A ‘Thriving Rural Economy’ – some research insights

From the global to the local: trends and themes in rural economies

Findings from recent studies (complementing Lords’ inquiry)

Janet Dwyer

Director, CCRI,

University of Gloucestershire

SUSTAINABLE DEVELOPMENT GOALS

These goals are universal:

For Rural England, many points are very relevant

- **The UK government has pledged to meet them by 2030**

Rural England in the next 10 years – global perspectives

Turbulent markets from political uncertainties, affecting business, community (especially primary sector, manufacturing, finances)

Slow, low growth in developed economies, limited public finances – constraining public sector adjustment, services and investment

Climate change and decarbonisation – major need to change how basic services and infrastructure are provided and renewed; improve water and waste management systems

Demography – workforce shrinking as a share of population, likely new migrant influx?

- populations growing in many areas but declining in the most remote; ageing and / or gentrification continuing: brings opportunity as well as challenge

Continuing digital transformation (still uneven?)

Persistent inequality causing disengagement, loss of community & trust

….and a local perspective

Key concerns for market towns in Gloucestershire (Reed et al, 2019):

- Imbalance in the development of housing and infrastructure
- Overstretched services (social care, health, transport, education, police...)
- Increasing social deprivation and hardship
- Ageing populations
- Contrasting geographies of opportunity

  - where you are still shapes what you can do

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Recent research insights

A range of sources in rural surveys, projects in UK and across the EU, as well as key inquiries and Commissions. Three main themes:

- Business basics – what is the rural economy today, and how does it work?
- Services and infrastructure – the underpinning of rural economies
- Future choices and opportunities – a need for transformed relations

1. Business basics (CRE Newcastle, Defra surveys 2016-18)

England's rural areas produce goods and services that match the value of output from its 10 leading cities outside of London

The rural economy covers all sectors: manufacturing, construction, wholesale and retail, transport, professional and business services, as well as farming and forestry

- with more micro- and small businesses than in cities
- supplying local and active in overseas markets – with potential in both

Whereas 40 years ago, agricultural policies and farms were seldom locally focused, today over 50% are diversified (from minor to major scale): there is increased inter-linkage of land-based and other rural businesses

Business basics: Resilience - rural responses to the global recession in Europe

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(Woods et al, 2011, 2015 – *DERREG* project)

- Rural firms produce outputs for a range of markets, but evidence suggests that successful ones are embedded in extensive or strong local networks where groups of firms provide market and non-market advantages to one another. This operates on a basis of trust, reciprocity and inter-dependence, not outright competition.

- Adaptability in rural regions requires the ability to combine both local and global needs and opportunities. Successful areas are those with the capacity to re-engage local resources, labour, capital and markets in different ways, as market forces change. This enables them to develop new local/ international networks and customer bases, in response to immediate regional constraints.

Strong areas for rural business (Phillipson, 2018)

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- Manufacturing – especially food and drink
- Tech and ICT-focused firms
- Services provided remotely or meeting new needs
- The creative industries
- Leisure, hospitality, tourism

The digital rural economy – key issues (Vironen and Kah, 2019)

- Fostering capacity-building in digitalisation is vital for rural businesses (especially in traditional industries – agri-food, crafts, manufacturing)
- learning from ICT experts can improve talent in rural areas, developing effective e-business models, through established forms of collaboration or new networking
- learning from urban hubs can be useful, as a basis for capacity-building but also in establishing new economic linkages

