitable premises remain the major constraints to growth for many rural businesses.

— It is our experience that the focus on “lagging rural districts” to reduce the gap in productivity between the least well performing quartile of rural areas and the English Median has been limited in its success and is potentially flawed.

— The partnership believes that it is vital as we move forward that actions to promote increased economic output are framed within a context that drives forward actions to address climate change.

— Successful alignment of economic development and spatial planning policy is critical if rural communities and the surrounding landscape are to thrive. Much of national and regional planning policy takes little account of local rural and economic development priorities. Instead it remains simplistic and overtly protectionist in its attitude to rural areas.

— RDAs have been effective when working locally with sub-regional partners. There is some concern about the strength of the relationship between Defra and the RDA’s; the RDA’s tasking framework inevitably drives their activities and there is little sense that Defra’s objectives have been successfully added to their priorities (especially around improving access to non economic services for rural communities).

ES.3 In our view the economic potential of rural England is not fully understood; both in terms of the outputs and productivity that it generates, and the significant contribution that it makes to the “value proposition” of our metropolitan areas and City Regions.

AREA OF INVESTIGATION ONE: DEFRA’S OBJECTIVES FOR ECONOMIC DEVELOPMENT IN RURAL AREAS, INCLUDING THE RELEVANT PUBLIC SERVICE AGREEMENT (PSA) TARGET, AND THE FUNDING AVAILABLE TO ACHIEVE THEM

Defra’s economic objective for rural areas as set out within Rural Strategy 2004 is two-fold:

(a) to build on the economic success of the majority of rural areas to ensure that they contribute fully to national, regional and local economic prosperity, and;
1.1 Building on Economic Success

Defra determined that it would deliver against the first objective by ensuring (through the rural proofing of other departments) that national priorities, for example in relation to skills, business support, planning and broadband infrastructure, and policies would be equitably and effectively applied in rural areas.

It is our experience that this policy of “mainstreaming” has been limited in its success; in the experience of the partnership planning, skills and availability of suitable premises remain the major constraints to growth for many rural businesses. In particular:

- Business Link continues to deliver a disproportionate amount (when compared to population and business stock) of its service in urban areas.
- Learning and Skills Councils continue to focus a disproportionate amount of investment on urban residents, areas and facilities.
- Planning policy remains urban centric at national, regional and local level. The generic application of the principles of Sustainable Development via Sustainability Appraisals take little or no account of locally specific issues and conditions, and can be inherently prejudicial to development in rural areas.
- The digital divide is alive and kicking; whilst residents in urban areas and even some market towns enjoy 8Mb broadband, those living more than 1km away from an exchange are limited to massively slower speeds—in some cases as little as 512kbs.

Despite Defra’s commitment to effective rural proofing and the equitable application of policy and intervention, our experience is that in order to build on the economic success of rural areas it has been necessary for partners (RDA’s, Business Link, sub-regional Economic and Rural Partnerships) to support interventions exclusively from funding and resources (both EU and National) ring-fenced for “rural” interventions. It has not been possible, or in any way advisable, to rely upon mainstream interventions.

This position is no longer sustainable (or in the long run desirable); the level of ring-fenced rural funding available over the last few years is unlikely to be repeated and the change in Assisted Area boundaries will also impact on the level of European Structural funds available.

The aspiration to live in sustainable communities is not restricted to urban England; issues around low pay, housing, skills, social exclusion and service inequity affect people’s lives in both urban and rural areas. The issues and impact are the same regardless of where people live; what is different is the way that these issues are best dealt with. A one size solution is as inappropriate in a rural as in an urban context. Investment in the services and infrastructure needed to secure sustainable communities (of which economic productivity is a key part) comes from across government and is not solely within the gift of Defra.

It is therefore vitally important that Defra deals effectively with other Departments of State and makes the case for mainstream investment in rural areas.

1.2 Tackling Structural Economic Weaknesses

The second part of Defra’s economic objective relates to its target under PSA4; to “...reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008...”

It is our experience that the focus on “lagging rural districts” as a key part of meeting this target has been limited in its success and is potentially flawed.

(a) There appears to be a fundamental dichotomy between on the one hand encouraging local determination and evidence based targeting (via Regional Rural Delivery Frameworks and the empowerment of sub-regional rural partnerships) and on the other defining priority areas for intervention at national level.

(b) The basis of determining “lagging rural areas” at district level is flawed; in reality there is substantial diversity of economic performance across rural areas; local authority administrative boundaries are a clumsy unit of measurement. In Lancashire one “lagging indicator district” has been identified (from 41 nationally), together with three local authority districts with “consistently poor economic performance”. If regeneration and economic development partners are restricted to slavishly following administrative geography (as in earlier Rural Priority Areas and European funding programmes) there will inevitably be an inequitable and inefficient apportionment of public monies and intervention.

(c) The evidence base on which the “lagging areas” have been identified is very one dimensional; it relies purely upon household income aggregated over numbers of residents eligible for economic activity. It therefore takes insufficient note of the “working poor” and the often substantial differential between work based and residence based incomes.
In many regions and sub-regions, economic activity in rural areas extends far beyond the agricultural and land-based sector. It is apparent however that the influence of the agricultural sector (employment and business stock) increases with sparsity and a reduction in the size of settlements. The economic impact of this is limited, as the sector contributes so little in terms of sub-regional and regional productivity (GVA); the impact on rural communities and potentially on the landscape managed by these businesses is however material. As agricultural and land-based businesses become less able to support employment and sustain household incomes so the need for rural communities to find alternate sources of employment and income increases. Too often, planning policies designed to “protect” rural communities and their wider landscape can be threats to the ongoing sustainability of the community; they prevent change of use and the proportionate

Area of Investigation Two: The role of Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs

1. In our experience the RDA has been at it’s most effective when working locally with sub-regional partners. It is important that RDA’s demonstrate a good understanding of local circumstances, and where possible (ie where sufficient sub-regional capacity exists) resist imposing one dimensional regional solutions and programmes. The increased involvement of RDA’s in delivering rural socio-economic investment is welcomed, but it is vital that they work hard with Natural England to ensure effective integration of Defra’s environmental investment with socio-economic delivery (RDPE Axes 1, 2 & 3). There are examples of the value of such an integrated approach across the country.

2. There is some concern about the strength of the relationship between Defra and the RDA’s; the RDA’s tasking framework inevitably drives their activities and there is little sense that Defra’s objectives have been successfully added to their priorities (especially around improving access to non economic services for rural communities). In a sense we appear to be reliant upon the RDA wanting to do the right thing—in the NW we seek to reduce wasteful travel to work dynamics and support better integration of housing, workspace and services. A key finding from several of the Rural Delivery Pathfinder’s has been the link between accessible (and affordable) housing and economic growth; the lack of suitable housing was consistently cited by businesses as a major barrier.

Area of Investigation Three: Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the retail food sector, to their further development

1. In many regions and sub-regions, economic activity in rural areas extends far beyond the agricultural and land-based sector. It is apparent however that the influence of the agricultural sector (employment and business stock) increases with sparsity and a reduction in the size of settlements. The economic impact of this is limited, as the sector contributes so little in terms of sub-regional and regional productivity (GVA); the impact on rural communities and potentially on the landscape managed by these businesses is however material. As agricultural and land-based businesses become less able to support employment and sustain household incomes so the need for rural communities to find alternate sources of employment and income increases. Too often, planning policies designed to “protect” rural communities and their wider landscape can be threats to the ongoing sustainability of the community; they prevent change of use and the proportionate
development of new homes and workspace to support new forms of locally based enterprise. It is ironic that
the consequence of the application of a “sustainable development filter” at local level all too often results in
the increasingly unsustainable functionality of rural settlements as demand for housing from commuters and
second home owners affects the affordability of very limited housing and workspace stock.

Area of Investigation Four: The effectiveness of rural proofing arrangements in ensuring that the
rural aspects of economic development are properly reflected in national and regional policy, including planning policy

4.1 Successful alignment of economic development and spatial planning policy is critical if rural
communities and the surrounding landscape are to thrive. Much of national and regional planning policy
takes little account of local rural and economic development priorities. Instead it remains simplistic and
overly protectionistic in its attitude to rural areas.

4.2 It is vital that local planning authorities are provided with a policy framework in which they can make
informed and intelligent decisions, commensurate with local conditions and the views and aspirations of local
communities. Restrictive settlement hierarchies and the blanket application of “sustainability criteria” ruling
out development anywhere that cannot be serviced by public transport simply exacerbate the increasing
“unsustainability” of many rural communities.

4.3 Planning and highways are repeatedly cited as the key blockages to business growth and successful
diversification in rural England. This is the case as much in the market towns as in the wider countryside;
planning policy is either too restrictive and fundamentally mis-understands the rural context, or those
responsible for interpreting and applying it fail to take sufficient account of local circumstances. If “lagging”
rural areas are to improve their productivity, and successful rural areas fulfill their economic potential it is vital
that an appropriate and inherently positive (ie it allows local councils to make evidence based decisions across
their whole territory) spatial planning exists.

4.4 It seems to us that rural proofing at the centre has yet to succeed in securing this objective. Failure to
make the case to departments of state at national level means that it is hugely challenging to secure effective
rural proofing at local level. Recent work on Rural Service Standards\(^{29}\) has shown that if service delivery
targets are not specifically designed to provide for effective delivery in rural areas mainstream service providers
will always focus delivery on the major concentrations of population. The winners and losers will always be
the same.

Area of Investigation Five: The role of Natural England and the Commission for Rural Communities
and their effectiveness in taking forward the work of their predecessor bodies

5.1 It is very difficult, if not impossible to comment on this at the current stage of development of these two
organisations. The change in focus of the CRC inevitably means that it had to “withdraw” from engagement
at regional and local level, despite the best efforts of its board members and regional affairs team.

5.2 The organisational challenge faced by the three bodies that have come together to form Natural
England appears to have been their major focus for the last 18 months—as a result it has been very difficult
to engage any of the key “environmental stakeholders” properly in local integration of service delivery and
targeting. This is disappointing, as great strides have been made in co-ordinating and integrating (public and
voluntary) socio-economic sector at regional, sub-regional and local level since the publication of Rural
Strategy 2004. The environmental sector has not been able to partake effectively in this process, and there are
very real fears that it will remain a “centralised” organisation, operating in a bio/geo diversity silo. At present,
nearly a month after vesting, it is still far from certain that NE will be structured (or will have the cultural
attitude) in a way that allows it to effectively integrate at sub-regional and local level. If this is the case, then the
ability of sub-regional partnerships to properly encompass the three elements of sustainable development and
to co-ordinate actions and investment in a way that best addresses climate change will be severely restricted.

October 2006

\(^{29}\) Fair Access to Services in the Rural North West: Rural Innovation and Community Futures
Memorandum submitted by the British Horse Industry Confederation

THE BRITISH HORSE INDUSTRY CONFEDERATION

1. The BHIC was launched on 3 March 1999 to enable the British horse industry to speak to government with a single voice. The BHIC comprises the British Horseracing Board, the British Equestrian Federation and the Thoroughbred Breeders Association. It also has direct representation from the British Equestrian Trade Association (BETA) and the British Equine Veterinary Association (BEVA).

2. In addition to its role as interlocutor for the industry as a whole, the organisation enables horse organisations to share and to publicise information on policies and issues affecting horses and riders; and to help raise the profile of the horse industry amongst officials and opinion formers.

3. The BHIC welcomes this opportunity to submit a memorandum to the Committee’s inquiry into England’s rural economy.

RELATIONS WITH GOVERNMENT

4. The BHIC works closely with Defra and, in December 2005, the first ever Strategy for the Horse Industry in England and Wales was launched by the BHIC in partnership with Defra, the DCMS and the Welsh Assembly Government.

5. Jim Knight MP, the then Minister for the Horse Industry said, “the strategy is testimony to the major contribution which the horse industry makes, both to our economy and to the lives of so many people . . . from rural regeneration to environmental protection, to health and education, the horse industry has a key role to play in delivering our national priorities.”

THE HORSE INDUSTRY: ONE OF THE MAJOR RURAL INDUSTRIES

6. Horse riding and carriage driving, together with the significant industry which supports them, constitute a major source of economic and social activity in rural England. Indeed, the industry in its broadest definition can justifiably claim to be the third largest source of economic activity in the countryside after tourism and farming. Moreover, it is an industry which is growing at a significant pace. For example:

- 2.8 million people in Britain have ridden in the past year*
- The value of the industry has been estimated at £3.4 billion†
- It employs up to 250,000 people directly and indirectly†
- 25% of households have some interest in the horse industry*
- The horse population totals over one million, with 721,500 households having responsibility for the daily upkeep of a horse. This is an increase of 20% on 1999 figures*
- The horseracing and betting industry support some 60,000 jobs, including the equivalent of one in eight agricultural workers
- Over 6 million people went racing in 2004
- At Tattersalls, the UK’s biggest thoroughbred auction house, 4,737 horses were sold in 2005 for a total of £185,516,800

* British Equestrian Trade Association 2006 Research
† The Henley centre report of research on the horse industry in Great Britain 2003 commissioned by Defra and the BHIC

7. Equestrian activity of one sort or another is often seen as an option for farmers wishing to diversify, as the industry tends to be:

- Labour intensive.
- Environmentally friendly.
- Attractive to tourists.
- Productive of numerous training and career opportunities.

30 The BHB is the governing authority for horseracing. The racing industry generates almost £500 million annually for the Exchequer through taxation and betting duty on horseracing. It supports some 60,000 jobs, plus a further 40,000 in the betting industry, which relies on horseracing for 70% of its business. Race meetings are attended by five million people annually.
31 The BEF represents bodies with a total membership of some 200,000. Members include the three Olympic disciplines (British Dressage, British Eventing and the British Show Jumping Associations), the non-Olympic disciplines, The British Horse Society, the Pony Club, the Riding for the Disabled Association, and the Association of British Riding Schools.
32 The TBA represents the Thoroughbred horse breeding industry which generates sales of £150 million annually in the UK and an export revenue of some £160 million. The TBA represents the interests of 7,310 breeders of Thoroughbred horses, occupying over 150,000 acres of prime grazing land. British breeders employ a workforce of over 11,000 and supply the domestic base on which racing relies.
8. Equestrianism also contributes to initiatives designed to tackle social exclusion and promote healthy outdoor activity.

9. The Strategy for the Horse Industry in England and Wales has a number of strategic aims and objectives supported by 50 discrete action points, many of which are relevant to the issues identified for particular discussion by the Select Committee during this inquiry.

10. The main aims for action which we identified were:
   — Developing the Horse Industry’s national, regional and local impact.
   — Increasing participation in, and the social contribution of, the horse industry.
   — Boosting the economic performance of equestrian businesses.
   — Raising equestrian skills, training and standards.
   — Increasing access to off road riding and carriage driving.
   — Monitoring and where appropriate enhancing the environmental impact of the horse.
   — Encouraging sporting excellence.
   — Improving the quality and breeding of horses and ponies.

11. We are committed to taking these actions forward, not only to contribute to our own industry’s further growth and success, but also to contribute more effectively to current issues such as social exclusion, health (including tackling obesity), biodiversity, rural job growth and rural tourism.

ISSUES IDENTIFIED BY THE SELECT COMMITTEE FOR PARTICULAR DISCUSSION

Defra’s objectives for economic development in rural areas, including the relevant Public Service Agreement (PSA) target, and the funding available to achieve them

12. The horse industry is well placed to contribute to Defra 2005–08 PSA targets with regards to biodiversity, caring for our natural heritage, improving the health and welfare of animals, and reducing gaps in productivity between rural areas.

13. Several discrete actions within the Horse Industry strategy itself can directly contribute to the PSA targets, such as encouraging the use of our rare native breeds in conservation projects to support wildlife and pasture biodiversity, improving standards of land management and working with local authorities to promote good pasture management and waste disposal practices.

14. The Horse Industry is also unusual as a rural industry in that it is also very well placed to help the Government deliver other important PSA targets, such as those relating to health (both mental and physical), social exclusion, and education.

The role of Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs

15. This area leads us to one of the major problems faced by the horse industry in trying, both in attempting to succeed and in attempting to contribute to rural growth. The industry represents a significant portion of rural land use in the UK. For example, the average land grazed by each horse is one hectare. The 2004 Defra estimate of grassland is 6,865,000 hectares, which suggests that horses are grazing more than one seventh of the grassland in the UK. However, because they are not classed as agricultural animals they are often excluded from RDA and other national plans concerning grassland and “agricultural” land use. A current and very important example is the recent consultation by Defra on future Rural Development Programmes. Here is an excerpt from the BHIC’s response to the consultation (the italics are our own for emphasis):

16. “Throughout the document Defra refers to ‘improving the competitiveness of the agricultural and forestry sector’. The whole of Axis 1’s proposals for the programme is based on the agricultural and forestry sectors. We believe it is vitally important that Defra starts to regard, for rural development purposes, the use of grazing land and agricultural-type activity on rural land within their currently inflexible definition of ‘agricultural activity’.”

17. “We would like to see the new programmes, both at national and regional levels, start to mirror the changes coming from Europe by instead referring to rural land-based or agricultural-type, or farming-type activities. The European Commission continues to publicly state that horse breeding, for example, is a quasi-agricultural activity and we believe this should be mirrored in the potential grant aid available to landowners or farmers who wish to raise horses. . . . it is essential the horse enterprises are allowed access to funds to help maintain our countryside and land, and that Defra not impose an arbitrary constraint on the ability to propose innovative and successful projects which will be of great benefit to the rural economy and environment.”
Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the retail food sector, to their further development

18. While the Select Committee has selected horticulture as an example of a significant provider of rural employment, we would stress the larger number of jobs provided by the horse industry—over 50,000 directly [Henley Centre 2004 figures] and 250,000 total employment, if one counts indirect employment such as that relating to horse betting. Employment through horse-related businesses is also important as it usually provides year long employment, unlike rural tourism or some agricultural businesses which have significant numbers of seasonal workers. In addition, the spread of horse-related enterprises occurs throughout the country, and is not restricted to any one region or area. Again, these positives are often overlooked when looking at initiatives to support rural employment sectors.

19. As BETA’s research this year demonstrates, the industry is catering for a growing market, yet there remain significant barriers to growth, not least due to equestrian activity getting lost in the gap between agriculture and rural “leisure”/small rural business activities. This means that equestrian enterprises are often unable to take advantage of rural development schemes as their definition often excludes horses.

The effectiveness of rural proofing arrangements in ensuring that the rural aspects of economic development are properly reflected in national and regional policy, including planning policy

20. There are significant problems in the planning and rating systems relating to equestrian enterprises, which can amount to an insurmountable burden, particularly on enterprises like riding schools, which fulfil an important role in many rural communities. Rural aspects of economic development are not properly reflected in national and regional policy including planning policy, and this leads to a patchy, ill-thought out and unfair implementation and interpretation of the rules across the country.

The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies

21. We support the new remit of Natural England which champions biodiversity and the rural environment, while at the same time promoting leisure and access, and good land management practices. We believe this development is long-overdue, and hope this will lead to a more coherent policy of encouraging access and enjoyment of our countryside, while also overseeing the important land management and biodiversity issues.

October 2006

Memorandum submitted by Heritage Link

INTRODUCTION

Heritage Link brings together 80 voluntary organisations concerned with heritage in England representing interests from specialist advisers, practitioners and managers, volunteers and owners, to national funding bodies and local building preservation trusts. Much of the historic environment is cared for—supported, managed or owned—by these organisations. They are supported by some four million members making it the biggest alliance of heritage interests in England.

Some Heritage Link members are responding to this consultation from their own particular standpoint, but the purpose of this response is to identify the shared concerns of the non governmental heritage sector.

This response is supported by the following member organisations:

1. Ancient Monuments Society / Friends and Friendless Churches
2. Association of Gardens Trusts
3. Churches Conservation Trust
4. Country Land and Business Association
5. Ecclesiastical Architects and Surveyors’ Association (EASA)
6. Gateway Gardens Trust
7. Heritage Afloat
8. Historic Chapels Trust
9. Historic Farm Buildings Group
10. Historic Houses Association
11. Inland Waterways Association
12. Institute of Field Archaeologists
13. Institute of Historic Building Conservation
14. Maintain our Heritage
15. Norfolk Archaeological Trust
16. War Memorials Trust

1.1 Heritage Link is grateful to have the opportunity to contribute to this consultation which presents a
timely opportunity to understand the forces currently at play in a fast changing rural context and to review
the economic opportunities and threats resulting from these changes.

Within the membership of Heritage Links are organisations whose members have a direct link with and
dependence on agriculture. However, as the foot and mouth disaster clearly demonstrated, the economy of
rural areas is much broader than just agriculture, even though dependent on the economic health of that
industry.

1.2 Tourism is a major industry for the UK as a whole, and the countryside and its quality is a major
constituent of this attraction. The most recent Great Britain Day Visits Survey, carried out in 2003, recorded
that there were 1.26 billion day visits to the countryside in 2003 and is estimated that 62% of the UK
population made a visit within the previous 12 months, strongly demonstrating the importance that our
largely urban society places on it.

1.3 Within those areas defined in the 2004 classification as rural, are 75% of the area of land within world
heritage sites in the UK; 47% of listed buildings; 67% of the areas covered by Scheduled Ancient
Monuments; 68% (by area) designated Historic Parks and Gardens; and 58% of designated battlefield sites.
Although most of these areas are in private ownership, the present and long term benefits are enjoyed by a
significant proportion of today’s population as well as providing the backdrop that completes the image of
Britain that is enjoyed by many millions of foreign visitors each year.

1.4 In rural settlement areas the importance of the built heritage is also evident. For example, 49% of all
listed Anglican churches, and 61% of Grade I listed Anglican churches are located in the East Midlands, the
East of England and the West Country, which contain only 26% of the population.

1.5 It is impossible to consider the potential of the rural economy without considering the historic
environment and the environmental, social and economic benefits those heritage assets bring to 21st
century society.

2. THE ASSETS

2.1 The countryside is in itself England’s greatest heritage asset. It is almost entirely the result of human
intervention. The patchwork patterning of fields, isolated farms or villages built around the medieval parish
churches, together with historic houses, castles, canals and industrial remains all contribute to the quality
of landscape that we value so highly.

2.2 The evolution of England’s rural landscapes provides an historical record of enormous importance.
The countryside is a unique record of human development, revealing the changing nature of the relationship
between people and the land. The continuing survival in today’s countryside provides glimpses into the lives
of past societies and the way in which they have changed over time. It is this survival that is at the foundation
of the way people feel who live in the countryside and is the lure for those that visit.

2.3 Research carried out by VisitBritain in ten emerging national markets found that as many as 72% of
visitors from Russia and 66% of visitors from China stated that visits to ‘castles, churches, monuments and
historic houses’ were the top choice of those who were planning or were very likely to come to Britain.

2.4 According to a survey of visitors to the Britain and London Visitor Centre, 56% had already or were
planning to visit castles, churches, monuments and historic houses. For domestic tourists, the chance to
explore the countryside is one of the key factors in choosing where to go on holiday.

2.5 Research by VisitBritain has shown that unspoilt countryside, interesting villages and market towns,
castles, country houses and gardens are among the principal reasons why domestic visitors chose to spend
their holidays in England rather than abroad.

2.6 The National Trust’s study Valuing our Environment found that 40% of the jobs created through
tourism rely directly on a high quality environment and that this increases to 60–70% in rural areas.

2.7 Employment related to tourism activities at 680 heritage attraction sites across England is estimated
to be just over 32,000. Historic houses and palaces alone employ 15,000, of whom over 6,000 are paid
employees and nearly 9,000 are volunteers. The Historic Houses Association has drawn attention to the role
that historic houses play as centres of rural economic activity and employment, and often the only such
drivers in deprived rural areas. Such activity depends not just on day visitors, but also on events, rallies and
all kinds of commercial activity at these properties. These historic houses, as well as castles, gardens, parks
and wider estates play an enormously significant role not only in keeping communities alive but also in
maintaining the face of the countryside.
2.8 When reviewing assets it is all too easy to forget people, and for the heritage sector they have an importance not only as the owners and managers of the assets in question, but also providing a huge volunteer input into this management.

2.9 The UK has an exceptionally strong heritage voluntary sector, with over 100 voluntary bodies, the great majority of them represented by Heritage Link. The Department for Culture, Media and Sport’s 2006 Taking Part Survey gives an annual figure of 400,000 heritage volunteers, far higher than previous estimates. These thousands give their time to the care of, and making possible the access to a huge range of heritage properties and sites. This resource is unsupported, other than by the voluntary organisations themselves. However, even this picture is changing, since this voluntary sector is ageing. For example, the National Trust estimates that 52% of its volunteers are over 65 and only 4% are under 35.

2.10 In addition to their intrinsic value, the substantial financial, social and educational benefits delivered through these historic assets are a fundamental element in the potential of the rural economy.

3. THE CHANGES

3.1 Agriculture in the United Kingdom 2004 (Defra et al, 2004) provides a comprehensive survey of the current state of British agriculture. It shows that, in 2004, average total income from farming per full time person equivalent fell 7.5% in real terms, to £14,800, reversing rises in 2002–03 and continuing a long-term decline since the mid 1990s. This drop in farm income is particularly marked in the upland areas. Figures from the Royal Institute of Chartered Surveyors also illustrate the low profitability of agriculture, with average returns on agricultural capital of less than 1%, even when CAP payments are included.

3.2 In 2005, reform of the Common Agricultural Policy led to significant changes in the way agriculture is subsidised, decoupling direct payments from levels of production. The new Single Payment Scheme (SPS) replaces all existing CAP direct aid schemes with a flat rate entitlement. All those who are in receipt of the SPS are required to observe certain environmental and animal welfare standards. These “cross-compliance” requirements include the maintenance of land in Good Agricultural and Environmental Condition (GAEC) and extend to the protection of scheduled monuments and stone boundary walls.

3.3 The long-term implications of the SPS are hard to predict, but it is likely to have a significant effect on the pattern of farming and the appearance of the wider landscape. Less intensive agriculture in some areas may deliver some environmental benefits, although in other areas undergrazing, increased specialisation, localised intensification and further loss of farm labour could also bring significant challenges. Changes of use from grazing to arable or energy crops can have a destructive impact on unscheduled buried archaeological remains. The National Trust has highlighted the particular vulnerabilities of upland farming districts in England. Analysis of the Trust’s own tenant farms in the Lake District, Yorkshire Dales and Moors, the Peak District and Northumberland suggests that unless there is radical change in farming in these areas, most farms will be making a loss by 2012. This lack of profitability could threaten the survival of many small and currently unprofitable farm units, leading to long-term environmental damage to upland areas through the lack of grazing.

3.4 The effect on rural heritage economy will be much wider, since continuing social and economic pressures for change threaten aspects of the rural historic environment, such as our rich legacy of historic parish churches and other places of worship, as well as traditional farm buildings. Obviously radical changes in agricultural fortunes are a uniquely rural concern, but many of the concerns facing rural areas are urban as well. The declining availability of traditional craft skills and the loss of local character in historic settlements are shared with cities and conurbations.

3.5 It is essential that the benefits provided by the historic environment are recognised, not only, as indicated above, as a driver of tourism and inward investment, but also because it underpins local identity and community pride. The parish church is a resource not only for its immediate congregation, but also for other local residents, as well as for visitors.

3.6 The heritage, wildlife, scenery and recreational access which people value so highly in the countryside are the product of countryside which has been actively managed over many centuries. While the postwar intensification of agriculture has threatened many aspects of this heritage, its 21st-century restructuring could pose equally difficult problems.

3.7 Changes in climate will change not just the flora and fauna but also the landscape. In addition, predicted flooding, and even the necessary mitigation to this funding, will have an impact on heritage sites and buildings. It is essential that any changes made as the result of the review of the Water Framework Directive will accommodate research, debate and funding to ensure that these assets receive an appropriate level of attention.

3.8 Climate change and the way we adapt to it are also likely to alter and may increase visitor levels to the countryside. This will have economic benefits for these areas, but it will also have an impact which will need to be managed, and for which resources will have to be found and financed.
3.9 Other pressures, not least those of housing will lead to the need for difficult decisions, particularly in the more populated areas of the country, and on the urban fringe of the great conurbations. A recent study carried out by Hertfordshire County Council had shown that already one third of the traditional timber buildings in the county had been converted, usually to residential use, and that at the present rate of attrition there will be none of these examples left in the county by 2020.

3.10 In a recent study 73% of conservation officers reported a significant demand for the conversion of listed working farmstead buildings into dwellings, while only 21% of officers reported significant demand for conversion of buildings for economic re-use. This finding was reflected in statistics for planning applications. 57% of sites with list entries had been subject to a planning application since 1980, and two-thirds of these were subject to multiple applications. Eight out of 10 planning applications were approved and at least one in five of all list entries have had permission granted for change of use since 1980. Almost half of all relevant applications for listed building consent over the same period were for curtilage buildings (as opposed to farmhouses themselves), with 38% of these involving the complete demolition of the building.

3.11 The rate of change in other features has been equally dramatic. Nearly half of the parkland recorded by the 1918 Ordnance Survey Edition had disappeared by the end of the twentieth century.

