

City Regions and Rural Areas in the North East of England

Executive Summary

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EXECUTIVE SUMMARY

1. Introduction: The Context for the Study

- This study has been commissioned by One North East, the Regional Development Agency (RDA) for the North East of England. It examines the relationship between city regions and rural areas. In particular, the study examines the links between two city regions in the North East region (Tyne & Wear and Tees Valley) and the rural areas within and surrounding them. It identifies the types of linkages and available data sources to quantify the scale of flows. It comments on the current economic significance of such linkages and suggests ways in which their beneficial effects might be enhanced.
- There has been growing interest in the concept of city regions amongst UK urban and regional development specialists in recent years. Academic researchers have long been interested in developing functionally-based definitions of different geographical areas, such as 'functional urban regions', 'daily urban systems' and 'local labour market areas'. Over the past five years or so, the notion of 'city regions' has also gained purchase among civil servants and policy-makers involved in urban and regional development.
- A city regions approach has been adopted as part of the spatial framework for 'the North' under the *Northern Way Growth Strategy*. The *Strategy* encompasses the three administrative regions of northern England (the North East, North West and Yorkshire & Humber) and places eight city regions centre stage in the development of the North.¹ The emphasis on city regions has prompted concerns about those rural parts of the North that fall beyond the city regions.

Rural-Urban Interdependencies

- Although the idea of 'rural' and 'urban' as distinct geographical categories is widespread in public debate, the reality is far from clear-cut. 'Rural' and 'urban' are, and always have been, *relational* categories — that is, they are defined in relation to each other. Efforts to objectively delineate 'urban' and 'rural' areas are always contested and problematic, not least because of the increasing complexity of spatial relations (the flows of people and things between places).
- The geographical spread of housing and labour markets has expanded dramatically in England over the past half-century. In recent years, some of the wider implications of new patterns of living and working have become apparent. Politicians and policy-makers nationally and within the English regions have begun to raise questions about the nature, extent and importance of *rural-urban interdependencies*. This interest has also been fuelled by policy agendas around regional governance and sustainable development. Some important factors affecting the nature of interdependence are as follows:
 - The decline of land-based employment and the rise of the service sector have meant that the economic well-being of people in rural areas is increasingly dependent on conditions that are not specific to traditional land-based industries.
 - The net flow of population from larger towns and cities to smaller settlements and rural areas has brought social change to rural areas, while technological changes in transport and communications have favoured increased mobility and commuting.

¹ These city regions are: Liverpool-Merseyside; Central Lancashire; Manchester; Sheffield; Leeds; Hull & the Humber Ports; Tees Valley; and Tyne & Wear.

- The restructuring of public and private services has concentrated service provision in larger sized settlements, making it increasingly difficult for people in more rural areas to meet their everyday service needs without the use of a private car.
- Recognition of the importance of rural-urban dependencies to rural development has not been confined to the UK. Several studies in continental Europe have explored the nature of rural-urban relationships and the contribution of rural areas to the development of regions and city regions. Recent research by Michael Porter at the Harvard Business School has highlighted the importance of rural-urban linkages in the competitive performance of rural areas in the US.

