

Reimagining the **rural:** What's missing in UK rural policy?



Introduction

The Centre for Rural Economy was founded as a Newcastle University Research Centre in 1992. It specialises in interdisciplinary social science and applied policy research oriented towards achieving sustainable rural economies and societies in the UK and abroad.

In the last two decades, the Centre has played a significant role in shaping the infrastructure for rural policy in the UK, including the establishment of Defra, the Commission for Rural Communities and several rural White Papers. Academics in the Centre have chaired the Scottish Government's Commission on the Future of Crofting – which led directly to the Crofting Reform Act 2010 – and served on the Countryside Agency, Commission for Rural Communities, and Affordable Rural Housing Commission.

From 1999, the Centre pioneered a Rural Business Survey, which is critical to understanding changes in the rural economy. The survey is a crucial piece of intelligence which informs debates on how best to support the sustainability and growth of rural businesses. Recently, the survey has monitored the performance of the rural economy through the economic downturn, and informed the Government's Rural Economy Growth Review (2011), the Commission for Rural Communities' report on rural microbusinesses (2013) and other emerging policy.

In Europe, the Centre contributed to the 'greening' of the European Union's Common Agricultural Policy and other European rural policy initiatives like LEADER.

In November 2013, Newcastle University was awarded the Queen's Anniversary Prize in recognition of its internationally renowned research into sustainable rural economies and societies within the Centre. Queen's Anniversary Prizes are awarded by the Royal Anniversary Trust to honour work of outstanding importance and quality in higher and further education in the UK.

The Centre also recently celebrated its 21st anniversary with an event at Alnwick Castle, during which it launched a £2.5 million fundraising campaign to secure its future and maintain its position at the forefront of rural economy research.

This short paper draws on the insight generated through our work to provide a snapshot of the current situation in the countryside and how it could be helped to flourish.

The rural economy today

12 million people live in the rural UK

Around 80 per cent of the UK area is officially classified as rural and about 20 per cent of our population lives in rural areas – over 12 million people. Rural areas embrace a wide range of people and communities. Although many of their diverse concerns overlap with those of urban dwellers, some are also distinctly rural, and some reflect the interdependency of rural and urban communities.

A dynamic rural economy beyond farming

Nearly half a million people work on farms. The total income from farming in the UK is over £5 billion. But while agriculture shapes the rural landscape, it is a minor component of the contemporary rural economy. Rural areas support about half a million businesses, mostly unrelated to farming. These are mainly small and micro enterprises that employ about 70 per cent of the workers in rural England. This figure compares with the 15 per cent of the rural workforce employed in agriculture, forestry and fishing. Social enterprise is a sector growing in importance, as more communities choose to run their own pubs, village shops or other key facilities. Overall, the Gross Value Added from rural areas of England is worth around £400 billion.

Rural residents tend to be older

Rural areas exhibit certain distinctive socio-economic features. For example, they tend to have smaller proportions of young adults and above-average levels of middle-aged and older people and young teenagers. Young adults tend to migrate out of the countryside to larger towns and cities, while older adults, some with children, tend to move in. Levels of minority ethnic populations are much lower than in urban areas, although recent immigration to the UK has had a significant impact on some rural areas.

Low pay, higher living costs, unaffordable housing

Rural incomes in accessible rural areas are at least partially dependent on the ability to commute, especially for people who work full-time. Income levels tend to be lower in sparser and more remote rural areas where there is a greater incidence of poverty. Low pay is more prevalent and more persistent in rural areas than in urban, while living costs are higher. Expenditure on transport accounts for about 13 per cent of disposable income for rural households, compared with 11 per cent for the average household in England. Rural housing also tends to be much less affordable than urban housing.

Planning that protects the rural environment and promotes growth

Recent planning reforms seek to encourage economic growth, while maintaining and enhancing the character of the countryside and cherished landscapes. Groups such as the National Housing Federation, Priced Out and the Rural Services Network point to the need for more houses in rural areas however, groups such as the Campaign to Protect Rural England argue that existing plans fail to give sufficient weight to the views of local communities, as well as threatening green belt and other valued open land. Meanwhile, with land prices currently rising, landowners are banking land rather than releasing it for development, thus limiting the supply and increasing costs. Recent proposals for a new generation of garden cities to ease demand for housing in the south of England are said by some to ignore the potential of existing urban centres with established infrastructure and brownfield land. Similarly, high-profile infrastructure developments, such as HS2, proceed without full appraisal of the associated opportunity and distributional costs for alternative projects that the £50 billion projected lifespan costs of HS2 could have funded.

