

# **After Brexit: 10 Key questions for rural policy**

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UK rural living has long been a mass of contradictions where aspiration and reality can clash. Living in the countryside is in various ways desirable or disadvantaged and the supposed “rural idyll” is an illusion for many. At the same time, the countryside is a place we rely on to produce a large proportion of our food and other goods, both private and public and where we go for pleasure and relaxation.

It is a place where the people are enterprising beyond traditional industries and where, with appropriate support, innovation can thrive. Predominantly rural areas in England contribute at least £237 billion a year directly to the economy and rural areas across the UK have the potential to contribute even more. However, national and local policymaking may all too often hit rural communities inappropriately or leave them behind. Resourcing may seem unfair in its allocation between urban and rural, and services can fall short once the focus moves outside towns and cities. Assumptions are made about rural economies that focus too narrowly on agriculture and tourism and the aging profile of the population is seen as a burden.

These are issues that have long been with us, but the UK’s forthcoming exit from the EU could offer an unforeseen opportunity to rethink policy approaches. Much is yet uncertain. However, the Common Agricultural Policy will no longer apply, the Single Farm Payment and rural development funding such as LEADER will be swept away. Questions must be posed about what should replace them. These questions have to reach beyond agriculture to consider how the needs of rural communities should be supported in order to give them the best chance of thriving and playing their full part in the future of the UK. The Centre for Rural Economy has a 25 year history of research in this field and can provide expertise and evidence for future policymaking. In this paper CRE outlines 10 key questions around the needs of rural economies and rural communities today and suggests some directions of travel for future policy and further research. We hope these may help frame the debate on the future of the rural UK and on post Brexit rural policy.

## **1 How can national and local government plan support for rural communities to reach their full economic potential?**

We know that “networked rural development” has been shown to be successful and this approach now informs rural policy around the world. It is a model that brings together the local and external, the bottom up and top down, with local people having opportunities to steer development. This was the thinking behind the EU’s LEADER and Community-Led Local Development programmes. Some rural communities already have the skills, assets, networks and institutional capacity to compete strongly. At the same time, without the necessary resources of support, rural communities that have not yet developed these capacities and networks may become impoverished, losing services and infrastructure, and so become less able to reach their full potential. In order to ensure that all rural communities have the opportunity to contribute to sustainable economic growth and wellbeing following Brexit, policymakers will need to consider:

- How can we draw on our experience of European programmes and the successes of the Local Enterprise Partnerships and Rural Growth Networks, and on the valuable evidence we already have (including evaluations of Defra’s Rural Development Programme for England) to inform immediate actions in the wake of Brexit?
- What further research is needed in order to design longer term policies for economic growth in the countryside?
- What key elements need to be included in a place-based rural development programme to avoid communities being left behind in economic and social progress?

## **2 Who should take the lead on policy for rural areas?**

Under the EU framework for rural development programme it can be unclear where responsibility for rural policy should lie within individual member states. In the UK, previous Departments of Agriculture inherited, and struggled with, responsibility for rural policy. Defra has in the past been criticised for having “woolly” rural objectives, few clear goals, and a rural proofing process that was not consistently delivered and evidenced. Brexit allows space to reconsider who should have central oversight of rural policy.

Decisions need to be taken on several questions:

- Is it more beneficial to embed rural policymaking across all government departments or are rural interests met more effectively when a single department is tasked with leading on this?
- What role and powers should the devolved governments have in future on rural issues?
- Should a macro regional policy coordinate governance regimes at different spatial scales and what form should such coordination take?

### **3 How can public and private sector organisations work together in support of sustainable social and economic growth in rural areas?**

Partnerships of public and private organisations and universities are well established as drivers of smart, high-tech innovation in cities. Social innovation, which brings together a wider range of government, private businesses, universities, community organisations and citizens, can also be a significant driver of networked rural development and economic dynamism. It helps communities to move away from linear, top-down development towards knowledge exchange and networked development. Such innovations must be supported by appropriate investment in sustainable infrastructure to ensure that economic growth in rural areas over future decades can contribute to UK efforts to achieve the goals of the Paris climate change agreement.

