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# **RURAL PROSPECTS**

**A Report on the Future of Rural  
Development in the UK**

**Edited by Nicola Thompson and Jane Atterton**

## **Introduction**

Rural affairs is a disparate and diverse area of public policy. It can cover everything from providing education and health care to rural populations, through to the management of national parks and the challenges facing the farming industry. Likewise, rural businesses and communities face a myriad of interconnected opportunities and challenges: some of these are specific to rural areas such as the future of farming and forestry. Other issues are found everywhere in the UK but may have distinctive rural characteristics or be especially pressing in rural areas. Examples include the provision of basic services and adapting to the needs and opportunities of an ageing population.

There are many different types of rurality in the UK. The problems and challenges faced by rural dwellers in the South East of England are very different from those of the Highlands and Islands of Scotland and the rural coalfields of East Durham. The Government has acknowledged the importance of understanding these differences and, in 2004, brought in a new rural and urban definition which classified different types of rural area in England and Wales. Similar, but different definitions exist in Scotland and Northern Ireland. Nevertheless, some changes are common to all rural areas of the UK. Four interconnected demographic trends are: in-migration, ageing, the growing preponderance of higher income groups and increasing social and cultural diversity. Other common trends include the continued decline in local services and a growing variety in the types of businesses found in rural areas.

The topic papers that are included in this collection draw on research conducted at the Centre for Rural Economy at Newcastle University. The papers are not a comprehensive review of the evidence but instead use selected research findings before drawing out a series of implications for policy. Topics were chosen on the basis of their current and future political salience. All the papers focus on issues shaped by decisions made largely at the UK, devolved/regional and local levels rather than being areas where the EU exerts a considerable degree of influence as in the case of the Common Agricultural Policy.

The objective of this publication is to draw out key rural challenges and suggestions for how these might be addressed. Policy makers and politicians governing the countryside require knowledge of the key issues and innovative, yet tested and rigorous approaches, for addressing them. This document provides a basic introduction to the key issues, summarises insights from recent research and, where appropriate, highlights implications for policy makers and politicians.

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## Summary

### Rural Economies

- Between 1998 and 2006 rural districts had a growth rate in VAT registered businesses of 2.7% against a decline of 0.3% for England as a whole. Rural districts have lower gross value added per head, lower wage levels and lower overall levels of investment than urban districts.
- Broadly speaking, the sectoral make up of rural economies is now almost the same as that of the national economy. However, the similarities between the rural and the national economies mask a number of issues which are more important in rural economies, such as the growing importance of home based businesses.
- Rural policy should strive to support those living and working in rural areas to develop their own capabilities and resources. Changes in planning and rural economic development policy are required to encourage the setting up of more small and home based businesses in rural areas.

### Rural Communities

- The belief that rural communities are characterised by strong community spirit and a capacity for helping themselves has been a major influence on rural policy and continues to shape the rural agenda of all three major parties.
- Emphasis on rural communities has meant more public sector led partnerships, more community based planning and an increasing role for communities in the ownership and management of assets over the last decade.
- Policy prescriptions that treat rural communities as all the same will not succeed. There is a need to recognise the role that a multitude of public and voluntary organisations play in supporting rural communities and actively develop this capacity.

### Housing

- Housing markets are a principal engine of social change in rural areas of the UK and a crucial factor in the sustainability of rural communities.
- There is increasing demand for rural housing which, combined with a planning system that permits few homes to be built, means that access to rural housing is increasingly restricted to a wealthy few.
- The Affordable Rural Housing Commission (2006) and Matthew Taylor Review (2008) set out a series of recommendations to urgently address the need for more affordable homes. At least 11,000 new homes a year, three times recent levels of provision, are needed.

### Broadband

- Many rural parts of Britain are provided with an inadequate telecommunications infrastructure for broadband.
- The approach to the roll-out of broadband in Britain has emphasised the role of the market in providing infrastructure. More recently there been recognition of the need for intervention by the public sector to address persistent broadband gaps.
- The public sector will need to be proactive in looking at broadband provision to remoter areas. Public sector involvement can also help provide community broadband organisations and private telecommunications companies with opportunities to supply remote customers at affordable prices.

### Ageing

- Ageing has become a powerful factor shaping rural areas. Two-fifths of the English rural population is over 50, a quarter is over 60, and one in twelve is over 75.
- The ageing population has been portrayed as a looming threat for society. There are real challenges for pensions and welfare systems but also opportunities for rural businesses and community based services.
- Ageing stimulates the need for policy change and redistribution of public funding with regard to economic development, employment, social inclusion and service delivery.

## Rural Economies

Paul Cowie, Robert Newbery and Jane Atterton

### *The Issue*

Rural economies are diverse, dynamic and complex systems with characteristics that are determined by a range of both local and extra-local processes. On some measures the rural economy is a highly entrepreneurial place. The 2008 State of the Countryside Report reported that between 1998 and 2006 rural districts had a growth rate for VAT registered businesses of 2.7% against a decline of 0.3% for England as a whole. Rural areas in England also have more businesses per head than urban areas (Countryside Agency 2003). However, rural districts have lower gross value added per head, lower wage levels and lower overall levels of investment than urban districts. Thus, while on some measures the rural economy is in good health, there are still a number of underlying issues around the type of jobs available and the wealth being generated in rural areas.

