Select Committee on the Rural Economy

Collated Oral Evidence Volume

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Watch the meeting

Members present: Lord Foster of Bath (Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Jeremy Leggett and Christopher Price.

Q32 The Chairman: Mr Price, Mr Leggett, welcome again. Thank you very much indeed for coming. I must formally remind you that this evidence session is on the parliamentary TV channel, there will be a transcript and you will be given an opportunity to make any corrections to the transcript that you wish. I have spoken to both Mr Price and Mr Leggett, asking them to be brief in their answers and making clear to them they have plenty of opportunity to write to us again if there are issues they would like to have discussed but did not get the opportunity to.

Both your organisations work very much with the communities that we are interested in in rural areas. We obviously cannot cover everything under the sun, so we would welcome your views on what areas you think we could most usefully focus on and in particular the areas where you think we can add value.

Christopher Price: First of all, can I say how grateful we are that your Committee is looking at these issues? There is an awful lot of discussion going on about post-Brexit agricultural-type policy, which of course is very important, but we must not lose sight of the day job. I imagine that will be quite a lot of what we will be talking about.

The first issue that we think it would be useful for you to focus on is connectivity, both broadband and mobile. That pervades everything that is happening in the rural economy at the moment.
The second issue is the planning system. That is getting better, but it is far from perfect at the moment.

The third issue is business skills. As we move away from a heavily subsidised, more market-facing farming system, people will need to do other things, and to a large extent their ability to do so depends on having the right business skills.

The one thing I would ask you not to spend too much time looking at is governance-type issues. We have discussed a number of times rural advocates and different ways in which rural proofing should be done, and we just end up going around in circles. We have had that discussion. What the Government are doing is pretty sound. Let us talk about the substantive stuff.

**Jeremy Leggett:** I would echo my colleague’s enthusiasm for the fact that the Committee is looking at the broad range of issues that it is. I would perhaps come at your questions from a slightly different perspective. What is really important is that the Committee helps government to understand the economics of rural areas, because the modern economy in rural areas can work quite differently from that in urban ones.

If we can understand the economics of how things operate in rural areas, we may get a better handle on how some things, such as rural housing, the delivery of essential services, health and care, as well as the commercial economy, can best operate in rural areas. I differ from my colleague in that I think that rural proofing is unfinished business. I do not think we have a handle yet on how best to make sure that rural communities are properly engaged when policy is being formed that will affect them.

**The Chairman:** That is helpful. We know you have one or two disagreements on various issues, and we will explore some of those as time progresses.

**Q33 Lord Carter of Coles:** Both of you have touched on how you think the Government are doing. Can you be a bit more specific when it comes to how you think they are doing on developing and implementing the policies to support rural communities, rural society and the rural economy? I suppose the basic question is: are they doing well, or are they doing well enough?

**Christopher Price:** It is difficult, because Brexit is pervading everything at the moment. My colleagues and I spend a huge amount of our time in Defra, and pretty much everything is about Brexit in one way or another, with a few minor exceptions. Other departments may not be quite as Brexit-focused, but they have their own priorities.

On the big-picture stuff about how they are doing, there is an awful lot of uncertainty. If you are planning for your business post Brexit, when we are this close to it we are entitled to know a little more about what government policy will be. That lack of certainty is causing a huge amount of upset.
When it comes to the other things, planning, as I said, is also fundamentally important. I imagine we will talk quite a lot about the NPPF, but I think that is going in the right direction now. The reforms that have been proposed are a fundamentally good thing, which is not to say that the NPPF was a bad thing when it was first done. It is getting better and it is getting more cognisant of the needs of rural communities.

Broadband and connectivity could still do very much better.

**Jeremy Leggett:** Clearly, we are talking only about England, as rural policy is handled by the devolved administrations. I would like to put it in those terms. I would also like to get us out of simply reflecting on Defra, because, as my colleague has said, Defra is clearly very, very heavily tied up in the agri-food, environment and food health agenda at the moment in relation to Brexit. I would rather couch this in terms of government as a whole, and I would struggle to point to a rural policy for government as a whole. I could not tell you where it was.

There are clearly a lot of policies that have a big impact on rural areas, but we do not have a comprehensive cross-cutting rural policy that all government departments are signed up to in a way that affects rural communities in a consistent way.

**Lord Carter of Coles:** Is that just engagement? Is it within the capacity of these departments to do it?

**Jeremy Leggett:** I think part of it is about engagement. At the risk of repeating myself, we do not always understand at the centre of Government how the economics of rural communities work and what effect that has on things like the delivery of healthcare, the availability of land for affordable housing, the delivery of transport, education and so on. The economics are different. I do not think we understand them well enough at the centre to make sure that policy is tailored appropriately.

**Baroness Mallalieu:** What is the difference, as you see it?

**Jeremy Leggett:** We have a mixed-market economy. We rely very heavily on choice and market mechanisms to deliver efficiency and drive up quality standards. In rural areas, you have a relatively small number of people spread out over larger areas. The market does not always work in the same way. You cannot always rely on the market to drive up standards if people do not have choice, because there are not enough people and enough provision to enable choice to have that effect. The economy works very differently, and I think this Committee could help government to see that, understand it and put in place some kind of mitigating approach in rural areas that would enable the same end result to be achieved but perhaps in a different way.

**Christopher Price:** I think you can overstate the differences between the rural economy and the urban economy. There is an awful lot of research on this, and most of it suggests that the differences are not that great.

I would suggest that there are two areas where there is difference. The first is sparsity. People in rural areas live further apart from each other. Therefore, it is more expensive to deliver services, et cetera. Secondly,
the countryside provides a whole load of public goods—environmental public goods, primarily—that are not provided from other sources, and there needs to be mechanisms in place to encourage those to be provided. However, I would suggest that is about it. All the rest of it is a bit romantic rather than actual.

**Baroness Young of Old Scone:** Can I press you on the “romantic”, Christopher? Do the Government sufficiently understand why people want to live and work in the countryside? I sometimes feel that government thinks that the countryside is just a town but with fewer people.

**Christopher Price:** I do not recall ever having had a discussion with anyone in government or a senior official about the motivation for people living in the countryside. They are there, and it is a matter of how government responds to that situation.

**The Chairman:** I think we are probably sitting here slightly surprised by that answer. Many of us here live in the countryside, and I think we can tell you why we do.

**Christopher Price:** I am not saying that we do not know why we live in the countryside. I am saying that I cannot recall ever having a discussion with a Minister or a senior official about why people do, in answer to Baroness Young’s question.

**Lord Curry of Kirkharle:** I would like to explore this issue of rural proofing. I was interested in your comments, Christopher. As you know, the Government’s handling of rural proofing has a mixed history. From our evidence, there remains quite a concern, despite your comments, that rural proofing is not being as well managed by government as it might be. How well are the Government handling this process? Is there any difference and variation between departments?

**Christopher Price:** I think it works when there is a Minister who wants it to work. In the closing years and months of the last Labour Government, there was a Labour Minister, Jane Kennedy MP, who I thought was very good. If she wanted something done, she would phone up her equivalent in other departments and make the case for it. That worked quite well. We now have a more formalised version of that with Lord Gardiner and his team, and he has some very good people working for him. Defra is very good now. They seem to be quite effective at getting the message into other parts of government.

What does not work quite so well is a rural advocate-type role where you have someone who is very well informed and very well connected but there is no particular reason for people in other departments to pay attention to him or her. That is why I say that the current situation is about as good as it will ever get.

**Lord Curry of Kirkharle:** Can I explore that last comment? Previous rural advocates were positioned to report directly into the Cabinet Office or Downing Street, which it was assumed would give them influence beyond Defra and other departments.
Christopher Price: I have been pretty close to this for quite a long time. I never got the impression that really achieved anything. What achieves something is having an activist Minister who is prepared to phone up his or her colleagues in other departments and make the case. If you are DCLG, for example, you will have a huge number of departmental priorities dealing with really big, important, significant national things. You will not get much natural traction with someone coming along and saying, “Barn conversions are quite important in the countryside.” You need a big hitter who will come in and say, “I appreciate all the other stuff, but this little thing matters an awful lot in the countryside.”

Jeremy Leggett: We are very aware of the amount of effort that Defra puts into its rural proofing activity with other departments. What does not seem to exist at the moment is any systematic monitoring or feedback of that that enables us to see whether that is having an impact. It may be having an impact, but without that kind of monitoring and more public feedback it is very difficult to see what it is.

If you will forgive me for being slightly tangential for a moment, there is one thing that not only Defra but other departments are doing extremely well at the moment, and that is promoting within their particular area of responsibility the whole diversity and equality agenda. It is very clear that Defra puts a huge amount of senior effort into making sure that people who are subject to the various characteristics covered by the equalities legislation are not discriminated against. That is extremely welcome.

However, what we would like to see is the same level of effort being put in across Whitehall to making sure that people who live in rural areas are not discriminated against in the same way. We have clearly learned a great deal about how to make sure that people with protected characteristics under the equalities legislation are not discriminated against. We could do the same for rural people if we chose to and if we put the same degree of effort in as is going in at the top of most departments at the moment.

Lord Curry of Kirkharle: Bearing in mind those comments, what is your opinion, gentlemen, of the recommendation of the NERC Committee that the responsibility of rural proofing should transfer from Defra to the Cabinet Office?

Christopher Price: I disagree, and I gave evidence to that Committee saying as much. I think the present system works. Lord Gardiner knows his stuff. He is engaged. He is supported by some pretty able people. It works as well as it ever has.

Jeremy Leggett: It is on record that we gave evidence the other way to the NERC Committee: that it should go to the Cabinet Office, because so much that is handled by departments other than Defra is so important to rural communities, and, because of its huge range of other very important things that it has to do, Defra cannot necessarily take other departments into account.

The Chairman: Bearing in mind what Mr Price said at the beginning, which is that we should not focus on governance issues and that he has a
different view on rural proofing, do you believe so strongly about the issue of rural proofing, Mr Leggett, that you believe this Committee should continue to pursue that issue, or should we follow Mr Price’s advice and just leave it?

Jeremy Leggett: I think you should. If you are a well empowered, well connected loud voice in the rural community, you perhaps do not need that rural proofing to be there. If you are disadvantaged, vulnerable, unwell, with not much of a voice, you probably do.

Christopher Price: I think that is doing a bit of a disservice to what the rural team within Defra do. They are not there to go and help the rich and powerful or whatever you were talking about. They are there to go and help all those who live and work in rural areas.

No one is saying that what other departments do that affects the countryside is not important. This is purely about how to encourage them to do the right thing. As I say, from my however many years of experience, they do the right thing when there is a Minister asking them to go and do the right thing. They do not do the right thing when there is some random person trying to persuade them to do the right thing.

The Chairman: We would be very grateful if you could both write to us in a bit more detail about your views on this matter. Clearly, as a Committee we have to decide pretty quickly whether this is an area we go down, so we would be grateful for a fast response.

Since you disagree on that, it would be helpful to pick up another area of disagreement. I will now bring in the Earl of Caithness.

Q36 The Earl of Caithness: We come to planning, so, Mr Price, I will slip you off the leash and let you rant about planning. I have two questions. One is general, so we will start with that. What do you think of the NPPF? What further changes would you like to see made?

Christopher Price: As I said earlier on, we think the NPPF is being reformed in the right direction. The reforms that are currently under consideration—we are due to get the response by recess, although that may not happen now—are on the right lines. We think that entry-level exception sites are fundamentally a good thing. We think that the provisions for retiring farmers are a good thing. It is looking as though they will allow exception sites in green belt, which is a good thing. The requirement for small sites is a good thing.

The need to have regard to the Industrial Strategy is also a good thing. Acknowledgement that you might need development outside settlements even if there is no bus is a good thing. The recognition that you can have a change of use in the green belt that still preserves openness is a good thing. I think we are getting there with the NPPF. It is an example of how the current method of rural proofing works in a way that perhaps it has not done to date.

Jeremy Leggett: We would like to see a bit more backing to neighbourhood planning. We would like to see the volunteers who, at community level, put a huge amount of time and effort into developing
their neighbourhood plans. We would like to see that respected and the place of neighbourhood planning and the adopted neighbourhood development plans being given more strength and being backed up all the way through the Planning Inspectorate and the Department.

I hope you do not get the impression that the Rural Community Council network and the CLA network disagree over everything. Actually, we find ourselves at a local level agreeing on an awful lot and working very closely together. However, there is another area, that of the Entry-Level Exception Sites, where we are concerned that the approach that the revisions take to the Entry-Level Exception Sites could end up having counterintuitive results and reducing the level of genuinely affordable housing that come through the kind of exception-site policies that we have had up to now. We have a real concern that it will increase the hope value on land that might in the past have ended up as exception sites generating genuinely affordable housing, not the 80% of market price housing that is defined as affordable at the moment.