The North East and its City Regions

- Pragmatic approaches to defining city regions have had to be adopted in the *Northern Way Growth Strategy*, in part because of the tight timescales constraining the Strategy's underpinning analysis, but also because of the nature of available data on economic activity at different spatial scales.
- The regional boundaries for the three northern regions artificially divide much of the rural North which is, in essence, a coherent geographical entity — the Northern Uplands. The administrative geography of the rural North produced by the RDA/Government Office boundaries has particular implications for the ways that rural areas are envisaged within regional development strategies. We might broadly characterise three types of relationship, reflecting the settlement structure within the three component regions of the North. These are:
 - “Separable Rural Periphery”: This is typified in the North West Region, where a large rural periphery (in Cumbria) is seen as relatively self-contained, geographically distant and separate from the city regions (Liverpool, Manchester and Central Lancashire) which are located in the southern part of the region. In the North West, regional economic planners are comfortable with a large and separate rural regeneration programme centred on Cumbria.
 - “Interdependent Rural Periphery”: This is typified by the North East, where the rural areas surround the two city regions of Tyne & Wear and Tees Valley, and interdependencies are likely to be stronger and more complex. The city regions dominate the surrounding rural hinterlands in the region, largely free from any significant competition from cities in other regions, except at the very margins.
 - “Urban-Rural Mosaic”: This is typified by the southern parts of the Yorkshire and Humber region such as the Southern Pennines and South Yorkshire coalfield areas, where rural areas nestle between several city regions (e.g. Leeds/Bradford, Manchester, Central Lancashire and Sheffield). Here rural areas are relatively close to urban centres, often with polycentric and overlapping urban labour markets.
- Within this typology, the relationships between the city regions and the wider rural areas of the North East region could develop in one of two ways. At the regional level, rural areas could be considered as suitable for separate programmes and initiatives, which emphasise their distinctiveness and separateness from the city regions (like the North West model). Alternatively, rural areas could be considered as integral to more holistic forms of territorial development, which assess the nature of interconnections between rural and urban areas, and seek to manage and develop these to the maximum mutual benefit. Of course, it is quite possible that there will be a spectrum of views on this question within the North East region too.

- The North East's two city regions (Tyne & Wear and Tees Valley) dominate the region's demography and economic geography. The Tyne & Wear City Region is home to 65% of the region's population and contributes 74% of the region's Gross Value Added (GVA). Tees Valley City Region is home to a further 29% of the region's population. The city regions include some of the region's rural areas but not others. Just 6% of the North East's population live in the rural districts outside the city regions (Alnwick, Berwick-upon-Tweed, Teesdale and Wear Valley).
- Studies of the economic contribution of different geographical areas are hampered by the fact that data on GVA are very difficult to derive below the NUTS3 level (equating to the county level for Northumberland and County Durham). At this level, we can, nevertheless present basic sub-regional GVA information which compares the contributions of these two counties with those of the urban parts of the two city regions.
- Regional GVA for the North East grew by almost a third between 1995 and 2002, and the relative contribution of GVA generated by the counties of Northumberland and Durham fell slightly over this period (from 10.8% to 10.0% and from 17.3% to 16.5% respectively). Over the same period, the contribution to regional GVA generated by Tyneside & Sunderland grew (from 44.5% in 1995 to 48.2% in 2002) while the contribution of Tees Valley (defined here as Hartlepool, Stockton, South Teesside and Darlington) declined from 27.4% in 1995 to 25.1% in 2002. Although these geographical units (counties and sub-regions) are not ideal for considering the two city regions, the data could be taken to suggest that the more rural parts of the region (*i.e.* the counties of Northumberland and Durham) have fared relatively well compared to Tees Valley, but their economic contribution to regional GVA has declined slightly while that of the Tyne & Wear City Region has grown.

2. City Regions and Rural Areas: The Evidence Base

People and Jobs

- Applying the new 2004 rural-urban classification system developed for Defra to population data from the 2001 Census reveals how 16.9% of the North East's population in 2001 lived in a rural ward. Of these, 12.9% lived in a rural ward that lies within a city region, while only 4.0% (101,838 people) lived in rural wards outside the city regions.² In addition, there are about 150,000 people living in rural wards in Districts in North Yorkshire that are adjacent to the Tees Valley City Region. These have been included in this study wherever practicable.
- Rural areas outside of the North East's two city regions have lower proportions of younger people (aged under 16) and higher proportions of elderly people (aged 75+) than the North East as a whole, and than the city regions.
- In rural areas, most in-migration into wards came from outside the local authority area, while in city regions more in-migration into wards came from within the same local authority area. This suggests, on the basis of 2000-2001 data, that in-comers to rural wards are moving greater distances (from either within the North East region or beyond).
- The nature of employment differs between the city regions and the wider rural areas. Significantly higher rates of self-employment were recorded in the rural areas outside the

² For these purposes, city regions include the coterminous rural local authority districts. Some 41,000 people live in 'non rural' wards in larger settlements outside the city regions — for example, in Berwick.

city regions — twice the regional average. There were also significantly lower proportions of people reporting themselves as unemployed in these rural areas in the 2001 Census.