It is often the case that the contribution made by rural economies to their regional economies is underestimated, either as a result of the use of urban-focused data and indicators or the common misconception that cities are the only powerhouses of the economy and thus the locations in which future investment should be targeted. Rural areas and rural issues do not have much influence over national economic policy in the UK, whilst agriculture retains a national policy profile but is managed as a national economic sector rather than a force for territorial development (Ward 2006). Recent planning policy in the UK has tended to take a preservationist approach, favouring the protection of the countryside and thus restricting the opportunities for people to work locally in rural areas. Current policy methods for addressing rural issues, such as rural proofing and devolved policy delivery, do not adequately respond to the needs of rural economies.

### *Policy and Evidence Base*

In the last couple of decades there has been a growing understanding that there is more to rural economies than agriculture. Broadly speaking, the sectoral make up of rural economies is now almost the same as that of the national economy with agriculture continuing to decline in importance both in terms of employment and its contribution to gross domestic product. However, the similarities between the rural and the national economies mask a number of issues which predominately affect the latter:

- There are growing numbers of knowledge intensive and home based businesses (HBB) in rural areas. HBBs are particularly important to the economy in remote rural areas.
- Rural businesses tend to be small: 85.4% of businesses in rural areas are microbusinesses compared to 82.6% in urban areas (Countryside Agency 2004)
- As discussed in by Talbot (this collection) ICT infrastructure is poor or non-existent in many rural areas. This may discourage some owners from establishing their business in a rural location and disadvantages many knowledge intensive and creative businesses that are forced to rely on lower broadband speeds or unreliable connections
- In-migrants to rural areas often set up businesses following their relocation. They are an important source of new human capital for rural areas, including

knowledge, information and skills. Evidence suggests that in-migrants are often more innovative, dynamic and entrepreneurial than local business owners (Atterton 2007; Kalantaridis and Bika 2006).

- Rural businesses often face challenges when seeking to expand or start up, including problems in recruiting suitably skilled workers or in finding appropriate business premises.

In-migration is an important trend in understanding the changing characteristics of rural economies. Large-scale migration into rural areas has increased the rural population by 800,000 over the past ten years (Taylor 2008). Many of those who are moving to rural areas in middle age are doing so as they negotiate important family-life and work-related transitions. Often they may be recent 'empty-nesters' and are therefore able to downsize their accommodation and unlock financial capital. In migrants are also frequently downsizing their economic activity. Often a job related move for one partner will necessitate a shift to part-time employment or full-time home-making for the other partner. Other shifts out of full-time employment for those moving to rural areas include partial retirement, self-employment or setting up a small business. In the 2009 survey of rural businesses in the North East of England, 44.5% of business owners were in-migrants<sup>1</sup>. Within this group, 48.6% of owners reported that the main motivation for setting up the business was to change their work-life balance and 54.6% reported that the main motivation was to take on a new challenge. Middle-aged in-migrants tend to bring with them great deal of capital, time and energy, thus helping to diversify and strengthen the rural economies into which they move.

An example of this dynamism has been found in relation to business networks. Recent research has found that rural business networks (chambers of trade, business fora and associations) have particularly high concentrations of these in-migrants and provide a site both for the integration of newcomers and the pollination of new ideas. These associations take on a role in marketing the local area, representing the voice of active businesses in key local issues and taking on ancillary roles usually performed by public bodies. In-migration therefore provides a stimulus both to commercial enterprise and to the development of social capital in the local area.

Home based businesses are becoming increasingly important in rural economies. Mason et al. (2008) reports that they account for 50% of rural business compared to 26% in urban areas. In the 2009 rural business survey in the North East of England, 38.2% of business owners reported that their business was part of their home. Data from 2007 in Scotland showed that 20% of all those people in employment in remote rural areas were homeworkers<sup>2</sup> compared to 17% in accessible rural areas and just 7% in the rest of Scotland (The Scottish Government 2009). Driven by factors such as the greater flexibility of service sector jobs, technological improvements, environmental concerns and a shift in lifestyle preferences, this 'sector' seems set to continue to grow.

For some, the home is the business, for others it is a convenient location and for others it is not the place of work, simply the registered business address. This has significant implications for the support needs of each type of business. Research

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<sup>1</sup> In-migrants are defined as individuals who had moved into the local area from more than 30 miles away. The proportion rises to 53.7% when individuals who had previously lived locally and had moved back into the area from more than 30 miles away are included.

<sup>2</sup> This definition includes those who work mainly in their own home as well as those who work in different places using home as a base.

shows that home based businesses have significantly lower than expected membership of rural business associations suggesting poor integration within the local rural business community. The evidence suggests that home based businesses are 'under the radar' of policy and support organisations. Acknowledging their existence and support needs at local level would go some way to addressing this isolation and may increase their stake and participation in the business community.

### *Implications for Policy*

How best can government policy be directed to support rural businesses and the rural economy? The main approach at present is to 'rural proof' mainstream policy. However, 'rural proofing' has failed to adequately shape mainstream policy to accommodate the specific challenges facing rural areas (Atterton 2008). One failing is that rural proofing is not always done at the early stages of policy development. This means opportunities to develop policy in such a way that specifically address rural issues are lost. A second means of dealing with the difference between urban and rural areas is through regionalisation and the tailoring of its delivery for specific local circumstances by local agencies or local government. This arguably negates the need for rural proofing at a higher level as policy can be adapted at a local level to specific local rural circumstances.