3.12 Global warming and the concern for scarce resources also re-enforces the need to look to the reuse of the existing stock of buildings both nationally and within the rural context. The use of historic churches to provide community services is a welcome way to consider reconnecting historic buildings with their communities. Similarly, in the face of increasing rates of historic farm building redundancy and with major pressures on rural housing, policies on re-use and conversion will need to be reassessed. However, in order to be able manage these changes, it will be essential that research is carried out on a wider geographic scale, and provides an objective means by which these difficult assessments might be made. The Tool Kit for Sustainable Development of Farm Buildings currently being piloted by English Heritage provides a robust mechanism by which this process can be initiated, and it is essential that funding is made available to place it on a national basis.

4. THE INVESTMENT

4.1 Whilst this picture provides real cause for concern, it should not completely conceal the level of investment that is occurring from a number of resources. The Heritage Lottery Fund, for example has given £860 million to projects of all kinds located in English rural areas since 1994.

4.2 The Environmentally Sensitive Area (ESA) and Countryside Stewardship schemes have contributed an estimated £90 million 2000–04 towards the conservation of the rural historic environment and have been the principal source of funding for management of rural archaeological sites, the restoration of parkland and repair of traditional farm buildings.

4.3 £41 million has gone to rural Townscape Heritage Initiatives and Conservation Area Partnerships; over £600 million to rural Heritage Grants (including places of worship, museums and other projects in rural areas); over £90 million to rural parks projects; over £20 million to rural Your Heritage Projects and over £38.4 million in dedicated repair grants to rural churches.

4.4 In rural areas, the church building is frequently the focus of village life. The Review of the Rural Churches in Community Service Programme under which 99 rural churches received Millennium grants to adapt their buildings showed the beneficial impact this had on their communities.

4.5 As with all grant programmes, these funding sources are being re-assessed, terminated or remodelled and introduced in new forms. Whilst the level of consultation that takes place is welcome, this places a huge burden on the organisations affected by the proposed changes. Because of its wide membership, Heritage Link has pulled together a consensus view on a number of topics. However, with an increasing move to draw together regional strategies, and particularly in the case of rural areas, the establishment funding programmes, the organisation’s ability and capacity to respond is challenged. Under these circumstances, it is essential that the importance of the heritage agenda is very clearly established within the remit of those regional bodies now identified with the delivery of such programmes.

5. THE RETURNS

5.1 The cost of maintaining the fabric of these heritage assets is daunting and for this reason tends to be seen in negative terms. However, there is an alternative view point to this, as was ably demonstrated in the study jointly carried out by English Heritage, Defra and with assistance from the Lakeland National Park Authority. Conservation plans were agreed on 655 buildings of which 35 were listed. Over 90% of these buildings are now in productive use. The scheme resulted in the creation of 15 new jobs directly, and 29 indirectly. Without the scheme it has been estimated that two thirds of the buildings would become redundant. It has been estimated that the grant investment stimulated an additional spend of £1.45 million. Local contractors described significant increase in turnover, and the farmers indicated an improvement in the efficiency of their business.
5.2 Almost half (49%) of the UK’s £77 billion construction industry involves the repair and refurbishment of existing buildings, and over 86,000 people are directly employed by the built heritage sector.

5.3 However, the craft skills needed to care for our heritage are fast disappearing. *Traditional Building Craft Skills: Assessing the Need, Meeting the Challenge—Skills Needs Analysis of the Built Heritage Sector in England*, published in June 2005 by the National Heritage Training Group and funded by Construction Skills and English Heritage, is the first major piece of research on the level of skilled labour in the built heritage sector. Fewer than 40,000 people are skilled in traditional crafts, yet on current trends the contribution of crafts to the rural economy could exceed that of farming within 10 to 15 years, in order to meet the current demand for the conservation and restoration of historic sites and buildings.

5.4 These skills will also be vital for the new housing so urgently required in rural areas, and therefore the skills training and work experience that can be gained during the repair and restoration of historic properties will have a positive effect on the programme of rural housing.

5.5 The economic benefits of restoring inland waterways have been well documented in specific cases such as the Kennet and Avon Canal. This work, often undertaken by volunteers, underpins the popularity of canal touring which has given a significant boost to the rural economy, and has benefited areas not connected with traditional motor- or cycle-based tourism. The Leeds and Liverpool Canal that traverses the Pennines and the network of canals around Birmingham are examples of new economic generators in areas without many land-based tourists. The investments made by rural entrepreneurs in new canal-side farm shops, overnight stopping points, fuelling stations are all supported by the survival of the historic environment.

5.6 An awareness of the fragility and the needs of our heritage, built and natural, and the cost calculations made of the need for restoration and maintenance should be balanced with the value and potential of this irreplaceable asset. Care for the historic environment creates jobs, attracts and promotes businesses, can kick-start the regeneration of run-down areas, and can act as a lure to attracting new businesses into an area. In addition, the rural landscape attracts millions of visitors each year—domestic and international. For many the countryside as the image of quintessential Englishness evokes a huge emotional response that should not be ignored in the context of national identity.

6. **The balance**

6.1 The great majority of the rural historic environment is privately owned, and is increasingly available for access by the general public. If future generations are to share the present generation’s enjoyment of the priceless assets of treasured landscapes, then landowners need to be supported in their efforts to deliver on these public goods. Despite the significant investments quoted above, the availability of funding to private owners is increasingly scarce. Traditional sources of such funds, such as English Heritage grant-aid and local authority heritage conservation grants have both declined significantly since the 1990s.

6.2 However, whilst postwar intensification threatened many aspects of this heritage, the 21st-century restructuring is likely to pose equally difficult problems. It is clear that the long-term decline in farm incomes, and the consequent decline in on-farm labour, makes voluntary conservation effort by land owners increasingly difficult to sustain. This picture is particularly bleak in the uplands, where the National Trust has recently suggested that livestock hill farming faces a rapid and unmanaged collapse over the next seven years unless further support is available.

6.3 Whilst the tourism picture is encouraging for rural areas, the long-term decline in farm incomes makes voluntary conservation effort by land owners increasingly difficult to support. This is further exacerbated by the decline in on-farm labour. A recent survey of selected members of the Country Land and Business Association suggested that they spent each year an average of £29,000 on the maintenance and upkeep of listed buildings and Scheduled Ancient Monuments.

7. **Vital economic and fiscal support**

7.1 Agri-environment support for the historic environment has become a major source of funding in the recent rounds, but its continued expansion is not guaranteed, and the increasing demand on the EU budgets will put additional pressure on scarce resources. For reasons that are set out in this paper, Heritage Link strongly argues for a continuation in the support on these heritage assets in the 2007–13 programme, but has concerns, expanded below, that this need has not been identified by the players that will manage these funds.

7.2 Public funding is under great pressure with the forthcoming Comprehensive Spending Review expected to be tight for all Departments. Heritage Link’s Chairman has already written to the Secretary of State for Environment, Food and Rural Affairs to this effect after raising concerns over future funding sources for rural heritage at a recent meeting with the Minister for Culture (11.10.06). However it is not clear if the Department for Culture Media and Sport itself is raising this issue with Defra.

7.3 Heritage Link would also argue that alternative fiscal measures might bring great benefits to these funding equations. The heritage sector has been pressing for some time for a reduction of VAT levels on repair and refurbishment in order to remove the anomaly which currently exists in which it is cheaper to
build a new structure than it is to repair an existing one. Since the UK has not taken up the opportunity afforded by minor changes in the EU VAT regime, Heritage Link as an interim measure is currently pursuing with Government a grant scheme to allow VAT relief on repairs to listed buildings owned by registered charities. In a rural context this would promote social and economic regeneration as well as make better use of public funds.

7.4 Other fiscal measures are already in place, such as the conditional exemption scheme, applied to the preservation of the historic environment in the countryside. Given the high proportion of scheduled monuments and listed buildings in rural areas, mechanisms such as this have great potential to secure the long term viability of this heritage and the marginal areas in which it exists.

7.5 Another mechanism vital to ensure the long term management of rural heritage assets are the tax benefits for the owners of rural heritage who receive Agricultural Property Relief from Inheritance Tax. However, this will be a less powerful tool as land ownership passes out of agriculture and into alternative ownership.

Summary

Significant and profound changes are taking place in the rural economy. But not addressed are the changes that have occurred, and indeed are still occurring within the delivery mechanism for grant support within rural areas. Given the difficulties that have already occurred over the delivery of Single Payment Grant, the new structures being put into place for payments through the Regional Development Agencies and through Natural England raise profound disquiet.

In the case of Natural England, these concerns have two main strands. The first is the ability of Natural England, which has only just come into being, and yet has already had £200 million of its operational budget withdrawn, to put into place the structures needed to deliver the new grant regimes within the timeframe available.

The second is the concern that the historic environment will be marginalised in Natural England, whose main focus is the natural environment. Natural England’s published strategy 2006–09 makes it clear that “Natural England is here to conserve and enhance the natural environment, for its intrinsic value, the well being and enjoyment of people and the economic prosperity it brings”. The document only mentions the built heritage once, and yet as Heritage Link has argued in this paper, the landscape of England is far from natural and the built heritage is an essential component of it.

Similarly, Heritage Link has a concern that the focus on economic outputs by RDA’s is not likely to encourage an engagement with cultural and heritage issues. This is of particularly concern because it will be the RDA’s that will manage the new Leader Programme as part of the Rural Development Programme England, in which there are great opportunities for “bottom up” projects. The ability of the RDA’s to link these bottom up projects with the top down programmes being administered by Natural England, must also feature as part of this concern.

We are aware that in drawing up this response reliance has been placed on Heritage Counts 2005, produced by the Historic Environment Review Executive Committee (HEREC) (see www.heritagecounts.org.uk.) This is the fourth annual survey of England’s historic environment, and whilst not the definitive source of information it does provide an important step towards providing the solid evidence base essential for the understanding necessary to devise strategies and manage change in the future.

It is hoped that in this response we have been able to highlight the importance of heritage within the rural context, not only because it defines a sense of place, and the way in which we view ourselves, but also as a major asset of importance for both rural and national economic health.

It is recognised that in fulfilling these roles, there will be change, and that change is an essential component of a vibrant society. Our response has also touched on the implications of this change, and the choices that will have to be made in balancing economic drivers with cultural aspirations. This is obviously a very big subject with much scope for a debate in which we would be pleased to engage. We would be more than willing to provide oral evidence should you feel inclined to invite us to join you in this debate.

October 2006

Memorandum submitted by Leicestershire Rural Partnership

1. The Leicestershire Rural Partnership (LRP) welcome the opportunity to submit evidence to be considered as part of the Environment, Food and Rural Affairs Committee’s inquiry into the potential of England’s rural economy.

2. The LRP was established in 1993, and has a formal membership of 19 organisations working across rural Leicestershire. The LRP is working to achieve a 20 year vision which envisages that, “in 2026 rural Leicestershire will be made up of thriving and sustainable communities, towns and villages, each of which will have at least one key community resource (eg school, church, pub, shop, post office, village hall). It will be recognised, locally, regionally, nationally and internationally”. The LRP is recognised across the East
Midlands as a “regional exemplar”, co-ordinating and undertaking rural delivery. The LRP currently lever in £2.5 million per annum into rural areas to enable rural Leicestershire to be a vibrant place to live and work.

3. In 2005 the LRP commissioned its first substantive baseline study on the County’s rural economy—Leicestershire’s Rural Economy. This is a highly important document which will help us deliver our 2026 vision for rural Leicestershire. I have enclosed a copy of the executive summary of this report for your information.

4. The key recommendations of Leicestershire’s Rural Economy are to:
   — Improve the performance of rural businesses, through high quality advice and skills.
   — Advance the role of key “embedded” sectors (transport and warehousing, tourism and hospitality, food and drink, and the land-based industries).
   — Encourage the location and growth of knowledge-based and creative industries.
   — Support and develop the employment and service role of market towns and other rural settlements.
   — Enhance the natural environment and increase the recognition of the value of the environment as an asset to the rural economy.
   — Mitigate and adapt to the impact of climate change.
   — Undertake rural proofing of strategic policy development.

EXECUTIVE SUMMARY

5. The LRP is concerned that Defra will not be able to meet the targets detailed within PSA2 and PSA3.

6. Measures to devolve responsibility for rural delivery are welcomed. However, the LRP is concerned that RDAs do not have the ability to deliver certain programmes within the Rural Development Programme for England (RDPE).

7. RDAs need to take account of provision for non-lagging areas through the RDPE. Further opportunities for delivery through sub-regional partnerships and Local Areas Agreements should be explored.

8. Greater emphasis needs to be given to undertaking rural proofing exercises. Rural proofing needs to be built into all strategic policy documents and, most importantly, needs to be transparent.

9. The LRP is encouraged by the work undertaken by the Commission for Rural Communities but recommends that improvements can be made to the format and content of the annual State of the Countryside Report.

Defra’s objectives for economic development in rural areas, including the relevant Public Service Agreement (PSA) target, and the funding available to achieve them

10. The LRP would like to express concern regarding two of Defra’s Public Service Agreement targets. The LRP consider that all of the PSA targets should be considered as part of economic development objectives.

11. Regarding PSA2, to reduce greenhouse gas emissions to meet the Kyoto target of 12.5%, the LRP is concerned that this will not be met. Furthermore, it is considered that this target is now clearly far too modest and is in need of revision. Greater efforts should be made through international negotiations to revise this target.

12. Furthermore, PSA3, to encourage the care of our natural environment through the targets on reversing the long-term decline of farmland birds and improving the quality of nationally important wildlife sites, is also a concern. It is considered that Defra cuts have severely restricted Natural England’s ability to meet these targets. Environmentally based tourism is a growing sector and should be considered as significantly contributing to the rural economy. This is demonstrated, for example, in the turnover of the British Birdwatching Fair which last year contributed £3 million.

The role of Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs

13. Clearer guidance is now emerging from Defra and regional partners regarding the new arrangements under the Modernising Rural Delivery Programme. This will see RDAs taking on increased responsibilities for improving the competitiveness of the farming and forestry sectors, and for rural quality of life and diversification of the rural economy.

33 This summary can be accessed at: http://www.lsint.info/downloads/Eco%20Exec%20Summary%20Final%20-%20Web%20Version.pdf
14. Whilst the LRP is encouraged by efforts which will strengthen the rural economy, the LRP recommends that the RDAs, who have responsibilities to the DTI, should also be made more accountable to Defra. This concern arises from statements detailed by England’s RDAs within their policy document for rural delivery, Strong, prosperous communities.34 The LRP is concerned that efforts to mainstream existing programmes, as witnessed within East Midlands Development Agency’s latest Regional Economic Strategy, marginalise the specific issues of the rural economy. Greater confidence could be ensured if a rural proofing document for each Regional Economic Strategy (RES) could be produced alongside a sustainability appraisal.

15. The LRP also has concerns regarding the ability of the RDAs to deliver programmes under the Rural Development Programme for England (RDPE) which will involve working directly with farmers, other land-based business and local community groups. It is recommended that increased delegated authority to existing sub-regional partnerships, including the LRP for example, will ensure a simpler and quicker application process. Furthermore, closer working with applicants in the development of projects will encourage more effective delivery.

16. The LRP continues to be concerned regarding the lack of provision for non-lagging areas, such as Leicestershire, within the RDPE. This issue was raised at a stakeholder consultation event to launch the East Midlands Regional Implementation Plan (RIP) where John Mills called for, “maximum regional flexibility”. Stakeholder views at the event showed overwhelming support for a balance between lagging and non-lagging areas. It is the LRP’s view that the draft RIP still has a disproportionate bias towards lagging areas, and if the programme is to be successful in meeting the needs across the region it should go further to support the needs of the non-lagging areas. Thematic rather than spatial targeting may help in this respect.

17. A balance needs to be struck between enabling and encouraging development in rural areas and enhancing the environment and countryside. The LRP is keen to make this achievable, and would encourage Defra and RDA’s to consider providing funding for a grant scheme that would support farmers and landowners who haven’t entered the Entry Level or Higher Level Stewardship schemes to begin to make countryside management improvements through improved knowledge, training and practical skills. This would fill a gap where the countryside is not being managed effectively, provides added conservation and environmental benefits across the region, and begin to adapt and change the culture which exists amongst some landowners and farmers.

18. Finally, in addition to the role of the RDAs in unlocking economic potential in rural areas, the LRP consider that greater considerations should be given to Local Area Agreements (LAA) and opportunities to facilitate delivery through these and Local Strategic Partnerships. The LRP is concerned that LAAs have not fully been taken into account in the development of both the RDPE and regional delivery mechanisms. Through the LAA process a considerable amount of work has been undertaken to identify local services, priorities and targets. In order to support delivery, linkages to LAAs need to be made clearer within RIPv and the possibility of channelling RDPE funding through LAAs should be included as a delivery option.

19. Leicestershire has a well established and successful food and drink sector which has been supported by local and regional partners. Earlier in October Melton Mowbray hosted the East Midlands Food Festival which was a very well attended event and drew attention to successes achieved within the sector. This event was preceded by the first Leicestershire Food Week, which showcased achievements across the county.

20. It is argued that in order for both agricultural and non-agricultural sectors to be more competitive there needs to be greater targeted investment in transport infrastructure in rural areas. Rather than high speed broadband being a key enabler of business development it is clear that greater attention should be given to improving travel and transport in the first instance. Broadband is considered as the final element of a support package for businesses in rural areas after improvements to the transport infrastructure have been met.

21. In relation to this there should be greater emphasis on providing funding for workplace creation within rural areas through mixed starter units and offices. More local employment in rural areas will reduce outward commuting patterns. This is certainly a priority within Leicestershire where it is only North West Leicestershire which is self-sufficient in jobs. Any future recommendations as part of Kate Barker’s planning review should consider this and the impediments of the current planning system.

22. The final version of the East Midlands’ Development Agency’s (emda) RES has emphasised the need to increase economic growth and prosperity. With regard to policy delivery within rural areas there needs to be greater flexibility which is tailored to specific needs, thereby ensuring that effective support is offered both to the agricultural sector and diversified land-based activities.

Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the retail food sector, to their further development

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23. There needs to be greater alignment across all current funding mechanisms supporting rural communities within the region. This is especially evident with reference to Defra’s single farm payment system and increased concerns regarding how sub-regional funding is allocated. It is argued that where there is a proven track record of effective local delivery then there should be greater local determination of resources with appropriate funding mechanisms in support of this.

24. Action to improve business support is welcomed but it is considered that improvements should be tailored to local needs and circumstances. This has been especially evident when considering the specialist support offered to projects delivered within the National Forest. The LRP has a proven track record in offering business support and a number of good practice examples to draw upon.

25. Following problems experienced in administering the Single Farm Payment Scheme, new agricultural funding needs to be less bureaucratic. There seems to be a more personal approach to support which is welcomed and has been implemented with great success in the National Forest.

26. The LRP’s final comments within this section consider the need to target training provision and skills development within rural areas.

27. The LRP is pleased to see an emphasis placed on skills development within the draft East Midlands Regional Implementation Plan of the RDPE, although there are concerns as to whether the approach to create a single cross-cutting theme is correct and flexible enough for the entire East Midlands region. It is recognised that skills development formed a central element of Defra’s former Rural Enterprise Scheme and it is unclear if this will now be picked up by the proposed skills theme.

28. The LRP strongly believes that the option of using mainstream training and skills provision only to deliver this activity is inadequate, and resources from the RDPE must be invested in the development of learning and skills in rural communities. Within the East Midlands, it is considered that the provisional budget allocation of 4% for training and development within Axis 3 will not provide necessary financial resources for the cross cutting skills theme, if this is the way funding is proposed.

29. There needs to be greater understanding of future training and education demands, based upon changing rural development priorities. This is considered especially important with regard to the food sector. In parallel to this there needs to be quality local job opportunities and greater encouragement for employers to support staff undertaking vocational training.

30. There is a recognised importance of offering greater training opportunities within the traditional craft skills sector. This has especially been identified by English Heritage within Heritage Counts 2005. Relevant NVQ level qualifications are currently offered by Lantra but such provision sometimes does not fit with other land-based training.

The effectiveness of rural proofing arrangements in ensuring that the rural aspects of economic development are properly reflected in national and regional policy, including planning policy

31. Greater emphasis needs to be given to undertaking rural proofing exercises. It seems that rural proofing has become over-talked and under-practised. As already suggested rural proofing needs to be built into all strategic policy documents and, most importantly, the process should be transparent.

32. It is also important that rural proofing arrangements are applied to other economic development policies and programmes, for example the developing EU structural funds programmes at a national and regional level. Initial indications do not give confidence that the national operating programme for the European Social Fund and the regional operating programme for the European Regional Development Fund (ERDF) will be thoroughly rural proofed. There is an assumption that RDPE funding will satisfy the range of needs of rural communities, and a growing view that other EU structural funds should be concentrated on the city regions agenda. If this approach is taken, there is a danger that the rural aspects of these programmes will be ignored, leading to gaps in delivery, rural communities missing out and rural disadvantage worsening.

The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies

33. As stated within section 1, the LRP express concern that the cuts to Natural England’s budget, even prior to it formally came into existence, will greatly limit its ability to deliver Defra’s PSA targets. It is difficult to comment further on Natural England at this stage.

34. The Commission for Rural Communities (CRC) has demonstrated its ability to undertake important research which has greatly contributed to a deeper understanding of the issues currently affecting rural areas. It is considered that the annual State of the Countryside Report, prepared by the CRC, is a valuable document, but which could be improved upon. Firstly, the annual review tends to consider more remote
rural areas where services are most under threat and deprivation is at its most acute, or those areas within designated landscapes. This, therefore, presents an overly negative and somewhat misleading image of rural England.

35. Secondly, the report is predominantly a statistical review and the LRP considers that greater consideration should be given to emphasising the positive steps which have been made. In this regard there should be greater co-ordination with the Improvement and Development Agency (IDeA) and their rural excellence programme. The success of the rural delivery Beacon Councils should be incorporated within the report. Bringing together these elements would enable a more balanced view and demonstrate achievements over the year.

36. Thirdly, it is recommended that the publication of a companion regional document should be revived. This document, previously prepared by the regional offices of the Countryside Agency, provided an excellent regional context. It is recommended that efforts are made to revive this document and that this piece of work should be co-ordinated by the regional Rural Affairs Forums.

October 2006

Memorandum submitted by The John Lewis Partnership

CHALLENGES AND OPPORTUNITIES FOR UK FARMING

The John Lewis Partnership recognises that farmers not only provide high quality produce but are also custodians of the countryside preserving our unique landscape, and believes these attributes should be preserved.

Farming has been an industry hard pressed in recent decades to maintain its role as it has suffered income falling by two thirds in real terms since 1975, average salaries of farm workers £10,000 less than the UK average and a general decline in numbers of the farming workforce. However, there are opportunities for UK farming to re-connect with UK consumers with the right leadership from Government and the retail community.

Greater awareness of health issues as well as interest in food production and promotion have increased political and public scrutiny of farming practices. Defra is encouraging farmers to become more entrepreneurial and to capitalise on farming’s environmental credentials. The media are reporting on supermarkets’ records on sourcing local and ethically produced food. Consumers are increasingly aware of provenance and quality. We believe now is the right time to shape a long-term strategy to protect and strengthen high quality UK agriculture, and to reap the benefits for our rural economy and for the nation’s well-being.

DIFFERENTIATION AS A LONG-TERM MODEL FOR SUCCESS

While recognising the important role of the farming industry, and the challenges it faces, the John Lewis Partnership does not see artificially protecting markets as the way forward. Rather, it believes that a viable UK farming sector needs to differentiate its output on the basis of quality in a competitive global market.

Local production on its own LEAF\textsuperscript{36} accredited Leckford Farm Estate has given the Partnership not only an appreciation of the farming environment in the UK but also an insight into what UK farmers can do to differentiate their product.

The Partnership believes UK farming cannot generally compete with overseas production in terms of greatest efficiency and low cost. Instead it must set itself apart from competitors in terms of quality of produce, standards of welfare and local identity. Farmers need to explore ways to ensure their produce appeals to consumers on a regular basis so they are willing to pay more for produce which is of higher quality. This will enable UK farming to move from a dependency on CAP aid to becoming a sustainable industry responsive to its consumers’ wants and needs.

Of course, such an evolution in farming practice must be underpinned by consumer demand and we would like to see more emphasis from Government, in tandem with retailers, on improving the demand side of the equation. It is also essential that Government links its strategy for food production to its environmental goals, including the protection of our landscape, and we therefore welcome Defra’s early thinking on “one planet farming”.

\textsuperscript{36} Linking Environment and Farming is a whole farm policy providing the basis for efficient and profitable production which is economically viable and environmentally responsible. IFM integrates beneficial natural processes into modern farming practices using advanced technology. It aims to minimise environmental risks while conserving, enhancing and recreating that which is of environmental importance.
BRIDGING THE GAP BETWEEN VALUES AND PURCHASING BEHAVIOUR

The Chairman of John Lewis Partnership, Sir Stuart Hampson, was also this year President of the Royal Agricultural Society of England, and he chose to focus on the issue of consumer demand for UK farmed produce. He commissioned a report looking into how UK agriculture could better reflect consumer preferences in order to improve its sustainability.

The report, *Differentiation: A Sustainable Future for UK Agriculture*, closely analysed the behaviour and rise of the “ethical consumer” and through specially commissioned focus group research explored consumer motivations and behaviour. What emerged was a more complex relationship than had previously been envisaged, with a major disconnect between the positive attitude of consumers towards quality British produce and the fact that these attitudes did not translate into purchases.

The research identified several key reasons for this disconnect: the fact that consumers were driven by personal motivations concerning price, food quality, taste and freshness; lack of information on produce; distrust of supermarkets such that consumers did not believe farmers benefited from their purchases; and a lack of belief that their individual spending decision would have an impact. We believe these insights can usefully inform how UK farming and retail develops and markets its produce in future.

A FORWARD-LOOKING ROLE FOR THE RETAIL COMMUNITY

Labelling: There is a potential role for retailers to use labelling to communicate the impact of customers’ purchases on farmers and the natural environment. If consumers are allowed to make a direct link between their purchase decisions and an impact on the lives of “real” people and the countryside, they may shift their behaviour. The Partnership believes that to be successful pilot schemes should be rolled out across the retail industry to avoid being disjointed.

Best Practice: The Partnership, through Waitrose, has developed a reputation for quality and industry leadership in terms of standards and animal welfare. This has allowed our own Leckford Estate and other dedicated farmers and suppliers to differentiate produce and appeal to consumers who choose to pay a fair price for quality. The Leckford Farm Estate, and other farms such as those involved in Waitrose Supplier Partnership or Farmer Producer Groups, could be used to share best practice for farmers seeking to establish themselves in the industry or to introduce new methods.

Marketing: The Partnership recognises that it is not enough to merely create products that are differentiated in terms of locality and seasonality. It is crucially important to then communicate the qualities of the product to the customer. This requires marketing expertise, and retailers are well placed to share their knowledge and skills in this area with farmers and suppliers.

Long-term approach: Commitment from retailers to consistency and a long-term approach in their relationships with farmers is crucial. Agricultural production requires long term investment, and if retailers engage constructively in demand forecasting this will reap rewards for the long term health and sustainability of the farming sector. Waitrose has demonstrated with its Select Farm Milk and all of its own label meat, poultry, fish and produce that it is possible to commit to a fair price for farmers that reflect the costs of production. To do this we work in open forum with our dedicated farmers right through the supply chain, from setting standards to price negotiation.

Training and development: The Partnership will encourage Government to continue funding vocational training for the agricultural sector through its Rural Development Programme. This is essential if we are to move successfully away from subsidy and still retain the younger generation of farmers. Retailers also have a role to play in developing bespoke initiatives to complement public sector support and working with young farmers to create the right agricultural conditions for success. The Waitrose Young Farmer Producer award is an example of how we can engage with the next generation.

*October 2006*

Memorandum submitted by the British Egg Industry Council

The British Egg Industry Council (BEIC) represents the interests of the UK egg industry, and runs the Lion Quality scheme for eggs. Today nearly 85% of UK eggs are produced to the stringent standards of the Lion Code of Practice, which require higher standards of animal welfare than required by law.

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37 Waitrose established the Select Farm Milk Scheme in 1999. 70 farms have been selected for achieving outstanding levels of milk quality and the best farm management practices, including care for their cows and protection of the countryside. Every farm produces milk exclusively for Waitrose.

38 Waitrose’s determination to seek out the finest in small scale British food led to the launch of the annual Waitrose Small Producers’ Awards in 2001 which includes the Young Farmer Producer Award.
1. EXECUTIVE SUMMARY

1.1 This submission focuses on the aspect of the Select Committee’s inquiry relating to: “ensuring that the rural aspects of economic development are properly reflected in national and regional policy, including planning policy.”

1.2 There is a sustained growth in the demand for free range eggs, resulting in farmers increasingly looking to expand existing free range production units, or open new ones. These efforts are being severely hampered by obstacles posed by the planning process, with applications frequently being refused.

1.3 The British Egg Industry Council believes that there is a need to review planning policies in rural communities to ensure the rural economy can continue to grow, and the supply of free range eggs can continue to be met by UK egg producers.

2. UK EGG PRODUCTION

2.1 UK egg production is market-led, with the proportion of caged, free range and barn production reflecting the requirements of the UK’s retailers, consumers and food service industry. With demand growing for free range eggs, there has therefore been a steady and continued growth in free range production in recent years. In 2005, the market split was as follows:39

<table>
<thead>
<tr>
<th>Egg Production Type</th>
<th>Production Split (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caged</td>
<td>63.3</td>
</tr>
<tr>
<td>Free Range (incl. organic)</td>
<td>30.3</td>
</tr>
<tr>
<td>Barn</td>
<td>6.4</td>
</tr>
</tbody>
</table>

2.2 The statistics for the first six months of 2006 indicate that the trend away from caged and barn eggs and towards free range is continuing. Then, free range eggs accounted for 32.3% of the UK’s egg production.