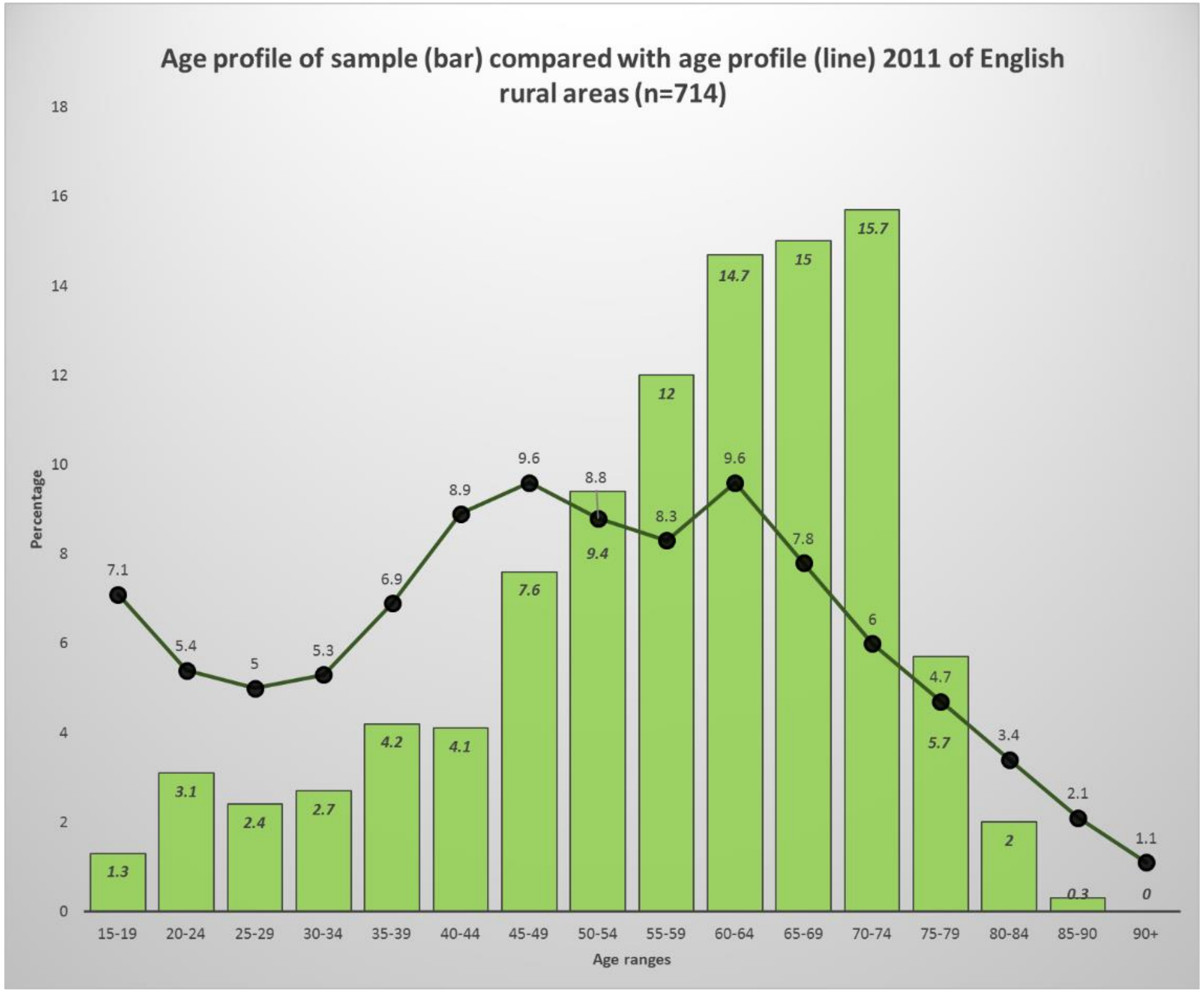
2. Services and infrastructure

CCRI/RE Rural housing survey
(2018 data, published 2019)

714 respondents across England

59% own their own home outright
25% have a mortgage
3.5% are renting
3% sharing with someone else

52% are financially secure
38% are ‘Okay’, and
10% don’t have enough / just manage without any to spare



Your perspective on housing developments, %	Age range of respondents			
	15-34	35-54	55-74	>74
I'm not aware of any developments in my area	11.9	14.4	10.5	15.8
Developments threaten the rural character of where I live	40.3	33.9	32	31.6
Development is inevitable	13.4	11.1	12.7	15.8
Some developments where I live are needed	22.4	32.8	36.3	33.3
Development is welcome and will bring benefits	11.9	7.8	8.5	3.5