These methods of dealing with rural economic issues are underpinned by a top down approach, even when it can be modified or adapted at a local level. This means that key policies relating to the development of the 'knowledge economy' and 'sustainable development', are formulated by central government and in an urban context. Accordingly, the terminology and underlying concepts used in policy are urban centric. The concepts underpinning policy development should be rural proofed as well the delivery mechanisms.

Most government policy in relation to business intervention is based on a market failure rationale. It is assumed by policy makers that the free market is the best means by which assets should be allocated within any economy. This rationale of market failure puts rural areas at a disadvantage particularly if the issues that make doing business in rural areas are seen simply as part of life in the countryside and not as problems which the public sector should address. This policy deficit is further compounded if the rural economy is conflated with agriculture. Sector specific policy for farming targeted at either developing the agriculture based economy or to assist farmers to diversify, may leave large sections of the rural economy to fend for themselves.

In light of the recent banking crisis, world wide recession and the recent re-evaluation of accepted economic principles now may be the time to develop a more purposeful rural economic policy. Rather than only stepping in to correct market failure, rural policy should strive to support those living and working in rural areas to develop their own capabilities and resources by drawing on both local and extra-local flows and processes. A more flexible approach to planning is also required, which encourages the setting up of small and home based businesses in rural areas. This would represent a more positive approach to rural economic development without damaging the high quality environmental assets on which the success of rural economies and business often depends.

## Rural Communities

Nicola Thompson

### *The Issue*

The belief that rural communities are characterised by strong community spirit and a capacity for helping themselves has been a major influence on rural policy in the last two decades. This faith in the social and cultural resourcefulness of rural communities predates, but echoes, the current popularity of 'localism' and 'place shaping' in local and regional planning.

A continued belief in the capacity of communities to drive rural regeneration can be seen in the current policy positions of all three major political parties. The idea that rural communities have distinctive characteristics that can be actively used in economic development and service delivery strongly persists. Community mobilisation has been integral to many national and European rural programmes since the 1990s. Likewise, much of the activity of rural voluntary and community organisations is premised on assumptions about community spirit and capacities for self help. It is the ways in which policy makers and politicians use rural community mobilisation as an active strategy in rural development, which is the subject of this topic paper.

### *Policy and Evidence Base*

The meaning of 'rural community' is hard to define. This is because both words contained in the phrase are themselves hard to pin down. The concept of community is slippery and can be difficult to explain. Despite these difficulties the idea of community remains a powerful influence on the behaviour of those who live in rural areas. Research has shown how the notion can bring together people who have diverse material, social and cultural interests (Liepins 2000). There are strong commonalities in the experience of community mobilisation in rural development across the developed world. The experience in many countries is that rural communities have benefited from more responsive and adaptable community based development initiatives. However, it tends to be the already powerful groups that are able to take advantage of the opportunities that community mobilisation can bring. Conversely those already experiencing social exclusion frequently struggle to have their voice heard. There are also major differences in the extent to which communities are able to access support and to take on responsibility for their own development.

Community self help has been a theme espoused by both Labour and Conservative Governments. For New Labour mobilising rural communities has meant more public sector led partnerships. While funding has often been selective, competitive and time limited there has been public sector support for rural community development. Over the last decade the mobilisation of rural communities has been achieved through five streams of activity: 1) partnership working in small towns; 2) funding to support village based services; 3) modernising parish and town councils; 4) facilitating community led parish and town planning; and 5) promoting community leadership (Gardner 2008). The main outcomes of these streams of activity have been a significant increase in the numbers of public/private/voluntary sector partnerships and more community based service provision. It has also meant more locally based planning - by April 2008 over 2,000 communities had produced a parish or town plan with a further 1,000 in progress (Gardner 2008). There are numerous problems with partnership based working and community participation. One of the most important

problems has been reliance on fixed term funding with the result that most regeneration partnerships in rural areas tend to be short term, lasting as long as specific funding programmes. Partnerships also tend to be unevenly spread with many communities ending up left out or unable to attract any money for their initiatives.

In recent years rural communities have also played a growing role in the ownership and management of assets and resources. This has been most clearly seen in Scotland where an increasing number of communities have exercised new rights to buy the land on which they live and work. There is also a growing use of community land trusts throughout the UK particularly as a means of providing affordable housing. This has been accompanied by significant developments in the use of social enterprises in service delivery and retail. Such initiatives in community ownership often rely on a combination of public and voluntary sector action and funding provision. As the numbers of community enterprises and land trusts grow new research is continually emerging on the roles and functions they are performing, the links with the public sector and the extent to which they represent, and address the needs of, the full diversity of groups and individuals which constitute contemporary rural communities.

Australia provides an interesting experiment in the promotion of community self government. This approach has been more extreme than the UK experience to date but points to some of the problems of overreliance on community in rural development. Here many community based groups have taken over the work previously done by local government. O'Toole and Burdess (2004) demonstrate how there are growing problems of ensuring the accountability and legitimacy of many of these community groups and increasing problems with securing long term funding. The issues emerging as a result of the extreme promotion of community self government in Australia contain some important lessons for the rural UK in terms of highlighting the limitations of relying on self selecting social groupings for service delivery.