2.3 It is predicted that by 2012, demand for free range eggs will have grown to around 40%–45% of the total egg market.

2.4 Alongside the shifts already experienced in market demand, new legislation is poised to bring significant changes to the egg industry. Conventional cages are set to be prohibited from 1st January 2012, when the EU’s Welfare of Laying Hens Directive comes into full force. Whilst enriched cages will be allowed, it is likely that many egg producers faced with the requirement to invest in new production systems may look to move into free range production, given the changes already underway in the demands of the market.

3. HOUSING REQUIREMENTS FOR LAYING HENS

3.1 The growth in consumer demand for free range eggs naturally means that there is an increased requirement for free range production in the UK. Whilst caged egg production requires a relatively small area of land, with tiered cages in poultry houses containing up to 100,000 laying hens, free range production, by its very nature, requires more space. A poultry house must be provided for housing the birds during the night, with a maximum of nine birds per square metre of usable area. In addition, the European Egg Marketing Regulations require a maximum stocking density on an out-door range of 2,500 birds per hectare. However, under both the Lion Quality scheme and the RSPCA Freedom Food scheme, the range stocking density is limited to a maximum of 1,000 birds per hectare. This makes free range egg production a land intensive business.

4. OBSTACLES TO FARMING INVESTMENT

4.1 Whilst farmers are keen to meet the growth requirements for free range eggs, they are increasingly faced with planning obstacles when looking to set up new free range production units, or expand existing sites. Planning applications are regularly being refused, requiring new or existing businesses to be abandoned, or to go through the lengthy and costly process of a planning appeal.

4.2 Protests by residents in the locality of sites are becoming more vocal, with the protestors believing that free range egg production will result in a significant detrimental impact to the landscape, as well as bring problems such as noise and odour, and even light pollution. Legislative requirements already mean that noise and odour from free range units are extremely limited, and light pollution is not an issue associated with free range laying hens.

4.3 As a result of these concerns, councils are beginning to demand environmental impact assessments as part of the planning application process, even for small free range units. This is a very costly process, and often beyond the means of smaller producers.

39 Defra Egg Statistics Notice, UK Packing Station Throughput—By Production Type
4.4 Many of those submitting applications for free range units are making very substantial efforts to mitigate against any detrimental impact on the appearance of the area, through landscaping and design, and these proposals are included within planning applications.

4.5 Applications to expand existing free range businesses on the same site are even more harshly dealt with, because planning guidelines state that new buildings should be sited within the existing farmyard complex. Due to the requirement for the outside range for the laying hens, it is often very difficult to site a second or subsequent barn within an existing farmyard complex. Obtaining planning permission to grow an existing business is therefore difficult, which goes against the notion of supporting a prosperous rural economy.

5. Conclusion

5.1 The British Egg Industry Council believes that more support should be given to the continued growth and well-being of the rural economy through the planning system. The UK egg industry directly employs some 10,000 people, and supports the employment of approximately 13,000 in related industries.

5.2 The planning system needs reviewing to ensure that there is due weighting given to the efforts being made by free range egg producers to minimise any negative impacts of their businesses on the local community, and the balance tipped in their favour to recognise the pressures posed by the market place for free range eggs.

5.3 If such changes do not occur, it is likely that in the not-too-distant future demand for free range eggs in the UK will not be able to be met by domestic producers.

October 2006

Memorandum submitted by the Environment Agency

SUMMARY

The Environment Agency welcomes this opportunity to submit evidence on “The potential of England’s rural economy”. In particular we are keen to emphasise:
— The dependence of the rural economy on the provision of environmental goods and services.
— The need for the Regional Development Agencies to engage fully with environmental issues as their role expands.
— The need for clear objectives and sufficient funding for rural development.
— The need to re-invigorate “rural proofing” to ensure rural issues are at the heart of regional thinking.

1. Introduction

Almost three quarters of the land in England and Wales is used for agriculture. Whilst there are positive outcomes from farming, there are also many negative outcomes and costs. For example, almost half of groundwaters used for public drinking water supplies now require some form of treatment whilst monitoring and/or removing pesticides from water costs £120 million per annum. It has been estimated that agriculture contributes to 14% of total flood events costing £125 million per annum. Taken individually, very few farms create substantial environmental problems, but the combination of small problems from over 160,000 farms adds up to a significant environmental impact. We consider that tackling these issues requires a spectrum of solutions, ranging from regulation to advice and including the justified use of incentives to purchase public goods. Our work seeks to influence all of these issues to improve environmental outcomes.

2. Responses to consultation questions

Our responses to specific questions/points in the consultation are as follows:

Q1. Defra’s objectives for economic development in rural areas, including the relevant Public Service Agreement (PSA) target, and the funding available to achieve them

Defra’s Rural Strategy (2004) identified three key priorities for rural policy over the next 3–5 years:
— economic and social regeneration—supporting enterprise across rural England but targeting greater resources at areas of greatest need;
— social justice for all—tackling rural social exclusion wherever it occurs and providing fair access to services and opportunities for all rural people; and
enhancing the value of our countryside—protecting the natural environment for this and future generations.

The relevant PSA target is to “reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people”.

Upon arrival at Defra the new Secretary of State David Miliband initiated a “strategy refresh”. This exercise revisited the 2004 five year strategy “Delivering the essentials of life”. This has been a positive exercise in terms of Environment Agency (EA) involvement. We have been consulted regularly throughout the process and many of our suggestions have been taken on board. The implications of this review for the wider rural agenda remain unclear, although they appear to be based on the premise that the newly established Department for Communities and Local Government (DCLG) will play a larger role in rural areas.

Defra’s (current) strategic priorities are laudable and we agree with them. The key issue is successful delivery, and positive recognition that social, environmental and economic objectives are inter-dependent. The natural environment provides a range of goods and services that are essential to economic activity. These include the provision of renewable and non-renewable resources, ecosystem services such as the assimilation and management of waste and the infrastructure for public recreation and enjoyment.

There is a growing body of research to support the premise that the environment is an economic driver in its own right, and that investing in the environment achieves economic and social goals. A number of studies have been undertaken across the UK to measure the “value” of those sectors of the economy that are directly dependent upon the environment. These studies vary in the criteria and methods that they use, but they all conclude that the environment directly supports a substantial part of the economy. It is as important as many other mainstream industrial sectors and therefore deserves corresponding recognition.

In England, for example, economic activities that are connected with the management of the natural environment both directly and indirectly including agriculture and food processing, contribute £67.6 billion per annum in Gross Value Added to the economy, and support 2.68 million full time equivalent jobs.40

Environmental sustainability must be a cross-cutting theme underpinning delivery of Defra’s Rural Strategy, to ensure that all projects contribute to integrated sustainable development. Delivery bodies must have integrated programmes with the environment included at all stages from project conception, proposal, delivery and through to monitoring.

Practical implementation of Defra’s rural policies is via a number of delivery mechanisms and organisations. It is also delivered by bodies outside Defra’s jurisdiction. For example, the environmental restoration of the Dearne Valley river corridor, one of South Yorkshire’s former coal mining areas, has been funded by Yorkshire Forward, the Heritage Lottery Fund and the Landfill Tax Credit scheme. This £4 million project will transform the landscape, environment and economy of the Dearne Valley region. The partnership of the RSPB, EA and English Nature expect that by the end of this year, this five year project will demonstrate considerable economic benefits to this economically deprived area.

The EA is one of Defra’s rural delivery agents, acting as the regulatory body for environmental legislation but increasingly, through our work on Modern Regulation, looking to other policy instruments such as advice, incentives and market-based mechanisms. In addition, our operational role, for example funding of capital works that reduce flood risk and help manage the water environment in a sustainable way, adds to the robustness of the rural economy by helping to future-proof it. It is important to ensure that economic activities are designed to be within natural resource limitations, and that public money is used to deliver public benefits such as clean water, healthy soils and thriving wildlife.

The rural economy is made more vulnerable if it relies on investment that is not safe in the long-term, for example developing facilities for tourism in areas that are at risk of sea level rise or increased risk of flooding such as campsites located in flood plains or beach developments on the East Anglian coastline.

Defra recently consulted on its proposed priorities for the next Rural Development Programme for England (RDPE) which will run from 2007–13. This is critical plank of Defra’s rural policy and budget. Rural development, and in particular agri-environment schemes, is of vital importance for the EA in relation to delivery of the Water Framework Directive. Agri-environment schemes are a positive mechanism for engaging with the farming community, and form part of the toolkit for tackling significant environmental issues such as diffuse water pollution from agriculture. However, the success of these schemes is dependent on voluntary participation by farmers, which measures they adopt and sufficient funding. We want to see more resources going into agri-environment schemes and an expansion of resource protection measures in the RDPE. Other elements of rural development, for example investing in skills and knowledge transfer, are important in terms of increasing the competitiveness of farm businesses by improving land managers’ ability to value, protect and enhance natural resources. This will contribute to the competitiveness of their businesses.

We have a number of specific concerns in relation to Defra’s proposals for rural development.

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— **Budgets.** As it stands, the UK’s recently allocated rural development budget for 2007–13, through Pillar II of the Common Agricultural Policy, is insufficient to deliver existing priorities, let alone those to be set out in the new RDP. However, this allocation (£1.3 billion) does not include any domestic match-funding, voluntary modulation receipts or state aid funded elements of the new programme. Overall rural development financing plans and voluntary modulation rates cannot be announced until a specific new EU voluntary modulation regulation has been finalised, which is not expected until the New Year. This is hampering the UK administrations in developing their new RDPs, which technically are meant to come into effect on 1 January 2007. In order to deliver UK and EU commitments on biodiversity, climate change and water it will be necessary to utilise voluntary modulation receipts and domestic match funding. The review of EU spending in 2008/9 presents a further opportunity to influence UK and EU thinking about the CAP and delivering environmental commitments.

— **Priorities.** The consultation does not give a clear indication of how priorities will be decided, given that there are many areas in Defra’s strategic priorities and Government commitments that require extra funding.

— **Accountability of Regional Implementation Plans.** It is not clear how delivery through the Regional Implementation Plans will be monitored to ensure that spend under Themes 2 and 3 incorporates effective environmental protection and enhancement leading to more resilient and profitable businesses. As this spending will be controlled by the Regional Development Agencies (RDAs), which operate under the jurisdiction of the Department for Trade & Industry (DTI), Defra must ensure that it has the ability to adapt regional delivery if monitoring carried out under the Strategic Environmental Assessment Directive indicates that this is required. We provide more commentary on the RDAs in Question 2.

— **Climate change.** Measures to mitigate the adverse effects of climate change through land use change, especially in respect of flood risk management, are given little active support.

**Q2. The role of the Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs**

The Sustainable Development Commission’s recent review of sustainable development in the English Regions (Nov 2005) found that the RDA impact on sustainable development in the regions, whilst improving, is highly variable. Of the three pillars of sustainable development—economic, environmental and social—the environmental pillar has the lowest profile and least understanding amongst RDAs. As RDA decision-makers tend to be drawn from economic, social (jobs, skills, housing) or regeneration backgrounds, they are less likely to have a good understanding of environmental issues. This is of concern, particularly given limited resources and multiple, and sometimes conflicting, priorities. The RDAs should acknowledge that a high quality environment can be a social and economic asset, giving businesses a competitive edge and improving the quality of life for both the rural and urban population. Integrated outcomes rather than crude trade-offs is what the RDAs should be aiming at as a matter of course. These comments are equally applicable to the Department of Communities and Local Government if it is to play a larger role in rural areas.

Defra proposes to produce Integrated Regional Implementation Plans to co-ordinate the activities of Natural England and the RDAs in delivering the RDPE. These regional plans should be developed to integrate the three themes of the draft RDPE, and the priorities of the RDP and Structural Funds programmes in each region. They must demonstrate that they take account of the interests of other stakeholders including the Environment Agency, and be monitored to ensure that the objectives identified in the Strategic Environmental Assessment of the RDPE are being met. Integration would be enhanced if a single Operational Programme embracing all funds were to be developed for each region, with separate components by fund, to accord with the requirements of the respective Regulations. Such an approach would secure demarcation and added value objectives whilst ensuring funding gaps did not arise.

It remains unclear how Defra will work with the DTI at a national Government level to generate consistent guidance for the RDAs on selection of priorities and delivery of the environmental agenda within Defra’s proposed Themes 1 and 3 of the RDPE. Despite their experience with EU funds, the RDAs will need to adjust to some of the rules that accompany funds managed by DG Agriculture. There are also opportunities to better align various funding streams through the RDAs’ investment-led approach, as opposed to the (current) RDPE demand-led approach, in rural areas. This should result in more strategic use of funding to tackle specific areas. The Regional Economic Strategies clearly recognise the importance of the rural economy, but the RDAs have got to deliver on this element of their strategies.

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Q3. Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the food retail sector, to their further development

No comment.

Q4. The effectiveness of rural proofing arrangements in ensuring that the rural aspects of economic development are considered in regional and national policy, including planning policy

“Rural proofing” is defined as “considering the likely impact of policy decisions on rural areas and, where necessary, adjusting the policy to take into account the particular needs of those who live in, work in or enjoy the countryside”. It is Defra’s responsibility to promote it at the national level and the job of Government Offices for the Regions to do the same at the regional level. The Countryside Agency publishes an annual assessment of the rural proofing of central departments and Government Offices.

Feedback from our regions suggests that rural proofing has “gone off the boil” since the concept was set out in the Rural White Paper (2000). Fresh momentum is needed. For example, we are aware of one region which is in the process of developing key rural priorities, in order to influence the rural elements of the Regional Economic Strategy. In other words it is finally rural proofing its economic strategy. Other regions should be encouraged to follow suit.

Planning Policy Statement 7 (PPS7) sets out the Government’s planning policies for rural areas, including country towns and villages and the wider, largely undeveloped countryside up to the fringes of larger urban areas (August 2004). This clearly establishes a policy of strict control over new building development in the open countryside away from existing settlements, or outside areas allocated for development in development plans. Instead, priority should be given to the re-use of previously developed (“brownfield”) sites. PPS7 states: “A supportive approach to farm diversification should not result in excessive expansion and encroachment of building development into the countryside. Planning authorities should (1) encourage the re-use or replacement of existing buildings where feasible, having regard to paragraphs 17–21; and (2) have regard to the amenity of any nearby residents or other rural businesses that may be adversely affected by new types of on-farm development”.

Whilst agreeing with both objectives, there is clearly the potential for conflict between “greenfield” protection and farm diversification. One potential solution could be for RDA or Local Authority advisors to work closer with rural businesses and provide advice at low cost rates, to try to avoid planning problems in the first instance.

Q5. The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies

Historically we have worked closely with English Nature (EN), the Countryside Agency and the Rural Development Service (RDS) at both the national and local level. Many of our objectives are similar or complementary, for example seeking to ensure greater resource allocation for rural development. This has led to many instances of successful partnership work. A good example is the England Catchment Sensitive Farming Delivery Initiative, a joint initiative between EA, EN and Defra piloting incentive and advisory approaches to tackle diffuse water pollution from agriculture in selected catchments (http://www.defra.gov.uk/rds/farmadvice/ecscfdi/default.htm). At an area/regional level, there has been considerable interaction between EA, EN & RDS staff, particularly in relation to the targeting of agri-environment schemes. We look forward to continuing our positive dialogue with Natural England, and other rural delivery bodies such as the RDAs, Government Offices and Regional Assemblies, in the future.

3. Conclusions

England’s rural areas have great economic potential. However, this potential must not be realised at the expense of the environment. There is ample evidence that a healthy, functioning environment underpins substantial economic activity, and environmental protection and resource efficiency improves competitiveness. The forthcoming Rural Development Programme for England must ensure that investment, particularly through Themes 2 and 3, incorporates effective environmental protection and enhancement in order to lead to more resilient and profitable businesses. This is critical given the devolution of power to regions. The overall resource allocation for rural development remains uncertain, but almost certainly will remain tightly constrained. An integrated, well co-ordinated approach to rural development is essential. Without it, it is unlikely that the objectives of the Water Framework Directive and other significant environmental outcomes such as adaptation measures for climate change will be achieved.

October 2006

43 Making agriculture and forestry more competitive and sustainable.
44 Enhancing opportunity in rural areas.
Supplementary memorandum submitted by the Environment Agency

1.1 The Environment Agency welcomes this opportunity to submit additional evidence on this inquiry, with its revised focus on strong rural communities. Our original evidence still stands.

1.2 This (revised) focus originates from the new Departmental Strategic Objectives (DSOs) for Defra published in October 2007. The majority of the DSOs are focused on environmental protection in the broadest sense: tackling climate change, delivering a healthy natural environment, sustainable consumption and production, a thriving food and farming sector with an improving net environmental impact.

1.3 Given this, it will be important to ensure that delivering the DSO on “strong rural communities” does not come at the expense of the environment, particularly where public funds are involved. The Intermediate Outcomes (IO) and Indicators for this DSO fail to identify any environmental parameters, which is a disappointment.

1.4 The first IO focuses on supporting economic growth in rural areas with the lowest levels of performance. We would argue that a high quality environment is a social and economic asset, giving businesses a competitive edge and improving the quality of life for both rural and urban populations. The natural environment provides a range of goods and services that are essential to economic activity. These include the provision of renewable and non-renewable resources, ecosystem services such as the assimilation and management of waste and the infrastructure for public recreation and enjoyment. It is essential to ensure that economic activities are designed to be within natural resource limitations.

1.5 The second IO focuses on addressing the identified needs of rural people and communities through mainstream public policy and delivery. Practical implementation of Defra’s rural policies is via a number of delivery mechanisms and organisations. It is also delivered by bodies outside Defra’s jurisdiction, such as the Regional Development Agencies. Delivery bodies must have integrated programmes with the environment included at all stages from project conception, proposal, delivery and through to monitoring.

March 2008

Memorandum submitted by The Royal Society for the Protection of Birds

SUMMARY

One of the major reasons the potential of England’s rural economy has not been fulfilled is that the rural development agenda has failed to fully appreciate the assets provided by the natural environment. The RSPB argues that in order to realise this potential a rural renaissance debate is required that has equal ambition to that of the decade long “urban renaissance” dialogue. The RSPB argues for more attention to be given to the potential of the ‘rural environmental economy’ by focusing on the opportunities provided by sustainable land management. The socio-economic benefits of this approach are considerable.

— The value of environment-linked activities—those closely and positively linked with the management of the natural environment—have been estimated to support nearly 300,000 full-time equivalent jobs, and contribute £7.6 billion in gross value added across England.

— Wildlife supports substantial economic activity, generated by market uses of biodiversity, conservation management and the visitor economy. Together, the management and use of biodiversity contributes to the natural environment sector, which in the UK provides 500,000 jobs and £18.6 billion of GDP.

— Biodiversity also provides important social welfare outcomes, including: educational benefits, recreational value, health benefits, regeneration, knowledge and understanding.

The RSPB recommends that, in order to unleash the potential of the rural economy:

— Natural England works with the Regional Development Agencies to ensure that there is adequate investment in protection, enhancement of the natural environment.

— Further reform of the Common Agricultural Policy is secured so that all public money is given to land managers in return for public goods.

— Carbon reduction measures, such as renewable energy projects, should be rolled out in a way that does not damage other environmental resources.

— Defra must ensure that there is the right funding framework in place to allow wildlife to adapt to climate change by ensuring that our finest wildlife sites are protected and buffered, that the wider countryside is more permeable and that new space for habitat recreation is found through spatial planning.
INTRODUCTION

1. The potential of England’s rural economy is poorly defined by current government approaches. While the economic characteristics of rural areas can be established by expert studies which typically describe the majority of rural areas as experiencing relatively high levels of economic prosperity allied with both some lagging areas and dispersed disadvantage or poor productivity, the RSPB suggests that the potential of England’s rural economy is failed by the lack of an ambitious natural environment centred rural development approach. In this view economic development in the rural areas would build on their key assets, with the natural environment typically described as the greatest asset of rural England. In terms of the potential then the RSPB suggests this is poorly articulated into policy and programmes of government and therefore a potential unfulfilled.

2. This lack of sufficient strategy from government, is paralleled by poorly developed policy networks, or fit for purpose delivery structures. In this sense we support IPPR’s call for a rural renaissance debate that has equal ambition to that of the decade long “urban renaissance” dialogue. Government has a key role to stimulate and support the intellectual and practical effort that would underpin such a rural renaissance.

THE RURAL ENVIRONMENTAL ECONOMY

3. In particular, the RSPB wants to emphasise the potential of the “rural environmental economy”. We do not necessarily do this in opposition to other dimensions of economic opportunity in rural England, but in response to the challenges around potentials set by this inquiry. The rural economy is no longer dominated by the land-based sector, but that sector is significant in terms of the environmental quality of rural areas which attract new residents and economic activities. Characterisation of the land-based sector solely as businesses (e.g. in agriculture), will fail to reflect the contemporary diversity and complexity of the rural economy.

4. Almost any type of business can be part of the rural economy—but a focus on the environmental economy is fundamental to rural economic activity. Firstly, it links directly to all land-based practices, and secondly through the sum of these, it encapsulates the overall character of rural areas that is key to their success as a business, recreational and residential location. It therefore builds on the opportunities and linkages that environmental land management provides.

5. Trends at play already suggest a more nuanced rural policy that builds on the opportunities presented by a high quality environment. Reform of the Common Agricultural Policy has encouraged Member States to shift some sectoral approaches, eg for agriculture, to a more rural and environment centred programme. UK governments have been at the forefront of advocating this reform, but we suggest this process is just beginning. Much of the debate around CAP reform for instance has been focussed on public investment for rural public benefits, and rather less on unleashing the potential of indirect economic benefits.

6. If the overarching aim of the Government’s rural policy is to create sustainable rural communities, the Government is also clear that this means protecting the natural environment for this and future generations, whilst harnessing the benefits of a high quality environment for both rural communities and visitors alike. The challenge then is to identify and make the most of the benefits of the natural environment in rural areas. To do this we would expect to see the key department of Government driving an ambitious concerted programme. In Defra’s current Five Year Strategy, this is very hard to discern. As a single example Chapter 5 ‘Putting Sustainable Development into Practice: in Rural Communities’ fails to note the environmental dimension of sustainable development.

7. The value of environment-linked activities—those closely and positively linked with the management of the natural environment—have been estimated to support nearly 300,000 full-time equivalent jobs (FTEs), and contribute £7.6 billion in gross value added across England. Conserving and managing the rural environment is not only important in its own right, but also in securing the range of benefits that the environment provides for society and the economy. This is the opportunity the RSPB wants to emphasise in this submission.

8. The challenge then is to identify a coherent and implementable approach that makes the most of this opportunity for rural England. There are many ways the environment can be valued for economic (and increasingly for social welfare) outcomes. The challenge is to activate these values in ways that allow their potential for sustainable development in rural areas and for the value these rural activities can offer to the development of cities, city regions, and England at large. This potential needs to captured and articulated in regional and national policy and appraisal.

IDENTIFYING THE DEVELOPMENT OPPORTUNITIES OF THE ENVIRONMENTAL ECONOMY

9. There are many development fields amongst this rural environmental economy that can be included in any one typology:

— Rural economic activities that impact on environmental capital: nature conservation, agriculture, fisheries, energy, transport, etc.
— Economic activities that benefit from rural environmental capital: tourism, food marketing, inward investment, creative industries, etc.

10. Other strategies describe an “environmental goods and services” approach, or an “environment driver” approach—“where unique environmental and cultural assets are protected and enhanced so that they will continue to attract investment and develop economic advantage” (Regional Economic Strategy for South West England 2006). Whatever the approach the core concept seeks to activate a variety of economic activities that are either concerned with the management and enhancement of the environment or that benefit from the quality of the environment. The approach also extends to the indirect benefits of investment brought by rural entrepreneurs, who are often in-migrants, being strongly attracted by the environmental quality of rural areas.

11. As environmental objectives become increasingly significant to the development of important rural sectors such as agriculture, fisheries and tourism, the rural environmental economy has the potential to grow even further. Environmental activity in the larger sectors such as food and tourism may offer particularly strong growth opportunities.

12. These development fields should also be considered together where this offers potential. We suggest for instance three integrating approaches:

(i) Natural capital investment—better environment for better rural region approach (for its own sake, for business, for community).

(ii) Environmental supply chain approach (links created and re-enforced, joining producers, processors, markets and consumers including tourists).

(iii) Territory based integrated rural development (certain bio-geographical areas—eg Exmoor or Dartmoor, bundled, joined-up development planning, around a distinctive territory and opportunity). A rural spatial dimension.

Bundling or clustering in these sorts of ways can add even more value, but demand an approach that realises and activates these values.

Biodiversity—a sectoral example of the rural environmental economy

13. Other approaches to the rural environmental economy have focused on particular environmental sectors, such as biodiversity. The RSPB has particular knowledge of this sector. Wildlife supports substantial economic activity, generated by market uses of biodiversity, conservation management and the visitor economy:

(i) Commerical uses of biodiversity: A wide range of species are used for both consumptive and non-consumptive purposes. Collectively, uses of biodiversity account for a minimum contribution of £4.8 billion to the UK economy, and support 35,000 jobs.

(ii) Wildlife visitors: Additional spending and activity associated with visitors is calculated in proportion to the role of biodiversity in motivating their activity. In Scotland’s £4.5 billion per year tourism economy, 14% of visitors are specifically interested in wildlife.

(iii) Conservation management: Nature conservation spending results in economic activity, which can diversify rural economies and may increase employment supported through land management.

14. Increasing biodiversity can result in increases of the value of these activities. For example: creating saltmarsh may allow increases in sustainable shellfish catches; species recovery can lead to new wildlife visitor activity; and UK Biodiversity Action Plan targets require significant investment in rural land management.

15. Together, the management and use of biodiversity contributes to the natural environment sector, which in the UK provides 500,000 jobs and £18.6 billion of GDP. However, local economy studies underestimate the total contribution of biodiversity to the economy because they do not account for the benefits of ecosystem services, many of which are not reflected in market prices.

Biodiversity and a social welfare economy

16. Closely associated to this environmental economy are the social welfare benefits that the natural environment can bring. Again using biodiversity as an example of this, we can identify:

(i) Educational benefits: Contact with nature has been shown to improve children’s concentration, emotional development, learning and behaviour.

(ii) Recreational value: These arise for the vast numbers of people who enjoy recreation in the UK’s natural environment. 15% of visits to the English countryside are estimated to involve wildlife-watching. A proportion of this is reflected in the local economic activity associated with wildlife visitors (see above), but not all recreational benefit is captured in this way.

(iii) Health benefits include the role of natural greenspace in motivating people to maintain levels of physical activity and the mental health benefits of contact with nature, which enhance physical and
psychological wellbeing. There is a growing understanding that sustainable health requires healthy environments. For example, for 99% of obesity, the overwhelming influence is environmental, such as a lack of safe accessible places for children to play and adults to walk.

(iv) Regeneration: Benefits arise from biodiversity motivating the creation of green infrastructure for communities, improving an areas quality of life and image.

(v) Knowledge and understanding gained from biodiversity. For example, the health benefits of preserving genetic resources for medicines. Preventing biodiversity declines maintains this resource.

17. Many of these benefits arise when biodiversity protection or restoration results in increased provision of accessible natural green space, including nature reserves. The availability of local substitutes will determine the exact scale of these social benefits, but they can be maximised by not only targeting conservation to the most cost-effective biological locations, but also to the best locations for society. As environmental degradation impacts disproportionately on the poor, biodiversity investment that enhances the environment in degraded or greenspace-poor areas can contribute to social equity. These degraded places are just as likely to be in rural England as the more urbanised parts.

THE ROLE OF REGIONAL DEVELOPMENT AGENCIES

18. While RDAs would be well placed to develop a delivery approach to the rural environmental economy, we are not sure they are well equipped in their present form to do so. Where many RDAs have identified the environment as important to their economic development purpose, e.g. in SW RDAs “environment driver” approach, we sense they have focussed on business resource efficiency and environmental technologies as their major opportunities for development, to the exclusion of other parts of the environmental economy. By and large we also sense they are poorly equipped with appropriate staff and capacities around the natural environment. These are real barriers then to RDAs in their current format taking forward the rural environmental economy in all its forms. Engaging such capacities would therefore be crucial.

THE ROLE OF NATURAL ENGLAND

19. Unleashing this environmental economy depends upon the natural environment core being in good condition, and the unsustainable trends undermining this being addressed. The RSPB suggests this focus must be the principle role of Natural England. It must not rush to the short-term utilitarian gains while the central challenges of achieving and sustaining a good quality natural environment remain.

20. Government has adopted a range of challenging targets and standards for the natural environment (some through international legislation and agreement, others generated nationally). We should be in no doubt that their achievement implies a major effort by Natural England as Governments principle agency for the natural environment. For biodiversity key targets include:

- To halt biodiversity loss by 2010.
- To have 95% of Sites of Special Scientific Interests, by area, in favourable condition by 2010.
- To have reversed the decline in farmland birds by 2020.