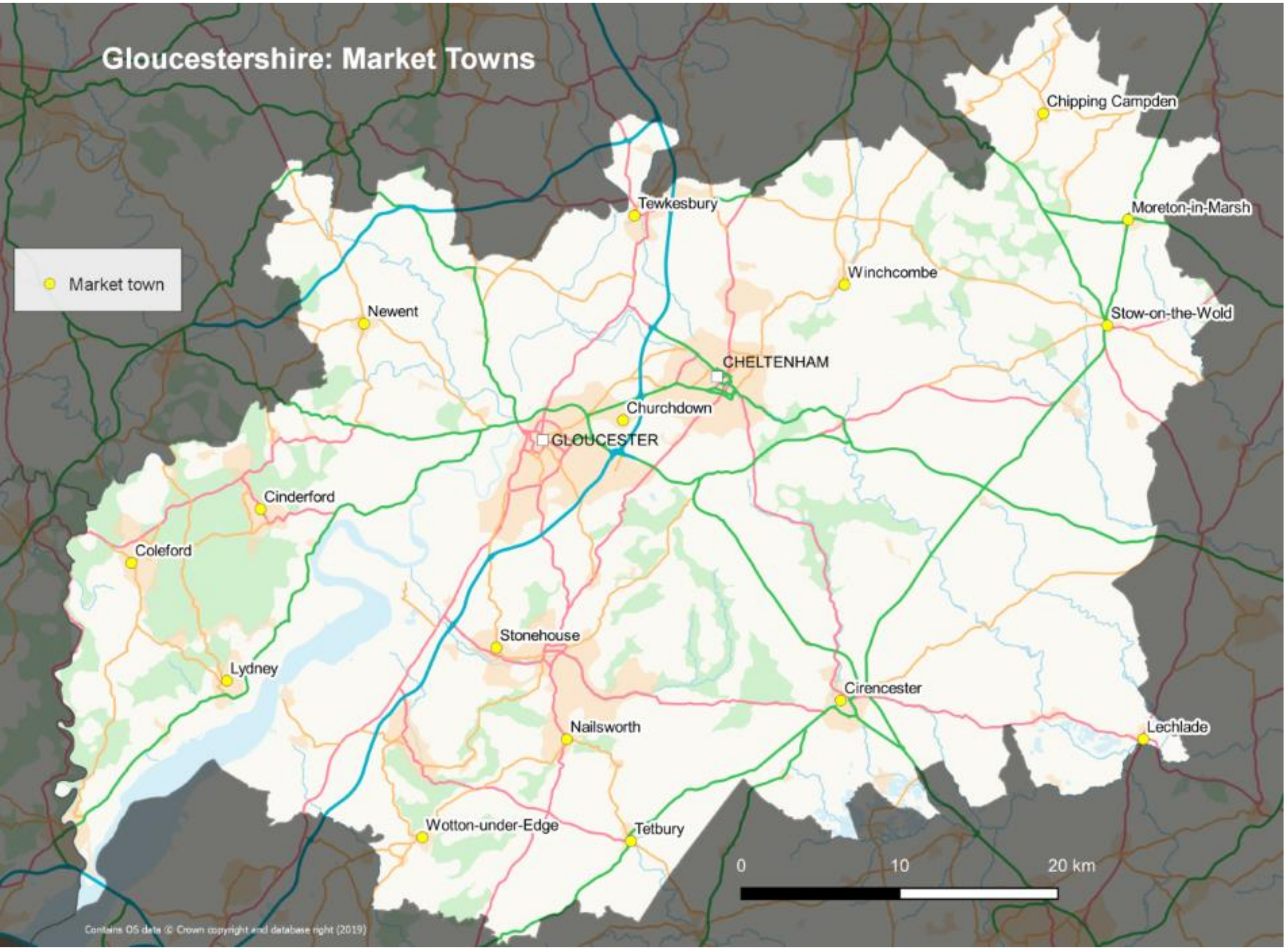
Main priority for new homes, % of respondents	Age range of respondent				Total
	15-34	35-54	55-74	>74	
Affordable housing	46.3	40	35.9	33.3	**37.7**
Housing for local people	31.3	34.4	35.4	35.1	**34.7**
Housing for young families	16.4	14.4	16.3	17.5	**16**
Social housing	4.5	7.8	7.8	3.5	**7.1**
Housing for older people	1.5	3.3	4.6	10.5	**4.5**