The Earl of Caithness: Affordable rural housing is really important for the locals so that it can continue to house local people in the areas. What would be your advice to government? If we are going to change government’s mind, the whole country and people who live in rural areas have to be united. At the moment there is a split between the two of you. What would your recommendation be to government to solve the social affordable housing problem?

Christopher Price: I think we agree on this. The starting point is that if we are going to have a planning system that is as baroque as ours, it needs to be properly resourced. Most of what we disagree on in this space is a result of a planning system that does not work. We have different ways as to how to make it work better. The starting point is to make sure that we have a system that is properly resourced so that we have local plans everywhere and, secondly, that we have the appropriately qualified staff to be able to go and apply those policies when people are trying to get development. The fact that we do not have either of those means that we are all struggling with trying to find other solutions. We disagree on what those other solutions are, but the problem is with the fundamentals, not with the implementation.

Jeremy Leggett: I agree. It would help us if we were realistic about what we meant by “affordable housing”. Why do people want to live in rural areas? It is probably because they spend too much time watching daytime television, which makes it look like a nirvana that they see does not really exist when they get there.

Affordability is the critical thing. We need to support the volunteers who make neighbourhood development plans and make sure that when they have put that kind of commitment in that it follows all the way through. Otherwise, I would agree that the planning system needs to be got into a shape in which it can perform its job, which is planning rather than responding.

The Earl of Caithness: Do you approve of Community Land Trusts as
one way to solve the problem?

Christopher Price: They are one of the tools in the box, yes.

Jeremy Leggett: Indeed, very much so. Our network is promoting community-led housing and Community Land Trusts as one of the mechanisms throughout the country. We are seeing huge enthusiasm from local people to have the housing they want as long as they can be control of it through a mechanism like the Community Land Trusts.

The Chairman: What is your view of the impact of the rules on the Right to Buy, for instance?

Jeremy Leggett: This is definitely an area on which we agree. At least, I hope so. If land owners are going to be encouraged to make available small bits of land for genuinely affordable housing, they have to know that that housing will be available affordably in perpetuity. If it is not, why would they ever compromise on the price they might otherwise expect to get for that land? It is an absolutely critical point that comes up in every discussion we have with a landowner in my part of rural England.

The Chairman: Is there a way of achieving that with any further revisions to the NPPF or any other legislation?

Jeremy Leggett: I am not sure if the NPPF is the right place to do it. It may be.

The Chairman: That is the problem.

Christopher Price: Yes. There are other ways of providing if not affordable housing then low-cost housing, which is why I say that we are so supportive of the Entry-Level Exception-Sites approach which the Government has been talking about in the NPPF revision.

Q37 Lord Colgrain: My question is in two parts, and I wonder if you can do your best not to refer to the planning too much in your answer.

What are the main barriers preventing farmers from making use of land for other business purposes? What measures would make it easier for farmers to diversify their use of land for economic and community benefit?

Christopher Price: Sorry to irritate you, but planning is fundamental to all this. We offer free unlimited advice to our members on anything to do with the management of rural land. By far the most common questions we get are about planning, more than we get about BPS or agricultural tenancies. It really is so fundamental.

Among the other issues, there are two things. The first is connectivity. If you do not have high-speed good-quality connectivity, your options are significantly reduced. The other issue is business skills. People need to know how to write a business plan and how to manage cash flow. With the best will in the world, there is a significant, although small, number of farmers who cannot do that. If they are going to start doing other things, that has to improve. There is a role for government if not in providing the
skills training then providing the infrastructure so that others can provide it.

**Baroness Young of Old Scone:** We are a huge importer of timber in this country, yet we are not seeing the level of diversification into forestry that would imply that the market is very buoyant. Are there measures that are getting in the way of farmers diversifying into that sphere?

**Christopher Price:** There are a number of things. First, if you plant trees, you devalue your land by about a third, so there is quite a big risk going into it. Secondly, while there are various incentives to plant, there are no incentives to manage, which is another factor you have to take into account. I do not think there is enough incentive to do things involving trees. Powys County Council has a wood-first policy. They encourage developers to use timber for construction, and local timber if at all possible. That is doing quite a lot to generate timber production in that part of the country. More things like that could be done.

Having said that, there are people who are doing more forestry. We have a member who is buying up redundant hill farms at less than agricultural value and planting timber, both for construction and broadly for amenity-type purposes. He reckons that he can make a go on that at the scale he is doing it at. It can be done.

**Q38 Baroness Pitkeathley:** I remind the Committee that my husband, David Emerson, is chair of ACRE.

What is the effect of poor transport services and reduced access to other services such as banking and healthcare? I would like some specific examples.

**Jeremy Leggett:** I will give a reverse example. If you were a young person of 16 in London, you have free transport all the time you are in post-16 education. You also have access to a wide range of choice in post-16 education, both institutions and pathways. If you are a young person growing up in many rural areas, you have neither of those. Transport is expensive. With the ending of the education maintenance allowance, at least one of the routes that enabled less well-off young people to choose their route into higher education was closed off. There simply is not the choice of institutions either.

There is an issue here about sheer equity for young people in their ability to follow the pathway that most suits them into further and post-16 education and higher education. There is a very tangible and stark difference for young people growing up in a place like London and young people growing up in some of our rural areas and the ability to have the opportunities that are even comparable, never mind equal.

Perhaps at the risk of being a cracked record on this subject, unless we fully understand the economics of how these services work in rural areas, we will never work out how to mitigate those economic factors to get an equity of provision for rural and urban people. That is true across social and healthcare. It is true across education, public services and commercial services.
Christopher Price: I disagree. You are never going to get a bus system that will provide an equivalent to the Tube in London. Trying to pretend that will happen is pointless. Many of the things people claim better bus services are required for can be dealt with just as well by improving online connectivity. You mentioned banking. You can do banking online. The chances are that the nearest settlement probably does not have a bank in it any more anyway. You can really overstate these things.

The fixation on public transport as opposed to connectivity is distorting so much. We are doing quite a lot of work in the CLA at the moment about sustainable villages. Most village assessments will have a list of the sort of factors that go to make a village sustainable. Most of those will give priority to where there is a bus service. In reality, a bus service is not that important. What matters is having good connectivity. There is a whole range of other things that we are looking for in the 21st century. Focusing on public transport is very much a 20th century-type approach to the situation.

Baroness Pitkeathley: Thinking about those other things, what does the voluntary and community contribution sector play in delivery? Are those voluntary and community services expanding what is available in rural areas, or are they simply filling in and covering up gaps that are caused by the statutory or private sectors pulling out?

Jeremy Leggett: Again, it is the economics of delivering things in rural areas. In the end, if the public sector cannot bear the unit cost of delivering certain kinds of services, particularly health and well-being services in rural areas, because it is so much greater than providing those same services in their urban areas, inevitably it is the community that steps in. It is their voluntary time and effort that effectively plugs that gap and makes the equation join up.

I may be old—I feel I am quite old now—but I do not think it is entirely sentimental age that makes me think that people who live in rural areas and communities value the face-to-face community life. Particularly for older people at risk of isolation, seeing other people and spending time with other people is possibly a bit better than being connected by broadband to people on the other side of the world or in the nearest town.

Christopher Price: That is missing my point. The argument about connectivity and things to replace banking services was because that is a more efficient way of doing it than having public transport to a town that probably does not have a bank anyway.

If we focus more on things like broadband, you can make the community more sustainable because you will be directing resources at what really matters to maintain that area, rather than at the more artificial things such as buses. If you live in a remote village and you know you can have still have access to everything because you have good broadband, there is a much greater incentive for people to stay.

The Chairman: I absolutely accept the banking argument, but I have difficulty with how it solves my education problem, my healthcare problem, or even my social isolation problem.
Christopher Price: On the social isolation, if we can make existing communities more sustainable by recognising what they actually need, that situation is dealt with. Of course, connectivity does not deal with everything. There will be a need to have a face-to-face meeting with your doctor. There will possibly be a need to move elsewhere for schooling or to find a way to get to school. But let us not approach everything through the prism of the mid-20th century. Let us approach it through the way that people live and work and live their lives now.

Baroness Pitkeathley: How does that apply to my question about the voluntary and community sector?

Christopher Price: The voluntary activity issue is probably more for Mr Leggett than it is for me. Land owners who have the resources to do so will provide community facilities and premises to a large extent. To create affordable housing, they will provide land at under value to create exception sites where the opportunity is available. Those are the things that tend to happen. The wider community engagement point is probably more for Jeremy.

Baroness Pitkeathley: Which he has already answered. Thank you.

The Earl of Caithness: Could you both write to us with a list of what you think makes a community sustainable?

The Chairman: Connectivity has been raised on numerous occasions, so we will move on to that with Baroness Rock.

Q39 Baroness Rock: You have both been very keen to establish the importance of connectivity. I would like to widen that discussion a bit further, particularly in relation to ensuring that rural areas are not left behind in the Government’s digital and infrastructure strategy, including plans for fibre broadband and the 5G mobile networks. Can you expand your thoughts a little on those points?

Christopher Price: The question is not whether they will be left behind. It is that they already are being left behind. Whatever figures you look at—they are always changing—on every measure, rural areas do a lot worse than urban areas.

On the question about what government can do, it rather seems to us that government is doing pretty much everything the operating companies ask them to, but it still does not seem to get much better. We have hopes that the 700-megahertz auction will have appropriate conditions applied to the licences for the successful bidders, which might encourage a greater rollout. One thing your Committee could do is put pressure on the operators to roll out what they have committed themselves to doing more effectively than they are doing at the moment.

Jeremy Leggett: I agree with most of that. It is important that we think about access in terms of affordability in rural areas and the lack of choice as well as in terms of physical access.

Our experience since 2011 has been of the public sector engaging in this by putting money into helping commercial provision to extend just beyond
where the market reaches. The money that was put out through BDUK to the county councils in rural areas was almost all applied to helping broadband reach just beyond what was commercially viable, because that was where you could get the biggest impact for your money.

At the time, we could never have predicted how quickly the whole economy for broadband access would develop. In practice, by the time those contracts were completed, most of the areas they covered would have been commercially viable anyway. We need to shift our emphasis. If we are going to engage, from a society-wide point of view, in getting wider access in rural areas, we have to think first about the people who are the very furthest from market provision. That is where you need to apply the public money, rather than those that are just beyond the market, because the market is always catching up.

Equally, we have been a bit of a one-trick pony in subsidising that additional provision, and we need to make use of the licences and regulation in order to ensure that where profits can be easily made in the provision of broadband to urban users, those profits are applied to making more equal access to rural ones.

**The Chairman:** What is your view of the £3,400 cap on the universal service obligation?

**Jeremy Leggett:** I have not considered it in those terms, I am afraid.

**The Chairman:** If you are talking about the most hard to reach, they are the very ones that are likely to cost beyond £3,400 and are therefore not covered by the USO.

**Jeremy Leggett:** Indeed. I suppose that even the most enthusiastic rural advocate would have to accept that there are very rural places that will be extremely hard to reach, and fairly exceptional means would have to be used to get to them, but that has to be the extreme exception now.

**Baroness Young of Old Scone:** Do you have a view about the comparative priority for full-fibre broadband and 5G? On occasions, there is a real focus on broadband access, but telephone access is also quite grim in this country. You cannot even get it in on 3G in north Norfolk at the moment. What are rural users’ priorities?

**Jeremy Leggett:** I do not have technical expertise, but my understanding is that while 5G might have great promise in the speed that could be delivered in a telephony way, it might be quite difficult to implement it in rural areas in quite the way it can be done in urban areas. There are certainly a number of rural areas that are almost entirely reliant on 4G now as the only way they can get any kind of broadband access.

**Lord Colgrain:** This links to my previous question. What I think you are both saying very clearly is that, without planning and connectivity, there is no future for farmers trying to make use of their land for any other purpose. Is that correct?

**Christopher Price:** I would not go quite so far as saying that there is no future, but it is a much tougher future. There are two other things to mention: reliability and skills. On reliability, there is less point in having
superfast broadband if it cuts out every 48 hours. On skills, people have to know how to exploit the technology to its maximum if they are going to make the best advantage of it, and many people do not.

The Chairman: There are several things that I am sure we would be interested in further details from you in relation to connectivity. I would be very grateful if you could also address specifically the internet skills issue and whether we promote the benefits of connectivity in rural areas, because, of course, the more people who take it up, the less the unit cost will be and so on. But we must move on. Lord Curry has the next question.