21. The RSPB suggests the challenge for Natural England around this economic potential is to make wildlife/biodiversity and natural landscapes far more relevant to (1) those living in or visiting the regions/localities, and (2) those other government departments or agencies responsible for economic development in rural areas. Other agencies and departments of government, whose duties and purposes are more closely aligned with economic development, must accept the delivery challenge for the rural environmental economy. Local government clearly has an important role too. Other agencies and departments should also use their resources as investments (say in SSSI condition) in the quality of the rural environment and therefore the rural economy.

CLIMATE CHANGE AND SUSTAINABLE RURAL DEVELOPMENT

22. The 2005 UK Sustainable Development Strategy provides a new emphasis on living within environmental limits, one of five guiding principles, amplified as: “respecting the limits of the planet’s environment, resources and biodiversity—to improve our environment and ensure that the natural resources needed for life are unimpaired and remain so for future generations”. Responding to the threat of climate change, the most demanding symptom of society not living within environmental limits, offers a particular opportunity to rural England.

23. The environmental economy approach, valuing and activating the opportunities around the natural environment will increasingly engage with the opportunities around carbon reduction measures, such as renewable energy projects. These are essential, but must not damage other environmental resources—especially nationally and internationally important biodiversity assets—resources which are already being adversely affected by climate change. Once again the opportunity dimension of this inquiry suggests not just
that rural development needs to take place within environmental limits, but also highlights the search for opportunities that climate change adaptation measures, e.g. for biodiversity as across whole landscapes, including large scale habitat creation, will provide for the rural economy, ecosystem function and for people quality of life.

October 2006

Memorandum submitted by the National Farmers’ Union

INTRODUCTION

1. The National Farmers’ Union (NFU) welcomes this opportunity to submit comments to the Committee during its inquiry. The NFU represents over 50,000 farmers and growers who collectively make a very significant contribution to the rural economy and rural society and over 120,000 Countryside and Professional members that take an active interest in countryside and rural issues. This inquiry is especially welcome given its timeliness, in the context of the launch earlier this month of Natural England, the devolution of rural socio-economic assistance to RDAs and the anticipated launch of the Rural Development Programme for England (RDPE) during 2007. Our interest therefore requires little amplification.

2. We note that the Committee wishes to focus on five key areas:

   — Defra’s objectives for economic development in rural areas, including the relevant Public Service Agreement (PSA) target, and the funding available to achieve them.
   — The role of Regional Development Agencies (RDAs) in unlocking the economic potential of rural areas, and the effectiveness of Defra’s relationship with RDAs.
   — Agricultural and non-agricultural providers of rural employment, for example horticulture, and possible barriers, including the structure of the retail food sector, to their further development.
   — The effectiveness of rural proofing arrangements in ensuring that the rural aspects of economic development are properly reflected in national and regional policy, including planning policy.
   — The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies.

3. It has become fashionable to regard farming as an irrelevant economic backwater even in rural areas. We contend that this is a gross simplification of the economic and cultural reality of rural areas, where farming remains a major industry. The GVA (Gross Value Added) of British agriculture and horticulture in 2005 was £5 billion, which represents 0.5% of UK GVA. At a local level the direct contribution of the land based sector in rural areas can be anywhere up to more than 8% of the total GVA.

4. Agriculture is also a major employer, the total labour force employed in agriculture in the UK is 541,000, of which 190,000 are employees and the remaining 351,000 are self-employed farmers, partners, directors and spouses. Overall, 1.8% of the UK’s workforce is directly employed in farming. This figure is much higher when looking at a local level in rural areas and accounts for more than 4% of rural employment in England and some 7% in Wales. Moreover, agriculture manages 75% of all land, and a higher percentage in rural areas—the landscape thus created is the essential input for a rural tourism industry that generates some £14 billion annually and supports some 400,000 jobs in rural areas.

5. However, the economic output and employment generated directly by farming is just the tip of the iceberg. The figures above need to be adjusted to take into account the contribution to rural areas made by the agri-food industry, rural tourism and agricultural supply industry and the potential contribution made by the biofuels and energy industry. All of these auxiliary industries rely on the profitable and productive farming industry.

DEFRA PSA TARGET

6. Defra’s primary objective within rural development is to improve the productivity of rural areas. It has set the objective through Public Service Agreement 4 (PSA4) “to reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006”.

45 The NFU acknowledges the assistance of Brian McLaughlin in preparing this submission.
46 It should be noted that it can be argued that one of reasons for the decrease in the contribution of the agriculture to the national GVA lies in factors (such as the low level of farmgate prices) extraneous to the performance of the sector but related to the functioning of the supply chain.
47 These figures are evident even at the (quite aggregated) NUTS3 basis. Eg More than 8% of the total GVA in Herefordshire is produced by agriculture. In other areas such as Lincolnshire and East Riding the percentage exceeds 6%. 
7. Whilst the NFU supports the aim of improving productivity within the poorest performing rural areas (the PSA indicator districts), we question the choice of intermediary indicators and general suitability of HM Treasury’s productivity framework within the context of rural development. Both the enterprise/competition indicators and innovation indicators fail to recognise the importance of micro business and small to medium size enterprises in rural areas.

8. As a result, focus on the PSA indicator seems to imply that it is a lack of entrepreneurial activity (particularly within “knowledge intensive business services”) which leads to underperformance. This view fails to recognise that the growth and diversification of existing businesses in rural areas can provide equal (if not better) performance than “start ups”. It also does not give sufficient recognition to the ability of established business to develop knowledge intensive business services alongside their existing products or services.

9. Within the poorest performing rural areas it is clear that low earnings present the biggest challenge, as employment levels are already at or above the English average in rural areas. Unfortunately, this all too often leads to the belief that the problem of low earnings can be addressed by skills development alone. This assumption fails to recognise the complex set of circumstances, including local market opportunities, which leads to low earnings within rural areas. As a result we have seen a worrying trend of rural development funds being used to reach arbitrary PSA training/skills targets, with little consideration for long term productivity growth.

10. Overall, there seems to be a failure to recognise the importance of productive agriculture within Defra’s PSA targets. Due to the “remote rural” nature of the PSA indicator districts, a greater percentage of their gross value added (GVA) comes from the primary land-based sector (in such areas farm businesses represent at least 15% of Vat registered businesses). Over the last 10 years the contribution of agriculture to the national GVA has dropped, however this has had a much greater effect in the PSA indicator districts than nationally. Added to this many of the other industrial and service sectors in these areas will have suffered the ‘knock on effects’ of reduced profitability in agriculture, as a result they have been unable to keep up with the growth of industrial and service sectors in other areas in addition to replacing the loss of GVA coming from agriculture. In summary, a profitable and productive agriculture sector (and not the substitution of agriculture by other activities) is required within the PSA indicator districts if they are to ever eliminate the productivity gap.

THE ROLE OF RDAS

11. The timing of the devolvement of rural socio-economic assistance to RDAs in October of this year means that it is too early to draw firm conclusions regarding their performance. However it would appear timely to make a number of observations, based on past experience and discussions we have held with RDA staff, about what will be required from them if they are to be successful in unlocking the economic potential of rural areas.

12. Firstly, the development of a clear rural focus within the RDAs will be critical. Whilst the RDAs have previously addressed market failures within an urban environment, both RDAs and NFU recognise that it should not be assumed a similar approach can be used to transfer existing knowledge, processes and frameworks directly to rural areas. Programming must address the specific needs of rural businesses within their region and should not be viewed as a “side-show” to larger urban projects or as secondary objectives that are to be accommodated within the existing RDA strategy. The temptation to “silo” money within specific programme areas should also be resisted, especially as the RDAs cannot be expected to forecast from which areas the most deserving projects come. Programmes should always allow sufficient flexibility for good projects to be funded.

13. Moreover, there seems to be some inconsistency in the role to be fulfilled by the RDAs. The need to improve long term productivity within many rural areas means that the RDAs must prioritise businesses which have the potential to make an ongoing contribution to the local economy. However, this will not be achieved through supporting ‘social’ projects, which although beneficial to the local society, may make only limited lasting contributions to local economies once public funds have been spent.

14. We would also wish to highlight some concern about the way that RDAs plan to deliver assistance within the forthcoming RDPE. We understand that they are likely to use a smaller number of larger thematic delivery programmes. This is undoubtedly a different approach to the individualist approach favoured under the current RDPE. RDAs and ourselves will therefore have to address a cultural challenge central to this new approach in order that assistance continues to be delivered in ways that have lasting economic and social benefit to the rural businesses.

15. Finally, the NFU is concerned that the likely delays in the launch of the new RDPE might lead to a repeat of problems previously encountered. The combination of a reduced programme period and the requirement to meet spending targets leads to inconsistent funding streams and perception that support is not awarded to the best projects, but simply to those that “tick the right boxes at the right time”.

48 See fn 80 above.
AGRICULTURE AND HORTICULTURAL EMPLOYMENT

16. As noted above, agriculture remains a major employer in rural areas. Moreover, its contribution to employment does not stop at the farm gate. Businesses which both supply agriculture and horticulture with products and services, or are involved in transformation of agricultural commodities into marketable consumer goods are often located in the areas surrounding primary production. In this context, it should be highlighted that the agricultural supply industry generates some £1.4 billion per annum and provides 26,000 jobs. Agricultural wholesalers employ some 22,000 people and contribute £750 million to the national economy. Food and drink manufacturing annually generates some £21 billion and provides 418,000 jobs. The fortunes of these industries are intimately bound up with those of farming itself.

17. The “multiplier” effect of agricultural activity should not be underestimated. For instance, agriculture and horticulture have, within the West Lancashire District, an employment multiplier of 1.5 within the region—ie for every 100 additional jobs generated in the industry there will be an increase of 50 other local jobs in other sectors. Moreover, agriculture and horticulture in West Lancashire have an output multiplier of 1.45—ie every £1 million increase in output from farming will increase output in other local industries by £0.45 million. This output multiplier is at the top end of the output multiplier range across all local industries. It is because of these relatively high production and employment multiplier effects that any change in agricultural output or jobs will have a greater impact on the rest of the rural economy than an equivalent changes in most other industries.

18. It is therefore worrying for these areas that the drive for greater efficiency and reduced costs might result in lower employment and activity levels in agriculture and horticulture; a trend which is likely to continue given the sustained price pressure faced by farming businesses. It should also be noted that some labour-intensive sectors such as horticulture, where replacing labour with capital is problematic, have become increasingly reliant on an immigrant workforce.

19. Crucial as foreign workers are for the competitiveness of these sectors, they do not have the same long-term positive effect for the areas in which they operate. Moreover, there are questions over the longer term sustainability of these labour sources as once employment and wages improve in the new EU member states they are less likely travel to the UK for work. Therefore, the relevance of an immigrant workforce cannot be under-estimated, especially as they will impact on the targets and overall short and long-term performance of rural areas.

“RURAL PROOFING” RURAL POLICIES

20. A perfunctory assessment of statistical evidence would seem to indicate that rural areas appear to be prospering, with more numerous business start ups, lower unemployment and lower deprivation levels than their urban counterparts. However, average figures disguise a wide array of circumstances, with a significant number of rural areas, especially in remote areas, experiencing high unemployment rates; rural deprivation is as often a personal issue as it is one affecting whole communities.

21. Therefore, we believe that rural areas face special needs that should be taken into consideration in the design of policy. These differences between rural and urban areas are both cultural and economic. Culturally, the countryside is widely regarded as an area with a defined heritage, to be protected. Economically, the per capita cost of similar levels of service/infrastructure provision is considerably higher in rural areas. Consequently, rural businesses often suffer lower standards of provision than urban counterparts (e.g. later introduction of broadband access, more frequent electricity interruptions) and greater hurdles when establishing and growing their businesses.

22. In the context of this inquiry we wish to focus on three issues of concern: planning policy and practice; strategic rural policy and the effectiveness of rural proofing arrangements.

Planning

23. Although the rhetoric of national policy suggests a commitment to developing the economic potential of rural areas, the fact remains that, over extensive areas of the countryside, the prevailing philosophy is one of protection rather than development. This is stifling innovation and economic development, most clearly seen in the numerous hurdles that farm diversification projects have to cross before approval.

24. That protectionist policy which in the past tended to be identified with specific limited designated areas of the countryside now extends across large territories of rural England. So, for example, Areas of Outstanding Natural Beauty (AsONB) now enjoy similar levels of national protection to National Parks; developments are influenced by EU Habitat and Birds Directive designations and the forthcoming requirements to achieve good ecological status under the EU’s Water Framework Directive will highlight catchment-wide protection. Even at a local level “quasi-designations”, such as tranquil areas and quiet lanes, can stall or prevent development of benefit to the rural economy. We believe that a more pragmatic balance needs to be struck between the (worthwhile) protection of areas and change that is necessary for their economic development.

46 LAWTEC (2000), The Economic Impact of Agriculture and Horticulture in West Lancashire District.
25. Even when local development plans contain policies supportive of rural economic development, such policies are sometimes nullified by other policies in the same plan document (the “read across” policy problem). Moreover, the attitudes and participation of a rural population whose interests are shaped increasingly by the protection of property values—the countryside as they see (or idealise) it, as opposed to what it might be or might deliver economic and social development—and not by any commitment to securing a thriving and economically diverse countryside reinforce these conflicts.

**Strategic Regional Policy**

26. The Government is about to embark on a new implementation phase for the EU Strategic Regional Policy 2007–13. We are particularly concerned about the extent to which the distribution of EU Regional and Cohesion Funds during this period will reflect the needs of the rural economy, masked as they are by crude measures that appear to reflect relative affluence. During the last programme period the designation of some parts of rural England as Objective 2 territories has been an invaluable source of support to a diverse range of rural enterprises in counties such as Lincolnshire. Although financial decisions are yet to be taken on the distribution of funding for 2007–13, there is a real risk that the rural share of regional funding in the future will be much less than is currently the case, largely because of both EU and UK priorities.

27. We are particularly concerned with suggestions that any shortfall in funding may be “addressed” by re-directing the funds available through England or Welsh Rural Development programmes. The Committee will not need to be reminded that there are already many calls on the resources available through the ERDP, with most commentators agreed that insufficient funding is available to address those issues seen as core (such as Environmental Stewardship and farm diversification). Additional calls can only spread limited funding more thinly with questionable benefit for the rural economy.

**Effectiveness of rural proofing arrangements**

28. The Commission for Rural Communities has much to contribute to the rural economy, especially indirectly via its rural proofing role. However, we are yet to see whether the Commission has the power to hold central government, influential NGPBs, even the Post Office (over closure of rural post offices) to account. Rural proofing should be more than a feel-good exercise which benefits the policy maker much more than the policy customer/recipient. The Commission must be more than a commentator or reporter and must use its influence to ensure rural infrastructure and service provision benefits both deprived rural groups and fosters a vibrant rural economy.

29. We are forced to conclude at present that the issue of rural proofing policies is yet to be taken seriously by most agencies and departments. There is no sanction (budgetary or otherwise) for not rural proofing so why should such bodies consider the rural dimension of their agenda? Moreover, even if rural proofing might be evident in policy statements, it is at the delivery stage of the policy process that rural proofing needs to be tested. This dual aspect rural proofing needs to be tested at all spatial scales—national, regional and local especially at a time when the emphasis is on devolved delivery.

**Natural England’s role in the rural economy**

30. In truth, it is probably too early to assess the effectiveness of Natural England in contributing to the rural economy. However, we believe that it has a significant role to play and would welcome the agency engaging seriously in this debate. In particular, we strongly believe that Natural England’s commitment to the rural economy must not become an afterthought.

31. We are concerned that recently announced funding cuts to Natural England might affect its ability to contribute to the rural economy in the way we envisage it. In particular they must not reduce that body’s ability to deliver Environmental Stewardship, which is regarded by many inside and outside government as a critical means of achieving not only Government PSA targets but also significant injections of rural funding. Delays and confusion to Environmental Stewardship, as we have experienced with the Single Payment, must be avoided at all costs.

32. However, Natural England’s contribution is not limited to Environmental Stewardship: a close partnership with farming must be worked on at all scales. We believe that farming should matter to the agency, given its central importance to much that it wishes and is charged with achieving. Similarly we expect Natural England to be concerned about its own role in the rural economy and to promote rural economic growth that also meets environmental targets. Natural England’s natural instinct may be to focus its efforts on its primary foci of biodiversity, landscape and recreation. We would counsel against such a limited vision. The agency can, and in our view should, make a significant contribution to the rural economy through its statutory purposes.
33. CONCLUDING COMMENTS

The NFU welcomes the Committee’s inquiry which is timely and well targeted. In our submission we have set out why we believe Government has a legitimate need to promote and foster a vibrant rural economy and the reasons for having special regard of the character of rural areas in development policies. We have also set out the important role of farming in such areas, not just in numeric terms but also as a cultural and environmental asset on which much of the rural economy depends.

October 2006

Supplementary memorandum submitted by the National Farmers’ Union

INTRODUCTION

1. The National Farmers’ Union (NFU) welcomes this opportunity to submit comments to the Committee during this refocused inquiry. The NFU represents over 60,000 farmers and growers who collectively make a very significant contribution to the rural economy and rural society and over 50,000 Countryside and Professional members who take an active interest on countryside and rural issues. This evidence should be read in conjunction with that submitted by the NFU submission to the original inquiry in October 2006.

2. We note that the Committee wishes to refocus on two key areas:
   — Defra’s objectives for the rural economy and in particular the Departmental Strategic Objective that refers to “Strong Rural Communities”.
   — The effectiveness of the architecture in place to deliver such objectives.

3. Defra’s vision for Strong Rural Communities is to ensure:
   — Economic growth is supported in rural areas with the lowest levels of performance—as measured by workplace earnings per hour and by employment rate.
   — The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery—measured by a collection of local government performance framework indicators, including educational attainment, quality of life and affordable housing.

AGRICULTURE’S CONTRIBUTION TO THE RURAL ECONOMY

4. The GVA (Gross Added Value) of UK agriculture and horticulture in 2006 was £5.3 billion, representing 0.5% of UK GVA. UK agriculture is a significant employer within rural areas, with 534,000 people directly involved in agriculture, of which 350,000 are recognised as self-employed. In terms of GVA, UK agriculture holds a 7% share of the entire UK agri-food sector, which is worth £78 billion and employs 14% of the UK workforce.

5. The contribution of mainstream agriculture to the UK economy however extends much further than its performance in GVA and employment statistics. It is essential that recognition be afforded to the role UK farming plays in supporting auxiliary rural industries and rural communities in both an economic and cultural sense when devising priorities for wider rural policy.

6. In 2004, Defra commissioned Frontier Economics to analyse the impacts of the 2003 CAP reform on the agricultural supply chain. The report highlights the impact that fluctuations in agricultural activity could have on upstream and downstream agri-industries such as input manufacturers, machinery manufacturers and dealers, agricultural contractors and commodity marketers to name but a few. The report stated that a 5% reduction in UK dairy production at a farm level could amount to losses of £290 million to the agricultural supply chain (at 2002 prices and excluding farmers) and with a loss of approximately 900 jobs. The most affected industries in terms of lost turnover would be fertiliser and feed manufacturers, agricultural contractors and dairy purchasers, with knock on effects for the rural workforce employed in these industries. Similar results were also evident for the red meat and arable sectors.

7. The NFU is concerned that Defra does not properly acknowledge this contribution made by agriculture to the rural economy in its performance assessment. For example, during the summer floods of 2007, many farming businesses in affected areas faced substantial losses of crops and livestock fodder which were not insurable. With losses to individuals ranging from £18,000 to £150,000 (ADAS case studies), the £2,000 flooding aid made available for farming businesses proved wholly inadequate. Although European State Aid rules dictate that a maximum of €3,000 per farming businesses was permitted, Defra did have the opportunity to approach the European Commission for prior notification and approval using the block exemption regulation. Such a move would have assisted many businesses in need and would not have provided affected farmers with an undue competitive edge in Europe.
8. As highlighted in the NFU’s original submission to this inquiry, agriculture manages 75% of all land which is an essential component of the UK’s £14 billion rural tourism industry. This same land is also an asset that has the potential to simultaneously contribute enormously to future energy supplies of the UK.

**DEFRA’S OBJECTIVES FOR THE RURAL ECONOMY**

9. Although we appreciate that the Select Committee wishes to focus more narrowly on Defra’s agenda for the rural economy, it is important not to lose sight of the wider policy and delivery framework within which the development and regeneration of the rural economy needs to be set. The development of the rural economy and the realisation of its full potential need to be considered on a much bigger canvas than that which is covered by Defra. Indeed, it could be argued that the PSA targets and Strategic Objectives of departments such as DCLG are more critical than those of Defra to the delivery of Strong Rural Communities. For that reason, we believe that equal attention should be given to the PSAs and Strategic Objectives of other Departments of State whose agendas also have significant direct and indirect relevance to the objective of Strong Rural Communities, as well as that pertaining to Defra.

10. Although Defra’s list of Strategic Objectives includes Strong Rural Communities, the NFU has many reservations about where this sits in the overall list of Defra’s policy priorities. Its two PSAs are almost totally environmentally focused and that priority is reflected in the Departmental Strategic Objectives, most of which have a strong climate change/sustainable development/environmental land management emphasis. Whilst we would not argue that these issues and the Strong Rural Communities objective are necessarily mutually exclusive, the fact remains that the international and national policy and political agendas drive these environmental issues along a slightly different trajectory and usually in a priority position. In that context, the NFU believes that the strength of Defra’s commitment, as well as its comprehension of “Strong Rural Communities”, is contestable.

**THE EFFECTIVENESS OF THE ARCHITECTURE IN PLACE**

11. The NFU understands that the staff level in the Rural Division of Defra is now 17 strong, down from a figure of over 50 in mid-late 2007. Whilst we would accept that the value of the end product is not just a function of staff numbers, when the nature and scope of the rural agenda in which Defra should be involved is considered, the question of just how far effective involvement is possible with such a small number of personnel inevitably arises.

12. Worryingly we may suspect that the strategy is now driven by the rural proofing agenda with the expectation that Defra’s need for direct engagement is reduced because other Departments should be factoring a rural dimension into their policy and delivery mechanisms. Sadly, however, even the Commission for Rural Communities has seemed to accept that this is something of a pious hope.

13. On a related point, it would be interesting were the Committee to explore how far Defra has been engaging with current policy and legislative changes in topics that are relevant to the Strong Rural Communities Objective, for example—the Planning Bill or the Housing and Regeneration Bill.

**STRONG RURAL COMMUNITIES**

14. The NFU is somewhat perturbed by the Defra decision to use the local authority district as its datum base for measuring progress towards the achievement of its Strong Rural Communities Objective. Most respected commentators and analysts have for long accepted that this level of data collection and analysis is just too coarse-grained to provide an accurate and effective measure of change in rural areas. Indeed, it could be said that it has been the dependence on such coarse-grained analysis in the past which has contributed to the significant under-reporting and even ignoring of rural issues and concerns.

15. Two-thirds of those employed in agriculture are self-employed and therefore we would also question the reliance of using workplace earnings per worker per hour as an effective indicator of economic growth in rural areas.

16. We also have reservations over Defra’s preference for using an unspecified “basket” of local government performance indicators that is to be used to assess progress towards meeting community needs. There is a fear that reliance on these readily available data sources could blind Defra to the real social conditions being experienced/endured by small but significant numbers of people in rural areas, which are ultimately difficult to measure. In summary we question whether Defra fully comprehends what constitutes a sustainable rural community, how this relates to the individual or small business and whether, even with a basic understanding, it has the tools to deliver against this objective.
CONCLUSIONS

17. In providing supplementary evidence to this inquiry, we have reasserted our views on the role played by agriculture in the rural economy and how its presence is conducive to Defra meeting its Strong Rural Communities Objective. Furthermore we feel it essential that farmers as rural inhabitants are afforded the opportunity to help contribute to vibrant and sustainable rural communities, and we hope this inquiry will recommend ways for Defra to pursue its rural social/community policy and delivery agenda as effectively as possible. Whilst the remit of the Rural Development Plan and Natural England are important, we feel there is a far wider rural agenda which needs urgent attention.

April 2008

Memorandum submitted by The Soil Association

EXECUTIVE SUMMARY

1. The Soil Association welcomes the Environment, Food and Rural Affairs (EFRA) Committee’s inquiry into the potential of England’s rural economy.

2. The expansion of organic farming should be actively encouraged because it delivers a range of significant benefits for the rural economy in England. In particular, organic farming in the UK provides significantly more jobs per farm (32%) than equivalent non-organic farms and organic farms are three times more likely to be involved in business innovation like direct marketing.

3. If all UK farming converted to organic production, this would create an estimated 93,000 more on-farm jobs. This is almost 16 times more people than were employed by the Rover car company when it closed in April 2005, and nearly 10 times the number of jobs lost as a result of the closure of rural post offices over the last 15 years. 41,800 of these additional jobs would be created in England alone.

4. In addition, organic farmers represent a discrete group of people who are generally younger, more educated and with a higher propensity for entrepreneurialism and farm diversification. Therefore organic farming is helping to reverse the decline in Britain’s consistently ageing and shrinking farming population.

5. This evidence contradicts the agricultural policy of the last 60 years which has viewed “shedding labour” as a key measure of efficiency. In contrast, organic farming demonstrates that there is an alternative that increases employment, as well as being economically productive and socially and environmentally sustainable.

6. Government policy for UK food and farming should state explicitly that farming systems that provide greater employment in agriculture, and in farm-based or local food processing and retailing, are to be welcomed and will be encouraged.

PROVIDING MORE JOBS THROUGH ORGANIC FARMING

7. Organic farming in the UK provides significantly more job opportunities than equivalent non-organic farms, supporting 32% more jobs per farm. This figure is based on the first national survey of employment on UK organic farms, carried out by the University of Essex (Morison et al, 2005) for the Soil Association (Maynard and Green, 2006).

8. Organic farming currently represents 4% of farmland in the UK. If all UK farming converted to organic production, this would create an estimated 93,000 more on-farm jobs. There would be over 381,000 jobs compared to 288,000 in 2003. This is almost 16 times more people than were employed by the Rover car company when it closed in April 2005, and nearly 10 times the number of jobs lost as a result of the closure of rural post offices over the last 15 years. 41,800 of these additional jobs would be created in England alone.

9. The employment dividend of organic farming was also confirmed by a Defra-funded study by the University of Exeter which compared employment on organic and non-organic farms in England (Lobley et al, 2005). It found that organic farms surveyed provided 64% more full-time equivalent jobs per farm and 39% more jobs per hectare than non-organic farms.

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50 The first national survey of employment on organic farms in the UK was carried out by University of Essex for the Soil Association. The study covered 1,018 organic farms including 674 in England and has been published in a peer-reviewed journal (Morison et al, 2005).

51 Much of the data presented here is based on calculations by the Soil Association based upon the University of Essex survey. The organic farm survey was compared with data from the Defra Agricultural Census for commercially active. A full methodology can be found in Chapter 4 of the report, Organic works, published by the Soil Association (Maynard and Green, 2006).

52 The study surveyed 302 organic and 353 non-organic farms in three English regions (Devon, East England and North England). The study is summarised on pages 18 and 19 of Organic works.
ENCOURAGING YOUNGER, MORE OPTIMISTIC PEOPLE INTO FARMING

10. In addition to providing more jobs, evidence suggests that organic farmers represent a discrete group of people who are generally younger, more educated and with a higher propensity for entrepreneurialism and farm diversification.

11. Organic farming is attracting younger people into farming compared to the farming industry as a whole. On average, organic farmers in the UK are seven years younger than non-organic farmers, whose average age is 56 (Maynard and Green, 2006). In contrast, the overall farming population is steadily ageing, with more older and fewer younger farmers in the UK. During a single decade (1993 to 2003), the proportion of farmers aged 55 and over increased from 48% to 56% of total farm holders in the UK. In 2003, only 3.7% of farm holders were under 35 in 2003, down from 6.8% in 1993 (Defra, 2005).

12. Organic farming is also attracting more new entrants to agriculture. The Defra-funded survey of farms in England found that 31% of organic farmers surveyed had entered agriculture as an entirely new career and did not come from a farming family, compared to 21% of non-organic farmers.

13. In addition, the survey showed that organic farmers are bringing new skills into the countryside. 51% of organic farmers surveyed have been through higher education, compared to 30% of non-organic farmers.

14. If policymakers want to encourage enterprise and viable employment in rural areas, they should encourage organic farming.

ROLE OF ORGANIC FARMING IN FOSTERING BUSINESS INNOVATION

15. Organic farms are also more likely to be involved in business innovation activities, building on the trust and connection between farmers and consumers of organic food. The Defra-funded research found that organic farms surveyed in England were three times more likely to be involved in direct or local marketing (39%), compared to non-organic farms (13%). The University of Essex survey also found that 39% of all UK organic farms were engaged in on-farm processing or direct marketing. Farms with these additional enterprises supported 64% more jobs per farm compared to farms that did not.

16. The Defra-funded study also found that organic farmers were more likely to diversify into other business activities, particularly trading (21%) and processing (16%) enterprises, compared to just 5% and 4% of non-organic farmers respectively. This can open opportunities to add value and make closer connections with customers. The authors identified that these “diversification activities can be argued to be more sustainable, with potentially higher levels of additionality to the local economy and society” (Lobley et al, 2005; p 53).

WHY ORGANIC FARMING?

17. It is the system of organic farming itself that demands more labour and creates more jobs, therefore these rural development benefits cannot simply be replicated by non-organic farming.

18. Firstly, the University of Essex research found that the majority (81%) of the total employment on organic farms was generated by the farming system itself. Of the average 3.08 jobs per organic farm, 2.50 are accounted for by agricultural employment with the remaining 0.57 (19%) being jobs in on-farm processing and direct marketing.

