

# After Brexit:

# **10 key questions**


## for rural policy in England





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## After Brexit: 10 key questions for rural policy in England

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Brexit will affect different communities in various ways across the UK. In England the countryside has long been a mass of contradictions where aspiration and reality can clash. Rural life 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. Rural areas in England contribute over £250 billion a year directly to the economy. 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 ageing 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 still uncertain about exactly what kinds of support for both farming and the wider rural economy may replace EU mechanisms, but these will be designed in the context of the new UK Industrial Strategy, the 25 year Environment Plan and the Clean Growth Strategy for a low carbon future. The Centre for Rural Economy has a 25 year history of research across these issues and can provide expertise and evidence for future policymaking. This paper outlines 10 key questions around the needs of rural economies and rural communities in England today and suggests some directions of travel for future policy and further research.

This is the final document in a series looking at the implications of Brexit for rural policy for the UK and for England and the devolved governments. We hope that these key questions 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 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 key elements need to be included in a place-based rural development programme to avoid communities being left behind in economic and social progress?
- How can rural areas benefit from the future Shared Prosperity Fund which is to replace European Structural and Investment Funds?
- 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?

## 2

## Who should take the lead on policy for rural areas in England?

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 for England.

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?
- Would the Ministry of Housing, Communities and Local Government be better placed to provide a lead on this, as suggested in the House of Lords’ “Countryside at a Crossroads” report?
- 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?
- Can some organisations develop new priorities for social and economic development?
- How can we ensure sufficient investment to secure the provision of sustainable infrastructure to support green-growth in the rural economy?
- How can Local Enterprise Partnerships, businesses and their representative organisations, and rural stakeholders work together to embed rural business strengths, aspirations and opportunities in Local Industrial Strategies and future Devolution and Sector Deals?
- Are there lessons to be learnt from the European Smart Rural Living Labs on partnership working to develop local industrial strategies?
- How can we sustain and build upon the experience of Rural Growth Networks/Hubs?

## 4

## How can we ensure 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 UK's Industrial Strategy identifies developing skills as a key aspiration and we need to ensure that rural areas in England are given the specific attention they require in order to fulfil this aim.

Policymakers will need to consider a range of questions:

- 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 how might rural residents respond?
- How might older farmers be supported into retirement and where will they live?
- How can younger people be encouraged to take up opportunities in the land based sector? Could mentoring or share farming arrangements help?
- 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 in England be helped to meet their staff recruitment and skills needs?
- How can we ensure the development of more high quality apprenticeships that are attractive and accessible to young people in rural areas?



## 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. House prices are less affordable in predominantly rural areas than in urban areas (apart from London). In 2016 the average lower quartile house price was 8.3 times the average lower quartile earnings, compared with 7.0 times in predominantly urban areas (apart from London where it was 14.7 times). There is much less housing association and council housing in the countryside – 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?
- Should rural settlements be excluded from the extension of the Right to Buy to housing associations?

## 6

## How can the UK government encourage an enterprising English countryside?

Measures to encourage an enabling business environment need to demonstrate an equitable commitment to firms operating in rural areas. This means not disadvantaging rural firms because of their intrinsic characteristics, whether it be their small size, home-based set-up, level of access to broadband or innovation centres, or dispersed distribution. It may require measures tailored to differences between rural and urban firms in terms of their plans, obstacles and use of support. It also involves recognising and building on strengths. England's rural firms are committed to introducing new or improved goods in their businesses, are more likely to be exporters, and show untapped export potential which needs to be carefully nurtured.

In the wake of Brexit there is an opportunity for policymakers to consider:

- 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 the needs of rural exporters and importers and their large, untapped potential, be taken into account in trading arrangements?
- 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?
- Rural firms may experience different obstacles and different needs for support from urban firms—how might business policies and programmes need to be suitably tailored to encourage them to thrive and grow?
- How will implementation of the Industrial Strategy support the productivity and growth of rural enterprises?
- How can we balance the potential economic benefits generated by exploitation of natural resources through activities such as fracking with a robust system of regulation that protects the environment and natural capital?



## 7

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

Creative industries contributed £87.4 billion to the UK economy in 2015 and between 2010 and 2015 they grew by 34% — faster than any other sector. 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. Taken together they are bigger than many sectors such as the automotive industry, life sciences and aerospace that are traditionally regarded as particularly important.

In post-Brexit policymaking it may be possible to give some specific 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 England 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 English 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 England, 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 consider:

- How can we ensure that sufficient investment is made in developing sustainable infrastructure in English rural areas, in line with the vision set out in the Industrial Strategy?
- Which aspects of infrastructure demand immediate and priority attention, for example are broadband and mobile networks 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?
- What specific strategies for improving digital infrastructure in the English countryside are 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 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”. In the uplands, where farming generally depends on subsidy, any change in support mechanisms is of particular concern, while services such as clean water and carbon storage depend on land management in these areas. 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 English 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?
- Could third sector organisations such as the National Trust play a larger role in maintaining the provision and management 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?
- If payment by results forms part of any support schemes how can these be effectively measured?



10

## Is rural proofing the way to ensure policy delivers for rural areas?

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 in the English countryside. However rural proofing has been shown to have weaknesses in its application and often fails to capture specific need in either rural or urban areas.

This will need to include a consideration of:

- What is an appropriate balance between embedding rural issues in mainstream policy and devising dedicated rural policies and programmes?
- What alternative approaches could be adopted to ensure rural areas receive equity of attention in making future policy so that these are as relevant, accessible and visible to rural as to urban areas?
- How can local and national plans and policies ensure a fair deal for rural as well as urban communities and enable all to play their part in driving sustainable economic growth?
- Should policies be designed to meet geographical or sectoral need rather than taking a blanket approach to rural or urban?
- What evidence and approaches will be needed at national and local level to underpin policy development, delivery and evaluation in rural areas?

## Contributors



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## Centre for Rural Economy

Established in 1992, the Centre for Rural Economy at Newcastle University specialises in interdisciplinary social science and applied policy research oriented towards the achievement of sustainable development in rural areas. Topics covered include rural employment, rural policy, farmer and consumer behaviour, rural tourism, environmental management, and rural communities and organisations.

Drawing on a team of over 50 social scientists, including economists, geographers, sociologists, food marketers, political scientists and psychologists, it is one of the most significant groupings of rural social scientists in Europe. In 2013 the excellence of its research and teaching was recognised by the award of a Queen's Anniversary Prize for Higher and Further Education.

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