Q40 Lord Curry of Kirkharle: We have discussed to some extent what more voluntary action can deliver. What more can be done to support local shops, community pubs and other rural amenities that are at risk of closure? This links in to earlier comments about living in the 21st century and the importance of connectivity, but is there more that we could do?

Jeremy Leggett: We would be very happy as a network to provide lots of good-practice examples that we have worked with around the country. It has been a little difficult over the last week or so to get together quite as many examples that would be useful, but we would be very happy to provide that in writing later.

We have to be quite careful about looking at individual initiatives in individual communities where there has been some exceptional input, particularly by a public body, in order to trigger a particular reaction to meet a local need. We need to get away from the individual, one-off best practice example that happens only because of huge resources being put into it and get more to something that can be taken up by and sustained across all rural communities.

We may need to think more about the economics of service provision in rural areas, the degree to which volunteers plug the gap in order to make things viable that would not otherwise be viable on a social enterprise basis, and look much harder at fiscal and regulatory ways to make life easier for those volunteers to run those kind of operations. Our network has almost every village hall across England within it. Those village halls provide a venue for a whole range of services, from community post offices, to lunch clubs, to sports activities and all sorts of things, yet very often they are forgotten about when regulation is coming from other bits of government that will make the life of the volunteers who run those facilities that bit more difficult. What is needed perhaps is cross-cutting thinking about the regulation that enables those things to happen more easily in rural areas.

Lord Curry of Kirkharle: Has any attempt been made to develop an evaluation process that takes into account the social cohesion and community benefits of investment?

Jeremy Leggett: ACRE has carried out some assessment of the economic benefit of investing in those kinds of community-run facilities, and we would be more than happy to share that with the Committee.
Christopher Price: I agree with everything that has just been said, but I do not think we should underestimate the importance of social capital in this and the extent to which things happen in smaller rural communities because there is someone with a particular dynamism, drive and ability to make them happen. Quite often those people will tend to be people who have moved into the area who are used to living and working in a different context where they get things done. That is what makes the difference to so many projects.

Lord Curry of Kirkharle: Do we just accept that these developments are ad hoc and entirely at the whim of local communities, or should there be some formalised neighbourhood planning process involved in encouraging the establishment of these developments?

Christopher Price: This goes back to what we said earlier: there is room for significant improvement in the way that planning happens in rural areas. However, we are a long way from reaching any degree of perfection, so in the meantime the approach is rather ad hoc.

Lord Curry of Kirkharle: Can I suggest that any examples you have of good projects and any evaluation work you have done in ACRE would be helpful to the Committee?

Baroness Mallalieu: Are there any projects that you know of that enable possible incomers who bring initiative, ideas and skills to come to the fore and that encourage them and let the local community know there is somebody in their area who has a particular skill and makes available a lot of talent, particularly people who may just have retired but who are still perfectly capable of giving really good advice and help to people who may not have it? Are there people using that sort of resource?

Jeremy Leggett: I get very concerned about the obsession of the voluntary sector always to think in terms of projects. Projects are potentially quite short-life, but we are talking about the essential long-term fabric of community life. It is not about projects. It has to be about long-term services that volunteers are increasingly committed to making happen in the long term. That takes a lot of effort, as well as social and physical infrastructure. I entirely agree with that.

A lot of the rural community councils now operate things called Village Agent Schemes in which a village agent will have a patch of communities they look after or have under their wing. They will work with the entirely voluntary groups within those communities, helping them when they need assistance and perhaps keeping a lookout for that one person in every village around whom everything revolves. When that person is starting to lose steam, they find ways of putting people around them and keeping the continuity going.

I would promote the idea of the village agent programme, which happens in many parts of the country now, as one way of keeping that social capital in the community so there is continuity. We are talking about long-term services, not short-term projects.

Baroness Mallalieu: How well does local government operate in rural...
areas? What relationship do both your organisations have and how effective have you found your dealings with local government?

Christopher Price: By far the most common way in which our members engage with local government is through the planning system.

Jeremy Leggett: As Rural Community Councils, our network works very closely with local government, and I think it is fair to say that, from a resource point of view—the needs that local government is trying to meet—it feels very much under the cosh at the moment and is looking to the voluntary and community sector to plug an awful lot of gaps, particularly at the preventive end of the spectrum because its resources are required simply to meet its tightly defined statutory duties.

We could get some information from our network on some local authorities from our network and cite a few if it was helpful for the Committee. There are some parts of the country where local authorities have treated rural disadvantage in the same way as they deal with the protected characteristics under equalities legislation, and they have tried to ensure there is no disadvantage towards rural people in the same way as they would people with those protected characteristics. There are few examples of that which it might be quite interesting for the Committee to see.

One of the difficulties we experience with local government now is that it has to operate through very, very tight procurement and commissioning processes and is looking for economies of scale in that. Often in rural areas you are not going to get the economies of scale. What you need is a different way of delivering services that looks for local economy of scope, so you cluster services together in order to make them happen in rural areas, whereas they can stand alone where they are dealing with an urban one. Again, there are examples that might be worth sharing with the Committee. Local government is struggling simply because it is very tight on its resources.

The Chairman: The legislation empowers local government to do something about this through the Community Rights Scheme if communities come forward and take on those responsibilities, yet there are not many examples around the country of that happening. Why is that? It is the answer that you just described, yet is not happening.

Jeremy Leggett: The dynamic between voluntary organisations, community groups, village communities and local government over things like community rights, and particularly some of the powers that could be used under those rights, is a very sensitive area, because, of course, voluntary organisations and community groups want to keep good relationships with local government, and some of those powers can look very critical of and confrontational with local government. It is fine to put the provisions in place, but expecting them to be widely used in the context of local relationships is asking quite a lot.

The Chairman: Thank you. That is helpful. I was the Minister who put the Community Rights in place, but clearly I did not do it very well. I would be very grateful for any thoughts on how we can improve it,
because I do believe that it is a potential way forward, unlike the one council that has now dumped some asphalt in a village and expected the villagers to now fill the potholes with it, which is not quite what was planned. One of the other structures, of course, is the LEPs.

**Q42 Baroness Young of Old Scone:** Increasingly, money and priorities are being channelled through LEPs. How are LEPs doing for the rural areas? Are there examples of good practice that should be adopted by the ones that are not doing too well?

**Christopher Price:** Most LEPs are not great for rural areas. There are a small number that are, which seem to be in the West Country. Overwhelmingly, they have a very urban focus and tend to ignore the needs of the rural economy. Where there is a difference is because there is someone who sits on the LEP or is very engaged with people who sit on the LEP who is willing to put the time and effort into making the case of reminding people that the countryside is here, but it is not perfect.

One reason why the LEPs cannot do more is because not all the funding goes through LEPs. RDP funding, which has a huge impact on the sorts of things we are talking about, does not go through the LEPs. LEADER goes through the LAGs, which again is not perfect but often works and shows what can be done if there is a more local approach to delivery of these sort of things.

**Jeremy Leggett:** There are potentially two sides to this. In our experience, the LEP boards tend to draw on very senior businessmen from large-scale businesses which tend to be urban ones. Because the profile of business in rural areas is of much smaller businesses, they cannot give up the time in the same way to sit on LEP boards or committees and so on. There is an intrinsic governance tendency towards larger scale projects and big initiatives rather than the ones that might suit rural areas better.

The other side of it is the way LEPs are tasked by central government, and the tasking, again, pushes them towards large-scale initiatives creating large numbers of jobs in a small number of big projects rather than the kind of smaller scale initiatives that would work across rural areas. There are structural, governance and tasking issues about why LEPs tend to seem very urban-focused and very much less focused on their rural areas.

**Baroness Young of Old Scone:** Where do you think the new funding that might replace European funding in the future for rural communities—LEADER and RDP—ought best be channelled? Should it be handled on a national or a local authority basis, a LAG-type basis or through LEPs?

**Christopher Price:** Of the options you gave, I would go for LAGs.

**Jeremy Leggett:** I agree that we should have learned a lot over the last 20 years from LEADER about how to do community-led regeneration. As money will be extremely short in this area, the priority, however it is organised, should be about helping rural communities to deal with the impact of market failure in rural areas and should not go into mainstream
business development. It should be helping communities to plug the very gaps in commercial and public services that we were talking about earlier. There are more public goods than just environmental ones that are essential for rural people to have a reasonable quality of life.

**Lord Curry of Kirkharle:** I am tempted to say that we should have a rural proofing system with the LEPs, but we have an opportunity post Brexit to try to change the approach of the LEPs and learn from those who have a better track record in addressing rural issues. If you were sitting where we are, what recommendations would you consider helpful in this respect?

**Christopher Price:** For the reasons we have just heard, reforming the LEPs to make them into something that was more cognisant of rural needs would be a very radical and difficult thing to do, which is why my suggestion will be to go more for a LAG-type approach and bypass the LEPs.

**Jeremy Leggett:** I agree.

Q43  

**Baroness Pitkeathley:** In focusing on the problems of the ageing population in rural areas, we should not forget that older people make a huge contribution in their rural communities. None the less, we have mentioned social isolation, transport, access to health and so on. What should local authorities and others be doing to deal with some of the challenges that an ageing population presents, and could you give some examples of where that is being done successfully either by local authorities or by the voluntary and community sector?

**Jeremy Leggett:** This is one particular area where rural England is very far from homogenous. From our data, all of rural England is tending to age faster than urban areas simply because of the rural housing problem issues that we were talking about earlier. There is no question that rural areas are aging faster in that sense.

From the feedback we receive from across our members, the impact that has on the community is very different in different parts of the country. In some places, there are the very effects that we were talking about earlier of incoming older people both bringing skills and resources into communities and helping those communities to work and to tackle local problems. We certainly have a lot of evidence of that within our network, if it would be useful to give that to the Committee.

There are other structural issues. I come from Sussex in the South-East, where older people coming in in their 50s and early 60s are outcompeting younger people for available housing, particularly in very attractive areas. Quite soon, their circumstances change. Having outcompeted local people for the housing, there are no younger local people there to work within the caring industry to make it possible for them to continue to live there. This is an issue with multiple perspectives on it. Again, it is about understanding the effects of different issues, such as housing policy, health and care policy, NHS and how one supports communities. Everything we have been talking about comes together on this issue.
Baroness Pitkeathley: If you could let the Committee have some specific examples, that would be very helpful to us.

Q44 Baroness Rock: I would like to come on to the Government’s Industrial Strategy, if I may. Although the strategy does not refer specifically to rural economies, it has policies that will affect the rural economy, such as the national productivity investment fund, investment in additional infrastructure, which we have touched on, supporting SMEs and business skills and the local industrial strategies to build on local strengths. Is the Industrial Strategy likely to deliver for rural communities and businesses? Put the precision agriculture policy to one side and focus more on the wider rural economy.

Christopher Price: It is very clear that the Industrial Strategy does not propose that much in the way of specific initiatives for the rural economy. We will have to make sure that the mainstream stuff works for the rural economy. It is early days yet. This goes back to what we were talking about earlier on: making sure in particular that Defra Ministers are engaging with Ministers in BEIS and elsewhere to make sure that the needs and the voices of rural interests are not left out of this approach.

There are arguments both ways as to whether you would want rural economic issues to be dealt with in isolation from national economic issues. On balance, I think it is probably better coming through BEIS and other departments as long as they take account of rural needs. If not, it can become too separate from the mainstream.

The other initiative that comes out through the Industrial Strategy is the sector councils. The Food and Drink Sector Council has been set up. We are most engaged with the agricultural productivity element within that. There is a huge amount of work to be done to improve agricultural productivity. We have a dozen or so task and finish groups looking at the various specifics. I would say that we have been a little disappointed by the lack of ministerial engagement in any of this. The other sector councils seem to have far more ministerial engagement and recognition than the Food and Drink Sector Council does. A bit of attention would not go amiss.

Jeremy Leggett: I am not sure I have very much to add to that, only to say that the Industrial Strategy obviously focuses very heavily on technological progress. It is probably worth reflecting that every technological advance in connectivity seems to tend to widen the divide between urban and rural areas. We perhaps need to keep that in the front of our minds all the time.

The Chairman: Is your comment about lack of ministerial support in terms of the Food and Drink Sector Council supported by the FDF?

Christopher Price: It is widely commented upon within the sector. I do not know whether that particular organisation has expressed a view.

The Chairman: I had heard a slightly different view from them. We will check with them.

The Earl of Caithness: Can I roll back to the previous question? I did
not catch the Chairman’s eye quickly enough. Is the size of families an ingredient you have not mentioned? Not so long ago, one used to have good-sized families. Now we are averaging about 1.8 children per family. Therefore, it is inevitable in the rural areas that communities will age. Is it inevitable that within the foreseeable future of about 20 years, people in rural areas on average will be older than 60?