- During 2000/01, the Tyne & Wear City Region was a net exporter of 350 people who were, or who subsequently became, self employed at the time of the Census. The 'Rural North East' was a net importer of 173 people who were classed as self-employed in 2001.
- Higher proportions of employed people work in financial and business services in city regions than the wider rural areas. At the same time, larger proportions of people in the rural areas work in agriculture, forestry and fishing. Nevertheless, these traditional rural industries still only make up around 7% of the workforce in the rural wards beyond city regions, little more than half the proportion employed in the motor trade.
- Census data on the distribution of employment by occupational classification reveals that slightly larger proportions of employed people are in the higher occupational status categories (managers & senior officials and professional occupations) in the rural areas than the regional average. These proportions are highest in rural North Yorkshire where 27% of residents in employment were in these two categories.
- Rural areas outside the city regions make up just 4.4% of income (gross annual pay) generated by the region's people. Some £1,151million (or 6%) of regional income is earned by residents of areas outside the city regions (e.g. the rural wards, plus those urban wards in places like Berwick upon Tweed).

Commuting

- Commuting patterns in Britain are changing markedly. In the ten years since the last census, the average length of British commuting trips grew by 15%. In the North East, the average length of daily commuting is lower than the national average, and lower than any other English region with the exception of the North West.
- In the North East, historically, there has been a tradition of people travelling shorter distances on average to work (e.g. to coal-mines and shipyards) than elsewhere the UK. The influence of traditional patterns of commuting has even been presented as a tradition of *resistance to travel*. These regional travel-to-work patterns that place the North East as lagging behind a national trend are sometimes seen as restricting the mobility required for modern economic development.
- Traditional travel-to-work patterns are changing in the North East, however. Recent studies of commuting in the North East have been produced by Alan Townsend and colleagues at the University of Durham using the Special Workplace Statistics from the 2001 Census. These analyse district level data and show a continued shift away from the previous travel-to-work pattern since the 1991 Census. The total number of movements between districts in the region increased from 307,500 to 373,200 between 1991 and 2001, an increase of 21%.
- Increased mobility and commuting is associated with the development of a new economy, although levels of mobility still lag behind the rest of England. The greatest volumes and ratios of commuting are found amongst managers, senior officials, professional workers, and associate and technical occupations.
- The North East still has some large and relatively isolated urban areas, such as Sunderland and Hartlepool, which do not generate extended commuting patterns. In employment terms, Sunderland has become relatively more self-contained between 1991

and 2001. Other places of de-industrialisation (such as the districts of Wansbeck, Blyth, Derwentside and Easington) are generating stronger outward flows of commuters.

- Northumberland has become dependant on other areas for employment and has some distinctive features of a white-collar commuter area. One third of employed residents commute out of the county. Almost half of its out-commuters (48%) fall in the first three social groups, but this is the result of particularly high proportions of 63% from Tynedale, 58% from Castle Morpeth and 53% from Alnwick.
- Going beyond the district level, we have analysed commuting data at ward level to compare the changing patterns of rural-urban commuting in the region between 1991 and 2001 at a more fine grained scale. Commuting by residents of remote and accessible rural areas to the region's urban areas increased quite markedly over the ten year period. Townsend's research found a 21% increase in commuter movements *between districts* during 1991-2001 which gives one general measure of increased commuting in the region. In comparison, our analysis of ward-level data found that increases in commuting from the region's remote rural areas to the urban areas were higher. In North Northumberland such commuting grew by 45%, while the increase was 61% from Upper Tees and Wear Dales and 82% from Upper Tynedale. At the same time, Tyneside, Urban Durham and Teesside all experienced a growth in the proportions of residents commuting to rural areas (27%, 25% and 62% respectively).
- Increased commuting is in part associated with the movement of population from more urban to more rural areas in the region. Data from National Health Service registration records, reported in the recent housing aspirations study conducted for One North East and the Regional Assembly by Nathaniel Lichfield and Partners, suggest that the counter-urbanisation trend is now well-established in the North East. The study also reports how Northumberland and County Durham attract proportionately more in-migrants to the region than elsewhere.
- The housing aspirations study surveyed 3,000 people on the types of developments they would prefer to move to. The survey highlighted the continuing appeal of rural villages and market towns across all socio-economic groups and particularly among the wealthier and more comfortably off.