19. Secondly, organic farms are uniquely suited to business innovation activities such as direct marketing. The Defra-funded study found that organic certification fosters more opportunities for direct marketing by creating a connection and sense of “trust between the farmer and their customers”. The study revealed that this higher propensity for direct marketing creates benefits for both farm businesses and consumers. Not only does it improve connections and collaboration between farmers, but selling food direct to the customer can make an ‘important contribution’ to community development. The study concluded that: “Organic status again acts as a bridge, a social short hand, that helps customers and producers share a feeling of solidarity . . . These feelings can be established outside the framework of organic agriculture, but the costs in terms of time and effort will be more considerable.” (Lobley et al, 2005; p 122)

20. These employment differences result from fundamental differences between organic and non-organic farming systems. Non-organic farming provides fewer jobs because it has: replaced skilled labour with agrochemicals and larger machinery; increased farm size to spread machines and labour over a larger area; and introduced specialised and simplified farming systems. The main elements of organic farming which contribute to higher employment include: small, more diverse farms with mixed systems (crops and livestock); varied crop rotations; careful soil management; maintaining the positive health of plants and animals; rearing farm animals outdoors to high welfare standards; and maintaining habitats for natural predators and other wildlife.
AGRICULTURAL POLICY AND THE IMPORTANCE OF FARM LABOUR

21. Although the provision of jobs and achieving full employment are generally agreed to be desirable social goals, for more than half a century governments and industry leaders have seen “shedding labour” as a key measure of the efficiency of the agricultural industry.

22. The consequent loss of farm workers—at a rate of 37 leaving the land every day—has stripped us of the people, skills and knowledge to produce good quality food, and to care for the British countryside.

23. This evidence contradicts this approach to agricultural labour and demonstrates that farming jobs are a positive indicator of a healthy and vibrant farming model. Not only does organic farming increase agricultural employment, but it is also economically productive and socially and environmentally sustainable.

24. Reversing the decline in the numbers of people working on farms will mark a reversal in the social and economic decline of many rural communities. Farms not only make a significant contribution to the national and regional economy, but they also provide community cohesion, social stability and cultural identity.

25. Government policy for UK food and farming should state explicitly that farming systems that provide greater employment in agriculture, and in farm-based or local food processing and retailing, are to be welcomed and will be encouraged.

APPENDICES

A. THE SOIL ASSOCIATION AND ORGANIC FOOD AND FARMING

26. The Soil Association is the main organisation of the organic movement in the UK, and also the main Government-approved certifier for the UK organic sector, certifying 70% of the organic food sold in the UK. Our responsibility for organic farming and food is evident throughout the entire food chain, from consumers, retailers, processors and wholesalers, to producers, researchers and policy makers. Membership of the Soil Association charity (over 25,000) includes members from every link in the chain and we represent them all in working to develop the organic sector.

27. The objectives of organic farming are the sustainable management of soil and the natural production of healthy crops with high nutrient levels, to produce healthy livestock, and healthy food for humans. This is achieved through good soil management focussing on the maintenance of soil organic matter levels and soil biological activity.

28. We hope that, over time, all farming and food will switch to modern organic methods. This is currently the only system that could in future allow us to feed ourselves sustainably, without depleting non-renewable resources like soil, fresh water and carbon. Certified organic farming accounts for over 4% of UK farmland. The market for organic food is worth over £1.5 billion, and grew at 30% during 2005. UK organic farmland is supplying about 45% of this and the rest supplied by imports. The proportion of the organic market supplied by UK farmers is growing, and the Government’s target is for 70% of the organic market to be sourced from UK farmers by 2010 (meanwhile, the UK’s self-sufficiency in non-organic food is dropping year by year). Local and direct organic sales (through farm shops, box schemes and farmers’ markets, and to local schools, pubs and restaurants) are growing at more than 30% per annum. An increase in the area of organic farming is one of the Government’s “quality of life” indicators. The Defra action plan for organic farming, adopted in 2002, and updated in 2004, supports the development of the sector.

29. In the EU, 13% of Austria’s farmland is organic, with market growth running at 10%, and Germany’s annual market for organic food is £2.6 billion. The Swedish Government has set the goal of having 20% of farmland organic by 2010. The world-wide market for organic food is worth £16.7 billion; the US market (the largest in the world) has grown at between 17 and 22% in recent years, compared to just 2% to 3% growth in non-organic food, and is expected to be worth $32.3 billion by 2009.

30. Defra, English Nature, the Royal Society for the Protection of Birds and others have published peer-reviewed papers setting out in detail the sustainability and biodiversity benefits of organic farming. The Food Standards Agency have said that consumers wishing to avoid pesticide residues in food or to buy sustainable food can buy organic, and English Nature wants to see more organic farming because there is more wildlife on organic farms. The Government accepts the sustainability, biodiversity and animal welfare benefits of organic farming, and the Government’s policy on sustainable public procurement includes encouraging the purchase of organic food for those reasons. There is good evidence that organic farming conserves rather than depletes soils (as is the case with some non-organic farming). Organic farming in the UK provides 32% more jobs per farm than equivalent non-organic farms, organic farmers are more willing to undertake direct marketing, and are more content and are more optimistic about the future than their non-organic counterparts.
B. WHY LISTEN TO ADVOCATES OF A FRINGE ACTIVITY LIKE ORGANIC FARMING?

31. A common response to suggestions that organic farming provides a viable alternative to non-organic is the suggestion that widespread adoption of organic farming techniques will lead to a range of dire consequences which make this alternative both unrealistic and undesirable, despite the clear environmental benefits. It used to be regularly suggested that widespread adoption of organic farming would lead to uncontrollable outbreaks of crop pests and diseases, and ill health and suffering amongst farm animals. Extensive and long-term experience of modern organic farming in a number of countries has made it clear that such claims are absurd.

32. It is also occasionally suggested that eating organic food poses additional dangers to human health compared to non-organic, because of the absence of chemical treatments, for example to control mycotoxins in grain. The Food Standards Agency has said clearly that there is no evidence to suggest that organic food is more dangerous or less healthy than non-organic food. Indeed recent research shows that mycotoxin contamination of organic food is either less, or of a sort that is less damaging to human health, than is the case with non-organic food.

33. The final reason given for suggesting that organic is not a viable alternative is the suggestion that widespread adoption of modern organic farming will lead to hunger and starvation, or at least an inability to feed a growing world population. Serious data is lacking, but such projections tend to assume that a rapidly growing world population will all need to be fed to the (unhealthy) standard of a well-off American. Such a diet involves the majority of agricultural production being used to produce animal feed for beef, chickens and pigs, to allow large-scale consumption of meat. These projections also ignore the current highly artificial balance of agricultural production, with high levels of subsidy encouraging over-production in North America and the European Union, and making the production of many export crops difficult or impossible in developing countries. It is sometimes suggested that agricultural production in North America and the EU would fall by 30% if there were a free market and free trade in agricultural products. Both the US and the EU have used publicly funded mechanisms to take agricultural land out of production in recent years.

34. Organic yields are sometimes lower than non-organic yields. The difference can be significant, around 20-30%, in the EU, where non-organic agriculture uses high levels of artificial fertiliser. In the USA, where fertiliser use is lower, a 20-year trial has shown comparable yields for maize (corn) with organic actually out-yielding non-organic in a drought year, because of the greater moisture retention in organically farmed soils. In developing countries, particularly for poorest farmers where regular access to artificial fertiliser and pesticides is problematic or even impossible, organic farming has increased yields significantly compared to the previous non-organic systems, sometimes by as much as 100%.

35. From this brief overview, it will be clear that whether organic or non-organic farming has a better chance of “feeding the world” is certainly not clear cut. It is probably true that if everyone on the planet were to try to eat a typical North American diet, organic farming would not be able to deliver. However, trying to produce meat on such a scale would cause horrendous environmental problems and spread serious diet-related disease beyond the current centres of the “epidemic” in the US and Western Europe. If the whole, and growing, population of the planet aspire to a healthy and balanced diet, with less meat and more pulses, rice and pasta, organic farming probably could deliver. What is clear is that in a world where CO₂ emissions have to be controlled, soil conserved, and fresh water resources are scarce, only sustainable farming systems, like organic, will be able to deliver a healthy diet for the world’s population.

References
November 2006
Memorandum submitted by English Heritage

INTRODUCTION

1. English Heritage welcomes the opportunity to offer evidence to the Environment, Food and Rural Affairs Committee inquiry into the potential of England’s rural economy, as we believe the historic environment is an important—and sometimes undervalued—asset in terms of rural economic development.

2. English Heritage is the Government’s principal adviser on the historic environment in England (including historic buildings and areas, archaeology and the wider historic landscape), with a remit encompassing both the urban and rural environments. We are sponsored by the Department for Culture, Media and Sport (DCMS), but work closely with the Department for Environment, Food and Rural Affairs (Defra) which, together with the Department of Communities and Local Government (DCLG), contributes to the setting of our corporate objectives.

3. Our interest in heritage, environmental and landscape issues gives English Heritage a significant stake in the implications of farming, land management and rural development policy. We are closely involved in the current England Rural Development Programme (ERDP) and the development of its successor Rural Development Programme for England (RDPE). We sit alongside our sister environmental agencies on the National Policy Advisory Group for the RDPE and on related regional forums, including the 8 regional Rural Affairs Forums.

4. Alongside our statutory duty to conserve the heritage, we are also required to advance its understanding, accessibility and enjoyment by the public. As part of this function we manage an estate of over 400 historic properties, which attract in excess of 11 million visitors annually. The majority of these properties are situated in the countryside.

EXECUTIVE SUMMARY

5. In our evidence, we wish to concentrate on two of the questions posed by the Committee, considering the relevance of the historic environment to both:

   — Agricultural and non-agricultural providers of rural employment and possible barriers, including the structure of the retail food sector, to their future development.

   Our response illustrates the importance of tourism as a significant provider of non-agricultural employment in rural areas and the significant role played by the historic environment in stimulating and sustaining that tourism. We emphasise the link between farming and the provision of the quality landscape and heritage which underpins the visitor economy and we refer to the employment and business opportunities offered by the heritage and craft skills sector. Using traditional farm buildings as an exemplar, we also look at the challenges to maintaining landscape quality and the economic opportunities offered by active conservation of our national heritage.

The role of Regional Development Agencies in unlocking the economic potential of rural areas

   — In our response we suggest that the RDAs have not been as prominent in delivery of rural development as they have in the field of urban regeneration and we offer support to Defra’s efforts to engage them further. We draw attention to the need for RDAs to continue to focus on regeneration projects in market towns and other small settlements, alongside initiatives in larger towns. We also suggest they should facilitate the delivery of craft skills training, which often falls outside the scope of Skills Sector Council programmes, and take a more pro-active role in managing the transition of redundant farm building stock to new economic uses.

DETAILED RESPONSE

Agricultural and non-agricultural providers of rural employment and possible barriers, including the structure of the retail food sector, to their future development

6. The service industries, including tourism, are now the predominant sector in most rural areas. For example, 26.7% of rural employment is in the distribution, hotel and restaurant sector.53

7. Tourism is, therefore, a particularly important contributor to the rural economy. It has been estimated that, in 2000, visits to the countryside and its small towns together accounted for 42% of all tourism trips taken in England.54 Surveys also indicate that, in 2002–03, 1.126 million leisure day trips per year were made to the countryside, with 62% of the population claiming to have made a trip to the countryside in the previous 12 months and overall expenditure on countryside trips growing to £9.7 billion.55

55 Source: Great Britain Day Visit Survey.
8. The historic character of England’s countryside, villages and market towns is a key factor in attracting tourists. In 2000, for example, surveys suggest that 24% of tourism trips to the English Countryside involved a visit to a heritage site and 14% involved a visit to a heritage or artistic exhibit such as a museum or gallery.56

9. Heritage is a key factor in choosing where to go on holiday for international as well as domestic tourists. Research carried out by VisitBritain in ten emerging national markets found that as many as 72% of visitors from Russia and 66% of visitors from China stated that visits to “castles, churches, monuments and historic houses” were the top choice of those who were planning or were very likely to come to Britain. According to a survey of visitors to the Britain and London Visitor Centre, 56% had already or were planning to visit castles, churches, monuments and historic houses.57

10. In contrast to the increasing proportion of rural income generated by tourism, the proportion of the national economy arising from agriculture has declined from 2.9% of UK Gross Value Added in 1973 to 0.8% in 2003 and its share of the total workforce in employment has also reduced from 2.8% in 1984 to 1.8% in 2003.58 Nevertheless, the vitality of farming and the tourism industry are intimately and inextricably linked, as the 2001 Foot and Mouth epidemic demonstrated. Many diversified farm businesses provide facilities and services for the tourism industry. More fundamentally, however, agricultural land management practices are essential to conserving and maintaining the rural landscapes cherished by domestic and international visitors and local communities alike. This management is either undertaken voluntarily or is delivered through incentive schemes such as Environmental Stewardship.

11. A recent survey by CPRE and the National Farmer’s Union has recently demonstrated that farmers undertake voluntary landscape conservation work each year worth a minimum of £412 million.59 This amount compares favourably with an agri-environment budget worth £255 million in 2006–07.

12. This voluntary and incentivised effort is central to the upkeep of the landscape, although increasingly difficult to deliver as the agricultural labour force contracts. There must be concern, therefore, that further restructuring of agriculture, driven by global factors, will have negative effects on some parts of the landscape as farm businesses struggle to pursue traditional farming and land management practices, and that these detrimental impacts will have a “knock-on” impact on tourism.

13. We can offer the Committee a specific example of increasing problems in the maintenance of the rural heritage, driven by agricultural restructuring, based on a recent study of the state of traditional farm buildings commissioned by English Heritage and the Countryside Agency. This research demonstrated that one in five farms has redundant traditional (pre-1940) farm buildings and, on a quarter of farms, there are traditional buildings in disrepair. This problem extends to listed buildings, with 7% of unconverted listed farm buildings visible in a state of serious dereliction and a far higher proportion in disrepair.60,61

14. This is not just a problem in terms of the historic value of these buildings. They are also a potentially important economic asset, comprising, we estimate, in excess of 50 million square metres of space. Many of these structures are suited to conversion to new business uses, providing commercial accommodation that is inherently in keeping with the local character of the countryside. Others are suited to residential conversion, providing the type of homes which attract incoming entrepreneurs and associated inward investment. Repair and maintenance of this building stock is vital if its option value in terms of future re-use is to be retained for the future.

15. In particularly sensitive landscapes, for example in the National Parks, these buildings are an essential, or even dominant, aspect of landscape character and the emphasis here often needs to be on conservation, rather than conversion. Recent research, commissioned by Defra, has demonstrated that, in upland areas, these buildings are the environmental asset most highly valued by the public because of their visual amenity.62 This suggests that an increasing degree of dereliction in these premier rural landscapes could also have a negative impact on tourism.

16. The Committee should also recognise the opportunities for employment and business creation provided by positive management of the landscape and the maintenance, repair and adaptive re-use of historic assets. There is currently a major shortage of the skilled craftpeople required to sustain the built heritage and demand is far outstripping supply.

17. Almost half (49%) of the UK’s £77 billion construction industry involves the repair and refurbishment of existing buildings and £3.5 billion is spent annually on the specialist repair of historic buildings, with over 86,000 people directly employed by the built heritage sector. In order to meet immediate demand for the conservation and restoration of historic buildings, the sector needs to recruit over 500 specialist bricklayers, carpenters and slate and tile roofers, 400 joiners, lead workers and stonemasons, and

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59 CPRE and NFU, Living Landscapes: hidden costs of managing the countryside, 2006.
300 painters and decorators and thatchers.\textsuperscript{63} Currently, in England, there are only around 270 professional members of the Dry Stone Walling Association, fewer than 1,000 qualified thatchers and about 50 firms who work on cob and earth buildings. There is a particular shortage of traditional building craftspeople aged between 30 and 45, which will pose a serious problem when the current older generation retires. Without remedial action, in 15 to 20 years the more vulnerable craft skills such as drystone walling, thatching, millwrighting, earth walling and flint-knapping could disappear completely. Shortages of specialist craft skills are already causing particular difficulties for farmers, who are finding it increasingly difficult to gain access to craftspeople. Research by CPRE and the NFU in 2005 suggested that 56\% of farmers would need to look between 10 and 50 miles away for a thatcher, stone mason or specialist builder and 47\% would need to look a similar distance for a hedge layer.\textsuperscript{64}

18. If current labour shortages and deficiencies in the training regime were to be addressed effectively, English Heritage believes that traditional skills have the potential to become a source of employment comparable to, or greater than, agriculture. However, craft businesses tend to be “super micro-businesses” beyond the scope of Sector Skills Councils training initiatives. We therefore believe that, alongside support for business and IT training, the 2007-13 Rural Development Programme could also play an important role in supporting training in traditional craft skills for these very small firms. We are, therefore, pleased that Defra has noted this in its RDR Strategy Document for England.

19. Although farming is providing a wide variety of public goods—landscape, heritage, biodiversity— which sustain a tourism industry delivering economic benefits to the wider rural economy, farmers themselves are not being adequately rewarded by the market for the provision of these goods. Government agri-environment support for farm businesses, delivered through CAP Pillar 2 rural development funding, is therefore essential if this valuable landscape management activity is to be maintained. Pillar 1 support also plays a significant role by ensuring farm businesses are able to provide the landscape benefits which derive both from normal farming practices and from the voluntary conservation effort identified by the CPRE and NFU. The potential reduction of funding for the Rural Development Programme 2007–13 is therefore a cause of concern for all those interested in maintaining the quality of England’s landscape, including English Heritage.

20. English Heritage has no particular technical competence to comment on the retail industry in any detail. Nevertheless, it is clear to us that the procurement and pricing policies of the retail “big-hitters” inevitably has a major influence on the viability, scale and character of farm businesses. While the bigger retailers have made some progress in procuring organic goods, locally sourced foods, and quality “niche products”, their overall approach to competitive pricing is doing little to maintain a farming industry capable of sustaining a diverse, healthy and attractive countryside. We believe there should be more research carried out, by Defra and by the major retailers themselves, on the landscape implications of these retail policies.

The role of Regional Development Agencies in unlocking the economic potential of rural areas and the effectiveness of Defra’s relationship with RDAs

21. English Heritage considers that while the Regional Development Agencies have great potential in the field of rural development, they have yet to match the successes they have achieved in terms of urban regeneration in a rural context. We therefore commend current efforts by Defra to enhance the role of the RDAs in rural delivery.

22. Ultimately, with their lead role in rural tourism and an increasing role in rural development, we believe RDAs will be particularly well-placed to add value to the “virtuous circle” we have described above which links training; craft and land management skills; a well maintained heritage, environment and landscape; and tourism and inward investment.

23. The historic environment is now widely recognised as a major economic and social asset in successful urban regeneration and the RDAs play an important role in delivering a wide range of heritage-led regeneration projects in our major towns and cities. We believe the RDAs could do more to promote heritage-led regeneration in the countryside and to ensure the quality of England’s landscape is adequately realised as an economic asset. We acknowledge, however, that some of the RDAs have made important steps in this area. SEEDA have, for example, appointed a dedicated Rural Heritage and Tourism officer. This post is, we believe, unique but provides an example of good practice which we hope will be followed elsewhere.

24. In paragraphs 13–15 (above) we noted the economic potential of redundant farm buildings, either as accommodation for new businesses or as an asset in terms of enriching landscape character. We believe that this provides an example of a field where the RDAs could play an important role, by researching the availability and business suitability of redundant space, by encouraging local authorities to adopt a more facilitating approach to adaptive re-use projects and, in some cases, by providing grant-aid to encourage the re-use of historic buildings rather than intrusive newly built business accommodation. Some RDAs were


\textsuperscript{64} English Heritage 2005, Heritage Counts 2005.
actively engaged in this area before 2000. Subsequently, the Rural Enterprise Scheme was set up by Defra and delivered the Rural Development Service. Given the new delivery role within the RDPE envisaged for the RDAs, English Heritage would like to see them become active in this field once again.

25. We would also like to see the RDAs continuing to focus on heritage-led regeneration projects in small towns and smaller settlements. As we have noted above, their involvement heritage-led regeneration projects have tended to be in larger towns and cities.

26. In contrast, English Heritage has had a long history of heritage regeneration projects in smaller settlements through our “area” grant-aid schemes (including Town Schemes, Conservation Area Partnership Schemes and Heritage Economic Regeneration Schemes). Since 1994, we have awarded nearly £140 million in grants of this type and around a third of our projects have been in settlements with populations below 30,000. A key feature of all of these schemes has been their ability to attract significant contributory funding from other public sources—such as Single Regeneration Budget and European Regional Development Fund—and from the private sector. In many cases, heritage funding was the first element offered, around which wider funding packages were assembled. From 2000, we also worked closely with the Countryside Agency to ensure that heritage regeneration schemes were effectively integrated with their Market Towns Initiative.

27. A recent evaluation these area grant-aid schemes confirms that heritage-led regeneration funding in smaller towns and other rural settlements has succeeded in attracting very similar levels of public and private sector co-funding as projects in major cities and conurbations.

28. The real-terms decline in the level of our own grant-in-aid from Government means we must now look to the RDAs to deliver schemes of this type. With the abolition of the Countryside Agency and the winding-up of the Market Towns Initiative, however, we are concerned that the attention of some RDAs may shift to the larger centres, ignoring the economic potential of rural regeneration schemes. We therefore believe that Defra has an important role to play in championing this type of scheme with the RDAs.

29. English Heritage is happy for the content of this memorandum to be made public and would be pleased to provide further information to the Committee as required.

*November 2006*

Memorandum submitted by the Arrow Valley Residents Association

As requested by Rt Hon Michael Jack MP, I write on behalf of the Arrow Valley Residents Association [AVRA], a community organization based in north-west Herefordshire and comprising some 100 members.

As a community group based in one of England’s most rural counties we have first hand experience of the challenges rural entrepreneurs and employers face. However we are also most conscious of the need to generate a mixed rural economy with multiple vibrant sectors such as agriculture, tourism, leisure and retail. Recent experience in our immediate area suggests allowing agri-business to dominate is to the detriment of other players.

**SOFT FRUIT GROWING IN POLYTUNNELS AND WORKER ACCOMMODATION**

Herefordshire has recently witnessed the creation of agri-industrial enterprises growing soft fruit under polytunnels for the supermarkets.

The critical success factor for these businesses is maximizing economies of scale through processing hubs surrounded by satellite polytunnel units. The processing hubs contain multiple packing houses, cold stores, office accommodation blocks, loading sheds and large areas of concrete apron. The satellite hubs often feature up to 600 acres of polytunnels per site.

Crops grown in polytunnels require large numbers of manual workers to harvest them. Local labour is not forthcoming so seasonal migrant workers are brought in from Eastern Europe. These pickers are accommodated in large seasonal encampments far removed from sizeable local settlements—two rural north Herefordshire sites have seasonal populations of over 2,000 each in some 500 + mobile homes and pods per 20 acre camp.

Agricultural exemptions from planning regulations

The majority of the development described above is currently occurring without planning permission because it is deemed permissible under agricultural exemptions. Such development would require planning applications if residential housing or other commercial use.

For example, the vast mobile home camps are allowed under post-1945 planning exemptions granted to farmers given their strategic role in feeding the nation. The underlying assumption appears to be that such accommodation is small scale, temporary and harmonious within the landscape. Yet 300+ mobile homes in one 18 acre field for 11 months of the year are far removed from the much quoted historic reference of a few hop pickers’ caravans.

Consequences

— Soft fruit products such as strawberries are approx 90% water. Extensive trickle irrigation is lowering local river water levels to an extent that will negatively effect fishing, this being a huge attraction of rural England and one of the largest recreational activities in the country.

— Polytunnel enterprises and associated mobile home parks have a severe adverse effect upon the rural landscape at a time when the government is encouraging, the increase of “at-home” holidays and so reducing air travel. Landscape blight obviously impacts upon visitor numbers, local businesses such as B&B accommodation and visitor attractions themselves. Tourism is a more important activity to the county and faster growing than soft fruit growing. The report Volume and Value of Tourism in Herefordshire in 2001 recorded 8.4 million trips to Herefordshire in 2001, with visitors spending £271.5 million which supports for 7,900 jobs.66

— The distinctions between urban and rural landscapes are in danger of being eroded. PPS7 states “the Government’s overall aim is to protect the countryside for the sake of its intrinsic character and beauty, the diversity of its landscapes, heritage and wildlife, the wealth of its natural resources and so it may be enjoyed by all”. The agri-business lobby retorts that “People changing from urban to rural surroundings are moving into an industrial area”. Do you agree?

— Food miles are generated by the voluminous HGV traffic between rural agri-business locations and supermarket distribution hubs. At the point of origin this creates heavy traffic on small rural roads when there has been no effort to improve road communications. Because the HGV traffic is classified as agricultural it is unregulated.

— Central government has decreed polytunnels are a matter for local authorities. Our local body, Herefordshire Council, holds that polytunnels do not require planning permission provided they are erected for less than four years on a particular site (the time limit being driven by the reality of automatic retrospective planning permission if these structures are erected for longer than four years).

— No control is exercised as to whether the scale or location of such development is acceptable to the community as a whole. The assumption appears to be that polytunnel enterprises are small scale and peripatetic. The reality is that the growers can exploit vast economies of scale through concentrated polytunnel erection and low-costs through permanent associated infrastructure (i.e. irrigation and access).

— Bill Wiggin, our local MP, has called for planning permission to be introduced so the community has a say in the same manner it would for chicken or turkey sheds but Herefordshire Council have not amended their approach.

— Agri-businesses appear to be attempting to relocate large new agri-complexes on greenfield sites located on their land holdings far away from the traditional farm hubs, so allowing them to sell off their old buildings for residential redevelopment.

— The long term effect of allowing mobile homes to be positioned with minimal controls is that agri-businesses can sell off their existing housing stock. From their point of view, it is much cheaper to employ “seasonal workers”, and house them in mobile homes than employing local workers in “tied” accommodation. If the fixed housing stock is then sold off it harms the nature of many agricultural areas and increasing pressure on local housing associations.

Request for Action

AVRA requests you consider the following four actions:

1. Review planning exemptions available to farmers and growers to ensure there is a clear distinction between farmers and agri-business. The latter needs to be acknowledged as not requiring exemptions due to the scale and impact of their operations.

66 1999 to 2001 growth is spectacular. The 1999 report Tourism Strategy in Herefordshire 2002-07 states there were 4.5 million visitors to Herefordshire generating £129 million in revenues. This supported 4,600 jobs, or 5% of the work opportunities in the county.
2. “Retrospective” Planning Permission should be abolished for any development affecting, say, more than 0.25 acres of land. Whilst accepting the need for some retrospective planning (e.g. genuine errors), there should be no loophole that allows a developer to undertake major developments in the expectation the local authority will be too intimidated to refuse permission and to demand removal.

3. Agri-businesses should pay their way. “Seasonal” mobile home landlords should be requested to pay Council tax or equivalent on their accommodation units. The occupants of these caravans are using local facilities (e.g. hospitals, dentists, libraries, police, etc) without contribution. The permanent local population today funds it all.

4. Declare zones for agri-business to operate within just as other businesses are compelled to locate within industrial estates or other.

November 2006

Memorandum submitted by the Wickton Action Group

1. Background

1.1 The comments in this paper have been presented by the Wickton Action Group. The group campaigns against the unregulated spread of polytunnels in Herefordshire and, in particular, the 550 acre polytunnel site run by S & A Davis Ltd, which surrounds Wickton, in North Herefordshire.

1.2 Notice of the EFRA inquiry was kindly passed to us by the Arrow Valley Residents Association who face similar problems at Brierley, a small village three miles west of Wickton. Originally there were 275 acres of polytunnels at Brierley, but the site has grown considerably since then. In the last few weeks, two more fields have been added to this site. The site is also managed by S & A Davis Ltd.

1.3 Members of the Wickton Group have discussed how concerns over the impact of polytunnels and the industrialisation of agricultural practice are relevant to the debate on the future potential of a rural economy. As agriculture is a key rural component, its health and development is central to the continued stewardship of an environmental capital that is key to the country’s sustainable future.

1.4 Below we outline, firstly, our particular experience of polytunnel development, and secondly, consider more general issues of the rural economy.

2. The local impacts of polytunnel development

2.1 Herefordshire Council’s self-imposed Voluntary Code of Practice for Polytunnels has facilitated the creation of a large number of polytunnel sites across the county.

2.2 No public consultation takes place. No statutory bodies are consulted. No notice is taken of landscape designations (e.g. AONBs). No notice is taken of wildlife considerations. No notice is taken of transport impacts. No notice is taken of amenity loss. No notice is taken of noise or nuisance (work starts at 3.30am). Local democracy is bypassed.

2.3 These polytunnel operations are very large, quasi-industrial processes now diversifying from strawberry growing to other high value crops such as asparagus, raspberries, blueberries and even dwarf cherries.

2.4 As an example of the impact of the operations, the accommodation created for foreign workers at Brierley has created a township equivalent to the sixth largest settlement in Herefordshire. Last year workers staged protests about their pay and conditions and a full-time police officer has been seconded solely to oversee the “township”. This officer has been advised that next year, S&A Davis intend to bring over 5,000 “students”.