Christopher Price: I have not seen any data on this.

Jeremy Leggett: I would have to look at the data. I think we are probably just all guilty of living longer, are we not?

The Earl of Caithness: That is another factor. On “Farming Today” last week, they reckoned that in 2037 or something—I did not catch the year—they reckoned that half of the people in rural areas would be over 60. Is that an inevitable trend?

Christopher Price: I am quite surprised it is not already.

The Chairman: We will dig out some research. I am sure “Farming Today” will help us out.

Q45 Lord Carter of Coles: This question is about the Government’s Health and Harmony paper. Do they have the direction of travel right? Would you like to comment on what you think is missing?

Christopher Price: They have the direction of travel right. The CLA has been advocating for the shift of support away from area payments towards payments for public goods since the 1990s—in the context of CAP, obviously. If you look at the best use of public money and the scale of the environmental and social challenges we face, it is bound to happen in Europe eventually. It is good that the Government are taking the lead on that. We have some qualms about the way in which it is being done or the lack of information on certain aspects.

First of all, on transition, in the consultation the Government were proposing a cap on all payments above, I think, 100,000. That seems to us to be wholly misconceived. You would be penalising some of the larger, more efficient businesses. You would not be sending a signal to the smaller businesses that everything will change. It seems pretty inhuman to give no signal about need for change and suddenly withdraw payments for the vast majority. It is iniquitous.

Secondly, we need some greater clarity over the amount of time farm businesses have to adapt. We do not yet know what the new policy will look like. We do not know when it will come into force. We complain about farmers not doing business planning, but it is pretty hard to business plan in those circumstances. Ideally, we want a situation where no business that is capable of making a go of it in the long term is jeopardised in the short term because of ill-thought-out transitional arrangements.

The new Environmental Land Management Scheme, as it is being called, in itself is sound. As we have heard on a couple of occasions already, there are more public goods than environmental public goods. Animal
welfare, social vitality and all those sort of issues need a degree of support.

Next, on the new scheme, payment rates have to reflect reality. There has to be a sufficient incentive to encourage people to change behaviour. We have been pretty encouraged by what both Defra and the Treasury have said about not feeling too restricted by WTO rules. There is a certain sector in our world that is saying they are very restrictive. We do not agree with that. It seems as though Defra and the Treasury accept that point of view and recognise the need to make payments of a suitable size.

Lastly, there is a point about productivity that we have been talking about. Bearing in mind that most farms will have to shift comparatively quickly from a world in which they are heavily subsidised to a world in which they are not and are much more market-facing, we need to help people either get up or get out, as it were. Whatever you think about the role of government in investing in industrial or business-type strategy in the long term, there is a simple human need to support people over this transitional period.

The point I made earlier about lack of ministerial engagement relates to this particular issue. There does not seem to be any recognition of the human consequences, let alone the economic consequences, of what is likely to happen in rural areas over the next five to 10 years.

Jeremy Leggett: I will not go into the same technical detail as that, as it is much more the CLA’s area. If at the end of the Brexit process, we, as a nation, are in a position that we wish to purchase public goods in rural areas and have the resources to do so, we have to be very clear that in supporting the wider rural community and rural economy the purchase of public goods goes a long way beyond just environment, agrifood, animal health and the things that my colleague mentioned. The purchase of public goods in rural communities is about offsetting those areas where the economics of service delivery means some things otherwise do not happen. It is about defining it much more widely and engaging with rural communities on a more cross-cutting rural policy for England, rather than purely an environment and agriculture policy.

Lord Carter of Coles: How should the UK Shared Prosperity Fund be used and who should administer it?

Jeremy Leggett: I do not feel close at all to what the UK Shared Prosperity Fund is there for, might end up being used for or how much money it might have in it.

Lord Carter of Coles: You have no views.

Jeremy Leggett: I think I have made our views clear over the course of the morning about the need to make sure that the economics of service provision, as well as commercial activity in rural areas, are taken into account when we define our policy for rural areas in order for there to be equity towards rural people as well as urban people. If by that we mean sharing in the prosperity of the country, clearly that is what the UK shared prosperity fund should be used for.
Lord Carter of Coles: Who would be best equipped to make use of whatever resources there are in the way you are advocating?

Jeremy Leggett: I do not think I have given it enough thought to give a response.

Lord Carter of Coles: Perhaps you could write to us.

The Chairman: Mr Price, do you have a view?

Christopher Price: No. We will also write on this.

Lord Curry of Kirkharle: Christopher, going back to your comment that post-Brexit agricultural policy could result in significant structural change, on the question of what is missing from the Health and Harmony paper I understand that the responses to the consultation did not result in significant support for a retirement scheme for farmers. What is the CLA’s view?

Christopher Price: Health and Harmony proposed a particular method of retirement scheme using bonds and separating money from payment for public goods. That approach was unhelpful, because if the money is not being used for the payment of public goods generally, you get into the whole argument about the legitimacy of the payments. It was the specific recommendation in Health and Harmony that we are concerned about.

We would have more sympathy with a retirement scheme per se so long as the money was available to be used only for retirement and could not be used to buy new tractors.

Lord Curry of Kirkharle: Indeed.

Christopher Price: Yes. Payments to help you get out of farming, say, five years’ worth of payments to go towards the purchase of a new house somewhere else—we would subscribe to that.

The Earl of Caithness: Is farming still the backbone of the rural economy? Do you think you will have the same view in 20 years’ time?

Christopher Price: It is the backbone in that an awful lot of people define themselves as farmers and view the world through the prism of being farmers, even if they do not make most of their money through farming. Farming underpins rural life to a significant extent. That is as much its role as the economic contribution. As I and everyone around this table knows, the economic contribution in terms of production is not significant. There is a whole lot of other things that go with it. Whether it will be more significant in the years to come is difficult to predict. There is a reasonable argument that farming will become much more productive and much more efficient and will be able to deliver in a very different way from the way it delivers at the moment.

Q46 The Chairman: As a Committee, we are obviously very conscious that we will be producing our report at the very time we may or may not be leaving the European Union, and there will be a lot of attention on a wide range of other issues, rather than our Committee’s report. We are very anxious that we can have some potential quick wins for government that
would make a real difference to the rural communities and to the rural economy.

I have listened with great interest. On the list you have given us, we ought to be providing a descriptor of how the rural economy works, from which lots of things flow: connectivity but reliable connectivity, planning changes but resourcing it and addressing issues such as right to buy. They would all be potentially quite quick hits if government was prepared to pick them up. What else would you add to the list? What would you love this Committee to recommend to government?

**Christopher Price:** To challenge the premise of your question slightly, a lot of what we are talking about is not independent of Brexit. It is the stuff that needs to be in place if people who live and work in rural areas are going to be able to make a go of it post Brexit. The two are very closely related.

I agree with all the things you mentioned, but that is probably because we mentioned them first. Business skills is the one thing you did not mention. People have to get a lot better at writing business plans and managing cash flow.

**The Chairman:** Given that a very high percentage of the people who run businesses in rural areas are incomers, they will be people who will have got those skills elsewhere before they come into the rural community, will they not?

**Christopher Price:** In some cases, yes. I do not know whether the people who move into rural areas are people who are going to set up businesses and do—

**The Chairman:** Some 60% of SMEs in rural areas are from incomers, 44% of whom have not run a business before, but presumably came in with the skills, we are told.

**Christopher Price:** I was not aware of those figures.

**The Chairman:** I think that is right. I do not disagree with the point about business skills. Just saying, “We need to do something about business skills” is one thing. What is the proposal? Is it done in rural communities?

**Christopher Price:** Yes.

**The Chairman:** Is it done in the widely scattered FE colleges that are very difficult to get to because of lack of public transport? Is it done online by the poor connectivity?

**Christopher Price:** I think it is all those. As we have been saying about so many of these things, there is no one size fits all. A whole range of different structures, different incentives and different providers will come in. Some people will feel more comfortable talking to their neighbour, trying to get a benchmark against what they are doing and learning from them, particularly if government nudges them in that direction. Others will be more inclined to buy bespoke training for their staff from some training provider. The initial point is to recognise that there is a need for
significant upskilling. Once that challenge is met, the rest will come more easily.

The Chairman: Is there anything else you would put on your hit list for the Committee before I turn to Mr Leggett?

Christopher Price: No. I think we have covered everything.

The Chairman: Mr Leggett, what do you want added?

Jeremy Leggett: Three things, if I may. We would very much support the conclusion of the NERC Committee. We need to have a comprehensive cross-cutting, cross-Whitehall policy towards rural communities that joins the dots together in a systematic and consistent way. There is a role for the market regulators, such as Ofgem and Ofcom, to play a much stronger hand over the way the market works in rural areas. It seems to me that their focus, which is almost entirely on monopolistic market abuse, could easily be broadened to do more to look at the way the market serves rural areas and how its effects could be mitigated.

We are seeing the commissioners of public services in rural areas—healthcare, children’s services and a whole wide range of public services—still being delivered in siloes that makes them quite uneconomic in rural areas. If we were to try to identify some funds from somewhere, perhaps across departments, to create an invest-to-save fund, it would give an incentive to commissioners to work together to deliver multiple services in a consistent way in rural areas.

Alongside rural communities, we could probably start to overcome some of those market failure problems in rural areas that means that they often do not get reached by public services. My sense is there are some very practical and positive things that could be done if we were imaginative and cross-departmental in the way we went about them.

The Chairman: That is the sort of thing that was done in the Troubled Families Unit, for instance.

Jeremy Leggett: Indeed.

The Chairman: That is what you have in mind.

Jeremy Leggett: And the Life Chances Fund. It certainly has been done and could be done.

The Chairman: It has been done. Yes. Are there any further questions any members of the Committee wish to ask before we come to an end? In that case, I thank you both. What a fascinating session. We have really enjoyed it. We have asked you to do a lot of homework afterwards. I thank you in advance for doing your homework. If we have further questions, I am sure you will not mind us writing to you. Thank you both very much indeed.
Association of Colleges, UK Rural Skills and UK Research and Innovation (UKRI) – Oral evidence (QQ 241-253)

Evidence Session No. 21 Heard in Public Questions 241 - 253

Tuesday 4 December 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); Earl of Caithness; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Jo Bruce, Angela Joyce and Professor Melanie Welham.

Q241 The Chairman: Welcome all three of you. Thank you so much indeed for coming. You have in front of you a list of the declared interests of Members of the Committee. I apologise in advance that time is short. We will not get through everything you wanted to say, so please feel free to write to us afterwards. We would love to hear from you, so I make that apology in advance. We are being covered on the parliamentary internet. At the end there will be a transcript of the evidence session. We will send it to you in draft form. If there are any corrections you want to make, please feel free to do so.

I will start by asking a general question. We will go to each of you in turn, asking for your views on how important skills and research and innovation are in helping to grow and develop the rural economy. What are your general thoughts?

Jo Bruce: Areas flourish when the skills levels are raised. Without higher education and higher skills levels, economic areas diminish. It is vital. Coming from a training provider background, I think that on-the-job vocational skills are sometimes overlooked and are as vital as degrees and high-level skills and college courses. From an employer’s point of view, it is vital.

Angela Joyce: I agree. Education and skills are really important for rural communities. You would probably expect me to say this, but colleges are a central part of their communities. They have a big role in educating
young people and adults, retraining and very much adding that kind of drive to the economy. In a rural sense it is very important.

To use a couple of examples from my own organisation, we have a working farm in one of our colleges. We are doing some feed trials there with a beef herd, which we are able to do because it is a college-based farm so it is an education and training-based farm. It benefits our students, but it is live research going on. We have also invested in an agritech facility at another of our colleges to drive the innovation around horticulture and agriculture particularly. Colleges are really well placed to bring that together and then drive up the skills level in the young people and adults we are working with, but also to bring private sector organisations together.

Professor Welham: I am here representing UK Research and Innovation, which funds research and innovation in institutions, universities and other organisations, and funds business as well. You would expect me to say that research and innovation and translation of discoveries coming out of research are clearly vital to solving problems that are experienced in the rural environment and in the rural economy. Some of those are common with more urban areas, but some of them are very specific. We fund programmes that are really motivated by some of the challenges that are being faced there.

UK Research and Innovation places a priority on excellence of research because we know that excellent research will lead to excellent outcomes. That is vital for innovation and for filling the pipeline for innovation and translation. We work quite closely with other government departments to understand what areas of interest for research they have so that we can link through to policy. In my own area, with the BBSRC, where we cover agriculture and food research within our remit, we work very closely with the Food Standards Agency.

The Chairman: We will press you in a bit more detail about that.