Leisure and Retailing

- Information on leisure and retailing can be derived from the *North East Regional Retail and Leisure Need Assessment* study, undertaken in 2002 by White Young Green Planning Ltd for the Association of North East Councils. This study assessed the need for new shopping and leisure developments in the North East over the period 2002 to 2016, and its survey information sheds light on the regional geography of leisure and shopping practices.
- Spending on leisure activities in the North East is increasing, particularly in the health and fitness, food and drink and gaming sectors. The region's main leisure facilities are located in two sub-regions, Tyne & Wear (including Newcastle, Sunderland, MetroCentre) and the Tees Valley (including Middlesbrough, Darlington, Hartlepool and Stockton-on-Tees). Over 90% of the region's outstanding leisure commitments in 2002 were in these urban areas, suggesting that the distribution of facilities is becoming more concentrated. Newcastle has grown considerably in the past five years as a major centre for leisure investment.
- Leisure provision in the North Northumberland sub-region caters mainly for tourists and is centred on Alnwick and small coastal resorts such as Seahouses. With the Northumberland National Park and the Northumberland Coast, this sub-region attracts a

majority of the region's long-stay tourist trips (0.9 million tourists accounting for 3.3 million visitor nights and spending of about £100 million annually). Existing provision in the sub-region also supports the needs of local residents, although Newcastle attracts some leakage from the area in terms of entertainment spending.

- Formal leisure facilities in the Rural West sub-region are limited and are mainly provided in Barnard Castle and Hexham. The sub-region attracts 0.6 million visitors annually, many on day trips or short breaks to the National Park or passing through on the way to the Northumberland Coast.
- The study asked respondents for information on the locations in which they *normally* do their food, non-food and household items shopping or where they made their last purchase in terms of these goods. It therefore highlights the extent to which different areas within the North East are dependent on locations in the city regions, particularly Newcastle, the MetroCentre and Sunderland.
- In 2002, the population of the North East was estimated to spend about £4.5 billion on non-food goods and £3.6 billion on food. By 2016, these figures are projected to increase to £7.1 billion and £4.4 billion respectively. These projected increases, combined with the expected regional patterns of population decline and ageing, will have significant implications for the level of retail provision and its distribution across the region.
- The region's main retail facilities are located in the urban centres of the two city regions, and more than 90% of the region's outstanding retail commitments in 2002 were focused in the urban areas of the Tees Valley and Tyne & Wear. Again, this suggests that in future there will be a more concentrated distribution of facilities at the expense of the region's rural areas.
- The region as a whole displays a high level of sustainability in association with shopping trips, with 97% of the region's non-food retail expenditure retained within it. However, the region also attracts some expenditure from outside the region, including from North Yorkshire and the Scottish Borders. Provision is concentrated in the urban centres where the population is highest and where accessibility by public transport is greatest.
- Within the North East there are significant flows of spending across the sub-regions. Most households in the region look towards centres in the Tyne & Wear area for non-food shopping, particularly Newcastle (where the city centre attracts about 28% of the North East region's spending on non-food retail goods), the MetroCentre (11%) and Sunderland (8%). The Tyne & Wear and South Northumberland sub-region draws a significant proportion of trade from North Northumberland (60% of that sub-region's spending), the Rural West (51%) and Durham (41%). Tees Valley is the only sub-region to display any independence from the draw of shopping facilities in Tyneside, retaining 91% of non-food spending generated in the area, and also drawing trade from Durham.
- As might be expected, the region's rural areas display the highest leakage rates. As public transport is generally poor, journeys from rural areas to the main shopping centres are also characterised by high rates of car dependency. The population of North Northumberland is served by three main centres, the market towns of Berwick-upon-Tweed (the largest shopping centre accounting for over 13% of trips within the sub-region), Alnwick (6% of trips) and Morpeth (7% of trips). These towns serve extensive (though sparsely populated) rural catchments. In the Rural West sub-region, the population is mainly served by the market towns of Barnard Castle to the south and Hexham to the north. Bishop Auckland lies on the periphery of the sub-region and influences shopping patterns in Barnard Castle.