Conversely recent research undertaken in rural Poland has highlighted the problems of overreliance on the public sector in the delivery of social and economic development in rural localities (Furmankiewicz et al., 2010). Here, despite a rhetoric of the importance of developing community capacities, the structuring of key rural funding programmes has systematically channelled money into local government dominated partnerships. In Poland it has proved difficult for community groups to receive funding and develop community resources. Hence the experience of policy for rural community mobilisation in other countries points to the need to effectively integrate and support a variety of organisations across the sectors. Such integration helps to simultaneously ensure legitimacy and accountability in the use of public funds while also harnessing the capacities and energies of community members.

#### *Implications for Policy*

People tend to think they know what rural communities are like often on the basis of personal experience. This experience creates literally millions of experts on the nature of community in particular places. Such knowledge can and should be used productively if notions of place shaping and localism are to stand any chance of underpinning worthwhile initiatives in community led development.

However, the specific manifestations of these trends will differ from place to place. There are many different types of rurality. Different rural communities will have different needs and demands. In many areas particular local or regional factors will

also play an important part. The rural coalfields of the north of England provide an example. These areas are classified as rural but face significant and long term regeneration challenges that are distinctive from those of many other areas. The rural coalfields bear no resemblance to the popular and political perception of the rural as a pastoral landscape predominantly inhabited by the middle classes. Policy prescriptions that treat rural communities as all the same and assume that all rural residents are ready and able to take responsibility for their own development are unlikely to succeed. There can be no one approach to rural community development or the mobilisation of community members.

Analysis of rural development initiatives across the developed world demonstrates the need to support resources 'within' communities using additional knowledge and investment from outside the locality (Shucksmith 2010). Community mobilisation benefits from the involvement of professionals from a variety of backgrounds and organisations to facilitate/animate rural development but can be undermined by overreliance by any one organisation or an exclusive grouping within a rural community. The implication is the need to invest public money in providing support to a range of public, voluntary and private bodies including local government, rural community councils, Leader local action groups, churches and other faith based organisations and community associations. Maintaining the collective experience of such organisations and encouraging the development of new ones is vital to rural development but potentially jeopardised if decisions are taken to cut relatively small, but vital, funding streams for rural development.

The rural policies of the past have implicitly idealised rural communities as stable, unified, self organised, unchanging. In contrast research highlights the importance of social change in fundamentally altering the composition of rural communities. Research also shows the power of the idea of community to unify a diverse set of people with different material interests. This unity around an ideal has many social and economic benefits that can be productively utilised in rural development. However, while politically tempting to adopt a simplistic policy prescription which places responsibility for rural regeneration firmly in the hands 'local communities' this would be short sighted. If the approach to supporting rural communities merely consists of forming short term partnerships to oversee short term funding programmes then many villages and small towns will be left out of attempts to involve people in shaping the places in which they live. The key challenge is to understand the many ways in which rural communities can be successfully supported and then invest to ensure both stability and plurality in approaches to mobilising rural community resources.

## Housing

Mark Shucksmith

### *The Issue*

Housing markets are a principal engine of social change in rural areas of the UK and a crucial factor in the sustainability of rural communities. Access to affordable rural housing has long been identified as essential to the vitality and sustainability of rural communities. It is also crucial to the life chances of many members of rural societies, and to the socially inclusive character of the countryside. A number of authoritative reports, as well as a poll of BBC Countryfile viewers, have identified the lack of affordable housing as *the* most important issue facing rural communities in England (Affordable Rural Housing Commission (ARHC) 2006; Best and Shucksmith 2006; Taylor 2008), and there is equally compelling evidence from Scotland and Wales. Moreover this problem has been worsening for 30 years or more. The issue therefore is who can afford to live in the countryside? How can affordable housing be accessed by newly-forming households in rural areas? If solutions are not found, it is difficult to see how rural communities can be sustained and prosper in the future.

### *Policy and Evidence Base*

In rural areas, as elsewhere, the growing numbers of single person households and increases in life expectancy have increased the demand for housing. The demand in rural areas has, in addition, been augmented by the desire of so many town-dwellers for a house in the country in which to pursue a rural lifestyle, or for retirement or even as a second home. Meanwhile, strict urban containment exercised through the planning system permits few homes to be built, and these supply restrictions combined with such strong demand lead to high house prices which limit access to rural housing to the wealthy few. The resulting affordability gap is systematically more severe in smaller settlements, and is widening.

The average cost of a house in rural England is now well above that in urban England, as summarised in the following table:

Sparsity	Settlement type	Mean House Price 2007 £	Affordability Ratio of mean house price to median household income
Less sparse	Urban settlements of >10k	212,954	5.8
	Town and Fringe	213,142	6.2
	Village	296,682	8.2
	Hamlet & Isolated Dwelling	352,705	
Sparse	Urban settlements of >10k	167,837	6.5
	Town & Fringe	204,315	7.4
	Village	258,831	7.5
	Hamlet & Isolated Dwelling	313,087	
Urban England		212,823	5.8
Rural England		257,600	6.8

Source: Commission for Rural Communities (CRC) (2008) *The State of the Countryside*.

It is apparent that in rural England houses are, on average, much less affordable in villages, hamlets and isolated dwellings compared to small towns and urban areas. By 2007 house prices had risen as high as 10 times average incomes in the smaller

settlements of rural England, and these ratios have been maintained despite the economic downturn (CRC 2009a).