- Mis-match with what is actually being constructed?

Hidden voices and needs of younger people?

How should we best tackle housing problems?	% of all responses	% response by youngest respondents	% response among oldest respondents
Prioritise housing for local people	32	25	30
Encourage small, local house building companies	17	13	30
Build more houses	14	9	19
Set rent controls on private rental properties	11	12	2
Charge higher council tax for second homes	10	7	10
Give younger people a lump sum for a mortgage deposit	7	24	4
There is no housing problem	4	4	2
Provide 'linked' mortgages for families	3	2	2
Make private landlords pay more in tax	2	3	2

2. Services and infrastructure



Significant needs even in prosperous Counties

Gloucestershire Market Towns report, CCRI (2019)

- **Housing** - Concern for how sites were designated, houses built or planned; feel local views were not listened to and builds don't meet local needs
- **Decline in services,** especially transport, poor co-ordination; Poor health provision since the austerity cuts
- **Banks closing** – changing high streets, reflects changing habits

Geography matters:

- Towns on the periphery feel marginalised for services & funding
- Broadband still poor in many areas
- Some areas see poverty & higher crime

Services and infrastructure – commentary:

Housing (Spiers, 2018)
We have a shortage of particular types of homes for particular people in particular places. Simply building lots more homes across the country will not, in itself, address **the problem which is partly one of growing inequality**…..

How to enhance rural communities (Harrison, 2018)
We already have a policy framework, but it is simply not one that is being utilised in the most strategic manner. We have rural people and rural charities subsidising the state, due to poorly thought-out policy - we know we can innovate.
We have endured rural funding programmes that have been too simplistic in application, rather than **investing in the wider infrastructure** (both human and physical) that makes the economies of rural communities work.

3. Future options and opportunities

Government has committed to decarbonising the economy by 2030 –

- This implies major change in rural 'norms' : residents' transport, lifestyles, workplaces

  distribution and transaction systems for businesses

  the mobilisation of renewable energies

  a significant shift in efficiency (housing, waste, energy and water use – but we aren't building this into current development)

- Where will the drivers emerge, and how?
- Can we find better ways to combine public, private and third sector efforts, **and fast**?

An OECD-inspired view, 2018

- Rural Change driven via ICT & technology
- reference to ‘shifting social attitudes and aspirations’

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3. Future options and opportunities

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RSA's 'Food, Farming and Countryside Commission', 2019

- Emphasis upon whole system problems, with 'farming as a force for change':

  land – environment - food – diet - health - quality of life

- Strong consensus from rural people for more recognition, local empowerment and respect

A 'framework for change, to speed up transition to a more sustainable system where radical solutions can be implemented by governments, businesses and citizens'

- Strong peer-to-peer support for businesses to adapt, innovative sources of finance to enable change

(a National Agroecology Development Bank)

- Public and private investment in rural skills and infrastructure, to provide underpinning
- A 'National Nature Service' to involve young people (the Commission polled 16-24-yearolds across the UK : most young people in the countryside want to work there. Whilst most young people living in cities say that is where they prefer to work, over a quarter want to work in the countryside)

In conclusion…..

There's much to be done, and evidence of strong aspirations for a better future

But

Current reality is falling far short, in many respects

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- Many positive examples at local level,
  too little commitment in the centre, across government?
- How can momentum be built for more to be done?
- Today's discussions offer a valuable opportunity to help narrow that gap:

THANK YOU!