Outdated rural policy?

Rural areas are diverse and are affected by a wide range of sectoral policies. Thus the focus of rural policymaking and implementation must move away from the narrow range of policies that exclusively address rural areas only in terms of farming and environment and seek instead to integrate policies of a more generic nature. Increasingly, therefore, rural policymaking must be crosscutting, embracing the range of policy influences that impinge upon specific rural areas. It is also necessary to ensure all policies are properly 'rural proofed'.

Coordinated rural policy

Currently there is no specific agency charged with the task of overseeing rural areas. The abolition of the Countryside Agency, then of its successor the Commission for Rural Communities, and of the position of Rural Advocate, together with the closure of the Rural Evidence Research Centre and the Regional Development Agencies has hindered a coordinated approach to rural policy. This has been exacerbated by the loss of instruments such as the Annual State of the Countryside and Rural Proofing Report, creating the need for an independent report such as this. In particular, we highlight below some significant examples of policymaking that may have disadvantaged rural communities and where rural proofing could have been beneficial.

Some current challenges facing rural communities reflect this lack of rural-proofing:

- Small rural schools face eventual closure due to a new funding formula which forces councils to apply a standardised formula across all schools.
- Rural GPs in holiday areas face under-funding, and perhaps closure, due to a new formula which gives them no income for treating holidaymakers.
- Cuts to the public transport operators support grant have reduced rural bus services, affecting both residents and tourism.
- Cuts to welfare payments for those with spare rooms hits poor households in rural areas especially hard because of the lack of smaller accommodation.
- Voluntary and Community Organisations struggle to survive because of cuts to council budgets, reduced central government support and private competition, despite increased pressure for 'big society' services.
- The proposal to end the provision of affordable housing on sites of less than 10 houses ignores the fact that the majority of rural housing is provided on small, private developer-led sites.

Policies to support rural business

The rural economy is varied and reaches far beyond traditional land management industries. Rural areas can contribute to all economic sectors: around 28 per cent of England's firms are rural and contribute at least 19 per cent of Gross Value Added to the English economy. But local growth strategies and national economic policies often treat rural businesses separately. 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. They are innovative and they want to grow their businesses as much as their urban counterparts. However, they may be impeded by regulation and planning requirements that make it difficult to find suitable premises, and by lack of access to infrastructure, finance and advice, markets and networks and skilled staff.

Effective rural proofing of growth plans and policies is necessary and should include:

- Rural growth measures that include, but also look beyond, the farming, forestry, food and environmental sectors.
- An acknowledgement of, and support for, the creative and arts industries and the part they play in the rural economies and in rural identity.
- Treating rural economies as a cross-cutting theme and embedding them in mainstream plans for economic development, whilst acknowledging the unique challenges faced by rural businesses.
- Ensuring the new regional growth bodies, Local Enterprise Partnerships and Combined Authorities, have a strong rural remit which reflects the diversity of businesses in rural areas.
- A place-based approach, meeting local constraints and opportunities, and recognising the distinctive make-up of local rural economies.
- Investment in affordable housing, business premises, infrastructure and local services.
- Continued support for training and business start-ups via the Rural Growth Networks.
- Business associations and networks more proactively engaging, mentoring and advising small businesses, peer-to-peer.

Farming and land management

Farmers and land managers should be appropriately rewarded for the work they do in maintaining and enhancing the supply of ecosystems services including food, timber, clean water, carbon storage, valued landscapes, flood management and ecological diversity from the UK countryside.

- Agri environment schemes that reward farmers for these services could be more effective at landscape scale, with several landowners working in partnership, particularly in view of environmental change. This would require more flexibility in how payments are allocated.

- Landscape scale agreements could be particularly useful for managing water catchments and build on the benefits being achieved by Catchment Partnerships.
- Policy must take greater account of food security challenges and the need to maximise sustainable production and resource efficiency, while also reducing greenhouse gas emissions and maintaining ecological diversity.
- Precision farming techniques and other technical advances will be key to maximising sustainable production, and this requires better, more accessible training facilities for young people in rural areas. There is also a place for online courses although these cannot completely replace hands-on training.
- Government must promote more effective knowledge exchange between academia and land management practice; land advisers have a key role to play in this process.
- Government must be open to reviewing existing institutional structures and bodies and considering the effectiveness of alternative models for managing environmental functions in different parts of the UK.