Across all of rural England only 55% of newly forming households are able to afford a house in their own ward (Roger Tym & Partners 2006), leaving an affordable housing need of 22,800 homes per annum, on top of a backlog of a further 40,000 houses then required to meet existing needs. In the south-east, south-west and east regions the proportion unable to afford to buy local housing was estimated to be nearer 70%. Research has shown that average rural earnings of £17,400 would only have been sufficient to fund the purchase of a home in 28% of rural wards (ARHC 2006). More recent estimates from CRC (2010) indicate that between 2006 and 2031 demand for new housing as a result of projected household change will grow more in rural than urban districts, with 356,000 new households added every 5 years in predominantly rural districts.

The majority of these new rural households will be unable to afford to buy in the open market, and for them the alternatives are to rent or to leave. Few rent from private landlords in the UK for a variety of reasons, and the provision of social housing has historically been far lower in rural areas, both by councils and by registered social landlords (RSLs) who are now the main providers. Meanwhile the small stock of social housing has been further depleted, as four rural homes have been sold under the right to buy for every three built by RSLs (ARHC 2006), and in some areas the stock of affordable housing has almost disappeared. The provision of affordable housing in rural districts did increase from 2004/5 to 2008/9, but this was focused on the larger settlements (CRC 2010), mainly through requiring developers of market housing to include a quota of affordable housing in their developments.

Housing tenure according to settlement size and population sparsity can be calculated from the 2001 Census (CRC 2005):

Sparsity	Settlement type	Owned %	Social rented %	Private rented %
Less sparse	Urban settlements of >10k	67	21	10
	Town and Fringe	77	15	7
	Village	78	10	9
	Hamlet & Isolated Dwelling	78	5	13
Sparse	Urban settlements of >10k	70	16	12
	Town & Fringe	68	18	12
	Village	73	11	13
	Hamlet & Isolated Dwelling	71	5	19

The most striking feature is how little social rented housing is available in smaller settlements. Social rented housing in a small town thus has crucial importance in meeting not only the housing needs of its own new households but also of those priced out of the villages and surrounding countryside. Only by seeking social housing in the nearest town is it possible for many newly-forming households to find housing relatively near to their place of work and to family and friends. Even this may lead to reverse commuting and a fracturing of social support networks. Such small towns may now be the only places in large parts of rural England where mixed-income communities remain a possibility, with most villages and smaller settlements becoming exclusive enclaves divorced from wider society. This raises questions for policy, both about where best to meet housing needs, but also about how desirable it is for settlements to become so socially polarised in what Sir Peter Hall warned in 1973 would become “this very civilised British version of apartheid”.

Researchers have investigated how power is exercised systematically by more privileged groups in society to achieve this outcome (Sturzaker 2010). Partly this is through the operation of the planning system which allows for opposition to new housing in rural areas to be effectively mobilised during development plan and development control processes. Opponents of new housing, who are often well organised, deploy a potent but flawed rhetoric based on sustainability arguments. This characterises rural communities lacking in public services and transport as inherently unsustainable, and therefore not suitable for further development. Sustainability thus becomes allied with preservationism. Provision for local housing need – a basic prerequisite for any sustainable community – is therefore denied. This has the perverse effect of reinforcing a trend whereby rural areas become the preserve of the prosperous and highly mobile, so making rural communities less socially and environmentally sustainable.

The operation of housing markets, allied to the systematic under-provision of non-market housing, is therefore the principal means by which the social composition of rural Britain is changing and becoming more socially exclusive. This separation of rich and poor is not in the wider national interest.

If more affordable housing is to be delivered in rural Britain, in the interests of meeting housing needs and of promoting more inclusive and sustainable rural communities, there are two main mechanisms for pursuing this at present:

1. The *exceptions policy* allows local planning authorities to grant planning permission for small sites within and adjoining existing villages, which the local plan would otherwise not release for housing, in order to provide affordable housing to meet local needs. These sites are relatively cheap, with the land valued at near to farmland value rather than for housing development. Relatively few houses are actually built on *exceptions sites*, partly due to a lack of finance and poor information on local need, but mainly due to the limited supply of land, and the tension between environmental and social objectives of policy. The process is also very slow, taking anything from 3-12 years, partly due to the opposition of anti-growth interests. Crucially, though, this is the *only* social housing provision occurring in villages, hamlets and open countryside: so despite the small numbers, this mechanism is highly valued. A key challenge is how to make this approach more effective, perhaps through streamlining planning processes.
2. Local authorities are also encouraged to ensure provision of affordable housing in rural areas through the use of *quotas of affordable housing* and related *cross-subsidy* in private developments. Until recently, thresholds were set which effectively excluded small rural schemes, but from 2006 PPS3 has enabled local planning authorities to set lower thresholds for 'mixed' housing schemes and to require higher quotas of affordable housing on schemes of market housing in their rural areas, where this contributes to mixed and sustainable communities. This has been the main source of affordable housing in rural England in recent years, albeit mostly confined to larger towns and brownfield sites, but might be extended if sufficient market housing is also permitted in smaller settlements. Unfortunately, this source has been cut off by the collapse of private housing construction during the last two years. Another key challenge is therefore to ensure that this source of affordable housing provision, through cross-subsidy and quotas on private developments, re-emerges as the economy recovers.