2.5 The impacts of polytunnel development include, severe landscape harm, unregulated water abstraction from SSSI quality rivers, intensive HGV transport on single carriageway local country lanes, severe domestic disruption, local amenity loss, localised flooding and soil degradation, loss of property values, loss of tourist potential, environmental pollution and ecological loss, and a distortion of the local rural employment market influenced by low-paid migrant workers.
3. GENERAL ISSUES RELATING TO THE POTENTIAL OF THE RURAL ECONOMY

3.1 Policy Coherence

National policy has provided no clear direction for Local Authorities in rural areas. Reliance on the slow process of Public Inquiries and the inevitable subsequent Appeal processes is neither a substitute for national guidance nor an equitable resource open to both parties.

3.2 Planning Regulation

Ambiguities in the TCPA, PPSs, CSPs and Local Plans have been exploited to the detriment of rural coherence. The changing assessment methods for landscape areas suitable for development are bizarre (e.g. landscapes resilient/non resilient to change).

3.3 Investing in rural structures

The countryside is a fundamental “natural” resource. The agricultural and horticultural sector is significantly undervalued. Consequently the revenue generated from rural areas is not sufficient to maintain local services (e.g. Post Offices, local hospitals etc). Either the cost of agricultural produce must increase or investment needs to be made in maintaining rural vitality. However, it is worth noting that other sectors of the rural economy are also of equal or greater significance (at least in financial terms). For example tourism generates more income in Herefordshire than agriculture.

3.4 The role of the retail sector

The sector has shown that it is capable of creating a demand for out of season luxury fruit and then filling it. Perhaps it should be encouraged now to create a demand for a more useful/sustainable product e.g. biofuels which require less water, and then fill it thereby leading the growth of the renewable sector.

3.5 Revitalising local communities

Devolved national policy needs to encourage the involvement of local residents in business and farming on a local scale. This is good for communities as well as being efficient in terms of sustainable development.

3.6 Sustainable Agriculture

The concept of stewardship is the basis of a sustainable agriculture. The health of natural resources like soil and water is the measure of what future generations themselves will inherit as the non-negotiable element essential to life. In the case of polytunnels, soil structure is debased and the water demands for crops like strawberries are unsustainable in a changing climate (1 acre of strawberries requires approximately 1000 gallons of river/borehole extracted water per day). In Herefordshire, the local population saw their drinking water being carried away to supermarket shelves in the guise of expensive, perfectly formed, strawberries.

4. CONCLUSION

4.1 The key to unlocking the potential of the rural economy is to maintain and enhance those aspects which provide a managed resource that sustains, not only future generations of the human species, but the great diversity of the biosphere.

4.2 The concept of allowing economic exploitation of any largely unregulated sector by a very few large businesses is highly detrimental to the UK. What little control exists is far too fragmentary and unfocussed on the wider picture. No single government agency has a brief to take a holistic view of damage to our environment or local communities. These agencies each currently operate under their own area of legislation, a system never designed to contain the impacts of the industrialisation of agriculture, or to encompass wider and pressing environmental issues such as the impacts of climate change.

November 2006
Memorandum submitted by Natural England

EXECUTIVE SUMMARY

1. Natural England’s evidence to this inquiry focuses on point 5 of the Terms of Reference. While the role of Natural England is not exactly the same as that of the predecessor bodies, largely through its work to conserve, enhance and manage the natural environment, it will contribute to economic well-being.

2. A high quality Natural Environment makes an important contribution to rural economies. The total value of the contribution is not easy to calculate, in part because of differences in methodological approaches adopted by studies. While it is too early to establish Natural England’s specific contribution to rural economies it is possible to suggest how work aimed at delivering Natural England’s four strategic outcomes could make a positive contribution to this outcome.

3. Natural England’s work to secure an improvement in the condition of the natural environment and in particular its role in delivering the Environmental Stewardship Scheme, should deliver economic benefits. Natural England’s headline target is to have 60% of England’s total agricultural area subject to Environmental Stewardship Agreements by end of 2007. As of April 2007 the figure under agreement was just over 45% of England’s total agricultural area. The recently announced additional funding should enable the Environmental Stewardship scheme to continue to expand through the 2007–13 Rural Development Programme for England.

4. Natural England has objectives to increase the number, diversity and frequency of people enjoying the natural environment and to improve places for people to enjoy the natural environment. We do not yet have research to show that such spending will lead directly and proportionately to an increase in monies entering rural economies however, there is evidence of the direct link between visits to the countryside and visitor spending.

5. Natural England has developed a Vision for Agriculture, because farmers not only have an economic function, but as land managers they play a central role in conserving, enhancing and managing England’s natural environment. Delivering such a vision will require significant reforms to current programmes such as Environmental Stewardship and longer term changes to the way in which regulation, advice and incentives are delivered across the agricultural sector.

6. Natural England also aims to investigate possibilities for rewarding land managers for good stewardship, which provides environmental services for society as a whole. For example, finding new ways of helping the natural environment to adapt to climate change may also offer the possibility of new income streams for farmers and other land managers.

7. Recommendations:
   — Further research should be commissioned in order to better quantify the contribution that the natural environment makes to rural economies;
   — We see an important role for the Regional Development Agencies (RDAs) in helping to integrate natural environment objectives into their economic development programme. Thus promoting the link between a healthy natural environment and healthy rural economies and responding positively to the Natural Environment and Rural Communities (NERC) Act duty on public authorities (which includes RDAs, local authorities, etc.) to have regard to the purpose of conserving biodiversity;
   — Natural England should work closely with Defra and the Treasury to develop the evidence base to inform the debate on further reforms to the CAP and to help them make the case for further reform in Europe.

INTRODUCTION

8. Natural England’s evidence to this inquiry focuses on point 5 of the Terms of Reference “The role of Natural England and the Commission for Rural Communities and their effectiveness in taking forward the work of their predecessor bodies.”

9. Natural England was formed by bringing together English Nature (EN) with the environmental land management functions of the Rural Development Service (RDS) and the landscape, access and recreation elements of the Countryside Agency (CA). Natural England was given a new purpose by the Natural Environment and Rural Communities Act 2006:
   “. . . to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.”

10. This purpose includes:
    — promoting nature conservation and protecting biodiversity;
    — conserving and enhancing landscapes;
    — securing the provision and improvement of facilities for the study, understanding and enjoyment of the natural environment;
— promoting access to the countryside and open spaces and encouraging open-air recreation; and
— contributing in other ways to social and economic well-being through management of the natural environment.

11. Paragraph 60 of the Explanatory Notes to NERC Act states:

“The reference in subsection (1) to sustainable development indicates that Natural England is meant to seek solutions which, while achieving environmental benefits, also provide long-term economic and social benefits, and avoid unintended economic and social impacts.”

12. Natural England is working towards the delivery of four strategic outcomes, which together deliver on our purpose to conserve, enhance and manage the natural environment for the benefit of current and future generations. These strategic outcomes are:
— A healthy natural environment: England’s natural environment will be conserved and enhanced.
— Enjoyment of the natural environment: more people enjoying, understanding and acting to improve the natural environment, more often.
— Sustainable use of the natural environment: the use and management of the natural environment is more sustainable.

NATURAL ENGLAND’S ROLE IN RELATION TO THE RURAL ECONOMY

13. The role of Natural England is not exactly the same as that of the predecessor bodies. For example, the economic functions of the Countryside Agency and the Rural Development Service have transferred to the Regional Development Agencies and the Commission for Rural Communities. Natural England does, however, have a role in contributing to economic well being. This role will largely be achieved through its work to conserve, enhance and manage the natural environment, though it will also have a more direct impact as it distributes EU and UK government funding, particularly through Environmental Stewardship.

14. Natural England has only been operational for six months. While it is too early to establish Natural England’s precise contribution to rural economies it is possible to suggest how work aimed at delivering Natural England’s four strategic outcomes could make a positive contribution to this outcome. Some of the ways in which our current or planned work will contribute to achieving sustainable development are set out below.

THE ROLE OF A HEALTHY NATURAL ENVIRONMENT (NATURAL ENGLAND OUTCOME 1) AS AN ECONOMIC DRIVER

15. A high quality Natural Environment makes an important contribution to rural economies. The total value of that contribution is not easy to calculate, in part because of differences in methodological approach and in definitions used by the different studies. However some research does provide an insight into the potential value.

16. Research has show that whilst the environment is rarely the leading factor influencing mainstream business location decisions it is one of several important secondary factors. For example, a study of the economic value of protected landscapes in the North East found that £22 million of turnover and 1,187 FTE jobs are supported by businesses that started or relocated to one of the areas within the study because of the quality of the landscape and environment in that area. £107 million of turnover and 3,141 FTE jobs is supported by businesses that, directly or indirectly are positively affected by the quality of the landscape and environment.

17. Natural England’s work to secure an improvement in the condition of the natural environment and in particular its role in delivering the Environmental Stewardship Scheme, should therefore deliver economic benefits. Primarily these benefits will arise as a result of the value of the environmental or “ecosystem” services delivered but they will also result from the effect the scheme has in creating and maintaining jobs, especially in remote rural areas.

18. Whilst it is clear that agri-environment schemes do contribute to the value of ecosystems services, the precise scale of this contribution is difficult to calculate due to methodological complexities. Natural England is therefore planning to undertake research into this area. To a certain extent the value to society of the environmental goods and services delivered by Environmental Stewardship is reflected in the scheme payments made to farmers and other land managers.

19. In contrast, it is somewhat more straightforward to measure the local impacts of the scheme, eg in relation to jobs. So for example, evidence from Wales showed that the agri-environment scheme Tir Gofal increased the demand for labour on farms by an average of an additional 70 days work per farm per year. The impact on rural economies of spending on capital works as part of this scheme was estimated as being the equivalent of 112 full time equivalent jobs.

68 Durham Heritage Coast, Northumberland National Park, Northumberland Coast AONB, North Pennines AONB, North Yorkshire and Cleveland Heritage Coast.
20. Natural England’s headline target is to have 60% of England’s total agricultural area subject to Environmental Stewardship Agreements by end of 2007. As of April 2007 the figure under agreement was almost 4.2 million ha (4,169,426ha). This represents just over 45% of England’s total agricultural area. Natural England is aware of the importance that its funding has on individual businesses and has worked hard to ensure that claims for payment in relation to the scheme are made promptly. As at April 2007, for mid year claims for ELS/OELS, 98.7% of payments had been made against the number of claims due. For mid year claims for HLS, 99.1% of payments had been made against the number of claims due.

21. Funding for agri-environment schemes comes through UK’s funding allocation from Pillar 2 of the Common Agricultural Policy, which is co-financed by the UK Government. Each member state receives a basic allocation, which is supplemented by receipts from EU-wide compulsory modulation of the Pillar 1 direct payments that farmers receive (known as the Single Farm Payment in England). For historical reasons, the UK’s share of this EU budget is disproportionately small, which is why Natural England strongly supported the UK Government in seeking EC approval to continue to apply additional national modulation in the UK in order to maintain funding for agri-environment schemes. This was agreed recently and the additional funding should enable the Environmental Stewardship scheme to continue to expand through the 2007–13 Rural Development Programme for England.

22. Natural England is also supporting the Rural Development Agencies in the development of Regional Implementation Plans, as collaboration and cooperation between all RDPE delivery bodies will be essential to achieve the planned environmental, economic and social outcomes from the new Programme. We also see an important role for the Regional Development Agencies in helping to integrate natural environment objectives into their economic development programme. Thus responding positively to the NERC Act duty on public bodies to contribute to the conservation and enhancement of biodiversity and, promoting the link between a healthy natural environment and healthy rural economies.

THE ECONOMIC IMPACT OF PEOPLE’S ENJOYMENT OF THE NATURAL ENVIRONMENT (NATURAL ENGLAND OUTCOME 2)

23. Natural England has objectives to increase the number, diversity and frequency of people enjoying the natural environment and to improve places for people to enjoy the natural environment. Achieving these objectives will include supporting the management, creation, maintenance and promotion of the network of 13 English National Trails, expanding the “walk your way to health” initiative and taking forward proposals to improve access to the coast.

24. We do not yet have research to show that spending in these areas will lead directly and proportionately to an increase in monies entering rural economies. However there is evidence of the direct link between visits to the countryside and visitor spending.

25. Taking the National Trail network as an example, the network covers 2131 miles (3585 km) and supports an estimated 12 million visits each year (extrapolated from numerous people counters at selected sites on the network). Based upon data from the recent England Leisure Day Visits Survey this could mean an economic benefit of £1.6 billion per annum (based on an average spend of £13.36) being gained in rural areas—some of which are very sparsely populated. This is apart from any benefit accrued from long-distance users’ use of overnight accommodation. Research has found that the South West Coast Path National Trail generates around £300 million per year.

26. Spending by visitors to the countryside can be significant. Turnover generated in tourism related enterprises in the countryside by visitors amounts to £10.626 million (in 1998). This was estimated to support 99,000 direct jobs. In addition, an estimated 33,445 extra indirect jobs are supported, mainly in the service sector, but also in manufacturing and agriculture. An additional multiplier effect arises from spending by employees, whose jobs are supported by visitor spending, and who generate an additional turnover in the service sector, supporting a further estimated 16,170 jobs.

27. This expenditure was estimated to result from:
   — 19.6 million overnight trips to the countryside by UK tourists, who stayed for an estimated 73.2 million nights and generated net expenditure of £1.9 billion.
   — 2.78 million overseas tourist visits estimated to have involved a stay in the English countryside, with associated spending of £0.7 million.
   — 1,343 million leisure day visits from home to the countryside and open coastline, with associated spending of £8.9 billion.

28. Increased use of the countryside for quiet recreation can also bring health and consequently economic benefits (albeit not ones that are necessarily confined to rural economies). By expanding the “Walk your way to health” initiative, Natural England hopes contribute to a reduction in the sedentary population. (The current cost of physical inactivity in England is estimated to be £8.2 billion, with obesity likely to overtake smoking as the biggest killer in 10–15 years should current trends persist).

71 The Economic Value of the South West Coast Path—Tourism Associates and South West Tourism 2003.
30. For example, Natural England has developed a Vision for Agriculture, because farmers not only have an economic function, but as land managers they play a central role in conserving, enhancing and managing England’s natural environment.

31. Natural England’s long term vision for agriculture is that:
   — farmed landscapes across England will be valued for the public goods they deliver in addition to the value of the agricultural products they provide;\(^\text{73}\)
   — farmers who provide environmental goods and services will be appropriately rewarded for their delivery;
   — land management will be most financially rewarding where it is environmentally sustainable;\(^\text{74}\)
   — agricultural production will be appropriately integrated with a range of other land uses across the landscape, such as wind energy development, the provision of habitat for wildlife, recreation and tourism;
   — agricultural land use will strongly reflect the natural advantages and characteristics of different areas of the country;
   — consumers will purchase food and other agricultural products on the basis of where it comes from and the sustainability of the production practices used; agricultural land will actively contribute to the connection of ecosystems and habitats across the landscape; and
   — farming will be less energy and resource intensive.

32. Delivering such a vision will require significant reforms to current programmes such as Environmental Stewardship and longer term changes to the way in which regulation, advice and incentives are delivered across the agricultural sector.

33. So, for example Natural England is seeking to encourage further reform of the CAP, particularly to secure the transfer of funds from Pillar 1 to Pillar 2. This will ensure that public funds are used primarily to support farmers and other land managers who are contributing to the positive improvement of the natural environment whilst also enabling the various agricultural sectors to become more market-orientated and better able to seize new business opportunities.

34. Environmental regulation is an area that concerns many businesses, particularly the potential costs of complying with new requirements. Natural England is of the view that regulation should be used to eliminate the most damaging environmental practices. Regulation should be smart and Natural England is contributing to the adopting the Hampton Principles for better regulation. High environmental standards can be entirely consistent with high levels of competitiveness in the longer term.

A secure environmental future (Natural England Outcome 4)

35. Natural England aims to investigate possibilities for rewarding land managers for good stewardship, which provides environmental services for society as a whole. For example, finding new ways of helping the natural environment to adapt to climate change may also offer the possibility of new income streams for farmers and other land managers. Natural England will be responsible for delivering the new Energy Crops scheme on behalf of Defra. We are also investigating whether there could be a role for farmers and land managers to play as carbon managers (and to receive an economic return for this service). For example Scientists at the University of Durham have estimated that if all the peatlands were restored to good condition they could become a modestly significant sink (compared to the alternative outcome whereby degradation of upland peatlands will lead to a release of stored carbon, resulting in an increase in greenhouse gas pollution). We are also encouraging the new water pricing round to think about how sustainable land degradation of upland peatlands will lead to a release of stored carbon, resulting in an increase in greenhouse gas pollution. Natural England is working to ensure that wherever possible the use of the land, freshwaters and seas and any necessary development does not compromise the natural environment.

36. Recommendations for Action:
   — Further research should be commissioned in order to better quantify the contribution that the natural environment makes to rural economies;
   — We see an important role for the Regional Development Agencies (RDAs) in helping to integrate natural environment objectives into their economic development programme. Thus promoting the...
link between a healthy natural environment and healthy rural economies and responding positively to the NERC Act duty on public authorities (which includes RDAs, local authorities, etc) to have regard to the purpose of conserving biodiversity;

— Natural England should work closely with Defra and the Treasury to develop the evidence base to inform the debate on further reforms to the CAP and to help them make the case for further reform in Europe.

May 2007

Memorandum submitted by BBC Radio 4: You and Yours

You and Yours is BBC Radio 4’s flagship consumer and social affairs programme broadcast between 12 noon and 1pm every week day lunchtime.

The programme has 3.181 million listeners per week. Their average age is 59. 56.1% of You and Yours listeners are female. 43.9% are male.

The social grading of listeners breaks down as follows:

— A and B: 36%.
— C1: 36%.
— C2: 14.4%.
— D and E: 13.6%.

INTRODUCTION

Between 12 and 29 June, working in conjunction with the Environment, Food and Rural Affairs Select Committee, we gave our listeners the unique opportunity to contribute directly to the Committee’s report looking at the Rural Economy via our phone in.

Our phone in programme Call You and Yours— which invited listeners to air their views on the Rural Economy was broadcast between 12.00—13.00 on Tuesday 19 June 2007 on BBC Radio 4. We asked our listeners to give us their views on:

“What they believe to be the most pressing problem the countryside faces today”

RESPONSE

The response was substantial; within two week we received 310 emails, calls and letters. They break down into eight broad categories:

— 25% (80 listeners) believed farming and agriculture posed a particular concern as it is key to the survival of the countryside and the rural economy;
— 16% (52 listeners) felt it was the lack of services and infrastructure that would hamper the rural economy the most from the lack of broadband services to the closure of post offices;
— 15% (49 listeners) thought the lack of affordable housing and the planning issues that tied in with them would be the most detrimental to the rural economy;
— 14% (45 listeners) thought it was food prices and imports in particular the dominance of supermarkets affecting the price of food for both farmers and shoppers;
— 9% (28 listeners) had other concerns like education and the rise in the 4x4 which seems to be ruining the countryside;
— 8% (25 listeners) thought the biggest problem is the number of second homes in the countryside;
— 7% (23 listeners) shared practical suggestions; and
— 2% (9 listeners) were concerned with the impact of the lack of transport in the countryside.

1. EXAMPLES OF THOSE WHO BELIEVED FARMING AND AGRICULTURE POSED A PARTICULAR CONCERN

Lorna Bain

One very clear way of helping the rural economy is firmly in the hands of the government—pay farm subsidies on time! Farmers make up a large part of the rural economy—when payments are late it means they are short of money—and don’t have the money to invest or spend in the countryside.
Jonellus

Small farms should survive within the rural economy, it’s a myth that bio fuel is going to help carbon emissions problems, a highly suspect and damaging policy. Defra only is interested in big corporate-related economy at the expense of the environment and the countryside.

2. EXAMPLES OF THOSE WITH CONCERNS ABOUT THE LACK OF SERVICES AND INFRASTRUCTURE IN THE COUNTRYSIDE

Alan Taylor

I am the Chairman of our local Welsh Community Council, a small community of some 350 people. Trying to keep the community spirit; to keep our village as a social unit is very difficult as we have nothing left except the pub and church. Our school was closed some six or seven years ago as it was uneconomic, the post office and therefore the shop went some five years before that. There are small, non-agricultural businesses being run from the village, but even though broadband is available to those of us that need it, the committee should take on board that fast speed connections only refer to the download. What is also needed is a comparably fast upload speed as well.

There used to be a lot of small farms within the parish, there are now only three. The average size is 80 or so acres. Not one of the farmers I know wants to be subsidised in any way at all. All they ask is real prices that pay for the time, effort, skill and dedication they put in. No more that anyone else would ask.

When you talk about removing something like a shop or a school the economics should take into account the larger, social picture. What effect even a small change can have on the community. If you somehow magically increase tourism for instance, the result is that our local lanes, we have no large roads, all become blocked, causing big problems for any local person attempting to just get on with their work. There is always the bigger picture and that extra financial burden must be taken into account when changes are being planned.

Frances Padfield

Some government policy is completely ridiculous when viewed from a rural perspective. The most obvious is the “choice” being offered in schooling and hospitals. This is ludicrous when people in rural areas have difficulty in simply getting to the nearest school or hospital. They do not have any choice, compared to the city dweller.

3. EXAMPLES OF THOSE WHO ARE WORRIED ABOUT THE LACK OF AFFORDABLE HOUSING AND PLANNING ISSUES

Derek Long

Without affordable housing the countryside is in danger of becoming a theme park for the wealthy. Crucial that the Committee looks at the relationship between affordable housing and retaining rural communities, e.g. In the North East house prices have risen five times faster than incomes in the past five years yet affordable house building has hardly changed.

Can the Committee look at:

(a) the failure to implement the recommendations of the Rural Affordable Housing Commission e.g. reducing VAT on refurbishment to same level as new build;

(b) the unsustainable cost targets of £50k emerging for Housing Corporation funding in the North.

We’ll never build new affordable homes at those levels.

Peter Woodman

As chairman of a parish council I feel that the most important issue facing our community is affordable housing. We are a nucleated village with a tightly drawn settlement policy boundary and are rapidly running out of windfall development land within the SPB of which part forms a common boundary with the North Wessex Downs AONB. Our community views stretch from “Kingsclere is full” to “we must have homes for our young people”. Because of the land shortage our prices have gone through the roof and a substantial income is necessary to service a mortgage on quite an ordinary house.

One of our problems is that we are over the 3,000 population limit and can therefore only have homes reserved for village people if we can identify land available under the exceptions policy which can be developed by the Rural Housing Trust. We need at least 80 dwellings.

We need a mechanism to give priority to those with strong connections in the village. Perhaps a financial incentive to persuade the elderly widowed to downsize within the community provided it is guaranteed that their former home would go to the next generation from the village. Many are reluctant to move to the retirement communities we do have—one is on a very steep hillside and the other is a bit barrack-like.
4. EXAMPLES OF THOSE WHO WORRY ABOUT THE PRICE OF FOOD AND THE INFLUENCE OF SUPERMARKETS ON THE WHAT WE GROW, EAT AND IMPORT

Beverley Kirwan

The government should force the big supermarkets to accept lower profits. Tesco’s et al boasts about their billions in profits but still don’t pay the farmers a fair price for their milk and produce. Likewise, the supermarket shop workers are paid minimum wage or a very little over. It’s capitalism I suppose. I.e. there are a few winners and a lot of losers.

Penelope Wakeham

Probably too late but do we know where our milk comes from? I had no idea that we were in danger of losing British milk and I would pay a bit more just for that.

Should we have something like the tractor mark or something? We know where our vegetables comes from and our meat but what about our milk?

5. EXAMPLES OF THOSE WHO THOUGHT PROBLEMS IN THE COUNTRYSIDE STEM FROM THE GROWTH OF SECOND HOMES

Alan Martin

With housing running at eighteen times of average Cornish earnings and as much as 80% of some local housing stock being tied up by second homes is it not surprising that misguided locals are rebelling and threatening to set light to Jamie Oliver’s and Rick Steins underpants as a way of venting their frustration with the local rural economy? Is it time that the government took positive action to protect Cornwall and other rural economies from artificially inflated house prices caused by second home owners, by restricting the percentage of property that can be sold for second home use?

Charles Cannon

Regarding housing. I believe this is at the root of the rural problem, as house prices are now so high, people cannot afford to take rural jobs which has a knock on effect to the community. Likewise, the high percentage of second homes/investment properties in various areas is destroying the communities. I believe the Committee should consider charging stamp duty on second homes/investment properties (unless used for affordable rents or staff cottages) every five years at, say 5%. I also think stamp duty should be abolished for principal residence (one per couple only).

6. EXAMPLES OF THOSE WHO WANTED TO SHARE PRACTICAL SUGGESTIONS

Alex Murray

From deepest rural France: Same problems as in the UK but here:

1. Local market every week, rotating through every village (ie each village has a different day but the same vendors).
2. Thus prices significantly lower than supermarkets and a better taste.
3. Answer for the UK: Get off your butts; buy a van; club together; and get out selling your produce rather than hoping that tourists or consumers will come to you.

Debbie Wicks

Urban-rural fringe issues are a problem, with the pressure for huge development in south east England, we are in danger of losing our rural areas with their rich biodiversity and landscape character, being lost to a series of golf courses, pony paddocks and manicured parks for the adjacent urban populations. What we need is investment in rural economies such as locally produced food, wood fuel from our forests etc. so that rural areas can thrive on proper rural crafts—not just becoming a tourist’s playground. We must work with the supermarkets so that people are encouraged to buy local seasonal products and realise why it is important to do so. Biodiversity has a better chance if the countryside is managed more traditionally, rather than being turned into just a green extension to urban areas. We also need to reconnect the countryside so that wildlife can have a chance to adapt to climate change, with larger areas and linked corridors.
7. **Examples of Those Concerned about the Lack of Transport in the Countryside**

*Helen Sibthorp*

The last time I went to visit friends in Wiltshire, there was no public transport. I don’t own a car. I wanted to go to Devizes and get a bus. No bus. Nowhere to stay in Devizes that weekend (there was a festival on). I ended up cadging lifts from strangers. Not good. How are people supposed to live in an environmentally-friendly way and keep their carbon footprint down if there is no transport? How can we visit and put money into rural economies as visitors? As for holiday-makers? How do children in rural areas get a social life? I don’t know the answers, but I do think that it is good that this question of the rural economy is being addressed.

*Debbie Gosman*

I believe that something needs to be done to make it easier for more people to cycle in the countryside, not just for visitors but for locals too. Since coming to live in south Norfolk 11 years ago the amount of traffic has grown dramatically. This makes it really difficult for children and younger people to cycle safely and then they get more dependants on cars or non-existent bus services. It also has an effect on people’s health, social cohesion and connection to the countryside. Why can we not have more quiet lanes and lower speed limits going through villages and more training for cycling, not just for children but for everyone?

**You and Yours Feedback**

This programme prompted a good response on *Call You and Yours*. The subject of the Rural Economy was popular with our listeners many of whom had a direct experience by either living there or having being brought up in the countryside. The overall concerns regarded the stability of farming and the influence of the supermarkets. Housing and in particular second homes were also a cause for concern for the majority of people who telephoned or emailed on the day of the phone-in.

Listeners seemed keen to be involved with the radio programme because of the potential to help shape the Committee’s final report.

*June 2007*

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**Letter from Leslie Garland to the Chairman, dated 22 July 2007**

Reference my letter to you of 20 June and your reply of 29 June, for which I thank you, it appears that I may owe you an apology regarding the availability of broadband, though in my defence would suggest that the information that you had been given was perhaps a touch premature?

On Sunday 24 June I received a phone call from a BT subcontracted sales team advising that our exchange had just been upgraded (quote, “a couple of days ago”) and asking if we would like broadband. This came as a complete surprise, not least because I have been complaining about the deterioration in the quality of dial-up service for months, and our MP, your colleague from across the House, Mr Peter Atkinson, has been battling on our behalf since the beginning of the year with BT, Oftel and One North East, to get Internet access improved in this area, and both he and myself had been informed that all problems were due to our distance from the exchange, that we were in a known “broadband black-spot”, and no mention whatsoever had been made about the exchange needing upgrading. So it would appear that both Mr Atkinson and I have not been told the whole truth.

However the foregoing aside, we do now have broadband. However before anyone on your committee breaths a sigh of relief and starts thinking “job done!”, please permit me to point out that the term “broadband” covers anything operating using ADSL from speeds in excess of 8Mb at one end, which certainly deserves the name broadband, to as slow as less than 0.5Mb at the other (ours operates at 0.46 Mb), which quite frankly should not be mentioned in the same breath!

Available speed never appears to be mentioned when the likes of BT and Oftel boast about broadband coverage. Even the Defra response information (dated 2005?, which I suspect is more than a touch out of date now) which you appended to your letter, makes no mention of it, and refers to broadband as though all broadband is one and the same. There is the self-congratulatory boast in point 2. that at that date (spring 2005?) the UK had the most extensive broadband market of the G7 countries, but no mention is made of available speed. What is being compared with what? European fibre optic with UK antiquated copper wire, with no mention of the resulting speed difference? There is no mention of available speed in the entire document and there is an unstated implication assumption that if “broadband” is available then all Internet/telecoms problems are solved. Unfortunately, this isn’t so. It is the available speed that makes all the difference.