Broadband and mobile phone coverage

People living and working in rural areas continue to be challenged by poor telecommunications. Those in more remote areas tend to need more rather than less bandwidth, as problems with mobile and TV reception can often be boosted by fixed broadband services and many digital solutions are now available that could alleviate some ‘distance problems’ associated with rural living and working. Broadband Delivery UK’s (BDUK) interventions will improve the situation for those in more accessible rural areas, but it is now recognised that there will be a ‘final five per cent’ of premises which will not receive superfast broadband. However, where these places and premises will be is difficult to define: there are no definitive maps of the upgrades to be undertaken by BT as the deliverer of the BDUK programme. These areas are likely to coincide with those with poor mobile provision (especially as smart phone services need a base station with a fibre supply within a limited distance), and recent proposals for ‘national roaming’ have met with stiff opposition from the large mobile operators.

There are a number of factors that policymakers need to take into account:

- Defra has now launched a number of ‘pilot projects’ and it is hoped that these will demonstrate how the final five per cent could be reached – these households and businesses must not be abandoned as ‘unreachable’ by information technology.
- The pilot projects are being undertaken by small telecommunications providers from the private and not-for-profit sectors and must have appropriate support if they are to succeed.
- In future the Government should task an appropriate agency, for example, the Office of Fair Trading with monitoring the effects of this kind of monopoly provision to ensure that there is fair competition in the market for rural consumers.

Market towns

Market towns could be engines for the rural economy as foci for investment in services, facilities and housing but careful planning is required if these centres are to meet local needs. They are still valued by rural and urban dwellers for their cultural and historical heritage but at the moment rural residents may bypass them to work, shop and spend leisure time elsewhere.

Policies need to encourage:

- Better collaboration within and between market towns and other small centres of population.
- The development of enterprise hubs to help to ensure market towns become business and social hubs for the disparate communities that surround them.
- Prioritising small town centres and planning for change around a shared vision.
- Housing development that fulfils population needs and is well integrated into the layout of the settlement.
- Identification and support of individuals in the business or voluntary sectors who will help provide leadership.
- Better planning and forward thinking about potential linkages and synergies between provision for work/shopping/leisure within towns.
- Better promotion of towns as day-trip destinations for both locals and tourists.

Community energy

Communities are already being encouraged to set up their own energy schemes including solar, wind, hydropower, biomass and geothermal. The £15 million DECC/Defra Rural Community Energy Fund launched in 2013 has provided finance for rural communities in England to explore the feasibility of, and planning for, electricity and heat projects. However, more financial support is needed through this for community renewable energy to support both development and implementation of schemes in order to make a significant contribution to reducing climate change impacts, security of supply and wider social, economic and environmental benefits for communities.

If rural communities are to make a significant contribution to the UK energy mix:

- Citizen 'entrepreneurs' or 'pioneers' should be identified and supported to start and drive projects forward.
- Community energy companies must be able to connect to the National Grid both as customers and suppliers of electricity in real time.
- Community energy companies should be able to supply only their community should they choose to do this.
- Communities should experience some financial benefit from local schemes (eg having a wind farm in their vicinity), such as discounting local pricing or revenues flowing into a community fund.

Policies to support rural communities

Rural areas are diverse and benefit from local solutions which reflect conditions, capacity and capabilities within and around them. Enabling local actors to steer development processes also needs resources if the capacity of communities to act on their own behalf is to be realised. This capacity is uneven, however, and lack of support leads to greater inequalities among and between communities.

Rural communities have very unequal capacities to act in this way, though, and it is very clear that unless there is capacity-building at community level, inequalities will grow between rural areas. If the state passes power and responsibility to local communities without the necessary resources or support, some will rise to the challenge but many will not. Some rural communities have the skills, assets, networks and institutional capacity to compete strongly. Meanwhile, rural communities who have not yet developed these capacities and networks and lack support, may become impoverished, losing services and infrastructure, and become less able to contribute to rebalancing and renewing the national economy. This is a recipe for a two-speed countryside, and it fails to realise the full potential contribution of rural areas.

At this time of transition there's a continuing role for the Government to:

- Make investment in the capacity of local communities a priority.
- Provide a safety net to vulnerable rural communities to help them develop capacity and resilience.
- Support local agencies to provide data about local conditions that is fit for purpose, so that rural communities have the best information upon which to make decisions about their future.
- Investigate the feasibility of a programme of Community Territorial Volunteers where individuals are paid to spend time working on community projects taking advantage of their particular skills.

