
England's New Rural Governance

Richard Wakeford

The Countryside Agency is a statutory body working with three primary goals:

- Conserve and enhance the countryside—its people and places
- Spread social and economic opportunity there
- Ensure that everyone who wants to can enjoy this great national asset, the English countryside

Our organization has over 600 staff around England and in our headquarters, and a budget of £70 million a year—largely funded by central government. Our main jobs are to influence public policy and to implement demonstration projects in partnership with others, which show how we can achieve a better countryside.

Most big shifts in public policy arise from disasters or accidents. When you invited me to speak about it, neither you nor I could have guessed just how England's new rural governance was about to be tested.

The current foot and mouth crisis has done enormous damage to the countryside. How are the institutions of government facing up to the recovery challenge? How, in particular, are our new regional development agencies responding?

FOOT AND MOUTH IMPACT

Let's look at the estimated impact.

Table 1
ESTIMATED IMPACT

Up to £4.1 billion (0.5% UK GDP)
which includes:

- direct impact on agriculture and its supply chain of about £1 billion, including lost livestock exports of £400 million
- lost revenue from international tourism up to £2.3 billion

In addition, over £1.1 billion will be paid to farmers in compensation for livestock slaughter

Yet let's look at some of the facts that have been brought out:

This table shows the degree of interdependence between agriculture and tourism. Our landscape, managed well by farmers, is the support of much of our rural tourism business. When farming hits a crisis, so does rural tourism.

Table 2

EMERGING COSTS FOR INDUSTRY

- 18-22 percent loss in pub sales and pub accommodation sales
- £100m per week loss by domestic tourism businesses in March
- 80% of accommodation providers have been affected

Table 3

ADDITIONAL FACTS

- By no means all UK livestock slaughtered (perhaps 10% of sheep, 7% of cattle and 3% of pigs)
- Farming itself represents about 1% of GDP in 1988 (much accounted for in subsidy payments through the European Union)
- Rural tourism accounts for 380,000 jobs, almost double the number employed and self employed in farming

Equally, many farmers need rural tourists to buy their products, preferably with value added locally whether food or other products.

Many farmers have used redundant farm buildings to supplement farm income with rent from bed and breakfast and holiday cottage businesses.

Any outbreak of foot and mouth requires rapid reaction. Very early on, the Agriculture Ministry clamped down on animal movements and put other precautions in place to prevent people walking the disease from an infected holding to a neighboring uninfected holding. They gave highway authorities emergency powers to close down the public foot-path network. Highway authorities closed foot-paths all over rural England, leading people to believe that the countryside was shut. The police tapes across the start of many paths seemed to reinforce the point. Farmers' leaders warned that visitors were not welcome.

There was a wider public perception issue too. Whether from Britain or overseas, no one much wanted to go to the countryside that they saw on the media—of burning pyres and allegedly infectious smoke. Many British people sympathized with the farmers and opted to stay at home.

The result was a dramatic downturn in the numbers of people staying in pubs and bed and breakfast accommodation. Nearly all the 1,000 or so outdoor education centers closed. Education authorities advised schools to cancel educational visits.

Everywhere in the countryside—not just in the infected areas—a lack of customers meant rapid loss of business—not only in the tourism industry but in all their suppliers, in road haulage, in the village shops, among those who would have printed flyers for rural fetes and so on. The trickle down effect has been quick and vicious. Even London is suffering as foreign visitors are discouraged by the way the outbreak has been covered in the foreign media; from

afar, it seems as if the whole nation is a giant pyre of infected cows....

THE INSTITUTIONS FOR RECOVERY

How did the government respond to this—beyond the immediately directed work of the Ministry of Agriculture? And what role did the new regional development agencies play?

Once the scale of the hit on the rural economy was clear, the Prime Minister asked the Countryside Minister, Michael Meacher, to set up a task force. Its membership—rather like the cast list for a play—gives me a good quarry to help you understand the new institutions in England's rural governance.

Government

First, let's start with government itself. There is no natural department with an interest in rural economies. The lead is with the Department of Environment, Transport and the Regions. But there are significant interests and policy levers available in the Ministry of Agriculture, Fisheries and Food, in Trade and Industry, in Culture, Media and Sport (which sponsors tourism), in Education and Employment, and in Social Security. And we must not forget the Treasury.

At the regional level, the government is gradually joining up its operations, with single offices covering the business of several departments. First environment and transport joined, then employment and industry were added; now, most significantly, some Ministry of Agriculture staff are being brought in.

This joining up process reflects conclusions that inefficient government was resulting from fragmentation of initiatives. This meant overlap, reduced effectiveness and unnecessary burdens for local organizations. At the regional level, no one in

government had been taking a sufficient overall view of the impact of government programs.