- Further growth of existing centres such as the MetroCentre and Newcastle may affect the role and growth potential of outlying rural centres. The devolution of some development from Newcastle to nearby suburban centres may prove necessary owing to its limited capacity to accommodate substantial large-scale schemes. The demand registered for outlying centres, such as Hexham and Berwick, will give some commercial impetus for their growth, thereby better serving the every-day needs of their local populations and reducing the frequency of travel required to the region's main urban centres.
- The *North East Regional Retail and Leisure Need Assessment* report notes important gaps in the available data on leisure and retail developments and trends across the region's urban and rural areas, and calls for a co-ordinated and regular appraisal of data on leisure developments to enable more consistent assessments of major leisure and retail proposals and of the viability and vitality of the region's town centres.
- Overall, the research reveals a strong pattern of increasing concentration of leisure and retail services in the region which looks set to continue given planned investments. This has important and challenging implications for the quality of life, levels of service provision and economic vitality in the remoter rural areas and in the region's smaller towns.

Tourism

- In 2003, 4.8 million UK residents visited the North East region spending £825 million. Tyne & Wear attracted the greatest visitor numbers and largest proportion of spend, followed by Northumberland. A significant proportion of the region's leading visitor attractions (Alnwick Castle & Gardens, Hadrian's Wall, Bamburgh Castle, Wallington House and Cragside) are located in the more rural parts of the region.
- Recent detailed visitor surveys conducted in Durham, Newcastle, Barnard Castle and Stanhope suggest that market towns and rural locations have greater proportions of visitors among higher socio-economic classes. They also suggest that, for all types of visitor location, visits made by people from within the region are a very important component of tourism. The surveys revealed how 84% of day visitors surveyed in Barnard Castle and 79% in Stanhope originated from urban areas in the North East.
- A study of the value of protected landscapes in the North East surveyed businesses in the protected areas. It found that over half of the businesses surveyed had started /relocated to the area in the last 20 years, of which 16% stated that the landscape and environmental quality was critical to their location decision, and an influence on a further 33% of businesses. Nearly two-thirds (63%) of businesses believed that landscape and environmental quality impacted positively upon their performance.
- The most recent (1994) visitor survey in Northumberland National Park found that, excluding residents of the Park, 96% of day visitors came from areas within easy reach of the Park: 44% from Tyne & Wear, 6% from the district of Castle Morpeth, 4% from Alnwick, 1% from Berwick and 10% from Blyth and Wansbeck, 7% from the rest of Tynedale district, 9% from County Durham and 1% from Cleveland.³
- From the perspective of raising regional GVA relative to other regions, attracting holidaying and short-break tourists is an important part of tourism's contribution to regional development. However, from the perspective of the tourism businesses in the region, day visits are an important contribution to local economies, particularly in rural areas.

³ The fieldwork for a more recent survey has been conducted but the results are not yet available.