Broadband operating at 0.5Mb does nothing more than remove the problems of operating with dial-up. It does not thrust us into the cutting edge of 21st century technology. I will still have to write all my data to CD and be dependant on the postal system to mail these CDs to the host sites that I use, because less than
c. The outside the car park, there is plenty of room to do so as it is a quiet side road with no through tra
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m man to help trade in the town, parking was free. West Devon Borough Council installed a pay and display
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cials and Councils. The ancient market town of Hatherleigh has a car park donated by a local business-
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s where the pedigree is unknown. There is not enough control over these
We do not want imported foodstu
We want our farm to prosper and survive, rather that sell the farms to the influx of yuppies from the city.
frustrating, but it won’t change the way I run my business, and as your committee is concerned about the rural economy, it is this latter aspect that is important; namely, that broadband at this sort of speed will make no difference whatsoever.
May I suggest that it might be useful for your committee to request Ofcom/Oftel to produce a map of the UK which indicates, in a sort of “contour form”, the speed at which the rural areas, with which your committee is concerned, receives broadband, as there is tendency to think that all broadband is one and the same, when it most certainly isn’t.
In addition to the slow speeds available in rural areas, there is also the subject of cost. BT for example charges exactly the same for a 0.5Mb service as it does for an 8Mb service, yet the two are poles apart. Possibly the cost to BT of providing both is the same but what a business can do with the two is vastly different. As already mentioned two paragraphs earlier, a slow connection changes nothing, whereas a high
connection speed permits one to change the entire way in which one works/structures one’s business. As I suspect most rural areas will be operating at connection speeds in the 0.5Mb range, it will be obvious that their business costs will be the same as those operating in much faster areas, but without the advantages that the higher speeds deliver, and of course will mean that new technology based business still cannot move into rural areas because the connection they require is not available.
On the subject of costs, no doubt your committee is well aware of the data used for the article in The Daily
Telegraph of 30 June 2007, on the subject of “Broadband in Britain is too slow and too expensive”. In my previous letter I mentioned that transport costs in rural Britain are far too expensive, and now it appears that broadband costs are also far too expensive. What is wrong with this country that prices are so high? Unfortunately, national politics impinges on rural economics and one is never going to be able to sort out rural economics while transport costs £0.97 per litre, compared to it costing £0.67 per litre in Europe, and broadband costing exactly the same for rural 0.5Mb as it does for 8Mb which is available in urban areas, and broadband in general costing over double that available in most European counties. If business in rural areas is going to compete both with that in urban areas, but also wider afield in Europe, then all services have got to improve and all costs have got to come down.

And of course there was the recent report that talked about it costing something like, was it £60 per month more to live in rural Britain than does to live in urban Britain? As it costs us something like £10 just to visit our supermarket. I am not surprised.

I am afraid I come to the conclusion that many of this county’s problems are self made/inflicted by government (and I am not being party political about this) and that so many of them could be relatively
ey easily solved if government was prepared to radically restructure the whole of taxation and its allocation of resources. Given that whenever there is a table of “happiness of our children”, “percentage of power generated from renewable sources”, “cost of motor fuel and broadband prices”, “availability and reliability of public transport”, “house prices”, “teenage pregnancy”, you name it, we always appear to be down at the bottom of the list, one has to wonder why it is that the penny never appears to drop that possibly something needs to change over here.

Unfortunately, I can’t see any committee coming up with any meaningful answers to the problems of rural Britain unless it is prepared to also look at “national” subjects, because the two are almost one and the same. How are we going to be able to reduce costs in rural Britain if we don’t think about reducing/restructuring the costs of the likes of: transport/motoring, rates/council tax, Internet access, etc., looking at the availability of postal services, banking services, schools, supermarkets, and so on? These are the problems, and if they are “off limits” then we won’t be going anywhere. But I must not prejudge what your committee might come up with!

I hope some of the foregoing facts are of use, and look forward with interest to learning what your committee proposes.

July 2007

Memorandum submitted by Barry Downton

I write in response to an article in the Western Morning News. Having lived next door to farmers for 20 years, I can inform you that the farmers are being constantly bombarded with forms and paperwork by the likes of Defra. Charges are made for inspections of milk parlours and the like. Showing that Defra are using farmers as Cash Cows. The farmers belong on the farm not in an office trying to keep up with paperwork. We want our farm to prosper and survive, rather that sell the farms to the influx of yuppies from the city. We do not want imported foodstuffs where the pedigree is unknown. There is not enough control over these officials and Councils. The ancient market town of Hatherleigh has a car park donated by a local businessman to help trade in the town, parking was free. West Devon Borough Council installed a pay and display machine on the grounds (Quote) “Visitors are surprised they do not have to pay to park.” Local folk parked outside the car park, there is plenty of room to do so as it is a quiet side road with no through traffic. The
Councils response was to paint double yellow lines around the car park on the grounds of safety?? Now the town folk park in the narrow streets creating traffic problems, where none existed before. Yet another Cash Cow?

September 2007

Memorandum submitted by NYnet

1. What NYnet Is

(i) NYnet is an initiative by North Yorkshire County Council to help bring broadband to homes and businesses across the county. NYnet provides a new, high quality telecommunications network previously unavailable in North Yorkshire.

(ii) North Yorkshire, in common with many rural areas, suffers from a disadvantage in terms of the availability and cost of broadband services to the both the public and private sector. Per capita, public sector organisations pay at least twice as much for network connectivity compared to neighboring metropolitan areas. Similar disadvantage is suffered by private sector businesses, both corporate and SME.

(iii) A public and private sector venture, NYnet was set up with the help of funding from Yorkshire Forward and the EU.

2. NYnet is a unique example within the UK (and EU) of how the aggregating public sector demand and private sector supply can be used to overcome the disadvantage experienced by rural area in respect of broadband services.

3. NYnet aims to assist in the provision of next generation internet access to homes and businesses which will benefit the region both economically and socially.


5. What NYnet Offers

(i) Internet Services Providers (ISPs) have previously deemed it too expensive to provide next generation internet services in North Yorkshire. The NYnet network has put in place an ultra high speed infrastructure which now makes it economically viable, and commercially attractive for ISPs to start providing services in the area.

(ii) NYnet will offer ISPs the ability to supply new broadband services to a population of circa 800,000, reaching 330,000 households and 50,000 SMEs. These services will enable North Yorkshire to be at the forefront of the next wave of technological advancement, transforming the economy of the county.

(iii) By bringing reliable high speed broadband to the area, NYnet is promoting North Yorkshire as an attractive region to businesses who are interested in relocating. NYnet will help boost local economies and assist with regional regeneration and rejuvenation.

(iv) It is not only businesses and homes which will benefit from increased and improved Internet access, but also public sector bodies such as schools, colleges and healthcare providers who will gain significant benefit from the new technology. NYnet has a specific remit to help the public sector in North Yorkshire overcome the barrier of the disproportionately high cost of telecommunications.

(v) Schools will be in a better position to receive high speed services at a cost similar to that paid by schools in urban areas.

(vi) Local Authorities and NHS organisations will be able to provide services to anywhere in North Yorkshire, even to individual homes for services such as telemedicine and social care.

(vii) The Police Service will be able to support rural areas with real time video services for officers and neighborhood watch schemes.

6. NYnet aims to provide benefits to local authorities businesses and citizens in the following areas: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and York.

February 2008
Memorandum submitted by: Action in Rural Sussex; Regional Rural Affairs Forum Chairs of North West, West Midlands, South West, South East, East of England, Yorkshire and Humber, and North East

EXECUTIVE SUMMARY

The submission focuses mainly in the role of the Local Government Performance Management Framework (LGPMF) and associated national indicators and the failure to define this DSO, instead, as a Government PSA. It concludes that achievement of Defra’s DSO on Stronger Rural Communities is largely contingent on the mechanisms that have been put in place both to set targets in Local Government and then to monitor the achievement of these targets. These mechanisms do not appear to have been well thought through for the way they will impact on rural communities and actively prevent the impact on rural communities from being measured. It will be very hard to monitor the aspiration in the DSO without Defra finding very strong means of linking with local government and ensuring that the shortcomings of the LGPMF are overcome through good local targeting on rural needs.

1. [The above organisations] welcome the opportunity to give evidence to the Committee on Defra’s DSO “Stronger Rural Communities”. It is an important opportunity to assess whether the policy to address the needs of rural communities exclusively through “mainstream” programmes has been well thought through and has the correct architecture in place for it to be delivered.

2. Defra’s Stronger Rural Communities DSO articulates two separate objectives that have been rolled into one:

   The first concerns economic performance and wage rates and should have the effect of linking Defra with the RDAs in order to develop the potential of the rural economy. It can be inferred that the aim is to get rural economic development into the mainstream implementation of Regional Economic Strategies.

   The second is designed to place the responsibility for both assessing the needs of rural communities and delivering services to them on all other arms of government. However, in the wording of the DSO, this is specifically related to local government. The intention is to end the tendency of Defra, and its predecessors, to design specific programmes for rural areas across all other areas of departmental responsibility. This is perceived to have had the unintended consequence of other statutory organisations believing they did not have to address these needs themselves.

3. QUESTIONS THAT SHOULD BE ADDRESSED THEREFORE ARE

   — Is the DSO the right policy in the light of the evidence and is it sufficiently comprehensive to help create strong rural communities?
   — Is there a plan for achieving the DSO and is doing so adequately resourced?
   — Given that this is a DSO and not a Public Service Agreement is there both an understanding and a will across the rest of government to help Defra achieve it?
   — Has the Performance Management Framework to be used by the RDAs and Local Government been developed with achievement of this DSO in mind?
   — Can Defra’s success with this DSO be monitored given its dependence on others to make it happen?
   — What role might the Commission for Rural Communities, the Regional Rural Affairs Fora and the County Rural Community Councils play in achieving success in the DSO?

4. Is the DSO the right policy and is it sufficiently comprehensive to help create “strong rural communities”?

   The policy is probably right in theory but it is not comprehensive in that it does not require the commitment of other government departments such as Health, Justice, Transport, Housing etc and their agencies. In this respect its focus on areas of responsibility of the RDAs on the one hand and local government on the other is not adequate. The increasing linkage between the priorities of local government and those of central government, articulated through the Local Area Agreements, mean that this shortcoming will be an even greater hindrance to getting the needs of rural areas addressed through mainstream provision.

5. Is there a plan for achieving the DSO and is doing so adequately resourced?

   There does not appear to have been any plan for communicating this change in responsibility to local government. Some action has been taken by some Regional GO staff to raise awareness of this policy in the development of LAAs and while this has been very welcome it has not been systematic. It is not apparent that a plan for phasing in this change of policy has been considered. Funding of rural specific programmes has disappeared, or turned from long term programmes to very short term ones, without a substantial initiative being taken alongside this to ensure that resources are adequate within mainstream service budgets, or that policies have been put in place to effect the transition that is intended.
6. Given that this is a DSO and not a Public Service Agreement is there both an understanding and a will across the rest of government to help Defra achieve it?

The Commission for Rural Communities most recent Rural Proofing report would seem to suggest that there is not although there are examples of excellent practice highlighted by the CRC. Not to make this objective for Defra into a PSA for the whole of government fundamentally undermines the intention of addressing the needs of rural areas through all departments’ mainstream activities. The result is that Defra’s funding of rural specific programmes will end but with limited commitment from other departments to adjust their programme design in order to compensate.

7. Has the Performance Management Framework (LGPMF) to be used by Local Government been developed with achievement of this DSO in mind?

For the LGPMF to work in a way that will enable achievement to be monitored in rural areas it must be possible to analyse data at a spatial level that will not swamp rural areas in percentages that include urban ones. The definitions that have been put in place by Departments, orchestrated by CLG, preclude in most cases monitoring at a low enough spatial level to be able to monitor achievement in rural areas. The specific delivery of local objectives in rural areas will be swamped by averaging performance across larger urban and rural areas. Despite submissions to their consultation on this point CLG do not appear to have remedied these shortcomings in the LGPMF system. The result is that local areas will have to do their own additional monitoring of rural outcomes that will, in many cases, not be possible.

Whilst it is to be welcomed that the initiative for serving rural communities has been passed to local government there are some serious implications of the LGPMF. The means of setting targets and monitoring is now prescribed in such a way as to cause them a) not to be able to tell if they are meeting targets in rural areas and b) because of this, not setting ambitious targets that are relevant to rural areas.

8. Can Defra’s success with this DSO be monitored given that it is a secondary objective that relies on others to make the real impact?

If Defra is not in control of the achievement it is also hard to see how they can be judged on its success. They must, therefore, be judged on what they can influence. As a Department Defra will be under pressure not to ask local government for anything more than information on Local Government’s 198 National Indicators (NIs) and the reported data on them. As these are not capable of being collected systematically to reflect delivery in rural areas there will be limited data for them to monitor. However, there will be a simple list available of the chosen 35 NIs in each Local Area Agreement (LAA). Defra will be able to designate, through its own rural definitions, those LAA areas containing significant rural elements and monitor the NIs in these. A baseline picture, correlated from information at County level could give a crude, but comprehensive, measure of the rural delivery that is built into the action plans for the chosen NIs. This will be available from June 2008 when the LAAs for each are completed. As LAAs will be refreshed each year it will be possible to see if areas with significant rural components are gradually moving to NIs, and locally specific data gathering, that is becoming geared to rural needs.

9. What role might the Regional Rural Affairs Fora and the County Rural Community Councils play in achieving success in the DSO?

The DSO, as referred to above, is primarily about ensuring provision to rural areas is taken into the mainstream of the public sector. The County Rural Community Councils can play a valuable role in ensuring this happens where the focus is primarily on the County Local Area Agreements. This role almost certainly needs greater formal backing from across government. The RRAFs are independent of those responsible for delivery and are, therefore, well placed to work with the RDAs to ensure regional governance structures develop in a way that identifies and addresses rural needs. They, too, need formal backing from Government to support this role.

March 2008

Memorandum submitted by the British Retail Consortium

PROVIDERS OF RURAL EMPLOYMENT AND THE STRUCTURE OF THE RETAIL FOOD SECTOR

1. The question for discussion is whether the high—and still increasing—level of concentration in the grocery market is either eroding rural employment or inhibiting its future growth. The first point to note is that the concentration of market shares among fewer players is a well-known characteristic of all mature markets, of which grocery is clearly one. The second point is that, regardless of the outcome of the current
Competition Commission enquiry, the drive for scale economies in both food retailing and manufacturing will continue. Both these trends could be seen as threats to rural employment and are often cited as such by NGOs.

2. **In what ways does the drive for scale economies and greater market share threaten rural jobs?**
   - The continued expansion of supermarkets in or near county towns and smaller rural communities may result in some net loss of jobs if the small independent sector cannot compete, although obviously much depends on local circumstances.
   - The trend towards concentration in the food manufacturing/processing sector, driven by the need for lower unit costs (i.e. scale economies) will continue to force the closure of relatively small, high cost plant, some of which is based in rural communities.
   - For some years now supermarkets have been steadily rationalising their supply bases, especially in commodity categories (produce, dairy) resulting in some loss of business and consequent mergers/closures.

3. Some rural suppliers, however, are exploiting the growing demand for local and regional food and building a profitable business in this category with major supermarkets and the foodservice sector.

**The Demand for Local/Regional Food**

3.1 Research by IGD in 2006 found that nearly two-thirds of consumers buy local food, 40% of whom would buy more if it was available. A further 9% said they would like to buy it in the future.

**Purchase Behaviour**

![Bar chart showing purchase behaviour](Source: FFB/IGD Consumer Research 2006)

3.2 The same research also suggests that local food is not just a rural opportunity. There is a clear demand for these products in urban areas, especially London where just over half the consumers in the survey said they wanted to buy more of them. Local food is aspirational in character, implying that there are opportunities for growth among all social groups.
OPPORTUNITIES FOR GROWTH BY CATEGORY

3.3 Produce is the category most strongly associated with local food, followed by red meat, poultry, eggs and milk and there are still opportunities in these products as indicated by the number of consumers who want to buy more:

**OPPORTUNITIES FOR GROWTH**

![Graph showing opportunities for growth by category]

Source: FFB/IGD Consumer Research 2006

Cooked meat products present a good growth opportunity as future demand exceeds current buying behaviour.

3.4 The continued growth of the local food market does, however, present a risk to consumers' positive perception of the typical local food supplier. The identification of “local” with small scale production within a few miles of the store where the product is on sale could inhibit future growth as the development of larger scale operations may be seen as detrimental to product quality.

3.5 For the majority of consumers the main motivation to buy local food is the freshness and wholesomeness associated with the product.

— It is perceived to taste better and offer superior eating quality.
— It is regarded as more nutritious, with fewer preservatives if the product is processed.
— It is associated with being home made and “natural”.

Source: FFB/IGD Consumer Research 2006
REASONS TO BUY LOCAL

Source: FFB/IGD Consumer Research 2006

While support for local producers is clearly important to some consumers, it is unlikely that even the most dedicated “local foodies” will go on buying it if it ceases to meet their expectations on freshness, taste and quality.

BARRIERS TO BUYING LOCAL FOOD

3.6 The main factor inhibiting further consumer acceptance is price. In the IGD survey quoted above, 42% of consumers who already bought or said they would like to buy local food thought it was generally too expensive and a further 28% thought it was often more expensive than similar alternatives. Price was also the main turn-off mentioned by the non-buyers of local food. The clear message to producers and retailers alike is that if local food is to continue commanding a premium price, it must be seen to be superior in freshness and quality to any possible alternatives.

3.7 A further barrier to growth is poor or uncertain product availability. The association of local food with small scale production can create shortages in availability which frustrate and annoy those consumers who are keen to buy it. Even where products are available, time-pressed shoppers will not spend much time looking around a store to find them, so they need to be prominently displayed.

SUPERMARKETS ARE THE KEY TO GROWTH

3.8 The retail channel where consumers are most likely to buy local food is in a supermarket merchandised in a specific local area. This reflects the growing availability of local and regional products in supermarkets, where they are proving to be a valuable addition to the premium category. Butchers, farmers markets and other specialist outlets, however, remain important and there is no evidence that supermarket leadership is having an adverse effect on sales of local food in these outlets.
Since the lack of both time and availability are barriers to expansion, being able to easily find local products in a shopper’s regular supermarket is an important source of growth.

3.9 However, as noted above, there is a potential conflict between maintaining the perceived benefits of small-scale, “natural” production and the multiple retailers’ requirement for suppliers who can guarantee the required production volumes and quality standards. As the authors of the IGD survey quoted above observed:

“For many producers and suppliers, meeting the technical and quality standards demanded in today’s market place may be a barrier to them supplying supermarkets. Products need to be at least as good, if not better than nationally or internationally available ones, and in order to supply the supermarkets, suppliers will need to understand and adopt technical standards such as bar codes and product labelling”.

3.10 Faced with these technical demands, many small, local food suppliers prefer to stay small—which, of course, limits the future growth potential of the market for these products. Others who want to move from farming to food production often have very rudimentary ideas about the hygiene and safety standards a big retailer would expect them to achieve as part of technical “due diligence”, let alone the commercial expertise needed to deal with middlemen and supermarket buyers. In the early part of this decade when the market for local food was just taking off, Safeway (in common with other leading retailers) was approached by numerous would-be suppliers with a view to securing contracts. Barely one third of them, however, met Safeway’s basic technical requirements, which were no more demanding than those of its competitors.

3.11 Recognising these problems, the BRC, NFU, FDF and BHA have come together to develop SALSA, or Safe and Local Supplier Approval scheme. The scheme is designed to help suppliers of local and regional food win business with multiple retailers and foodservice operators and is supported by Defra, the FSA and all the major supermarkets. The details of the scheme are attached. While it is too early to judge the success of the scheme, it should—subject to the continued growth of consumer demand for local food—help small suppliers achieve the performance standards required by leading retailers while retaining the advantages of being small. To this extent, the scheme should help offset whatever negative effects on rural employment the continued rationalisation of commodity food processing generates over the next few years.

May 2007

Source: FFB/IGD Consumer Research 2006

Not printed: http://www.salsafood.co.uk/docs/SALSA_Audit_Standard_Issue_1_March_2007_Rev2.pdf
Memorandum submitted by Lantra

SUMMARY

— Lantra is supportive of Defra’s Strategic Objectives but is concerned that the continued absence of a skills strategy across the Department significantly undermines the role skills can play in supporting broader policy objectives.

— Skills are important as they directly contribute to economic development and reducing social inequality.

— Action to raise productivity and employment in rural areas needs to be focused on business development and management skills, such as by encouraging knowledge and technology transfer (KTT) and raising skills levels in the current workforce.

— Lantra feels that the Rural Development Programme for England could be better aligned with mainstream business support and skills services. There is also a need to ensure that funding is demand led (by employer needs) as the current inflexible funding rules often exclude potential learners.

— As lifelong learning often covers a wide range of subject areas and levels there needs to be greater cohesion between FE and HE learning, credit and funding.

MAIN RESPONSE

1. Lantra welcomes the opportunity to provide evidence to the Environment, Food and Rural Affairs Committee. We note that the inquiry has been refocused on Defra’s objectives for the rural economy and the effectiveness of the architecture in place to deliver them.

2. Lantra is the Sector Skills Council for the Environmental and Land-based Sector. We are an employer-led organisation licensed by Governments across the UK to determine, promote and ensure that there are appropriate levels of skills and business development support for businesses and individuals in our sector.

3. Lantra promotes skills as a key element of business strategy and as a means of enabling organisations to realise their objectives be it by raising profitability or productivity, improving customer care or ensuring sustainability. A skilled workforce is essential to improving business performance and managing risk, and supports businesses develop and diversify. Our work is fully aligned to contributing to a successful rural economy.

4. Within the specific context of economic development, skills are particularly important. Michael Porter’s report for DTI (UK Competitiveness; moving to the next stage. Harvard Business School/ESRC: 2003) highlighted skills as one of five factors of economic development (together with enterprise, innovation, competition and investment). In addition the Leitch Review of Skills set ambitious targets to raise qualification levels across the UK, which would result in increased productivity and employment rates with a net benefit of £80 billion to the economy over 30 years. Individuals with higher level skills are more likely to be in employment and have higher levels of earnings. Businesses who invest in skills tend to be more productive.

5. It is important to recognise that the land-based industries only comprise now some 6% of all rural located businesses, although this figure increases significantly in remote rural locations. The sector does, however, underpin the whole of the rural economy as was shown in the devastating outbreak of Foot and Mouth Disease in 2001–02.

6. Lantra is supportive of Defra’s Strategic Objectives but is concerned that the continued absence of a skills strategy across the Department, and its Agencies, significantly reduces their strategic impact in this area. Without a strategy there remains no overall recognition of the contribution that skills make to wider policy objectives and a lack of continuity to skills across Defra and the wider Defra family. For example, it was clear from the recent Natural England Strategy Refresh, on which Lantra commented, that there was little awareness of the strategic impact of skills to their success. Lantra would be happy to develop this strategy with/on behalf of Defra should they so request it.

7. The first intermediate outcome ‘Economic growth is supported in rural areas with the lowest levels of performance’ focuses on raising both productivity and employment rates. Micro businesses dominate the environmental and land-based sector, with 65% being sole traders and over 90% employing fewer than 5 staff. Significantly this is not counterbalanced by a small number of larger businesses employing the majority of workers in the sector. Nationally, some 80% of the 2020 workforce are already in or available for employment. The challenge therefore comes as how best to upskill the current workforce to increase productivity.
8. Recent research by Lantra indicates that the majority of skills gaps in the sector (skills absent but required by the current workforce) are generic business development and management skills. Allied to that there is the need to ensure that there are effective systems to encourage knowledge and technology transfer (KTT).

9. The recent Sainsbury Report (Review of science and innovation policies: 2007) and the subsequent Innovation White Paper (Innovation Nation: 2008) both pointed to the key role of higher and further education in supporting KTT. Lantra supports this, but we caveat this support by pointing out that:

- KTT requires a strong specialist network to effectively deliver this, but this is threatened by potential closure of specialist land-based colleges or amalgamation into larger general FE colleges.
- Rural communities are particularly disadvantaged in terms of access (distance/cost) to further education and this acts as a brake on lifelong learning.
- Much near market research is carried out by just six higher education institutes—which is a potential threat in itself—but these six (with one exception) do not have major business support programmes; nor is there an effective “supply chain” to get the new knowledge from the research centres to the college support network. There is an opportunity for the new Agriculture and Horticulture Development Board (a major sponsor on near-market research) to regularise much of this transfer, and Lantra is seeking to work with them on this.
- Greater cohesion between HE and FE funding is required to meet the skill needs of the workforce.

10. Moving on to the second intermediate outcome ‘Evidenced needs of rural people and communities are addressed through mainstream public policy and delivery’, we would point out that at present there are two main mechanisms through skills and business support provided to rural and land-based businesses and workers. These are the programmes established under the new Rural Development Programme for England (RDPE), and the mainstream business support services offered through Business Link (sponsored by the RDAs) and the adult skills programme “Train to Gain” (sponsored by the Learning and Skills Council).

Lantra believes that the needs of rural people and communities could be better met were these programmes better integrated and focused more directly on the needs of these populations.

11. At present, RDPE funding is contracted out by Defra to the RDAs to deliver on a regional basis. Too often we find that the national overarching themes for the skills element within the RDPE programme reflect the need for the RDAs to deliver government and broader EU targets rather than driving a demand-led approach from business. In addition there is no national delivery model or monitoring of this element. Approaches to skills development within RDPE therefore vary significantly from region to region with the potential to confuse the end user.

12. Some, but not all RDAs, have recognised the need to link RPDE skills funds to run alongside mainstream skills and business support programmes. Lantra suggests that there would be significant benefits in integrating these across all regions with the generic business support services and skills brokerage services (which themselves are to be integrated from next year). This would ensure greater consistency for those wishing to avail themselves of publicly funded support services within rural communities. This would also provide a framework through which other public funding, such as ESF, could be channelled thus providing a joined up approach to skills and business support.

13. To begin to facilitate a more integrated approach to skills development within the English regions Lantra is currently working with the Learning and Skills Council to develop a sector compact for the environmental and land-based sector. This Compact will work to ensure the Train to Gain service for employers and adult learners is tailored to the needs of business in the sector.

14. The compact is wide ranging and will aim to:

- Increase integration between skills and wider business support including the RDPE programme.
- Develop a specialist broker and advisor network—to ensure business support is delivered in a way that is viewed as creditable by employers.
- Increase the flexibility of government funding so it is more aligned to employer need particularly by funding more modular qualifications.
- Ensure funded programmes of leadership and management focused on the needs of micro businesses.
- Extend the scope of publicly funded provision to the self-employed, and voluntary and third sector organisations.
- Provide a strong focus on higher levels skills and ensuring engagement of higher education in providing business support.

15. There is a particular policy challenge around the funding of modular learning as opposed to full qualifications which too often works to the dis-benefit of the sector. The Public Service Agreement targets agreed by HM Treasury with each spending department focus on the achievement of full qualifications by both the current and future workforce. Thus the LSC will only fund learning which goes towards the achievement of a full qualification.
Ev 226 Environment, Food and Rural Affairs Committee: Evidence

16. The skills profiles of micro businesses do not conform to this hierarchical approach and draw on skills from many different sectors and at different levels. In addition, Lantra has long espoused the demand-drive from the sector for bite-sized, modular learning. The demand-driven skills agenda though is being thwarted to a large extent by the application of funding rules which act as a disincentive to undertake lifelong learning.

April 2008

Memorandum submitted by Rural Solutions

Issues Concerning Rural Planning—Key Points

The following four key areas of debate impact significantly upon opportunities to advance beneficial economic and community development in rural areas:

Sustainability

— Any development that takes place outside a defined settlement boundary is now considered by most planners as prima facie unsustainable. The approach to sustainability is now so rigid that some settlements are effectively blocked from any form of beneficial development—ie because they are not sustainable at the outset then development that might help to make them more sustainable is not permitted.

— The environment / rural economy balance is wholly unbalanced. Moreover, the push for “key settlements” and “service centres” as the focal point for all development will simply drown traditional market towns.

— The increasing drive to limit car use is impacting significantly upon economic regeneration of rural areas which have no material public transport system to fall back upon.

— Why bother to promote and encourage affordable rural housing if the occupants will not have local employment opportunities alongside. Simply creates dormitories.

Policy

— The interaction of and literal interpretation of Government planning “statements” (no longer “guidance”) positively discriminates against rural development. PPS7 and PPS13 are particular culprits. PPS 6 is also being increasingly interpreted by councils as treating B1 use as a “town centre” use, for which sequential testing of rural schemes (such as at Broughton Hall) would now be required.

— RSS policy is reinforcing this negative rural approach treating in some cases even rural conversions as exceptions only (eg Policy RDF 3 North West Plan). This will necessarily trickle down into LDF’s and be enforced at local level.

Architecture

— It has been common practice for council’s to refuse conversion of buildings which, in their opinion, cannot be converted without substantial rebuilding, even though this may help preserve the setting and architectural vernacular of the area. If it requires more than simple conversion it is therefore a new building in the countryside for planning purposes and therefore a presumption against applies. Rural building assets are therefore being wasted for want of an enlightened approach to building reuse.

— New build elements that help to bring assets back to life (or to a scale that makes regeneration economically viable) are refused on the same basis, irrespective of the suitability or benefits achieved.

— Heritage assets fare no better. Despite the increasing list of buildings at risk, the lack of flexibility in encouraging new uses means that schemes to restore and revitalise some of our most important heritage assets are delayed, deferred or even deterred altogether.