Regional development agencies

But now I need to turn to regional development agencies—new arm's length agencies operating with central government funds. Merger of government offices was not enough for Tony Blair's incoming government four years ago. Labour heartlands, such as North East England, had been looking longingly over the borders, because Scotland and Wales have long had dedicated agencies for economic regeneration. These agencies combined overseas promotion of their countries with tailored support packages of premises, workforce recruitment and training and investment grants. Over 30 years, these have succeeded in attracting billions of pounds of inward investment for areas where industrial restructuring was immense. Against this the English regions seemed plain disorganized.

So, following legislation, each English region gained a Regional Development Agency from April 1999. Their tasks are to drive forward economic development and competitiveness, develop skills, encourage inward investment, and deliver regeneration that contributes to sustainable development in town and country across the whole region. They are expected to work with regional and local partners and the government offices for the regions. Their overall target is clear—each must increase the GDP per head for their region. Their rural targets are not so clearly expressed.

The RDAs quickly created regional economic strategies, not only to guide their work but also to influence everyone else relevant in the region. This was ambitious—especially given the limited extent of their direct influence through funding programs. Their specific rural operations are through operating rural development programs in partnership with local authorities and through covering rural areas in

other regional programs. Their funds come from central government and property development.

In the first three years rural programs have been ring fenced by government. The South West RDA Chairman was one of the more thrusting early members of the foot and mouth task force. But his attempts to make progress seemed to be frustrated by the fragmentation of arrangements to deliver regeneration in rural areas.

European influence

For example, the European Commission is not on the task force. Yet its influence is significant—whether that be through regulation of “state aids to industry” (to ensure fair competition policy across the European Union) or through shaping subsidies for farming or regional structural investment. It’s our taxes we get back, of course, but £3 billion in agriculture subsidies can certainly be relevant to shaping the rural economy.

Not all the subsidies are for crops. Part funds the England Rural Development Plan (administered by the Ministry of Agriculture). This applies funds to food and farm linked development, guided by regional strategies—not the same strategies, incidentally, as those prepared by the RDAs.

Local government

There are representatives of local government too on the rural task force. For a long time now, the power of local government bodies has been eroded by central government. But at the local level, there is a new phenomenon—Local Strategic Partnerships. These are to be common, local coordination frameworks to help public services work together with residents and other local partners.

We have yet to see how they will work. But the Cumbria Task Force that has been set up in the wake of foot and mouth disease shows early signs of being a good model. It has quickly built a good partnership. The regional development agencies are involved but not leading.

I think it’s fair to say that there is still some unease between some local authorities (who come together regionally in nonelected regional assemblies that currently lack statutory functions) and the regional development agencies (which can be seen as the creature of central government).

The Countryside Agency

The Countryside Agency is well used to applying partnership experience in smaller communities. Our experience in promoting partnership working—from grants for village shops to local heritage projects—confirms that rural partnerships excel in encouraging locally based endogenous development.

We have identified key weaknesses of rural England—for example, the declining post office network. We aim to work with others to reverse the decline in rural services such as healthcare, and stimulating village shops and post offices. We are highlighting the causes of social exclusion across rural communities, such as lack of mobility.

We are championing affordable housing, which is difficult to deliver in small communities. Small-scale developments have higher unit costs, especially where there are environmental sensitivities.

Stimulated by U.S. practice, we are looking to bolster market towns as the anchors of the rural economy. Over the next three years our new partnership with regional development agencies is expected to initiate regeneration in around 100 towns across rural England.

REINVESTING IN ENGLAND'S COUNTRYSIDE

But the Countryside Agency does more than stimulate demonstration projects such as market town revitalization. Our job is to influence policy and implementation where that impacts on rural areas. What influence have we had over action to recover after foot and mouth?

Short term

First, it was our Agency that encouraged the Prime Minister to set up a rural recovery task force—whose membership I have been describing. We had also earlier been deeply involved in the preparation of the government's Rural White Paper.

We welcomed the government's decision to fast track legislation to reduce rural property taxes—for diversified farming businesses, village shops, pubs, and garages. We welcomed the new, tailored advice for small businesses in difficulty (many not farming businesses). We welcomed the deferment of income and sales tax for small rural businesses with cash flow problems.

We also welcomed the intense efforts the government has led to encourage visitors back to the countryside. But while the public footpaths are closed and the media shows animals burning, tourism promotion alone will not convince people that the countryside is open for business. Yet getting visitors back will be the best way to reduce the immediate problems of most rural businesses. This must recognize that the countryside is not about agriculture alone, but also about the businesses dependent on agriculture.

Medium term

Beyond the short term, we are calling for RDA-led rural regeneration initiatives, initially in Cum-

bria and Devon to bring new and broader based investment.

The RDAs might also target regeneration measures for market towns on the most vulnerable.

On top of that, we believe that it is time to invest in broadband technology, to help rural businesses avoid the digital divide. There is a parallel here with the IT challenge for rural America.

Much of the talk around the task force table is, "Give us some government money and we'll fit it." But the government also needs to consider the tax side. Is there a case for rural enterprise zones with tax breaks for those wishing to invest in a diversified rural economy? Might village-based businesses with low profit thresholds enjoy lower taxes? That is very much in the hands of the Treasury; adjusting taxes is trusted to no one else in England!