Rural disadvantage and social exclusion

The countryside is regarded as a desirable and even idyllic place to live in the UK but people living in rural areas are often at a disadvantage financially and socially because of low wages, lack of access to public transport and other services and the high cost of fuel for transport and heating. Informal support networks are also weakened as unaffordable housing and welfare cuts are forcing family members to move further away and public spaces where people traditionally meet and interact such as pubs and post offices are closing.

There is a need for:

- A change in attitudes and culture to ensure better awareness of rural disadvantage at policy level.
- Maintenance of spaces where people meet and access services.
- More investment in affordable housing and public transport.
- Better promotion of awareness and uptake of welfare payments where there is entitlement.
- Comparatively small, but crucial, investment in organisations that underpin community volunteering.
- Encouragement of more community enterprises to run facilities.

An ageing population

Median age is rising faster in rural areas than in towns and cities and this poses particular challenges for support services, but at the same time rural residents tend to live longer and also work longer and more flexibly than urban dwellers. Some move to the countryside for retirement, more often pre-retirement. They tend to have skills and capital and many start new businesses. They may also make an important contribution via volunteering/informal networking and their contribution to the local economy should not be overlooked.

Policy could foster the positive contribution of older people and support the needs of an ageing population:

- Older people may be helped to overcome isolation and maintain independence by minor adaptations to housing, access to public transport and low-level, low-cost support services such as lunch clubs, help with odd jobs, and gardening schemes.
- Older people often want to continue working flexibly and to engage in other activities, which will help them to maintain their social networks, mental and physical capacity and independence. Comparatively minor investment in public transport and facilities such as lifelong learning could save investment in more costly social and health care services.
- Rural housing provision, location and design should take more account of older people's needs.
- Additional costs of services for older people in rural areas need to be recognised in government funding formulae.

Fuel poverty in rural areas

Fuel poverty remains a particular concern for rural areas, which are characterised by higher rates of fuel poverty than in urban centres. There are proportionally more households in rural areas in fuel poverty than the national average, with sparse areas (remote villages and hamlets) particularly affected. A higher proportion of rural households are off the gas grid thus reliant on potentially more expensive fuel such as heating oils and solid fuels.

The limited options for fuel available to rural communities and the particular challenges that this raises suggests that Government should:

- Ensure that future definitions of fuel poverty take account of rural issues.
- Monitor the impact of the Green Deal and other domestic energy initiatives in rural areas.
- Provide further support for community energy initiatives in rural areas.

Rural housing

Lack of affordable housing and high prices are persistent causes for concern among rural residents. Planning practice has tended to prioritise environmental interests over social sustainability rather than maintaining a balance. Workers in rural areas have seen wages rise at a slower rate than the rest of the country. Average house prices across all rural areas are 11 times the average salary. Moreover, there is less affordable rented housing and social housing in rural areas than in towns and cities. Younger people are often priced out of the market completely and hence may be forced to move away, or commute long distances, with consequent damage to family networks. This may also lead to overcrowding or homelessness and restrict people's opportunities so it has consequences on a personal level. It is also damaging for the economy. Lack of access to appropriate housing reduces the available workforce and stifles the contribution that rural areas could be making to national growth.

A better balance of interests could be achieved by:

- Reinstating a target for affordable rural housing starts and completions.
- More finance from a combination of public investment and cross-subsidy.
- Cross-subsidy on exception sites in smaller settlements. Quotas of affordable housing remain vital in rural areas.
- Unlocking of surplus public sector land by ensuring 'greatest public benefit' rather than 'best value'.
- Increased support and promotion for community land trusts and other innovative, local approaches.

Further information

In November 2013, Newcastle University was awarded the Queen's Anniversary Prize in recognition of its internationally-renowned research into sustainable rural economies and societies led by the Centre for Rural Economy. Queen's Anniversary Prizes are awarded by the Royal Anniversary Trust to honour work of outstanding importance and quality in higher and further education in the UK. The Centre is running a £2.5 million fundraising campaign to secure its future and maintain its position at the forefront of rural economy research.

Newcastle University's mission is to be a world-class civic university, committed to academic excellence with a purpose. It combines its status as a leading research-intensive university, delivering teaching and facilitating learning of the highest quality, with a commitment to the social, economic and cultural development of the North East of England, as well as wider national and international communities via its Societal Challenge Themes of sustainability, social renewal and ageing. For more information on its commitment to excellence with impact visit www.ncl.ac.uk/about/values/societal and for its work on social renewal visit www.ncl.ac.uk/socialrenewal.

For further information

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For more information on the work done by the Centre for Rural Economy:
www.ncl.ac.uk/cre