

Briefing 1389

The search for growth...realising rural potential?

Summary

The scope for rural intervention by government is constrained by spending limits. Cutting public spending disproportionately affects rural places and without the changes to the planning system proposed in the NPPF rural England will continue to deteriorate economically. The “tools” to deliver economic development aren’t very sharp when it comes to rural issues and we feel the Localism Bill will enable many affluent voices in communities to stifle economic development. It is a question of what kinds of potentially valuable growth we want (and ‘valuable’ to whom). Few Local Enterprise Partnerships have anything at all to say about rural economic development.

This paper has been prepared for RuSource by Ivan Annibal and Jessica Sellick¹ of Rose Regeneration: <http://www.roseregeneration.co.uk/>

Caroline Spelman certainly believes in the idea of a rural economy. In her speech at the Conservative Party Conference, she described how “for far too long the economy of this country has been unbalanced. Not just ‘north-south’, but ‘rural-urban’. It’s one of the factors that have brought us to where we are today. And we need to fix it”. She went on to pledge investment in rural broadband, refocusing grants to promote rural enterprise and business start ups, and help for existing businesses to become more competitive and innovative through renewable energy and more sympathetic planning systems.

It is perhaps more interesting to reflect that the scope for any form of significant national intervention is practically constrained by the global downturn and its impact on Government spending overall. Caroline Spelman’s address comes alongside the release of ‘Spending Review: One Year On’ from PWC, setting out progress from the Treasury’s settlement in 2010. With spending decisions prioritised to support growth, fairness and public sector reform, the [report](#) highlights public anxiety and uncertainty about the future, with an expectation that the worst is still to come.

The Report’s conclusion chimes with Spelman in suggesting that the best option for the Chancellor in the Autumn Spending Review (due November 2011) would be (to bring forward capital spending) to boost infrastructure. Yet labour market [statistics](#) released in October 2011 reveal an unemployment rate of 8.1% and 2.57 million unemployed (a 17-year high) and an [announcement](#) from the Bank of England that it intends to inject a further £75 billion into the economy through Quantitative Easing (QE).

This think piece investigates two questions: 1) what impact will Government actions have on developing the rural economy and 2) Does it have the resources to make a difference?

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Responding to these questions requires taking into account several strands of emerging policy and decision making.

Firstly, the *Comprehensive Spending Review*, due in November, where it is thought George Osborne will outline plans for most Whitehall departments to make cuts of around 25% in an effort to remain on course to clear the country's debts by 2015.

Secondly, the outcomes of the [rural economy Growth Review](#) which includes a Review Team and High Level Expert Panel within Defra to consider how to enable rural businesses to innovate and thrive and realise the value of natural capital. Interestingly, Rose Regeneration has discovered from Defra that the Panel is comprised of representatives from: the Commission for Rural Communities, OECD Rural Policy Committee, Cornwall Development Company, National Trust, Dairy Crest and the Centre for Rural Economies (Newcastle University).

Thirdly, the [Local Government Resource Review](#) being carried out by the Department for Communities and Local Government (CLG) which is looking at how the distribution of business rates and Formula Grant can be recast to deliver a more effective income stream for councils. This includes developing better incentives for local authorities to promote economic growth in their areas.

Fourthly, the outcomes of the consultation into the *National Planning Policy Framework* (which is looking to streamline national planning policy from 1,000+ pages and 47 documents into fewer than 60 guidance pages). The Framework includes a 'presumption in favour of sustainable development' which has divided opinion - from groups such as the National Trust and Campaign to Protect Rural England (CPRE) who argue that the proposals could give developers the right to build across large swathes of the countryside, to organisations including the Country Land & Business Association (CLA) which want to try and make development work sustainably, rather than finding reasons not to let it happen at all.

Fifthly, the [Localism Bill](#) (currently making its way through the House of Lords) includes a set of provisions around assets of community value and neighbourhood planning.

Sixthly, the Rural Policy Statement from the Rural Communities Policy Unit is eagerly awaited.

So we have a number of emerging policy issues to balance in coming to a judgment on the likely effectiveness of Government policy in stimulating rural economic development. We know that cutting public spending to the degree suggested disproportionately affects rural places which are more dependent on public sector employment (1 – nil), there is no doubt that building a rural component into the next stage of the growth review is a positive acknowledgement of the importance of rural areas (1-1), it seems likely that the changes to the business rate regime will disadvantage rural authorities overall (2-1), there is no doubt that without the changes to the planning system proposed in the NPPF rural England will continue to deteriorate economically (2-2), on balance we feel the Localism Bill will enable many affluent voices in communities to stifle economic development (3-2) and the Rural Policy Statement is likely to be a simple codifying of the "fall out arising from these other measures.

So it could be argued that overall it is a close run thing but looking across the whole agenda Government action on the economy is not likely to have a decisive overall impact specifically on rural economic development.

It is interesting to reflect on the rural component of the prime new drivers of local economic development – Local Enterprise Partnerships (LEPS) Rose Regeneration (on behalf of the Rural Services Network) has analysed LEPs, their spatial distribution and implications for rural England. The Survey identified 11 LEPs with more than 50% of their population in predominantly rural local authority areas (Table 1).