Professor Welham: We work very closely with Defra as well. It is very important to have that linkage. Clearly, through the Industrial Strategy, which sets out four key areas around mobility, clean growth, healthy ageing, and artificial intelligence, we can work with our research and innovation communities to ensure that the benefits of the outcomes of some of those challenge-led programmes benefit rural areas as well as urban areas.

The Chairman: You rather surprised me by stressing the focus on solving problems and dealing with challenges. Is that what you meant: that your focus is on solving problems and dealing with challenges?

Professor Welham: That is one element of it. We also support grass-roots or bottom-up research. It is a meeting of the bottom-up and then the more strategic focus, which is more challenge- and problem-inspired and motivated. It is both of those things. Excellence is the primary criterion we are looking for, because we know that will give us the outcomes that can be translated.

The Chairman: Jo, I just want to come back to you, if I can, before we
move on. You have heard from the further education sector. We have heard from the research innovation sector. We have not specifically in this session heard from schools, but you can imagine what they have said. How satisfied are you that the provision of what is needed to support the rural economy is taking place in UK rural schools at the moment?

**Jo Bruce:** I have notes for further on where I refer back to the Sector Skills Councils and the demise of those. For training providers, there needs to be a better approach to us working with my colleagues sat beside me, in that we all need to be joined up and to join us up. There is a place for colleges. There is a place for training providers. There is a place for research and innovation. We all need to come together and look at our strengths, and I do not think that happens at the moment.

Without somebody over and above us who is driving us in that direction, we are all doing our best, but at times we challenge one another because we are treading on one another’s toes and competing against one another at times, instead of all playing to our strengths. It is frustrating. I would not say it is hitting the nail on the head at the moment. There needs to be more work. Having somebody above us to guide us a bit better would be useful and that has sadly gone.

**The Chairman:** Is that a view that you both share, or not?

**Angela Joyce:** You can always do more. I am not sure that we should necessarily need somebody to drive us to do that, but I accept fully that that is helpful. From our perspective, colleges are quite good at building networks, developing relationships and working with key organisations. Sadly, the system does encourage competition at times, which is not always helpful. I would like to think that we do not necessarily need someone to make us work together because we are all working together in the interests of the economy. I could cite lots of examples where that happens well in the FE sector, but I also caveat that by saying of course we can always do better.

**The Chairman:** I will bring you in in a second, Melanie, because this is tied into a question I know Lord Dannatt wants to ask.

**Q242 Lord Dannatt:** This is probably a question for you, Professor Welham. It is to do with research councils. How do research councils engage with rurality? Do you think there is a need for more research centres or, indeed, universities?

**Professor Welham:** We engage at a number of levels. I have already mentioned working with other government departments, particularly those that hold the policy, Defra being the prime one for rural areas. That is at one level so that we can share and understand what the priorities are and where we might need to help motivate researchers within the whole breadth of the community to work on some of those policy-related areas and questions.

Through the BBSRC we engage with a number of government departments on a UK science partnership for animal and plant health. That is about ensuring that our rural economy—farming primarily, but
Obviously equine is also a very important industry—is protected against the threats there are from the incursion of animal diseases, which could have a huge impact. We all remember seeing that impact in 2001 with the foot and mouth disease outbreak. It is very important that we are connecting with them, and that includes the devolved Administrations as well, so that we are taking those perspectives in and we can agree priorities and how we actually want to deliver.

Within my own Council’s remit, in which, as I have already mentioned, agri-food is an important element, obviously engaging with stakeholder groups which represent that is very important. We clearly want the researchers and the innovators that we support to also engage with the users of their research. You really need to be able to understand the perspectives and what the user needs, rather than thinking you know what the user needs. That engagement is very important. We actually require our researchers to think about that when they put their proposals to us so they can explain to us how they have engaged and how they would engage to ensure that discoveries they make can actually make a difference in the real world. It is at multiple different levels that we engage that rurality.

We may come on to this in another question. Through the Industrial Strategy Challenge Fund, there are some specific elements there where we are actively engaging with the primary producer, which is a very diverse stakeholder group, in consideration of a number of the challenges. That is particularly with regard to the transforming food production challenge. We have a number of different ways of doing that and we recognise it is really important.

Q243 Baroness Young of Old Scone: A big proportion of economic activity in businesses in rural areas is not to do with rural. It happens in rural areas and has distinctive characteristics of rural areas, but is actually not to do with the natural environment, the agricultural industry or whatever. How do the research councils deal with that proposition that cuts right across research councils?

Professor Welham: It is interesting, because you have just put a distinction that businesses in rural locations may not be doing things related to rural, and the same is true of research. Research may be taking place in urban areas but has benefits elsewhere. It is important to recognise that. It is not just in the land base—across agriculture and environment—that the research councils are looking at this. There is some really interesting work in the creative industries, because a lot of the creative industry small businesses are actually located in those rural areas. Engaging with those and bringing them into partnerships is one of the areas. There is a creative industries cluster that is being supported through the Industrial Strategy Challenge Fund as well. That is engaging and continuing to engage with those smaller types of businesses.

Baroness Young of Old Scone: Should you have a rural-proofing mechanism for research you support in general? Perhaps you already have one.
Professor Welham: We take those perspectives into consideration, but whether we actually have it as an embedded activity, or that we recognise it as rural-proofing, is an interesting possibility. That is something we could maybe look at to see whether we are doing that as effectively as we might do.

The Chairman: It would be interesting to see what conclusion you come to.

Q244 Lord Colgrain: I have always wanted to know the answer to this question. How do colleges and other education and training facilities decide and plan what courses to provide? What engagement do you have with local employers in this respect?

Jo Bruce: I will take my UK Rural Skills hat off for a second, because I am a training provider myself, so that is what got me into what I currently do. I can speak from that training group perspective, in that we have 1,300 clients that we work with in East Anglia. Some of them are farms and 260 of those are members who pay a subscription service. Those guys get a visit from us once a year to sit down with them and actually go through their whole training needs analysis. We currently look at courses from a legislative point of view: what they have to have, red-tape-wise, to be able to operate legally.

I go back to the Sector Skills Councils. In the past, training providers were actually trained to do their job and so they were taught how to do these training needs assessments correctly. We are all self-taught nowadays. There is nobody overseeing what we do, so we are all kind of muddling along and doing our best. In the last 12 months, I have personally had some LEADER funding in our area to develop a training needs assessment online tool. I can go in and talk about forklift refreshers. I cannot really go in and talk to a manager about their softer skills, if they understand the balance sheet or if they understand how to manage their staff correctly. We have just had that developed and that will be available for people to fill in before we go out to see them.

We are engaging with them personally, going out annually and seeing them, as well as on the phone and email, but we are a dying breed. Most training provider companies have to put profit over these kinds of services now, so it is not happening. Sadly, I think that without some kind of financial incentive, it probably will die out eventually. We do, but if I looked at the UK Rural Skills membership of 125 providers across the country, less than 10%—maybe even 5%—would actually be engaging like that. Most people would wait for an employer to come and speak to them about what they need, rather than actually helping and offering advice. It is really sad.

Angela Joyce: The average college works with around 600 employers. I accept that they are not all necessarily in rural areas. My own college works with 2,000 employers, some of them with apprentices and some of them in a range of ways. Colleges are very good at engaging with business community networks, whether it is chambers of commerce, the
FSB, the CBI—those kinds of organisations. We are a member of all those and engage with all of them.

We also have a system of advisory boards. Each of the colleges in my group has an advisory board, which is made up of local employers. We run all our new ideas past them for feedback. We also have a system of advisory boards for things such as our farm. I run a college, not a farm, so I need to bring in experts to support me in running things such as the farm. There is quite a substantial network in which to build and understand why we are doing what we are doing.

Again, in my own organisation we have a labour market intelligence [LMI] piece of software. None of my academic team can design a course and get it through our internal systems without some LMI to evidence it to make sure we are putting on provision that is not what the academics want but is actually where there are employment opportunities and where LMI is telling us there is real opportunity. In that sense, there is lots of that.

To carry on from what Jo said, we run organisational needs analysis and training needs analysis. I have about 150 colleagues in my own organisation who are employer-facing who will work with employers to understand their needs. We will gather intelligence in that way.

The only other thing I will say is, as the Committee will be aware, of course we can only put on training that is funded. There is an element where we can only put on courses for 16 to 18 year-olds that are defined by government as funded and the same for adults. Quite often, courses are not funded for adults that are funded for 16 to 18 year-olds. There is not total freedom and flexibility for us to design exactly what we want to.

Q245 The Chairman: Can we just take that specific? I know that you serve on LEPs as well. The Government’s solution to this problem is the SAP. They are setting up these Skills Advisory Panels, basing them in LEPs. Do you think that is the starting point that is the right way forward to identify those needs that cannot be met because the funding regime does not link in with the needs, particularly for the rural economy, or is the LEP the wrong vehicle? What is the solution?

Angela Joyce: Gosh, that is a big question. The Skills Advisory Panels and Local Enterprise Partnerships all have value. Local Enterprise Partnerships, as the Committee will know, vary across the country, in terms of their performance and how they engage. Certainly, Local Enterprise Partnerships vary considerably, in my view, in how much value they have placed on the rural economy, as opposed to the urban conurbations. There is huge variation in LEPs.

I am always wary about layering the system with something in addition. I have just run off a whole set of things where I would say we get lots of information and lots of intelligence. We know where the challenges are. If the new Skills Advisory Panels are going to be established to perhaps create flexibilities around qualification design, then yes, that will add value. If it is another route to tell us arguably what we might already know, I would question whether or not we are adding to a system that already has quite a lot of structures within it.
We have foundation degree-awarding powers as an organisation. Not many colleges have, but obviously that means we can write a foundation degree with employers, which we do. We have several hundred foundation degree students going through our colleges. That is a bespoke, designed foundation degree programme. Universities have that flexibility. The challenge in the FE sector is that we do not have that flexibility to design qualifications. To answer your question, it depends upon how much power these new panels have.

**The Chairman:** Just so we are clear, in your own college, leaving aside the wider LEP area but within your own college and the locality you serve, are there areas of need—education and skill development need—that you are not able to meet, even though you know it is there, because of the constraints of funding?

**Angela Joyce:** Yes. If you take the agritech agenda, there is not a suite of qualifications yet designed that are funded for us to train. We have an agritech foundation degree that we have written ourselves, but we do not have a feeder route to that for 16 to 18 year-olds, if you like. Yes, there is. The system struggles to keep up with the pace. The other example I would use is one I mentioned earlier. We have had some challenges in my own organisation in horticulture. We were running a set of quite good qualifications that were not funded for 19-plus students but were funded for 16 to 18 year-olds. That kind of anomaly in the system is not very helpful, particularly with regard to a retraining, upskilling agenda for people over the grand old age of 19. There are some barriers, certainly, in the way that qualifications are designed and funded.

**The Chairman:** We may come back to that a little later when we come on to apprentices. You might want to develop it.

Q246  **Lord Curry of Kirkharle:** Just for the record, Lord Chair, I ought to mention that I am a patron of Landex—I am sure Warwickshire College is a member—and I have been working with Angela’s colleagues in establishing the National Land Based College and, more recently, on the agricultural and horticultural strategy for the Industrial Strategy as part of the Food and Drink Sector Council work.

We all know there is an issue around rural skills. It keeps cropping up in conversations. Jo, you felt it was a bit fragmented and unco-ordinated, and I have been using those words myself. What is the solution? We need to address this issue if we are to improve the economy in the rural space. How do we do this better? What can your organisations do to help us address this challenge?

**Jo Bruce:** Good question. I still feel that, from a training provider point of view, we are always battling to be recognised. I feel like actually the powers that be do not always recognise the value in what we are doing. Because of the restraints on funding that Angela has just mentioned, some of the valuable training that has to go on out there cannot happen in your establishment. It might be that we have to pick some of it up to help get people through. I still feel like we do not engage enough
together. There needs to be something that pulls those resources together.

I have been doing the training provider job for 14 years now and the farmers and local businesses still harp on about the Agricultural Training Board, because we had something that was cohesive, that was not made for profit, that was out there doing the research and that was guiding us into what we needed to be doing. UK Rural Skills has been around for only four years and is there only because the sector skills councils are no longer there. What is left in replacement of the old ATB is actually a commercial business like I am a commercial business, so it is not really there to drive us in the same way and to promote us.

I keep banging on about training groups today because somebody needs to be telling everybody they are there. When we are talking about rural and travel issues with getting into courses and things, we are doing that. We are putting it on at the site, we are putting it on locally and we are making it accessible. In a lot of cases we are responding to what the actual employer says they need. They do not necessarily need somebody coming from a college background. They need somebody with their telehandler licence and their spray certificate. In rural areas, it is quite a sad fact that it is the vocational stuff that needs funds to be pumped in. We are struggling.