### *Implications for Policy*

The reports submitted by the ARHC in May 2006 and by Matthew Taylor MP in July 2008 were detailed and set out many similar recommendations. Both were warmly welcomed and endorsed by stakeholders from the Campaign to Protect Rural England to the National Housing Federation. Their main messages were that more affordable houses are needed urgently across rural England – they called for at least 11,000 per annum, which is three times recent levels of provision. To achieve this, a number of elements are required:

- First, planning policies and practices have to change so as to encourage rather than prevent affordable rural housing provision in rural areas. Public sector bodies should also offer surplus land for affordable housing. Policies at national level have been amended but so far there have been no real changes at regional or local levels and this is a key challenge for the next government.
- Second, much more investment is needed, from some combination of public investment (through the Homes & Communities Agency) and cross-subsidy for affordable homes within private developments. The fewer public funds are available, the more market houses will need to be permitted in rural England to generate the necessary cross-subsidy, assuming that private house-building recovers sufficiently. This confronts any incoming government with a central dilemma if rural housing needs are to be addressed: either this requires substantially more public funding at a time of fiscal restraint; or substantially more market housing would have to be permitted in rural areas in order to generate the necessary finance through cross-subsidy.
- Third, more leadership is needed at all levels to overcome misplaced public fears about “concreting over the countryside” and to explain the consequences of failing to address rural housing needs. A secure network of rural housing enablers would contribute to this.

## Broadband

Hilary Talbot

### *The Issue*

While the viability of rural areas could be significantly enhanced by the intelligent application of Information and Communications Technologies (ICT), many rural parts of Britain are provided with an inadequate telecommunications infrastructure for broadband. This means that at present some places have no broadband at all and others have a lower quality of supply than in urban areas. In terms of the step change to Next Generation Access (NGA) already underway in some parts of Britain there is little market interest in providing for rural areas.

### *Policy and Evidence Base*

Early visionaries of the ICT 'revolution' publicised its potential for rural areas – for example, Toffler's 'electronic cottages' (Toffler 1980) and the European Commissioner's optimism about the benefits for the 'geographic periphery of Europe'. The notion that rural areas could benefit from ICTs was picked up by rural stakeholders in the 1990s but with somewhat naïve ideas about how this could be brought about. Over time, the ideas of the early pioneers have been largely discredited in terms of the rural advantage that they foresaw. In practice it has been urban areas that have benefited, and rural areas that have found it difficult to make significant changes through the use of ICTs.

Despite the difficulties encountered with providing broadband to rural areas, claims about the advantages of doing so still endure worldwide. There are numerous 'good practice' examples of practical applications of ICT to help resolve the remote delivery of services, and to support business development in rural areas. Some communities have felt strongly enough about the advantages of broadband to set up community enterprises that provide the 'last mile connection' into their locality.

Until recently, the weakness in demand for technologies in rural areas of Britain was thought to contribute to the rural/urban gap in the supply of broadband. Indeed, at the European level the rural take-up of *available* technologies is significantly lower than in urban areas (Talbot and Gillespie 2008). In Britain, this argument is no longer valid: in May 2008 OFCOM (2008) reported that overall rural areas had slightly overtaken urban areas in terms of take up. Constraints on the effective use of broadband in rural areas can no longer be blamed on a lack of demand.

The general and long-standing approach by government to the roll-out of broadband in Britain has been that a competitive market would provide the infrastructure in response to demand. The role of the government has been: light touch regulation of the industry, activity to stimulate and aggregate demand, with only occasional interventions on the supply side. An underlying assumption was that any such interventions would be to 'kick-start' the market by drawing in new providers.

In the last five years or so there has been a noticeable shift in thinking. There is now general recognition of the fact that the market does not provide adequate broadband services to all rural areas and there is a need for intervention by the public sector. Prominent milestones in this respect include: the European Commission's Bridging the Broadband Gap report (2006) and, in Britain, the Caio report (2008) and Digital Britain (DCMS/DBIS 2009). The European Commission has made funding available for rural broadband infrastructure via the Rural Development Programme. In Britain,

national Rural Development Programmes have now been aligned with this to make broadband infrastructure developments legitimate expenditure. There have also been attempts by some rural local authorities in Britain to address the problems of broadband roll-out using the vehicle of their own corporate telecommunications networks.

This shift in thinking about the role of the public sector also recognises that the problem of rural broadband provision has the potential to be a perpetual game of 'catch up' rather than a single 'pump-priming' intervention. As soon as a 'project' intervention in a rural area is completed, the likelihood is that the quality of supply in more urban areas will have improved significantly, still leaving a gap, and such interventions have generally not stimulated a competitive supply market. To be successful, a public intervention strategy has to address the dynamic nature of the rural-urban broadband gap.

While some rural areas are still struggling to get connected to basic broadband services from their local telephone exchange, other parts of Britain are already being provided with next generation access (NGA). Virgin Media were expected to be able to provide more than 50% of homes with speeds of 50 mbps or above by the summer of 2009. The Universal Service Commitment for basic broadband is 100% coverage of 2 mbps by 2012. The Commission for Rural Communities (2009b) claim that 42% of those in rural areas do not meet this requirement, with some currently having no broadband supply at all. NGA is generally taken to mean broadband speeds well in excess of those offered by existing technologies which will necessitate an upgrade from copper to fibre. 'Catching up' in terms of rural broadband will soon have to be about making NGA available in rural areas. Given the distance-cost of installing fibre, there is scepticism about the market's ability to provide NGA to all areas of Britain by 2017.