Table 1: Rural Local Enterprise Partnerships

LEP	Population in Predominantly Rural Authorities
Cornwall	100
York and North Yorks	83
New Anglia	77
Marches	74
Swindon & Wilts	71
Greater PCamb/GPboro	69
Cumbria	64
Greater Lincs	63
Heart of South West	63
Oxford City Region	56
Humber	54

Thinking about LEPs in terms of both the percentage of rural population and overall numbers suggests that other LEPs which are in the top 10 of all LEPs in terms of their gross predominantly rural population share would see Derbyshire and Nottinghamshire, North East LEP, Kent and Essex and South East Midlands incorporated into the analysis. Rose Regeneration has also undertaken a baseline analysis of these 15 LEPs, looking at their Strategies and Business Plans, their board membership and meetings (including what they do or don't say about rural matters!). Few have anything at all to say about rural economic development.

Looking at the correlation between the allocation of Enterprise Zones (EZs) and LEPs (Table 2), Rose Regeneration found of the 22 designated EZs, urban based LEPs had done slightly better (e.g. Liverpool has 2 EZs). 14 of the LEPs with a component of rural dwellers also have an EZ; although the majority of these are based in their urban parts (the two main exceptions are Alconbury and Newquay airfields which are located in significantly rural settings). However, thinking through rural/urban connectivities, there is a case that all these EZs may provide employment for their rural LEP residents.

Table 2: the relationship between Local Enterprise Partnerships and Enterprise Zones

Local Enterprise Partnership	Enterprise Zone
<i>First wave</i>	
Black Country	I54 and Darlaston
Derby, Derbyshire, Nottingham and Nottinghamshire	Nottingham (Boots Campus)
Greater Birmingham and Solihull	Birmingham (Birmingham City Centre)
Greater Manchester	Manchester (Airport)
Leeds City Region	Leeds (Lower Aire Valley)
Liverpool City Region	Liverpool (Mersey Waters)
London	London (Royal Docks)
North Eastern	River Tyne and Nissan site
Sheffield City Region	Sheffield (The Modern Manufacturing and Technology Growth Area)
Tees Valley	Tees Valley Enterprise Zone
West of England	Bristol (Temple Quarter)
<i>Second wave</i>	
Cornwall and the Isles of Scilly	Newquay Aerohub
Greater Cambridge and Greater Peterborough	Alconbury Airfield
Hull and Humber	Humber Estuary Renewable Energy Super Cluster
Leicester and Leicestershire	MIRA Technology Park
Liverpool City Region	Daresbury Science Campus
New Anglia	Great Yarmouth and Lowestoft
Oxfordshire	Science Vale UK
Solent	Daedalus Airfield
South East Midlands	Northampton Waterside
The Marches	Rotherwas Enterprise Zone
South East	Sandwich and Harlow

Alongside the fact that the first round of Regional Growth Fund allocations were very urban focused and we still have no indication of the outcomes of the current round of applications it is probably fair to say at this stage that the “tools” to deliver economic development at the local level aren’t very sharp when it comes to rural issues.

This review leaves us reflecting on two points:

The first point concerns **Growth** – what does targeting growth in the countryside actually mean? What kind(s) of growth are we driving for? Amid the Environment Secretary’s call for a rural renaissance, many of the Government’s recently-introduced growth measures such as Enterprise Zones show in their design and implementation an urban bias. Is the Government really promoting a pro-growth agenda for rural areas? Is the Government taking up the Rural Coalition’s Challenge and thinking about offering rural residents better opportunities for work in their local communities? Not all growth is good and not all

growth is bad, therefore, it is a question of what kinds of potentially valuable growth we want in rural areas (and 'valuable' to whom).

The second point concerns **rural poverty**. Whilst an individual can be classified as living in poverty if their income is 60% of median income in the UK, poverty 'isn't just about money; but can affect everything from an individual's chances of getting a job to the age at which they die': 'those who 'have' consistently fare better than those who 'have not'. The Rural Vulnerability Index (RVI) developed by Rose Regeneration, with support from the Rural Services Network, finds in rural areas a counter-intuitive relationship between low wages and low levels of benefit claimants. That is, a significant proportion of urban areas exhibit a relationship between low wages and high benefit claimants – there being potentially less incentive to work - whereas in rural areas there are relatively lower levels of benefit claimants despite low wages. This suggests the operation of a more informal economy with people undertaking a variety of activities to 'get by'. How do existing and emerging policy measures account for the informal economy?

We have become increasingly interested in the Sustainable Livelihoods Assessment methodology. SLA is an alternate way of considering economic challenges, focusing on a wider and potentially more sustainable approach to economic development than the drive for growth. This is particularly applicable in rural areas. You might want to have a look at how this has been successfully applied in a rural context by reading an excellent Oxfam sponsored [report](#) on Peak District farming livelihoods.

Finally, lest you think we have dodged the second of the issues at the heart of this article, about the resources available to tackle rural economic development – perhaps Mervyn King's comments on the nature of the economic "recovery" with which we started this article gives us the best clues. He said, of the current economic crisis, in a speech on 6 October: "It is unfamiliar – that's because this is the most serious financial crisis we've seen, at least since the 1930s, if not ever. And we are having to deal with very unusual circumstances but react calmly to this and to do the right thing." For our money this means that whilst there is some scope for concern that the current measures for local growth being put in place by Government won't have a huge impact on rural areas – the real issue people living and working in rural areas will face over the next 3-10 years is likely to be far more about economic survival in the face of a world recession, than the specific level of commitment by their local LEP to rural issues.

Ivan Annibal and Jessica Sellick, 01 November 2011

RuSource briefings provide concise information on current farming and rural issues for rural professionals. They are circulated weekly by email and produced by Alan Spedding in association with the Arthur Rank Centre, the national focus for the rural church. Previous briefings can be accessed on the Arthur Rank Centre website at http://www.arthurrankcentre.org.uk/projects/rusource_briefings/index.html

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