I have been doing my best, in four years, to try to bring a group of training providers together to work together without treading on one another’s toes, but it is not easy. To then start working with the wider sector is certainly not easy when we are not for profit and we have set ourselves up, so we do not have funds to do it. Sadly, it always comes back to funding and the need for it. I do not know if that answers your question fully, but that is how it feels from this side anyway.

Angela Joyce: I would say build on the blocks that exist. As you would probably expect me to say, colleges are part of a local ecosystem and a national ecosystem around rural communities. It is what colleges are there to do, to provide that basis and build on those blocks. We work really hard to try to build progression routes, through developing partnerships, whether it is with schools, universities, training providers or private sector organisations. The blocks are in place and in some parts perhaps that progression route and those conversations are better developed than in other areas. I absolutely think it is about building on those blocks and developing the partnerships.

Organisations such as colleges can do a lot on raising aspirations in rural communities, which is quite often a challenge, and providing opportunities for young people. In raising aspirations, colleges can also drive social mobility. Certainly, some of my colleges are in areas of significant affluence but where there is a social mobility challenge. In rural areas sometimes that combination exists. It is a lot about building of progression routes, building and developing the aspirations, allowing a young person to go from a low level to a high level to drive the economy. There are a lot of blocks in place, but we need to join them up better.
**Lord Curry of Kirkharle:** Perhaps I might press you on this. It may be a sensitive issue, but the colleges are largely funded by the Department for Education, yet we have the business community focusing, through BEIS, on the Industrial Strategy and the need to address productivity. Is there a disconnect between those two priorities at present between the two departments of government?

**Angela Joyce:** The Industrial Strategy underpins the direction of travel and, I assume, underpins every government department.

**Lord Curry of Kirkharle:** That is a brave assumption.

**Angela Joyce:** I am an optimist. Perhaps I should have declared that at the start. The Industrial Strategy links and the strategic economic plans of the LEPs are now being replaced by local industrial strategies. We have a combined authority on our patch that is producing one of the first local industrial strategies that will then underpin the skills system and set the priorities. In that sense, yes, the system connects. There is still a challenge in making sure that the education system can respond. As the Committee will be aware, the system and how devolution will happen is perhaps not clear for us on the receiving end of a devolved area. In that sense, there are still some creases in the system that need to be ironed out.

**The Chairman:** Melanie, have you got thoughts on this?

**Professor Welham:** Yes. The connectivity and the co-ordination are really important. When we are looking from a research and innovation perspective, we are looking forward. What are the skills that are actually going to be needed for these new technologies? In agritech, digital, sensor technology, big data, there is a whole new skillset, with a higher level of skills. We can see that if you are to really start to increase productivity in rural areas we will need people with those skills to be able to work and to help realise the potential of those. Co-ordination and connectivity are really important.

We can already see that from some of the challenges we are funding now, particularly around precision agriculture and making for a more productive and sustainable food production system across the UK. In five years’ time, we are going to need a cohort of highly qualified and skilled individuals to do that. I am very aware of that and I think BEIS is very aware of the need to support the skills agenda to underpin the Industrial Strategy. The Skills Advisory Panels are a component of that. While UK Research and Innovation supports training at postgraduate level, clearly you need to join up across the whole system and avoid disconnects. We are thinking about how we can do that with our talent strategy at the moment.

Q247 **The Chairman:** To be clear, you said that the Skills Advisory Panels are part of that package. Are you comfortable with what is proposed? I ask this because there has been some criticism that, by linking them to LEPs, notwithstanding the criticism there might be of LEPs as bodies, the area they cover is too small to have an adequate database on which to do the research. Your national body can have a much bigger remit. You are still
also looking at skills needs identification.

**Professor Welham:** Yes. Clearly, local regional areas will have particular areas that they need to have skills development and provision of that within. Because we are a national organisation, we can take that national picture. That is where the connectivity and the co-ordination are really important.

**The Chairman:** Have you been asked to play a part in the connectivity between the work of the SAPs and stuff at a national level?

**Professor Welham:** Not that I am aware of at this point, but that does not mean to say that that request has not come in to UKRI. If you wish, I can take that question back and we can respond, but I do not know.

**The Chairman:** As a Committee, we would be interested in not only whether you have been asked but, if you have not, whether you think you should be asked or somebody else should be asked and so on.

**Professor Welham:** We would be very happy to provide a response to that.

**The Chairman:** That would be very helpful.

Q248  **Baroness Hodgson of Abinger:** What more could be done to support mid-career retraining opportunities for the rural workforce and people such as women returning to the workplace?

**Jo Bruce:** Again, it comes down to funding, I am afraid. Vocational training needs funding in these kinds of scenarios. From an employment centre point of view, there is funding normally for retraining in things. Certainly, the Armed Forces do a brilliant job of retraining their guys when they are coming back out into the workforce. There needs to be financial support in those scenarios. I have mentioned the LEPs. We need to work with the LEPs and other stakeholders to increase the understanding of the rural employer’s specific requirements and needs and to encourage them to pick career routes that actually have opportunities, and focus them slightly. Again, I have brought in the training needs analysis tool, giving a way of being able to identify the skills gaps, to see where the strengths are, to maybe help people pick the right career path in the future. There is raising awareness; case studies work really well. They are a few of the points I would jot down on this one.

**Angela Joyce:** We welcome the post-18 funding review that is going on at the moment. The Committee will be aware that adult participation has dropped considerably, as has the funding, over recent years. The decline in the participation of adults in training correlates with the reduction in funding, so I am hopeful that the post-18 review will perhaps address some of that. The introduction of Advanced Learner Loans for adults at level 3 has some challenges. We are part of something called the career and outreach pilot at the moment where the Advanced Learner Loan is waived for particular qualifications. They are not necessarily land-based qualifications, but what is interesting is that the take-up has been considerable, so introducing loans and things has clearly been a barrier.
The other thing I welcome is the National Retraining Scheme that has recently been announced. Please do not test me on the small print, because I do not think I could explain what that is. Based on our experience of the career and outreach pilot, it would be good to have a national retraining scheme that will open up to all sorts of people, women included.

The rural economy is full of small and medium enterprises. SMEs cannot always afford the retraining and perhaps there is not enough consideration of that. There is a notion around the affordability for SMEs on a number of levels. One is around the direct cost of the retraining, but also, if they are upskilling and retraining somebody, there is a cost to them in terms of productivity while that individual is undertaking retraining. It would be great to consider support for businesses in the rural economy, SMEs in particular, as to how we can help them afford the upskilling and retraining that will go on; whether that is, as I say, a replacement while somebody is retraining, or whether that is support for them. I am sure there will be an apprenticeship question, as mentioned, but the same would apply to apprenticeships with regard to the affordability for SMEs.

The Chairman: Let us move onto apprenticeships.

Q249 Baroness Young of Old Scone: As you said, a lot of rural enterprises are small and so they do not pay the levy. How do they access funding for apprenticeships in the absence of the levy?

Angela Joyce: Organisations such as ours—training providers—have a non-levy allocation, so there is still a funding route for SMEs through accessing funds that we have. They are, though, expected to make an employer contribution, which reinforces my point that it could well be a barrier to them taking them on, because there is an expectation. We do not tend to waive the employer contribution for apprenticeships. We have about 2,500 apprentices across the college group. Where we have waived the employer contribution it has been for land-based SMEs. It is about the only kind of business that we make an exception for, in recognition that the affordability is a real barrier.

The other thing, from a training provider perspective and a college perspective, is that, by the nature of the SME community, it is sometimes a challenge for colleges to get together a viable group of apprentices. While the apprenticeship might well be work-based in the main, there will likely still be some college time. If you have an SME wanting one apprentice, not every college can afford to train that one apprentice on his or her own, hence why we made the decision to waive the employer contribution. It may well be a way that we can get together a viable group that we can afford to run, never mind the fact that we believe in apprenticeships and understand what they can do for businesses. Again, sometimes there is an affordability challenge from a provider perspective on apprenticeships, as well as from an employer perspective.

The other challenge is around access for young people, with transport probably being the biggest barrier in rural areas. Some businesses are
forced to take on an adult apprentice, which makes their employer contribution higher, of course, because of the transport barriers for young people. Again, some support for the transport element would be a welcome addition.

Baroness Young of Old Scone: Do your colleagues have any other thoughts on how apprenticeships could be a more effective contribution in the rural economy?

Jo Bruce: I actually have my apprentice sat behind me. I thought this was a useful experience for her to come along today. Travel is number one on my list of issues: how can under-18s get there?

From a farming point of view, it is time. It is not cost. Time is the most valuable asset. From an apprenticeship point of view, at least 20% of an apprenticeship has to be learning with somebody. It is not working. It is learning. To have that one-to-one mentoring is really difficult from a farmer point of view, so time is really up there.

Would you put a 16 year-old on your £300,000 tractor? The highly skilled nature of the job now and the costs involved mean giving them the skills they need on that apprenticeship is actually a challenge because of insurance and everything else. That is a real barrier.

There is getting the message across that this is an ageing workforce. How do you get the message across that, without reinvesting in our young people and giving them this time, there will be nobody to do these jobs in the future? It is a real struggle to get that message across. I do not know how you do it effectively, but they need to start investing. It is really difficult.

There is a lot of confusion about the apprenticeship levy, I am being told. Some of these things are points from my colleague, Lesley, who is more involved with apprenticeships than I am. There are huge challenges around the new apprenticeship standards for rural occupations. They are just taking too long to develop and they are not available yet. That is a huge challenge. There are no endpoint assessment organisations for apprenticeship standards in some places, so that is another barrier. The funding bands apparently do not reflect the true cost of provision, so it is not always cost-effective for lead providers to go for that side of things.

One of the biggest barriers, still, is schools and careers advisers. There is still this fundamental push to colleges and universities. This is seen as a lower-grade option for kids. Actually, this is my daughter sat behind me. I encouraged her to go on an apprenticeship because learning on the job is invaluable. There is a stigma attached to apprenticeships as well that needs ironing out. They are just some thoughts.

Baroness Young of Old Scone: But you still think they are a good idea.

Jo Bruce: Fantastic. For future planning, they are fantastic. There are huge opportunities if we just get it right. There are a lot of problems. It is the right route. It is just how we sort that route out.

Lord Dannatt: You used the word “stigma”. Can you just put a little bit more into that? I am disappointed to hear that.
Jo Bruce: This could come back to me as a parent now. Maybe I am talking with an old-fashioned head on my shoulders where I am thinking it is that stigma between, in the old days, O-levels and CSEs. My daughter did level 3 BTEC. She did not do A-levels. There is a stigma attached to that; one is a lower rate. They are actually the same thing. It is just a different way of learning. In the same way, going on to do your level 4 or whatever at college, or actually doing a higher level 4 apprenticeship, there is a stigma attached to it. From a parent’s point of view, it feels like you are pushing them into the wrong route and that you should be pushing them to higher education, although that is not the employer’s point of view. An employer understands where the benefits are of being able to train that person on the job to do exactly what you want them to do. I think it is society, and maybe careers advisers. Ellie was certainly not encouraged to go down the apprenticeship route by them. There is still a divide, sadly.

The Chairman: Jo, you mentioned the delay in producing standards. Is that now being addressed? Are you confident that we will shortly have a raft of new standards approved?

Jo Bruce: I do not know the situation. I have figures here from Lesley. Lesley says there are currently 37 apprenticeship standards in the area of agriculture, environmental and animal care, of which 17 are approved for delivery and 18 are in development, with two proposed. My understanding is it is an extremely slow process. We are actually attending a meeting tomorrow where we will be talking about apprenticeships and trailblazers within the agricultural sector, and CPD and things, so I will know a lot more tomorrow. I have no idea.

The Chairman: Following that meeting, please write to us, but certainly the information we have had confirms the figures you have given. There are fewer than 20 approved standards. Yes, there are another nearly 20 in the pipeline, but that is still way short of the number that are needed.

Q250 Lord Curry of Kirkharle: Just following on from the stigma comment, which Lord Dannatt picked up, do we need to do more in terms of influence in families? It is often families that are influential in taking the decisions on career choices for their youngsters. In seeing the apprenticeship route as an alternative to an academic route, which would potentially achieve exactly the same endpoint or destination, with university fees being what they are, are we doing enough to promote this alternative route to careers?