Policymakers will need to consider:

- Does Brexit offer an opportunity to be more experimental in supporting different, more wide-ranging partnerships that could drive rural development?
- Could such partnerships be extended to include, for example, housing and service provision; health and social care; community land trusts?
- Could some organisations develop new priorities for social and economic development?
- How to ensure sufficient investment to secure the provision of sustainable infrastructure to support green-growth in the rural economy?

### **4 How can we ensure that we have an adequate, appropriately skilled rural labour force?**

The ageing population in the countryside is often cited in relation to service and care provision, along with the departure of the young to cities. The average age of UK farmers is 59, while it is increasingly difficult for young people to gain a foothold in the industry. This raises questions about where the workers of the future are going to come from and how they can be sustained, supported and upskilled. European skills funding hasn't always been well targeted or accessible to rural people and businesses, and government has looked to EU rural development policy for bespoke support. We have also seen the arrival of migrant workers in agricultural areas to fill gaps in the labour market but Brexit will affect this supply of workers. The new Green Paper on the UK's Industrial Strategy identifies developing skills as a key aspiration and we need to ensure that rural areas are given the specific attention they require in order to fulfil this aim.

Policymakers will need to consider a range of questions across these different areas of need:

- What positive role can older people in the workplace play, for example, in starting businesses, and what support and training could help them?
- What are the implications of changing demographics? As European migrant workers are declining in number where will their replacements come from – will they be, for example, from developing countries? Will these be more seasonal migrants than the EU workers who have gone before them? Could

they find it even more challenging to integrate into existing communities, and what responses might there be from rural residents?

- How might older farmers be supported into retirement and younger people encouraged to take up opportunities in the land based sector?
- Is there a need to consider the specific housing needs of key workers and offer priority for social housing or subsidy?
- How can rural businesses be helped to meet their staff recruitment and skills needs?

## **5 How can the housing needs of rural communities be addressed?**

Lack of affordable housing and high prices in relation to rural wages are persistent causes of concern among rural residents. Average house prices in rural areas are 26% higher than in urban areas, while local earnings are 27% lower, and there is much less housing association and council housing – 12% of rural housing stock is social housing compared with 19% in urban areas. Younger people are often priced out of the market completely and hence may be forced to move away or commute long distances, disrupting family networks and preventing the local economy from realising its potential. Lack of access to appropriate housing reduces the available workforce and stifles the contribution that rural areas could be making to national growth. The Housing White Paper encourages the provision of affordable rural housing, notably on exception sites, and this offers scope for further work.

A fresh look at policy in this area could provide an opportunity to consider some new and innovative approaches:

- Should local communities themselves be further empowered in the local and regional planning process and could community trusts be playing a much larger role?
- What part could neighbourhood plans play in identifying potential sites for affordable housing and should landowners be incentivised to release land for this purpose?
- What innovative sources of investment or combinations of investment could be tapped, for example public investment, cross-subsidy on exception sites, social investment bonds?

## **6 How can national government encourage an enterprising countryside?**

Rural areas play important roles as both incubators and catalysts of growth and future rural policy should recognise their interdependencies with wider regions and cities. Although farming is extremely important, both for rural communities and in ensuring national food security, the rural economy is varied and reaches far beyond traditional land management industries. Rural areas contribute to all economic sectors. The people who live in the countryside display high levels of entrepreneurship, with more businesses per head of population than in large towns and cities. For some specialist enterprises locating in the countryside with cleaner air and quieter surroundings can offer particular advantages. Rural dwellers are innovative and many want to grow their businesses significantly, but there also

needs to be a place for sustainable, home-based micro-businesses that are often highly profitable and form an important component of total household income. The contribution of the full range of rural businesses should play a key role in mainstream plans, enabling economic growth across the whole country, as specified in the Government's recent Green Paper

In the wake of Brexit there is an opportunity for policymakers to consider the specific needs and challenges of rural entrepreneurs:

- How can the barriers that can impede rural entrepreneurs, including regulation requirements, and a lack of access to infrastructure, finance, advice and networks, be ameliorated?
- How can businesses be helped to access skilled staff and what training opportunities, housing supply and other support would help?
- How can the role played by incomers, who may bring finance and skills to rural areas and create employment, be acknowledged and supported?