3. Evaluation

Economic Significance

- People, Work and Commuting: The proportion of the North East's economic activity based in the rural areas beyond the city regions is relatively small (around 6%). The rural wards within the city regions contain about 13% of the region's population and account for about 14% of estimated earnings. It is important to note that conventional approaches to estimating the economic significance of sub-regions and local areas, especially those derived from measures based on people's place of work such as Gross Value Added (GVA), will tend to underplay the contribution of rural areas. In broad terms, the people who live in rural wards inside the city regions and in the rural districts beyond might represent about a fifth of the North East's economic activity overall. Furthermore, as flows of rural-to-urban commuters continue to increase, and because these flows contain higher than average proportions of workers in higher paid occupations, conventional GVA-based approaches are likely over time to increasingly under-estimate the contributions of rural areas.
- Retailing, Leisure and Tourism: The region is experiencing the concentration of retail and leisure services within the larger urban areas. This trend poses increasing challenges for retail services and the vitality of the region's smaller towns and rural service centres. The 'travel-to-service' patterns for white goods among the populations in remoter rural areas already tend to by-pass local market towns and gravitate to city region centres. For the region's major shopping centres, consumers from distant rural areas will only be a small part of the market. However, for those residents of the more rural areas, the regional urban centres are becoming more important sources of retail services. At the same time, for the tourism industry, urban-rural flows within the region remain an important component of the market, especially in the early and latter parts of the season, and underpin the viability of many small businesses in the more rural areas.

Strengthening the Beneficial Effects of Rural-Urban Linkages

- We live in an increasingly mobile and interconnected world where people move more readily between rural and urban areas for work, leisure and other services. Some argue that these trends are inherently a bad thing, and what is needed is a return to more localised and self-reliant economic systems. A second perspective sees travel and mobility as a neutral, or even a good thing, symptomatic of social, economic and technological progress. It needs to be acknowledged that the environmental costs of travel should be recognised and better incorporated within the cost of transport. However, it is also possible that those areas that become commuter zones develop their own locally-based growth processes over time.
- Any discussion of how to strengthen the beneficial effects of rural-urban linkages and relationships needs, therefore, to begin with a set of normative judgements about what counts as a benefit. Here, linkages are judged as beneficial if they bring benefits to people in rural and urban areas and to the region as a whole. From our analysis above, we might therefore identify the following areas in which the beneficial effects of strengthened rural-urban linkages may be enhanced.
- Commuting and Modes of Transport: Commuting from rural areas, and from the remotest rural areas, to main urban centres, is increasing. Over time, areas with higher numbers of commuters may go through a positive 'commuting transition' and this might be something to be encouraged in the North East. If we take the view that commuting in itself is not a bad thing, the problem is not the numbers of people involved but the *form* that commuting takes. Large numbers of commuters travelling long distances in single occupant private

cars may not be optimal from the perspective of environmental resource use. It may, however, be part and parcel of the economic transition of the North East from a traditional industrial economy to a new economy. The challenge is therefore to enable higher levels of personal mobility, while addressing the environmental costs of increasing use of private cars. One means of achieving this would be **to sustain and improve rail and bus services serving the main commuting routes, and investigate the scope for modal shift (from car to bus or train) for those commuting from outlying rural service centres and remoter rural areas.**

- Countryside Leisure: The utilisation of the amenity value of the rural areas of the North East brings benefits for the populations of both rural and urban areas. People from towns and cities have opportunities to participate in active and healthy leisure pursuits such as walking or cycling in attractive countryside and coastal landscapes. Countryside leisure participants can enjoy the natural heritage of wildlife or wild landscapes, or the built and archaeological heritage of the region's many historic sites in rural areas. At the same time, rural businesses benefit from the spending these visitors generate. Over the past two decades, the quality of the offer in leisure and recreation in the Tyne & Wear City Region in particular has improved considerably. This has had the effect of increasing the competitive pressures on leisure providers in the rural areas of the region. There is therefore a continual need to raise the overall quality of provision in countryside recreation in the region's rural areas. This may be through the development of improved physical infrastructure (rights of way, country parks and so on) but also by overhauling the fragmented and overlapping responsibilities for the development and promotion of countryside leisure. One means of strengthening the beneficial effects of countryside and coastal leisure and recreation within the region would be **to strategically raise the quality of the countryside and coastal recreation offer and improve the co-ordination of marketing of countryside and coastal recreation opportunities within the region.**
- The Vibrancy of Rural Service Centres: The concentration of investment in new leisure and retail facilities in the city regions, coupled with the extension of travel-to-service patterns among rural populations, poses important challenges for the future roles of local rural service centres and market towns. These forces mean there is a need to re-invent market towns as an important niche in the regional economy. Their roles in attracting in-migrants to the region, as destinations for day visitors, and as local service centres for the populations and businesses of their rural hinterlands, require careful consideration in planning the economic development of the region. This is all the more pressing given the uncertainty over the future of national schemes for the development of market towns, following the Government's 2004 Modernising Rural Delivery reforms. The national Market Towns Initiative had usefully focussed on generating activism among citizens and among the business leaderships of market towns as a stimulus to their renaissance. One means of strengthening the beneficial effects of the renaissance of market towns and rural service centres would be **to develop a region-wide strategy for the future development of the region's market towns and rural service centres as a rural development priority within the Regional Economic Strategy.**