Jo Bruce: I do not know about the funding. To help employers want to select that as their preferred option, certainly in the agricultural sector, it would be helpful if there was some flexibility in the way apprenticeships are pulled together that allows some of the funding that is available for that apprentice to go into some of the vocational skills they need to do the job. If it is possible to have your spray tickets and everything included, it is those kinds of barriers to cost. When you were saying earlier about the funding of apprenticeships and the costs involved for SMEs, it is that additional training they might have to do outside of the
apprenticeship that can become very expensive. If it was part of their course, that would certainly attract them into it.

From a schools and guidance point of view, I do not actually know whether there are budgets. It really starts as low down as parents’ and grandparents’ views on these things, and school level, when they are making those decisions from 14-plus. It is then that we need to be encouraging them and for there to be opportunities for them to step into in the rural areas.

Lord Curry of Kirkharle: Angela, do you have a view on this?

Angela Joyce: Yes would be the short answer. We need to do a lot more. The Baker Clause in schools is not fully working, certainly, so there is still a challenge around ensuring that the Baker Clause is delivering what it was intended to do. I entirely agree. There is a lot of evidence that friends and family and parental influence is greater than the careers adviser at school anyway. My own view is that the current parental generation is the generation that all went to university. Therefore, we tend to guide on our own experiences. It is a natural fallback position. Parents at the moment are guiding through their own experiences, but of course the current generation of parents are from when being a graduate guaranteed a job and a graduate salary. That is no longer the case.

There is a huge misunderstanding and misperception around apprenticeships. We need to do a lot more to generate parity of esteem. We introduced apprenticeship graduations across our colleges, so every six months we hold an apprenticeship graduation, because I have a personal mission. You go into somebody’s house and you see the cap and gown photograph on the mantelpiece. If you are an apprentice, you do not get anything. We have brought in apprenticeship graduations. They are fantastic events. We bring the employers, the family and the apprentice together. I hope those photographs sit on a mantelpiece.

There are too many brilliant businesspeople who are running their own companies who quietly whisper to me that they started life as an apprentice. Why should they whisper it to me? We need to change the system somewhere. There has been a national campaign noting that. I am not sure it necessarily delivered all the messages into society, into households. I understand that there is a new apprenticeship campaign anticipated for the new calendar year. Some real thought on the messages and how we influence parents, friends, families and wider society is needed.

There are some fantastic figures out there on, for example, lifetime earnings of apprentices versus people that have gone the traditional route. I will not quote those at you, but there are some fantastic figures and we need to understand that. Again, I will not, but there are a number of examples that I could give you around young people who come to us and say, “I want to be an apprentice”, who then go away and their parents steer them in a different direction. We need to recognise that young people are far more savvy than I was when I was a teenager and have access to information and have a better ability to understand what
they might want to do and how to avoid the debt of university fees, and going into an apprenticeship is a great thing. You are going to be sponsored by your employer to train. Why would you not? It is fantastic.

**The Chairman**: One of the problems is promotion and raising the status. That has been very helpful, but I think the point that Baroness Young was making about the standards, and the lack of standards, in the areas that we are covering in terms of the rural economy is an issue. I just want to check something, Melanie, very quickly, before we move on. You do work in skills needs identification. Does that translate into recommendations or advice to those putting together the standards for apprenticeships?

**Professor Welham**: Not that I am aware of, no. We look at it through the lens of research and innovation, to some extent, so I am not aware that there is then a feedback loop to actually inform the standards around the apprenticeships.

**The Chairman**: The nature of the rural economy is so broad. It is not all land-based stuff. That is only about 10% of it. It is many other things. Nobody appears to be identifying what standards are needed. They are being very slowly produced and somebody needs a kick up the proverbial, but it is also identification. You are not, as far as you know, involved in that. If you could check and write back, that would be very helpful.

**Q251 Baroness Mallalieu**: Can I ask each of you how your organisations try to support economic clusters in rural areas? To what extent do you work with the private sector in trying to do that?

**Professor Welham**: I am very happy to kick off. We have two different approaches to this. A number of the research infrastructures we support and fund across many different areas in UK Research and Innovation are in either rural or semi-rural areas. One of the approaches we have taken is to use those as an intellectual hub, if you like, to attract small, medium-sized and larger businesses to work with the research excellence that is using those research infrastructures, providing facilities for some companies that they could not possibly afford to establish themselves. It gives them access and that gives them an edge, because they are able to access those facilities and push their work forward. It also creates that environment whereby you can exchange knowledge and people can partner and collaborate. That adds a lot of value.

There are a number of different examples of this. At Harwell, in rural Oxfordshire, there is a space cluster. It is a really well-renowned space cluster. It is attracting inward investment. It is providing new opportunities, growth with new businesses starting, and higher-skilled job opportunities in those areas. NERC’s British Geological Survey has a number of facilities located around the country. Again, a similar opportunity exists for people to work with and access those facilities. The BBSRC—the area I am most familiar with—supports a number of strategically funded research institutes, many of which are in rural areas; for example, Norwich, Aberystwyth and Midlothian.

The approach we have taken to this is building a research and innovation campus around these research institutes. These are where we are
crowding in private sector investment and small business to work with researchers within the institutions, to access the facilities they could not do otherwise and to really build a cluster around a centre of expertise. At Rothamsted Research on the outskirts of Harpenden, this is around crop production and agricultural systems. In Norwich, this is around food and plant research. In Edinburgh, at the Roslin Institute, part of the Easter Bush campus, it is around animal health. They have a real focus and then that attracts businesses from the UK but, importantly, internationally as well, to work with them. There are a whole range of those.

The second part is we support centres for innovation and networks that are addressing problems that are experienced in the rural economy more broadly. There is a whole network that Innovate UK supports of the catapults, which are about bringing business together to help accelerate innovation. The Transport Systems Catapult has done some interesting work and published a report this year on rural transport. We have mentioned the difficulties that that can lead to for access to training. They are working on how business engagement can help map out some of those things, so they are focusing on some of those problems.

Innovate UK, through funding from BEIS, also supports four agritech centres, which are located around the country. They work on how you translate innovations into commercial propositions to help businesses grow. Obviously, that will benefit local areas by increasing employment opportunities and broadening those out from not focusing just on some of the traditional areas. There are many other examples, but that gives you a flavour of the types of things we are actively and proactively doing.

**Angela Joyce:** From a colleges perspective, it is about building and working closely with employers, employer representatives and key organisations, and driving that. Melanie has given me a nice way in, because in Worcestershire we actually have one of those Innovate UK agritech grants. The Worcestershire Local Enterprise Partnership is one of the enlightened LEPs which believe strongly in the rural economy.

Our agritech suite is aimed particularly at driving innovation in the growers’ community in Worcestershire. You will all know this, but everything grows in Worcestershire. We are doing a lot around the agritech agenda to drive innovation in the small businesses. They can come in, use our facilities, learn about vertical farming, using LED lights or whatever kinds of activities are going on, and then test it out in the hope that they will then take that innovation back into their own businesses. Working and building those kinds of relationships with employers, employer representatives and organisations is really important.

The other example I would use is that, from our employer-facing work, we strive really hard to build relationships with other agencies. It might be, for instance, that in supporting an employer we will work with organisations that are providing complementary offers, so things such as advice on grants and business rates. We will build that relationship so that when we are working with an employer, we can also introduce it to a multiple-agency approach in how we might be able to support it. From our
point of view, that is with its skills needs, but for the other agencies that is perhaps with grant benefits or innovation or research grants, or whatever it might be. We very much focus on that kind of multiagency approach.

**Jo Bruce:** I have to say when I saw this question I felt ill-equipped to answer it, if I am honest. I had to look up exactly what an economic cluster was in a rural area because it was not a familiar term to me. I will answer this one the same way I have answered a few: without something like the sector skills councils to help guide training providers, we do not necessarily understand some of these points.

On a very small scale, from my own training group perspective, we actually run three separate agronomy groups with different groups of farmers. They are competing. They are the same businesses. They all get together every two or three months for knowledge transfer, to share ideas and to bring in industry experts from linked industries such as seed companies, chemical companies, plant specialists and that kind of thing. In a very small way, we are bringing in those kinds of links.

**The Chairman:** That is potentially in a very big way and very important to the individual localities you are working in. The question is basically whether or not you, as a training organisation, actively go out to find groups of people with that sort of common interest, concern and need and help bring them together, and then develop a course to meet their needs. I think you are saying that you do.

**Jo Bruce:** We definitely do. The AHDB—the Agriculture and Horticulture Development Board—has started over the last couple of years not to copy these kinds of agronomy groups but it now has monitor farms and is doing a lot of knowledge transfer. It has funding to help with that. It is doing a very good job as well. We actually promote that. Although it is of no economic benefit to us, we promote those monitor farms and send our people to them, because it is part of our remit to make sure that they get the training wherever it is.

**The Chairman:** You are a commercial organisation and presumably you are saying that you see commercial benefit in bringing groups like this together to then provide training that is relevant for them. In doing so, you have wider links that are also helpful to them, that they are not paying for, which are just part of working together.

**Jo Bruce:** Absolutely. I have worked on a couple of big RDP funding projects, and certainly having some financial support behind it really helps. That is not just from our point of view, to broaden our horizons and bring in some really diverse experts, but from the client’s point of view with the help towards the costs of doing that. It is expensive stuff.

**The Chairman:** It may be asking a lot of you. Do not do it if it is too much effort, but it would be very helpful to the Committee to have an example of a project that your organisation has done within the rural economy specifically, looking at rural skills and so on, where you have done that and brought people together, with any evaluation there might have been of it. That would be very helpful.
Q252 **Baroness Humphreys:** This is directed at Melanie. You have already referred to the Industrial Strategy Challenge Fund. Could you expand on the opportunities the fund presents for rural businesses and how UKRI is engaging with rural businesses?

**Professor Welham:** The Industrial Strategy Challenge Fund is currently up to a £2 billion fund over a number of years, which is part of the Government’s National Productivity Investment Fund to help support delivery of the Industrial Strategy. We are in the one-year-on events of the Industrial Strategy this week. There are the four challenge areas within the Industrial Strategy, which I have already mentioned: AI, mobility, clean growth, and an ageing population. The Industrial Strategy Challenge Fund is identifying business-led challenges within each of those four grand challenge areas, where bringing together research and business can actually help accelerate the solving of some of those problems.

As I said before, UKRI funds the best research and innovation. It is largely place-agnostic. Clearly, the benefits of that research and innovation can be widely felt. The same is true of the Industrial Strategy Challenge Fund investment that is being made. We want to invest in the best in a place-agnostic way, but recognising that many of those challenges are experienced very broadly across the UK, so they will deliver benefits in many different locations, including in rural locations. What I am trying to say is that there is an inclusive approach to that, rather than an exclusive approach, which is a sensible way to go.

I am quite involved in the challenge around transforming food production, which is about boosting the productivity and enhancing the sustainability of primary production, but also thinking about new ways in which we can produce food that may be much more energy and resource use efficient. It is quite easy to see how the rural community and the rural economy are engaged in that. Indeed, we have done a lot of consultation in bringing farmers and farmer groups—representative groups—into that. As part of the governance, we have an advisory group that includes primary producers and users. It is really important to get that connectivity.

It is not exclusive to that. There is one challenge in robotics. You can clearly see how that may have an impact. There is the challenge around audience of the future and the creative clusters. The creative industry is very important for connecting because, as I said previously, a lot of the small businesses are located in rural regions. Connecting those through these challenges is important. Energy systems, where you can deliver novel local energy supplies to meet local demand, are relevant across the UK. There are many opportunities within the Industrial Strategy Challenge Fund and many benefits that will come out of that. We are still at the relatively early stages. We have gone through wave 1 and wave 2. We are waiting for announcements about wave 3. It is very exciting.

Q253 **The Chairman:** There is an opportunity now for you to influence the report we will write. We are very interested if you have any proposals for what recommendations we should put in our report, ideally ones that do
not cost a lot of dosh and do not require major legislative change, but so be it if that is what you come up with.

**Professor Welham:** I have two points. My first one requires more money, but it is really an encouragement and understanding that research and innovation are key to boosting productivity and economic growth in all areas. It is really an encouragement for the commitment the Government have made to reach 2.4% of GDP spent on research and development by 2027 and to really set us along that path. That will benefit the entire economy, not just simply the rural economy. That is one, but it will cost money.

The second one, which is an area we have found really valuable, is for government departments to state their areas of research interest for policy needs. That means the research base can be much more effective in delivering into that.

**The Chairman:** In relation to that, we have been having discussions with Defra about its thinking about future research. Have you been involved?