For farmers, we might exploit Common Agricultural Policy rules to the full—targeting environmental goals and organic farming conversion, where Britain has a substantial trade deficit. Supermarkets and the farming industry might join forces to launch a large-scale consumer campaign in which our farming looks at its strengths.

Our "Eat the View" campaign is designed to highlight the responsibility of consumers to purchase local food that is traditional to our landscapes. Just about all our countryside is managed for agricultural production; but if we don't eat the products of that countryside, do we deserve to keep it?

For rural communities we might see community activity encouraged through festivals, shows, and other events to breathe life back into rural communities. We might see special funding for support services for individuals, families, and communities whilst the rebuilding takes place.

Various institutions will be involved in this social restructuring, but there will be an increased emphasis on parish and community self help—the very bottom tier of local governance. The Countryside Agency has just launched a series of small grants for local communities. Our theme is “discovery not direction”—so many communities already know what they want to do. We will help them achieve it, without confining them to unnecessary rules we have set down.

At the other end of the scale, it may well be possible to bend some of the national government’s social regeneration program to rural areas. This is a massive urban-biased community regeneration fund—*not* operated through the RDAs. And incidentally, nor will the RDAs be directly involved in the development of new training and education initiatives to help re-equip rural workers. That is the job of a new national network of Learning and Skills Councils sponsored by the Department for Education and Employment.

Longer term

Maybe I am baffling you with all these structures. Maybe I should ask whether we know where we want to go with all this? Clearly, the rural economy must be weaned from its overdependence on land-based and tourism sectors.

This will mean more investment in communications. The rural revival after the Second World War had a lot to do with new roads and car ownership.

Broadband technology will be the next phase, and rural business units need to be connected too.

The real challenge is for farming, which must not be treated in isolation, but as part of a wider rural economy based in well-managed landscape and healthy communities. So, we want to see a countryside where:

- There are prosperous land-based industries
- There are a wide range of rural businesses and services both on and off the farm
- The workforce is skilled and valued
- The basic resources of soils and water are conserved effectively
- The varied character and diversity of the landscape and settlements is valued and protected
- Degraded rural landscapes and habitats have been restored
- Our native wildlife is flourishing
- Local communities are vibrant, thriving, and socially inclusive
- Visitors are actively encouraged to enjoy the many qualities of the countryside
- Society recognizes the need for and supports public investment in land management

You asked me to focus today on our new institutional framework. For farming and rural business support, we depend a lot on reforming the Common Agricultural Policy. It will come, driven not by argument and logic, but by the challenge of EU enlargement.

CONCLUSIONS

Rather than dwelling on what can only be achieved with our European partners, perhaps I should draw some conclusions about our emerging new institutions that have been tested by the foot and mouth crisis.

For all the lessons of a joined-up, partnership approach, we still have a way to go. Our new regional infrastructure divides responsibility between *business investment and infrastructure* (mainly for the RDAs in accord with their regional economic strategies); and *fiscal measures* (for the national government); and that in turn is separated from *agricultural investment* (where Brussels-directed funds are distributed by government offices in accord with separate strategies); and from *training and education* (in the hands of county based Learning and Skills Councils); and *community based regeneration* (mainly urban, led from Whitehall through the government offices).

Meanwhile, *local* government seems to have been bypassed in the emerging new rural agenda. They could take hold of the local strategic partnerships and really pull things together. Yet their role in rural areas has not been convincing. They have not done enough to encourage parish councils and communities. That is where, through “discovery not direction,” we may be on the verge of a quiet revolution, which won’t be a surprise to you in the U.S., where localism and home rule are strong.

Is there a model here? I believe that the watchwords are competence and subsidiarity. Leave as much as you can to the most local bodies, but within a framework at each level—European, national, regional, county, district, and so on—where bodies respect the overall policy thrust set at the higher lev-

els. And at each level, try to make the connections that avoid the inefficiency of policy silos due to failure to integrate.

Have we got a good model? Not yet, I think. But the RDA creation is a good foundation on which to build. The next term of government may see England taking this further. And the fundamental soul-searching following foot and mouth disease is likely to lead to a much more integrated rural economy in which agriculture (with quality food production in a good environment) is at the heart despite its very small contribution to our GDP. That in turn will require more joining up of the relevant programs of agencies whose main business is regional not rural—not the creation of separate rural and non-rural bodies to do things, because town and country are more interlinked today than ever before.

In the absence of the truly remote areas you have in the U.S., we are beginning to find it difficult to define the rural areas. RDAs acting at regional level should stimulate investment across the whole region reflecting rural needs in particular. Whether the new jobs will be in town and country may not matter much, now that two-thirds of rural working residents have jobs in towns.

So, I believe we are only a part of the way there. RDAs have no democratic backing, and they haven’t won all the tools that they need to be major players in the long run.