4. Conclusions & Recommendations

- The concept of the city region (like that of the 'functional urban region') is based on the idea that different forms of urban development are emerging, and that these new forms are taking urban structure beyond the monocentric or compact city forms of the past. A key characteristic of city regions is therefore that they are socially and economically interdependent, with central urban cores, but also hinterlands of smaller but connected urban centres.

- To date, there has been relatively little consideration of the concept of city regions from the perspective of rural development. This study is a first step in considering the implications of the city region approach to regional development for rural areas in the particular context of the North East of England.

Suggestions for Future Research and Analysis

- Although the material flows and socio-economic relationships between places are increasingly being recognised as important in the functioning of regional and local economies, the existing evidence base does not lend itself easily to rigorous empirical analysis of such flows and relationships. Time and resource constraints have meant that it has only been possible in this study to assess those linkages for which there is the most readily available data. Other types of relationships that may warrant future research would include: participation in higher education and graduate retention; and local primary research on business-to-business linkages. In carrying out this study of rural-urban relationships in the North East, the following areas have also been identified as warranting consideration for further research and analysis.
- Recommendation 1: We endorse the recommendation made in the 2002 *North East Regional Retail and Leisure Need Assessment* that regular retail and leisure usage surveys be undertaken (every five years or so) on a region-wide basis to allow local authorities and regional agencies to better understand the changing patterns of leisure and retail service provision and usage in the region and so assess the implications of these trends for policy and planning.
- Recommendation 2: There is a need for detailed local studies of the future prospects of market towns and rural service centres in the region. These should consider the ways that such centres serve their rural hinterlands, but also the nature of the relationships between local centres and the main urban centres in the region. In particular, detailed local studies could improve our understanding of the relationships and linkages between businesses in market towns and rural service centres and businesses in the larger regional urban centres.
- Recommendation 3: We remain poorly informed about the role of rural areas and their larger settlements such as market towns in attracting entrepreneurial in-migrants into the North East, including the motivations of in-migrants. Yet the *Northern Way Growth Strategy* emphasises the need to attract entrepreneurs into the north. The relationships between in-migration and economic development in rural areas have been investigated by researchers at the University of Aberdeen⁴ but there is a need to consider these issues in more detail in the context of the North East.
- Recommendation 4: The Rural Economics Unit at Defra is currently conducting a set of studies on the factors driving productivity in rural areas. It will be useful for the lessons from these studies to be considered by regional agencies and local authorities in the North East particularly in light of questions about the role of rural-urban relationships in the economic development of local rural areas in the English regions.
- Recommendation 5: In the light of the direction of the Regional Spatial Strategy for the North East, there is a need for a study to assess the wider social and economic implications of policies that constrain housing growth in the region's rural areas.

⁴ See A. Stockdale and A. Findlay (2004) Rural in-migration: a catalyst for economic regeneration, paper presented at the 2004 Conference of the International Geographical Union, Glasgow.