#### *Implications for Policy*

Digital Britain identifies three problematic gaps in the provision of broadband by market forces:

1. Places that are still without basic broadband
2. The areas identified for targeted interventions to ensure 90% coverage of NGA by 2017
3. The final 10% of homes and businesses for whom there are no current plans for NGA

If made law new legislation has the potential to address the first of these gaps with a Universal Service Commitment. It is therefore the second and third gaps that are of more concern. A recent report from the Department of Communities and Local Government (2010) makes it clear that it is rural areas that are most at risk of not getting NGA provision. What is at issue is how to provide NGA to those parts of Britain that the market will not cover – both gap 2 where there are plans to target intervention and gap 3 for which there are no plans.

There are a number of ways in which the public sector can act to stimulate activity by the telecommunications providers in under-served areas including:

- Stimulating and aggregating demand
- Setting minimum supply requirements for telecommunications providers (e.g., Universal Service Obligations)

- Encouraging new telecommunications providers to compete in the market
- Encouraging the sharing of infrastructures such as ducts and pipes by all infrastructure providers
- Providing loans, grants, or financial incentives to telecommunications providers
- Initiating and managing projects to supply broadband (which includes the possibility of the public sector acting as the provider).

The 'Final Third' project is oriented to the second half of this list. Sharing of infrastructure is to be supported, and the government is devising mechanisms to provide funds for 'targeted interventions' in geographic areas. Funding is to be generated via a monthly levy on copper telecommunications lines, but it is not clear the extent to which this will be used to stimulate activity by the private sector, to fund 'projects' of the public sector or to enhance the capacity of the community sector.

Community broadband initiatives have a role to play in some rural areas. Funding has recently been provided to the Independent Networks Co-operative Association (INCA) in recognition of this. However, there are significant differences in the capacities of existing community broadband organisations. Providing NGA rather than basic broadband will add many new challenges. While individual community broadband initiatives could make further significant contributions their overall coverage is very patchy.

As with the provision of basic broadband, there are likely also to be areas where the private sector only needs a relatively small financial incentive to make the market look attractive. However, the present position shows that despite various measures to encourage the market there are still more than 10% of households without a basic broadband service. It, therefore, seems clear that for many rural parts of Britain public sector provision is likely to be an important option to consider if NGA for all is a target. For this to be a feasible option, two major obstacles need to be overcome: the public cost of such schemes; and what the government is permitted to do in terms of interfering in markets.

More rural local authorities are addressing the first of these obstacles by linking their corporate needs for a fibre network with the need for connectivity of rural businesses and households. What is surprising is how little attention is paid by central government to such models. Scant attention is given to the transformational role NGA could play in service delivery (for example, remote teaching and remote diagnostics), which would ensure further connectivity to sites in rural areas. The second obstacle to the public sector becoming a telecommunications provider is the European 'state aid' rules. In light of the EU's recognition of the rural broadband gap, though, there has been recent clarification on how public funding may be used to provide broadband network.

Any government committed to a fully digital Britain will need to recognise the failure of the market and intervene to address the roll-out of NGA to rural areas. If the broadband rural/urban gap is to be fully and permanently bridged in an affordable way the public sector will need to be proactive in looking for innovative and joined up ways of opening up their infrastructure provision to remoter areas. This could then provide a cost-effective opportunity for community broadband organisations or private telecommunications companies to supply remote customers at affordable prices.

## Ageing

Philip Lowe

### *The Issue*

'Ageing' has become a powerful factor shaping rural areas. In rural England, two-fifths of the population is over 50, a quarter is over 60, and one in twelve is over 75; and these proportions are growing. The 'greying countryside' is having profound and wide-ranging effects not only on the social fabric of rural areas but also on the functioning of the rural economy. In fact, our whole society is ageing, but the proportion of older people is considerably greater in rural than in urban areas through the additional effects of in and out-migration. The median age of a rural resident is 42 and of an urban resident is 36. Over the next 20 years the median rural age is set to rise towards 50, higher in the more rural districts.

Rural areas are thus at the cutting edge of a major social transition, offering an important reference point for policy makers and analysts in understanding the broader implications of demographic ageing. To realise the potential and meet the challenge calls for a much better informed and more sympathetic approach from policy makers, service providers and public opinion. It is important to overcome stereotypes of the elderly as a burden, because the effective functioning of families, households, communities and local economies is coming more and more to depend on the contribution of older people (Lowe and Speakman 2006).

### *The Research and Evidence Base*

Across the globe, older people are concentrated in rural areas, and such areas are generally characterised by an ageing population. In developing countries this is the outcome of selective depopulation of young people flocking to the cities. The difference in the UK and other post-industrial societies is that rural areas are repopulating and are doing so selectively with older age groups, such that the rural population is ageing but growing at the same time.

The distinctive aspect is therefore the direct link to counterurbanisation. Commentators, though, often associate the greying of the countryside with retirement migration. However, only around 10 per cent of rural in-migrants are retired (Countryside Agency 2004). The more significant migration flows are the loss of younger age groups and the in-migration of young families and middle aged people. The largest rural population gains are of people in their 30s and 40s and their children. However, the children often move away when they grow up. It is thus the adult in-migrants ageing in situ that have contributed most to the burgeoning older population of rural areas (Champion and Shepherd 2006).