Money

— The sheer cost of making planning applications is now impacting upon otherwise beneficial schemes. The checklist approach recently implemented—is already encouraging councils to adopt the precautionary approach by requesting reports on almost everything.

— The outline application is dead. By the time one meets all the requirements a full application might just as well have been submitted. So maximum planning fees (recently increased) are charged.
— On top of this, infrastructure charges are now being levied irrespective of the ability of the scheme to deliver to them. There remains a debate about whether discounts will actually apply where the developer meets the costs of infrastructure directly.

— Lead times due to all of the above are now increasing significantly, ensuring that a rapid response to market need is unachievable.

**Summary**

— The Planning system is increasingly hindering and in some cases preventing otherwise beneficial schemes.

— Planning is closing down rather than opening up a new rural economic future.

— Lack of flexibility and conflicting guidance reduces opportunity, increases cost and at best stagnates otherwise beneficial schemes.

— The lack of understanding of the needs of the rural economy (or even awareness that this extends beyond traditional agricultural activities) is a significant burden.

These are my views based upon some 30 years in practice, primarily in the rural sector. They are only a thumbnail as requested but I would be happy to expand upon the points if necessary.

_Ian Butter_ BSc FRICS
Head of Planning and Land Use
Rural Solutions

*July 2008*

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**Memorandum submitted by Yorkshire Forward**

RESPONSE TO TRANSCRIPT OF EVIDENCE PRESENTED TO THE ENVIRONMENT, FOOD AND RURAL AFFAIRS SUB-COMMITTEE ON THE POTENTIAL OF ENGLAND’S RURAL ECONOMY, WEDNESDAY 2 JULY 2008

**1.0 Introduction**

Approximately 80% of the land area of the Yorkshire and Humber region is rural, with approximately 20% of the population living in these areas. Yorkshire Forward recognises that the rural parts of the region make an important contribution to the regional economy. The role of Yorkshire Forward as a Regional Development Agency is to grow the economy of the region. The rural parts of the region are an integral part of this as recognised though objective 6 of the Regional Economic Strategy (RES)—Stronger Cities, Towns and Rural Communities—“to ensure they are attractive places to live, work and invest”.

1.1 The following describes the scope of Yorkshire Forward’s support for economic development in rural areas, which recognises specific issues facing rural communities and supports delivery of small as well as large scale projects:

**2.0 Renaissance Market Towns (RMT)**

This programme has supported the development of long term visions, masterplans and delivery plans for rural capitals (market towns, ex-coalfield towns and ex textile industry towns) since 2003. Working with our Local Authority partners, we have worked with 24 towns and in addition have continued to support delivery of projects emerging from the pilot Market Towns Initiative (MTI). Over £25 million of Yorkshire Forward funding will have been spent on projects by 2009, including the Richmond Station project at the large end of the scale and the Heritage Partnership scheme in Richmond at the smaller end of the scale. Both of these award winning projects were visited by the Select Committee on their visit to the region. Other projects that have been delivered include the Springboard business space in Stokesley and due to the success of this project, we have now funded the adjacent Momentum business space to provide grow on space for businesses.

2.1 Yorkshire Forward has also funded smaller projects through its RMT Rural Target Fund programme such as the renovation of ginnels in Bedale, providing more attractive, safer access through the towns for pedestrians and encouraging more visitors to the town.

2.2 The RMT programme has also funded strategic pieces of research to inform future developments in market towns, such as the Market Towns of the Future report and Assessing the Economic Performance of the region’s Rural Capitals (available at www.rmtportal.com). Reports are currently being undertaken on Low Carbon Rural Capitals and Business Space in Rural Capitals in the region to guide Yorkshire Forward’s future investments. A Regional Sounding Board of senior Local Authority partners has been established to help guide priorities for future investment in the region’s Rural Capitals.
3.0 RURAL DEVELOPMENT PROGRAMME FOR ENGLAND (RDPE)

Responsibility for delivering this programme passed to Yorkshire Forward in 2006, with approvals for programme delivery received in 2007. Across the region, the RDPE programme has £9 million allocated each year for delivering the following activities:

3.1 Rural Business Start Up Programme

The Rural Business Start Up Programme is part of the support that can be accessed via Business Link Yorkshire and is targeted at new rural enterprises and young businesses (less than one year old). Business Link will be working with the Growing Routes project to help start up business in the agricultural sector access RDPE funding.

3.2 Farm Resource Efficiency Programme

FREP is a capital grants programme available to improve the overall economic performance of livestock holdings through the introduction of new technologies to promote energy, manure and water resource efficiency. The funding will assist the purchase of capital equipment to achieve business and environmental benefits; with the principle benefit of the technologies being towards the farming enterprises, and not towards domestic or diversification use. Examples of eligible technologies include:

- Renewable Heat—Heat recovery systems, biomass boilers, solar heat and ground source heat pumps.
- Manure management*—Solid/Liquid separator systems such as rotary screens, roller presses, screw presses/augers and nutrient testing kits.

3.3 Rural Enterprise Investment Programme (REIP)

Support is available through the Rural Enterprise Investment Programme for farms to invest in the reduction of input costs (energy, water, and fertiliser). This grant is aimed at larger investments and can be accessed by all agricultural sectors including horticultural units.

Activity could include investment in:
- The heating of a horticultural unit/glasshouse fuelled by biomass.
- Anaerobic digestion from raw materials such as manure or energy crops.

3.4 Subsidised Training for New Management Techniques

The LandSkills programme is being managed by Lantra on behalf of Yorkshire Forward. The LandSkills programme aims to ensure that the regions agricultural, horticultural and forestry sectors are best placed to improve their competitiveness, efficiency and profitability.

Training is available on a range of Resource Efficiency issues including:
- Optimum economic and environmental nutrient usage.
- Reduction in waste produced on farm.

3.5 Rural Retail

Yorkshire Forward is investing £170,000 of funding from the Rural Development Programme for England in a pilot programme that will enable essential retail businesses in rural locations to diversify and add to the services that they offer. This can cover both specialist advice to the business and small scale capital investments in developing the business for the future. It will be managed by Business Link.

4.0 Transport

The focus of Yorkshire Forward’s transport product is securing influence. The direct delivery of the region’s transport priorities are almost exclusively the responsibility of others, therefore our approach is to work to influence key agencies and organisations with the aim to address regional priorities. The most important influence is with the Government, which has strategic policy responsibility for transport and controls key funding streams. Others that we will work with closely to influence include the Yorkshire and Humber Assembly, Transport Operators, the three City Regions, Passenger Transport Executives and Local Authorities. The regional transport priorities have been arrived at following extensive consultation and are consistent with both the Regional Economic Strategy and Regional Spatial Strategy.
4.1 Whilst some transport priorities are not directly linked to rural parts of the region, Yorkshire Forward has recognised that access to services is key to economic growth in rural areas and rural productivity. Between 2006–09, Yorkshire Forward has allocated a regional total of £5.3 million to deliver its PSA4 target of improving access to services and rural productivity. This is broken down by geographical area as follows, North Yorkshire £2.2 million, Humber £1.3 million, West Yorkshire £1 million, South Yorkshire £770K. Of the £5.3 million, 43% has been allocated to transport projects, delivered by our partners in the region, such as the North Yorkshire Wheels to Work programme.

4.2 On the specific issue of the Wensleydale Railway, whilst this is not a regional transport priority, Yorkshire Forward is represented on a group including the Local Authorities that meets with the Wensleydale Railway to discuss their project and what support is needed for this. Yorkshire Forward, with our partners is currently looking at what support we can provide to evidence the socio-economic impact of the proposals. Through its RMT programme, Yorkshire Forward has already facilitated the opening of Bedale Station on the Wensleydale Railway, where the Wensleydale Railway company has now located its offices. Yorkshire Forward provided funds that, together with funds from Hambleton District Council, enabled it to purchase the station and buildings. This now provides workspace for businesses as well as enabling the reopening of the station as a halt on the line.

5.0 OTHER RURAL PROGRAMMES

In addition to the programmes outlined above, Yorkshire Forward has invested significantly in access to broadband through its community broadband programme for isolated rural communities and through NYNET, a North Yorkshire County Council initiative to expand provision of high quality broadband across the rural county of North Yorkshire. More details can be found at http://www.nynet.co.uk/.

5.1 Over the last three years, Yorkshire Forward has provided a general Rural Target Fund across North Yorkshire of almost £1.4 million, which has funded projects ranging from village hall improvements to community transport projects, with Richmondshire District receiving almost £450K of this. In addition to the projects detailed above, rural parts of the region benefit from programmes supported by Yorkshire Forward, such as Business Link services and Community Energy projects in the North York Moors National Park.

5.2 In each geographical area, there is a partnership of senior Local Authority and key stakeholder representatives that inform and guide Yorkshire Forward investments. It is worth recognising that Yorkshire Forward currently invests more money in projects and programmes in North Yorkshire than the Rural Development Commission did across the whole region. Yorkshire Forward is committed, together with our partners to continuing its support for developing the economy in rural areas.

Yorkshire Forward

August 2008

Memorandum submitted by Colin Davies

SOUTH LAKELAND DC MEETING WITH MICHAEL JACK MP, 16 JULY 2008

RE RURAL ECONOMY

HELP FOR HILL FARMERS

I am pleased to respond to the request by Michael Jacks at our meeting, to submit evidence for the Select Committee on the potential of England’s Rural Economy—by forwarding a written version of my suggestion to help the hill farmers in Cumbria, and the Lake District in particular.

At our meeting, I began by asking what the Select Committee had done so far to help hill farmers.

Subsequently, I mentioned that I had been a County Councillor Member of the Lake District National Park Authority between 1997 and 2001, during which time the Government caused restructuring of National Parks by requiring them to budget according to the two Statutory Purposes (Environment Act, 1995, Sections 61, 62).

To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Parks; and To promote opportunities for the understanding and enjoyment of the special qualities of those areas by the public and a Duty in pursuing those purposes to seek to foster the economic and social wellbeing of local communities within the National Park.

Currently, the Lake District National Park Authority is seeking World Heritage Status, which is supported by Cumbria County Council and South Lakeland District Council, and I suggested that the Government should provide their support to the hill farmers, to help to continue to maintain the environment of the Lake District, and develop the potential of this rural economy.
As District Councillor now for the Hawkshead Ward, and also as Chair of Cumbria Rural Academy, I would have to declare an interest in this proposal!

Colin Davies
July 2008

Memorandum submitted by Cllr Jane Carson, Mid Furness Ward, South Lakeland District Council (RE 43)

I was one of the group of councillors and council officers from South Lakeland District Council who visited Portcullis House last week on Wednesday, 16 July.

Firstly, I would like to thank you for taking the time out of your busy schedule to meet with us and describe the operating procedures of your select committee. I am sure that the rest of the group would wish to join me in saying how interesting and valuable we found your talk and the subsequent committee session with Jonathan Shaw.

At the finish of your talk you mentioned that you would welcome any evidence we had of the impact of government policy on rural communities. Subsequently, in the committee session, the matter of Post Office closures came up.

In our ward, we have been fighting a hard battle all Summer to prevent our local, thriving post office from being shut down. The Steering Committee formed to fight this, the incumbent Post Mistress and her husband, the constituency MP Tim Farron, County and District Councils have all been involved in attempting to stop its closure, but without success. As you will see from the enclosed letters, this post office lies outwith the three mile limit from another post office, and many people using it have as much as further eight miles of winding roads to travel.

This is going to have a considerable and adverse impact on our business community and seems totally at odds with other government policy which purports to be attempting to support and sustain such activity.

From the several hundreds of letters of protest which were sent to the Post Office, the Post Mistress and I have extracted 52 copied letters from members of the business community. They give a clear picture of the impact of this decision on their businesses.

Whether or not the Post Office will reverse their decision remains to be seen, but I thought that these letters provide such clear evidence of a lack of knowledge and understanding of this particular type of—quite thriving—rural community by a government department, that it should be placed before you.

July 2008

Memorandum submitted by JJ Pearlman MBE, LIB (RE 44)

It was reported in the Yorkshire Post on 30 July that your committee had visited Wensleydale and met several persons with commercial interests in Wensleydale. I appreciate that you are looking at the economic aspects and problems of the area. If the newspaper report is a fair description of the information supplied to you then I would suggest that you will have been given a very biased version of circumstances in the area.

I was a member of the Yorkshire Dales National Park Authority for 18 years and for several years was the Deputy chairman of the Authority. I fully acknowledge that the people who live and work in the Park do have problems . . . but so does everyone.

I am aware that some farmers become depressed, that some people in the area do not have easy access to transport, or to Post Offices, or shops or further education but there is another side to the coin.

I have heard frequent mention of the so called Index of Multiple Deprivation and, indeed it was mentioned to you. I suggest that there could also be an Index of Multiple Advantage. There are many people who live in towns who suffer the same or even more severe disadvantages than those in the countryside. On the other hand people in the towns do not have fresh air, great views, a more relaxed and less frantic way of life and so on which are the advantages of living in the countryside.

I am reminded of the phrase Il faut souffrire d’etre belle (you have to suffer to be beautiful) by which I mean that to have the lifestyle that most country residents experience means that they might or do suffer from the absence of some of the facilities that exist in towns. The type of comments made to you seem to suggest that all the advantages of the towns should be imported into the countryside. I feel sure that no one could expect that the advantages of the countryside could be imported into the towns. Surely it is reasonable, as one witness said, “We pay more for living in an area like this”.

I urge that in your conclusions you look critically at the overstatements that were expressed to you and look for balance instead of exaggeration.
I am aware that so often there is a claim of rural poverty and (because the area is in a National Park) a complaint that there are planning constraints. However I note that most of those who spoke to you are far from poverty stricken. I also note that some of the witnesses were in Wensleydale because it is beautiful and is and should be in a National Park.

I was always aware that when we were discussing various problems and poverty was given as a reason for increased financial benefits or for the grant of planning permission and sometimes I asked for financial details to substantiate the assertions there was a reluctance to provide it. In fact in some cases it was necessary to disclose some information and it was revealing. There are some rich farmers or land owners out there. It was always a mystery to me how it was that so many people who claimed to have some form of need nevertheless managed to find the money to build some fairly substantial new houses. Even if they had to obtain a mortgage they would have had to convince a building society that they had the income to fund the repayments.

My message simply is “Don’t take everything that this lobby group says at face value”.

From my own experience I would also support the thoughts of Mr Drew expressed in Q160.

August 2008

Memorandum submitted by the Department for Transport (RE 45)

RESPONSE FROM THE DEPARTMENT FOR TRANSPORT TO QUESTIONS ASKED BY THE COMMITTEE

Q1. What steps does the Department take to ensure that its policies are rural proofed?

The government is committed to ensuring that all its policies take account of rural circumstances and needs. The Department is well aware of the importance of rural proofing and carefully considers the impact all transport policies will have in rural areas.

All transport policies requiring an impact assessment undergo a “rural proofing” test as part of this process. Guidance on rural proofing tests recommends that policy officials consider:

— whether the proposal is likely to have a different impact in rural areas, because of particular rural circumstances or needs;
— making a proper assessment of these impacts, if these are likely to be significant; and
— adjusting the policy, if appropriate, to meet rural needs and circumstances.

Examples of recent impact assessments which have included specific consideration of rural impacts are those on the Local Transport Bill and on proposals for the reform of bus subsidies.

For capital projects, the New Approach to Appraisal Impact Assessment (NATA) guidance ensures Ministers are aware of significant rural environmental impacts. This helps them appraise rural issues such as landscape impact, heritage, biodiversity and water environment.

Policy development includes the assessment of problems associated with transport provision in rural areas. This is reflected in the current round of Local Transport Plans (LTPs) 2006–11. DfT issued guidance to all local authorities which required local authorities to work closely with local communities to identify transport problems and opportunities; this includes rural transport provision. Specifically the guidance requires local authorities to demonstrate that they have considered how to deliver better transport for those living in rural areas as well as demonstrating the appropriate funding mechanisms for proposed services.

The introduction of accessibility planning as part of the local transport planning process has been particularly relevant to assessing the needs of rural communities.

Examples of specific policies that have reflected recognition of the needs of rural areas include:

— provision since 1998 of a total of over £0.6 billion of funding through the Rural Bus Subsidy Grant and Rural Bus Challenge schemes;
— the Rural Road Safety Demonstration project which strengthened attitudes towards tackling rural road safety; and
— the Community Rail Development Strategy to improve financial viability of local and rural rail and to improve links between the railway and the community.

Q2. What contact does the Department have with Defra to discuss rural proofing?

The Department has on-going discussions with Defra and the Commission for Rural Communities over the range of policies that have a potential rural impact.

September 2008
Memorandum submitted by the Department for Children, Schools and Families (RE 46)

CHILDREN AND FAMILIES DIRECTORATE

1. The delivery of the majority of CFD policies is carried out via Children’s Trusts who we expect to take account of local circumstances, including rurality, in service planning. Our policy officials also work Local Authorities, Government Offices and external stakeholders to ensure our policies reflect the range of circumstances that might exist in implementation including rurality.

2. Officials in CFD meet with Defra on an ad hoc basis and as necessary. There is a specific example of Defra officials sitting on one of our advisory Boards.

CORPORATE SERVICES AND SCHOOLS DIRECTORATE

From a corporate point of view, rural proofing is a required component of Impact Assessments where appropriate—therefore any official developing a policy that may need rural proofing should provide evidence that it has been considered as part of the appraisal of policy options. The Chief Economist has a role of ensuring that IAs are produced to an acceptable level of quality and rigour, so Strategic Analysis may request that policy colleagues consider rural issues more fully in their IAs where appropriate and may seek guidance from DEFRA colleagues as required, on an ad hoc basis.

YOUNG PEOPLE DIRECTORATE

All of our delivery programmes targeting the needs of young people seek to secure a balance between different areas of the country. Many of our policies are delivered through local authorities and local partnerships, who work with us to ensure that our programmes are targeted as closely as possible to local needs, including the particular needs of rural areas.

September 2008

Memorandum submitted by the Department for Innovation, Universities and Skills (RE 47)

SUBMISSION TO THE EFRA COMMITTEE INQUIRY IN RESPECT OF “THE POTENTIAL OF ENGLAND’S RURAL ECONOMY”

The Committee has asked the following questions of Departments:
— What steps does the Department take to ensure that its policies are rural-proofed?
— What contact does the Department have with Defra to discuss rural proofing?

Rural proofing

DIUS, like other Departments, is committed to ensuring that its programmes and projects are subject to comprehensive but proportionate assessment, wherever it is practicable and in accordance with guidance set out in The Green Book.

Contact with Defra

DIUS recognises the contribution which rural businesses make to the economy and that they include high tech businesses and new business start ups as well as more traditional land based businesses. DIUS will play its full part with others across Government to reflect upon the Rural Advocate’s recently published report on rural economies and to take forward appropriate action in response to its recommendations. We are committed to ensuring that our policies and programmes do not disadvantage rural economies and that the rural dimension is properly taken into account. We will continue to work closely with colleagues in Defra to ensure that this is the case.

In responding to the Rural Advocate’s report on England’s rural areas, DIUS has indicated a number of ways in which its policies will impact on rural areas, of which the following are examples.

On the skills side, Train to Gain Brokerage will be integrated with other business brokerage through Business Link from April 2009 and our aim will be for Business Link to deliver a consistently high level of service across the country regardless of location. We are developing a national matching service for employers and would-be apprentices and this might be particularly useful for potential apprentices and SMEs in rural areas where communications are poorer.
Innovation Nation recognises the variable spatial scales and complexities of innovation systems and partnerships in the UK, including the rural dimension. The Department is committed to better understanding these spatial complexities. We look to the Technology Strategy Board to recognise the rural dimension where appropriate in national technology issues and to RDAs to recognise the different spatial dimensions to innovation in their regions. We expect them to develop strategies and prioritise investments based on detailed analysis and intelligence. Where a rural dimension emerges as key issue from this analysis, we expect these organisations to develop appropriate responses.

*September 2008*

**Memorandum submitted by HM Treasury (RE 48)**

The Committee has asked the following questions of departments:

— What steps does the Department take to ensure that its policies are rural-proofed?

— What contact does the Department have with Defra to discuss rural proofing?

**RURAL PROOFING**

All new government policies, programmes and projects, whether revenue, capital or regulatory, should be subject to comprehensive but proportionate assessment, wherever it is practicable, so as best to promote the public interest. This is the case in all Government Departments, including HM Treasury.

The Green Book, published by HM Treasury, presents the techniques and issues that should be considered when carrying out assessments. The Green Book notes that there is a wide range of generic issues that may need to be considered as part of any assessment. Rural issues are specified in the list on page 9 of the Green Book, which states

"The Government is committed to ensuring that all its policies take account of specific rural circumstances. Appraisers should assess whether proposals are likely to have a different impact in rural area from elsewhere."

**CONTACT WITH DEFFRA**

HM Treasury has regular contact with Defra on a wide range of issues, including in respect of issues with implications for rural areas. Examples include Government policy in respect of the Common Agricultural Policy, and Government decisions on public spending, such as the announcement in 2007 of the £3.9 billion that would be spent on the Rural Development Programme for England for the period 2007–13.

*September 2008*

**Memorandum submitted by the Home Office (RE 49)**

In line with the current rural proofing guidance and checklist produced by the Commission for Rural Communities, we are required to:

— consider whether a policy is likely to have a different impact in rural areas, because of particular rural circumstances or needs;

— make a proper assessment of those impacts, if they are likely to be significant; and

— adjust the policy, where appropriate, with solutions to meet rural needs and circumstances.

Where appropriate, the Department involves Defra in the development of policy which has an impact on rural areas and works with Defra over the provision of rural evidence, data and advice and in reaching rural stakeholders.

In relation to crime, the evidence from both the British Crime Survey and police recorded crime is that crime levels are lower in rural areas than elsewhere, both for all crime and for specific crimes such as burglary and vehicle crime. Within this context, the Home Office has consulted Defra over the control of rural crime, provision of adequate rural policing and implementation of the Hunting Act. We are also in regular consultation with Defra on wildlife crime, including the funding and operation of the National Wildlife Crime Unit.

*September 2008*
Memorandum submitted by the Ministry of Justice (RE 50)

EFRA’S SELECT COMMITTEE INQUIRY INTO THE POTENTIAL OF ENGLAND’S RURAL ECONOMY

Q1. **What steps does the Department take to ensure that its policies are rural proofed?**

All policy teams are responsible for ensuring that the impacts of policies are fully assessed, including rural impacts. To assist them in this a central team provides advice and guidance on the development of impact assessments, and this includes the rural proof aspect. This team advises on early drafts of impact assessments and consultation papers, and offers advice to policy colleagues on whether sufficient account has been taken of all of the likely impacts, including those on rural communities. The requirement to consider rural impacts is also included in our internal training on impact assessments.

Proposed court closures and mergers is one area where rural impacts are particularly relevant. The guidance produced by Her Majesty’s Court Service (HMCS) on this issues does, therefore, contain explicit instructions to consider rural issues as part of the decision-making process.

Q2. **What contact does the Department have with DEFRA to discuss rural-proofing?**

There is no formal forum within which the Ministry of Justice maintains contact with DEFRA on rural proofing issues. However, we will contact as needed on the consideration and development of rural impact assessments where more specialist advice is needed.

*September 2008*

Memorandum submitted by the Ministry of Defence (RE 51)

**GOVERNMENT RURAL PROOFING**

The Secretary of State for Defence’s policy for Safety, Health, Environmental Protection and Sustainable Development requires that all Departmental policies, programmes, plans and projects must be subject to a Sustainability Appraisal (SA).

In addition, the Ministry of Defence (MOD) undertakes statutory Strategic Environmental Assessment (SEA) when required to do so under the SEA Regulations. SEAs and SAs undertaken by the MOD take into account rural proofing issues ie travel and transport, communities and social values, infrastructure and employment, and sustainable procurement.

Furthermore, where the MOD is exempt from environmental assessment, the Secretary of State for Defence has stated that the MOD will “introduce standards and management arrangements that are, so far as reasonably practicable, at least as good as those required by legislation”. Major defence developments are discussed with Government Offices and Local Government Agencies.

Defra was consulted about the MOD Sustainability and Environmental Appraisal Tools handbook and is aware of the methodologies used in this process. Defence Estates—the MOD organisation responsible for the defence estate—are also involved with Defra at the policy level on many other areas of rural land management through the Defra Major landowners Group, Access and Recreation Group, and discussions on Common Land matters.

*September 2008*

Memorandum submitted by the Department for Culture, Media and Sport (RE 52)

**What steps does the Department take to ensure that its policies are rural-proofed?**

As the internal structure of DCMS has recently (April 2008) been transformed, the steps which were in place to ensure rural proofing was considered by policy makers are in the process of reconsideration. We are keen to maintain the good record we have. The Commission for Rural Communities report published in November 2007 singled out our implementation of the Licensing Act and the Digital Switchover Bill as good examples of policy making.
What contact does the Department have with Defra to discuss rural proofing?

DCMS has had no formal contact within Defra on rural proofing since the re-organisation of that department.

September 2008

Memorandum submitted by the Department for Business, Enterprise & Regulatory Reform (RE 53)

What steps does the Department take to ensure that its policies are rural-proofed?

The majority of BERR’s policies are “location neutral” on the basis that they apply to businesses across the board, whether rural or urban. Officials are asked to account for the effect these policies have on rural economies and communities to meet the commitment in the Rural White Paper (published in 2000).

BERR has issued guidance obliging the Regional Development Agencies to ensure that their new Corporate Plans for 2008–11 tackle rural needs as a cross-cutting requirement. They have to demonstrate that they are ensuring that all sub-regions and localities within each region, including both urban and rural areas, can achieve their potential, consistent with the Government’s objectives on creating economic opportunities for all and tackling spatial concentrations of deprivation.

Guidance is available electronically for BERR officials who are responsible for policy or programme making or delivery in the department, at national or regional level, and they are asked to contact the Regional Policy team if there are any aspects of policy that may have an impact on rural economies, whether positive or negative. Officials will be asked to provide updates, as necessary, if the policy area concerned includes areas of continued development or impact.

What contact does the Department have with Defra to discuss rural proofing?

BERR reports annually to the Commission for Rural Communities on the effect policies have on rural economies and communities.

September 2008

Submission from the Rt Hon Gordon Brown MP, Prime Minister (RE 54)

Thank you for your letter of 8 July regarding steps to increase the potential of England’s rural areas.

The Rural Advocate’s report—England’s rural areas: steps to release their economic potential rightly identifies economic growth in a rural context as a cross-cutting issue and makes a correspondingly wide range of recommendations targeted at all Departments across Whitehall. Many of these recommendations are detailed in nature, a number refer to the work of more than one Department and all require a considered and joined-up response. We have, therefore, established a Cross-Whitehall Working Group to consider and discuss each of the recommendations in order to provide a co-ordinated response. This Group will be chaired by DEFRA and will involve representatives from HMT, BERR, DIUS, CLG, DWP and Cabinet Office. Jonathan Shaw, Minister for Rural Affairs, will take the Ministerial lead, drawing in Ministerial colleagues from the appropriate departments as required. The Cross-Whitehall Working Group met for the first time earlier this month and agreed that the Government should published a response to the Rural Advocate’s report in the autumn.

August 2008

Memorandum submitted by the Department of Health (RE 55)

What steps does the Department take to ensure that its policies are rural proof?

We are mindful that policies play out differently in different parts of the country. Relevant factors include population density, other characteristics of local populations (e.g. there is a higher proportion of older people in rural areas) and the accessibility of services.

We seek to ensure that there is an adequate evidence base for policies affecting rural communities. For this purpose, we have found it beneficial to involve the Commission for Rural Communities (CRC). For example, CRC provided a dossier of evidence (http://www.ruralcommunities.gov.uk/projects/nhsreview/overview) to inform the recent NHS Next Stage Review (NSR) led by Lord Darzi, and convened a number of local engagement events to inform the local and regional elements of the work.
For the NSR, DH deliberately avoided a top-down approach, preferring to encourage local health and social care clinical staff to lead the development of proposals for their locality and to articulate what they needed from central Government to make those local proposals a reality.

This chimed with the approach recommended by CRC. As they put it in their press release of 23 June 2008:

“Our guiding principle is that no one should be disadvantaged by where they live in accessing healthcare services. We welcome, therefore, the pledges recently published by Lord Darzi, emphasising the need for local populations to have a meaningful say over NHS services. This is particularly important in rural areas where a ‘one size fits all’ approach simply will not work.”

Each of the 10 strategic health authorities in England has now published its vision for the future of health and healthcare for its population, whether rural or urban or both. Taking these as a starting point, primary care trusts across the country will be developing their commissioning plans for local services. Lord Darzi’s final report published in June sets out what central Government will do to enable local staff, patients and public to achieve these goals.

Rural proofing is also underway as part of the programme of work to develop the forthcoming Care and Support Green Paper due in early 2009. The CRC is closely involved as a member of a working group set up specifically to oversee the implications of any policy decisions on equality groups. A full equality impact assessment will be published alongside the Green Paper.

What contact does the Department have with DEFRA to discuss rural proofing?

The Department regularly engages with DEFRA and CRC on a wide range of matters including rural proofing. At Ministerial level, DEFRA is represented on the Cabinet Committees that consider health issues. At official level, much of the most significant discussion takes place at regional level, where both DEFRA and DH are represented in the Government Offices of the Regions, and where strategic health authorities can also get involved in discussions, as they did, for example, for the NSR.

September 2008