Mechanisms to Deliver Benefits

- Regional Economic Strategy: The new Regional Economic Strategy (RES) is likely to recognise the need to develop a better understanding of the spatial patterns of economic activity that give shape to the economy of the North East region, and also that the economic conditions of rural areas are interdependent with those of the city regions. From the analysis in this study, we suggest that in developing the RES during 2005, One North East and its partners will need to consider the following four sets of issues:
 - While focusing on those areas with the greatest concentration of employment and economic activity, how will the RES treat the local economies of the more sparsely populated areas of the region (both within and beyond the city regions)?
 - What is the future vision for those rural areas beyond the two city regions and how they relate to the city regions themselves? One option is for these rural areas (effectively the districts of Alnwick, Berwick upon Tweed, Teesdale and Wear Valley) to be gradually drawn into the city regions, such that over time, all areas of the North East are seen as within the sphere of one or other city region. A second option is for them to develop as local rural economies relatively distinct (and separate) from the city regions. Either option will require a clear sense of vision and strategy.
 - If rural economies are to be based on a diverse portfolio of businesses, in agriculture, leisure and tourism, manufacturing and services, how can measures to support rural economic development be more broadly applied beyond the conventional approaches to rural diversification centred on traditional land-based industries?
 - What is the distinctive niche of the market towns and smaller service centres in the rural areas of the region and how do these types of settlement contribute to the regional economy and the vision for its development over the 2006-2016 period?
- Regional Spatial Strategy: The current draft Regional Spatial Strategy (RSS) focuses development on the urban core of the city regions, and proposes a significant decline in average annual rates of house-building in many of the region's rural areas. From the analysis in this study, we suggest that in developing the RSS during 2005, One North East and its partners will need to consider the following three issues:
 - Is the growth of commuting per se symptomatic of positive economic change in the region – and therefore a good thing – or a 'bad' thing environmentally and from the perspective of urban renaissance?
 - How can the Government's vision of 'balanced communities' and vibrant local economies in rural areas be delivered in the context of tight constraints on new house-building in rural areas?
 - How might the urban provision of investment in social housing be more effectively distributed between larger urban areas and the market towns in order to ensure that market towns do not become exclusive and un-balanced communities?
- City Region Development Plans: In developing the *Northern Way Growth Strategy*, the working groups for each city region are developing City Region Development Plans. From the analysis in this study, we suggest that in developing the City Region Development

Plans during 2005, the city region working groups will need to consider the following two sets of issues:

- Is the aspiration of the city region working group that the rural areas in the sub-region which fall beyond the city region (Alnwick and Berwick for the Tyne & Wear City Region, and Teesdale and Wear Valley for the Tees Valley City Region) will eventually become seen as within the sphere of influence of the city region or that the rural areas should develop local economies distinct from the city region?
- How are the distinctive qualities of the offer contributed by the more rural areas of the city region to be presented and exploited in the development strategy for the city region?
- Regional Rural Delivery Framework: Under the Government's Modernising Rural Delivery reforms, new 'Regional Rural Delivery Frameworks' (RRDFs) are being developed in each of the English regions to provide co-ordination of prioritisation and delivery at the regional level. From the analysis in this study, we suggest that in developing the RRDF during 2005, the new strategic group overseeing the framework will need to consider the following three sets of issues:
 - How can the revision of the region's Rural Action Plan better reflect the role of rural-urban relationships in the context of the *Northern Way* and the likely role of the city region approach in the new Regional Economic Strategy?
 - How best can the RRDF and a revised Rural Action Plan contribute to a strategic overhaul of the countryside leisure and environmental services infrastructure in the region, especially in the light of the up-coming new programming round of the England Rural Development Programme?
 - How can the synergies between agri-environmental schemes, local food initiatives and sustainable rural tourism be creatively captured to develop innovative and distinctive schemes in the North East?
- The Northern Way: This study has focussed on the two city regions in the North East. However, some of its findings may be useful in informing the development of the *Northern Way Growth Strategy* across the three regions of the North. The role of rural areas in the *Northern Way* has been considered in a separate study completed in March 2005.⁵ The summary and recommendations from this study are reproduced in Appendix III for information.

⁵ Ward, N. (2005) *The Northern Way and the Rural North: Proposals for Next Steps*. Centre for Rural Economy, March 2005.