## **7 Can the creative industries play a significant role in the future of the countryside?**

Creative industries grew by nearly three times the national average from 2008-2012 and account for more than 5% of the UK economy. They have their highest growth rates (measured by employment) in accessible rural areas. Creative industries range across arts and crafts, architecture, design, advertising and IT companies, and rural locations may be particularly attractive to these practitioners. It is an area of micro and home-based businesses, where freelancing and self-employment are also commonplace, and so their contribution may not be fully captured by mainstream growth measures.

In post-Brexit policymaking it may be possible to give some attention to this sector, particularly in considering:

- How can they be enabled to trade nationally and internationally?
- Could promotion of solutions such as community broadband stimulate growth of these industries and also facilitate networking?
- How could creative "hubs" stimulate this kind of enterprise?

## **8 How can we ensure that rural communities are well connected?**

Rural development in the UK has largely depended upon the EU rural development programme component of the Common Agricultural Policy, mirroring the rural priorities of the EU as a whole. But rural communities do not function in isolation and Brexit may offer an opportunity to look anew at the nuances of British rural-urban interactions and reconsider such an approach. Most city economies are well supported by commuters, businesses, consumers and environmental services from neighbouring rural areas. In the UK, urban workers often aspire to living in the

countryside and may be commuting from rural homes to urban employment. Similarly, urban retirees often chose to live in rural areas, where they are able to afford higher housing prices. This has complex implications for the whole range of infrastructure, communication and health care needs. The countryside is also an important source of recreation and leisure for both rural and urban dwellers and this creates its own investment demands.

As EU policies give way to UK-focused decision making, policymakers have an opportunity to:

- Ensure that sufficient investment is made in developing sustainable infrastructure in rural areas, in line with the vision set out for the UK in the recent Green Paper;
- Consider which aspects of infrastructure demand immediate and priority attention, for example is broadband the major consideration or are physical connections more important?
- How do the social, environmental and economic interdependencies of rural and urban areas contribute to regional integration and what regional variations need to be taken into account?
- Are specific strategies for improving digital infrastructure in the UK countryside required to deliver innovative solutions that will address the particular problems of connectivity, productivity and exclusion observed in rural areas?

## **9 How can we maintain the supply of public goods in the countryside?**

Many public goods produced in the countryside (for example landscape, biodiversity, carbon storage, clean air and water) can be classified as ecosystems services, defined by the National Ecosystems Assessment as “the benefits provided by ecosystems that contribute to making human life both possible and worth living”. The provision of many such public goods, and the welfare that they generate to society, depends on the protection or active management of the ecosystems which underpin them. In many cases these activities are the result of regulatory or incentive-based mechanisms that are underpinned by EU policy (for example Pillar II of the Common Agricultural Policy). Following the UK's departure from the EU, it is important to consider the extent to which society wishes to maintain or enhance the current levels of protection and management for public goods in the UK countryside, our willingness to pay for these and the mechanisms through which funds can be raised and distributed.

Policymakers will need to consider:

- To what extent should future agricultural support continue to incentivise land managers to manage their land in a way that maintains or increases the supply of public goods?
- What level of public good provision should land managers be responsible for and should this provision be enforced through regulation and without compensation or via subsidies?

To what extent should public funding for public good provision in the countryside be replaced from other sources and in particular from schemes that seek to extract

Payments for Ecosystems Services from the individuals or businesses that benefit from them?

## **10 How can policy be rural proofed in the future?**

Rural areas have a greater proportion of small businesses than urban areas. This presents challenges to the businesses, for example in accessing markets, business support and finance, but also to policy makers. There is a perception of rural businesses being solely about agriculture, or too small to be interested in growth. However, small businesses are critical to rural development, both economically and socially. Both entrepreneurial and steady-state businesses support local services and provide local employment opportunities. At present the vast majority of bespoke support is provided as a consequence of EU rural development policy. Post-Brexit policymaking will need to consider how policies designed to drive economic and social sustainability and growth can be made relevant and applicable to rural businesses and communities.

This will need to include a consideration of:

- How can we sustain and build upon the experience of Rural Growth Networks/Hubs?
- How can funding and capacity for community led socio-economic activity that has proved successful in enabling social enterprise and social innovation in the past, for example LEADER, be sustained?
- How can all local and national plans and policies be “rural proofed” to demonstrate their impacts on and inclusion of rural areas prior to implementation, in order to ensure a fair deal for rural communities and to enable them to play their part in driving sustainable economic growth?

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