The growing proportion of older people has been portrayed by commentators as a looming and potentially crippling threat to society. Such reactions betray a deep-seated ageism. That is not to deny that there are real challenges for pensions and welfare systems. However, more general notions of an increasing burden of dependency - captured in such terms as the dependency ratio - are quite misleading. For most people, longevity entails additional years of active life, not of dependency. Someone aged 50 today faces the prospect of as much active life ahead of them as working life behind them (Marmot et al 2003). Moreover, on average, rural residents live longer and have better levels of health than their urban counterparts (Countryside Agency 2004).

With a much older age profile to draw on and in particular a dearth of younger workers, it is important that rural areas make the most of their ageing workforce. In doing so, rural areas have been in the vanguard of the move towards more flexible forms of employment. Flexible forms of employment account in large part for the later exit from the labour market of those living in rural districts, the majority of those working over the age of 60 being either part-time (for women) or self-employed (for men). There are a great many more that would choose to go on working or to return to work but are prevented from doing so by employment rules and pension regulations that impose a retirement age, as well as by employers' prejudices against older workers. This is especially true for those in low paid, lower skilled jobs who are often greatly restricted in the way they move from full employment to retirement, which may pitch them permanently into poverty.

In general, the incidence of poverty in rural areas is somewhat lower than in urban areas, but this is not the case for older people. Older pensioners make up the largest group on low incomes in rural areas. Older people in more accessible rural areas are the most affluent while those in remoter rural areas are worst off. Income levels in remote rural areas are significantly lower than other areas with 29% of low income households containing someone over 60. Not surprisingly older people tend to experience longer spells in poverty than younger people. Around 1 in 10 pensioners in private households depend on the state pension benefits and when residents in care homes are included half of the older rural population rely solely on the state pension.

Older people in rural areas appear to have as much contact with their families as retired people in urban settings. In general, rural residents are much more likely to say that people help each other, than do urban residents. They are also more likely to engage in voluntary work (Commission for Rural Communities (CRC) 2005). These tendencies are more marked among older age groups: the National Survey of Voluntary Activity identified that 40 per cent of those aged 55-64, 45 per cent of the 65-74 age group and 35 per cent of the over 75s engage in some organised voluntary work (Office for National Statistics 1997). However, deliberate efforts have to be made to build the networks of support which form such an important basis for community interaction. Voluntary organisations, which have built up relationships of trust with local communities are ideally placed to help people to form links and identify needs which are not always apparent to service providers. Many local authorities now routinely contract out community services to voluntary agencies.

Older people's lives embrace a wide range of service usage, from transport to housing, and from leisure to education. Indeed, with the greying countryside, commercial and public services generally will have to adjust to reflect the changing age profile. Population projections for rural districts are for the numbers of people in all the age bands below 60 to be smaller in 2028 than now and much larger in all the age bands above 60. Much of the service and housing capacity currently oriented towards younger age groups will therefore become progressively surplus or ill-fitting for the population that it serves and should be re-oriented or adapted for older age groups. Forward planning and housing allocations for rural areas pay little regard to the needs of either today's or tomorrow's older residents.

The combination of distance and dispersion mean that the cost of supplying services is higher per capita in rural areas. Yet in England, unlike Wales and Scotland, the national resource allocations to local authorities and health care providers do not compensate for additional costs arising from rurality, nor is there any recognition of the impact of an ageing population on such budgets.

### *Implications for Policy*

The realities of the greying countryside necessitate that rural areas promote a substantial increase in the employment rate of people in their 50s and 60s. However, a great many that would choose to go on working are prevented from doing so by outdated employment rules and occupational pension regulations or by age discrimination on the part of employers. There is a need for a systematic campaign to tackle these pervasive barriers to older workers' employment.

Attention must be given to realising the potential of rural economies and improving the financial security of households. The development of rural economies such as those of Cumbria and Herefordshire, where the majority of the income to households comes not from employees' earnings, but from pensions, savings, investments and welfare payments, cannot afford to focus exclusively on efforts to raise the productivity of those in work. The conditions for self-employment and small businesses to thrive and for the local economy to maximise returns from the grey pound also require attention.

However, developing separate programmes of support – for, say, rural employment, entrepreneurship, and social inclusion – may not be the right approach if this cuts across the way many rural households actually make interlinked economic and social decisions. For example, after retirement rural residents increasingly supplement their pensions with part-time jobs or businesses; alternatively the security that a pension brings may allow another household member to work part time or set up a business. A more holistic approach would recognise the different sources of household livelihoods (waged and unwaged) and the way household members use these to look after each other.

It is important that public policy and service providers be responsive to the distinctive requirements of people at the different stages of ageing. For the needs of an ageing rural population to be met, new formulae are required for the way funding is distributed by government and regional bodies, and many rural authorities will be obliged to reconsider their priorities.

With the shifting rural demographic profile, it is critically important that many of the resources and facilities currently oriented towards younger age groups be systematically redeployed to match the growing bulge in the older age bands. This represents an enormous organisational challenge for public authorities and other service providers. This has important strategic consequences for future planning and housing allocations which to date have more or less ignored the needs of older rural residents. For example, most rural new build is for family homes and executive housing. In consequence, much of the rural housing stock is not well suited to an ageing population. Conversion of existing housing as well as new build must meet the changing aspirations and age profile of rural communities.

Current policies for the delivery of community services and participation are reliant on a large army of mostly older volunteers who are prepared to give up considerable time to support their community. Government would like to see a significant expansion and widening of this involvement. To increase the numbers and maintain the commitment of older volunteers, towards these ends, calls for a more systematic and professional approach to volunteer recruitment and support.

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