**Professor Welham:** Yes, absolutely. I have regular discussions with Defra colleagues.

**The Chairman:** Can you bring us up to date with where we are?

**Professor Welham:** I would say that Defra has been leading. It was one of the first departments to be very clear about its area of research interests. Certainly, I had direct discussions with its Chief Scientific Adviser, Ian Boyd, around that. It clearly maps on to areas across the UKRI remit, but particularly with the BBSRC and NERC. We are in very close communication and we have Defra colleagues sitting on our advisory group, so there is a really good connectivity there, I would say.

**The Chairman:** How do you compare Defra with other government departments?

**Professor Welham:** It has been leading the way in that area, in being very clear about what its research interests and its research needs are. We have an increasingly wide set of research interests from government departments, but it is not complete yet. It would be really helpful.

**The Chairman:** It can be way out ahead of the other departments, it can be very clear about what it wants, but it could be wrong. In terms of the advice you are giving, based on the identification of skills needs in particular, are you confident that what Defra is saying it wants is right?

**Professor Welham:** We get to a position through the discussion. It is not simply, “This is what we think”. There is a wider and a richer discussion around that. There is an opportunity to influence and to really understand and to test a little bit. I am comfortable.

**The Chairman:** You are comfortable. There is a positive tick for Defra. We are seeing the Secretary of State next week and we will pass on your congratulations to him and his department.

**Angela Joyce:** I am going to suggest three, and it is the third one that costs money. The first is that the rural economy needs to feature more in
policy thinking and policy-making; in particular, support for businesses that are based in rural areas.

My second point is the need for some flexibility around funding and skills and some of the things I mentioned earlier about design and curriculum, but also with some security of funding so that we know that the same set of qualifications is going to be funded for a fairly substantial period of time. That would give the flexibility and the security.

My third suggestion, which perhaps does cost money, is to introduce something like the sparsity funding that exists in the school sector, recognising that this kind of curriculum can be more costly to run. Also colleges that are based in rural areas probably have less in terms of their cohort numbers, so I would like a funding factor where there is a recognition of the challenges for organisations that are serving the rural economy.

Connected to that and building on what Melanie said, I would like some more funding in the FE sector around innovation. The FE sector does applied research very well. It does different types of research from universities. Things such as the Innovate UK grant, which is very much about driving the applied research agenda, can do a lot of good and provide real benefits to the rural economy.

The Chairman: That is helpful. Sorry, I should know this but I do not: is FE covered in the fair funding review?

Angela Joyce: No, I do not think so.

The Chairman: Okay. We will check that.

Jo Bruce: The bad news is I have a big list, so you might want to come back to me on an email.

The Chairman: Feel free to write to us. Give us your top two and then drop a note with the others.

Jo Bruce: I will do. Something we have not touched on today, which is a massive problem as far as I am concerned—it might be for you as well, Angela—is the fact that we need a major recruitment campaign for skilled industry-experienced trainers. Instructors are an ageing breed, as are farmers. We are struggling to find decent instructors. Most of the ones that we use now are very close to, if not already of, retirement age. I do know how you are finding it from a college point of view. Are you struggling as well? We really need some help with sourcing.

The Chairman: It would be useful if Angela could write to us about the issue as well.

Jo Bruce: I get upset when people get hung up about the skills levels when they talk about funding only above skill level 4, et cetera, when you have youngsters leaving agricultural colleges who cannot actually plough a field. They have not been taught how to plough. I am passionate about going back to basics. A farmer might not train someone in ploughing because there is no legislative push for him to do it. There is soil compaction, the yields and everything else. If we cannot get the soil right
to start with, how are we going to get anything decent out of the crop? So my plea is: do not get hung up on skills levels.

I agree: do not fund legislative stuff, but there is an awful lot going on out there. We need some help from the other side of that, when funding comes out, or even without funding, to try to help businesses see the real financial benefits of things such as management training. It is those softer skills they need. We need help with how we sell that to them.

**The Chairman:** Thank you to all three of you. We have learned an enormous amount. If there are things that you have been given as homework to do already, please submit your homework. If there are things you would like to write to us about—Jo, we would love to hear the rest of your list of recommendations—please drop a note to us. Again, on behalf of the entire Committee, thank you all very much indeed. It is lovely to see your apprentice with us as well. It is very good to have you.
Bus Users UK, Campaign for Better Transport and FirstGroup plc – Oral evidence (QQ198-208)

Evidence Session No. 18  Heard in Public  Questions 198 - 208

Tuesday 27 November 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Ben Colson, Darren Shirley and John Birtwistle.

Q198  The Chairman: Gentlemen, welcome. Thank you very much for coming to see us today. I apologise in advance that time is short, so we will ask short, snappy questions and hope we will get fairly snappy answers so we can cover all the territory. As I have said to many witnesses before, if you feel at the end that we have not given you an opportunity to say some things you wish to or if we missed some points, please feel free to write to us after this session. We look forward to hearing from any or all of you in that way.

You have in front of you a list of the declared interests of members of the Committee, which may be of interest. The proceedings are being covered on the parliamentary website. At the end, you will get a copy of the transcript and have an opportunity to make any corrections. Hopefully it will all be plain sailing from here. I would be really grateful, to kick off, if each of you could give us your overall view of the state of public transport in rural areas, and your reflections on how it might impact or does impact on the rural economy.

John Birtwistle: Good morning, everybody. I believe that public transport, particularly bus services, in rural areas are in decline generally. Commercial services are suffering due to the adverse effects, even in rural areas, of congestion and parking problems in market towns. This makes the services more expensive to operate and less attractive to passengers, which means that quite often they fade away.

The safety nets provided by local authorities through tendered services are becoming fewer and fewer as local authority discretionary expenditure
reduces. The duty on local authorities to identify socially necessary services under the 1985 Act is not followed up by a duty to implement any action to put those socially necessary services in place. Discretionary spend, therefore, such as on bus services, tends to be diverted to statutory, mandatory duties.

Local economies are very reliant on public transport for access to things such as health and education. The local economy is very dependent on public transport, not just for getting workers into rural market towns, getting people to shops, services and facilities, but for getting people from those rural communities into surrounding towns and cities for things such as further education and more specialist goods and services. The whole rural economy is largely dependent on public transport, even though car ownership is higher in many cases than in urban areas. A lot of people treat the bus as a lifeline. A lot of people rely on the bus in cases where, for instance, they have a car but the car has to go in for servicing, or they lose their driving licence due to age or ill health.

We are in a situation where rural economies are definitely suffering as a result of cuts to bus services. This is creating quite a significant risk, in many cases, to those rural economies.

**The Chairman:** I am very grateful. Before I bring in the others, could I just check something with you, John, in particular? Evidence we have received suggests that the gross public transport support, which provides local authorities with funding they can use to support various bus services that are not profitable, has been reduced by 49%, but at the same time—and you hinted at this—some of that money is not being spent on providing support for bus services. Do you have evidence that that is the case?

**John Birtwistle:** Quite a number of local authorities now spend absolutely nothing supporting local bus services, Northamptonshire being one. Cumbria is another, from recollection. The problem seems to be increasing as the total sum of money available to these authorities is cut, because this is not ring-fenced in any shape or form.

**The Chairman:** Your argument is that although the money has been cut, even that smaller amount is being used for other purposes, such as supporting social services and the statutory requirements.

**John Birtwistle:** In some cases, yes.

**Ben Colson:** I will not repeat any of that. I agree with everything that John has said. I will just add two or three further things, if I may. First, there has been report after report in recent years showing the link between rural bus services and rural economies, rural well-being, social exclusion or social inclusion, particularly since about 2015. They are coming out almost two a penny. They have all come to the same conclusion from different starting points, which is that what John said is right.

One of the most fascinating reports is from the Federation of Small Businesses. In 2016, its report *Going the Extra Mile* took that further and said that it is really important for businesses, even those in rural areas, to
have what you might call a social infrastructure of bus services around them. It is not necessarily to get people to work; it is just the fact that it makes the local economy more vibrant.

The car has brought enormous benefits to rural areas, no question of that. One of them, which I see in my own area in west Norfolk a lot, is that people have a much wider choice of towns to go and work in or shop in than they would have done hitherto. For a village with a population of 1,000 people—I am thinking of one in particular—the total market for bus services may well be no more than about 300 going to one particular place. In fact, you can see in rural areas quite large communities that have a lesser bus service because of that splitting down effect. That makes it much more difficult for the operators—I was an operator for many years—to aggregate demand and make something viable.

That means that you are more reliant on local authority funding. Local authority funding, as you were saying, sir, has been cut. We should also not forget that, about seven or eight years ago, reimbursement in rural areas for free pass holders was cut, and at that time it took somewhere between £100 million and £120 million—you see different figures—out of rural bus services, largely, it is said, into London bus services.

There have been a substantial number of cuts, not only by local authorities but by central government. Another one is BSOG, the bus services operators’ grant, which has been progressively cut since 2004. As fuel duty for motorists has been frozen, the fuel cost of operating buses has been put up as a matter of government policy.

Darren Shirley: I would echo what my colleagues on the panel have said about the decline in public transport, rural public transport especially. We publish some research every summer that looks into the state of the bus network and services across the country. It is called Buses in Crisis. Our latest results, published in July, showed that over 3,000 supported bus services have been reduced, altered or withdrawn since 2010. In the last year, 290 were taken out.

I would echo what you said about around local authorities having funding but not spending on it. We are seeing a trend towards reduction in support for bus services at local authority level, which comes from a reduction in funding from central government. Within that, we see some local authorities that have had funding to spend on buses and have chosen to spend it elsewhere to deliver critical local services. That is a choice they have had to make.

Two-thirds of local authorities have reduced their spending since 2017-18, in the last year. In real terms, that is £172 million of support for bus services in England that has been reduced in the last eight years. A significant amount of money was being spent to support services that are not commercially viable but are critical for the community. This has led to those services going, or being altered or reduced.

The Chairman: On the specific figures you had in that report, 3,088 bus services were reduced, altered or withdrawn, and 64% of local authorities reduced their spending. Of the 3,088 bus services that have been
affected, do we know the breakdown between those that have been withdrawn totally and those that have been reduced in frequency, mileage or route?

**Darren Shirley:** We have a rather large spreadsheet, which I can share with the Committee, which has the detail on it. It is all based on freedom of information requests.

**The Chairman:** We would be very grateful to receive that. Thank you.

**Q199 Lord Dannatt:** Can we talk about the Bus Services Act of last year? Are the powers given to local transport authorities in that Act useful for rural areas?

**John Birtwistle:** The Act, I believe, focused primarily on urban areas. A lot of the measures put forward in the Act were designed to allow a shift in control between local authorities and bus operators in those urban areas. When we come to look at the practical application of the powers in the Act for rural areas, there is very little that we believe is specifically applicable. The solutions, specifically franchising and enhanced partnership, are all going to cost an awful lot of money for a local authority to implement, and that money simply is not available, as we have already discussed. We believe that the answer for rural areas is, as was reiterated in at least the guidance to the Act, the voluntary partnership, where operators and local authorities can work together to improve service provision and to provide that lifeline for rural communities.

There is one other issue about the 2017 Act that it is important to bear in mind. A lot of obligations are being put on bus operators to provide audio-visual next-stop information and open data. Open data and AV information clearly have benefits, but they also have costs. We need to be very careful that, in the detail of the secondary legislation, undue burdens are not put upon operators, particularly smaller operators with fewer vehicles in rural areas that provide this lifeline, by adding to their costs and making them withdraw from the market because they can no longer provide the services.

**The Chairman:** I suspect it must be true in urban areas, but is there any evidence in rural areas that enhancing the quality of the offer, particularly with real-time information and the other things you are talking about, drives up ridership?

**John Birtwistle:** It is difficult to find any evidence that ridership has increased due to audio-visual information, whether in urban or rural areas. Nevertheless, as a commercial bus operator I can see the benefit in providing that information. It is a case of the balance between the two. If there is sufficient critical mass and latent demand to increase your ridership in the urban areas, clearly you would do it, as in fact many operators are even without legislation. In rural areas, that is much more of a challenge. I am not aware of any operators in rural areas that have voluntarily, in advance of legislative mandate, equipped their vehicles with this sort of kit, because the demand is not there.
Lord Dannatt: In a sense going on from that, are there some variations that you would like to see in that Act to benefit rural services?

John Birtwistle: It is not so much about benefiting rural services; it is about making sure that it is proportionate. Looking at the AV equipment, we estimated that for a modern double-decker bus, starting from scratch you would need to fit eight screens and a vast number of speakers to that vehicle. You cannot really justify such a retrofit to any vehicle, with the cost and time involved. We hope the Department for Transport will reduce that requirement, because it says to date, “You must be able to access audio-visual from any seat on the bus”. That is a very high hurdle. If we could temper it slightly, we would hope to be in a position where it was equally fit for purpose for rural as for urban.

Lord Dannatt: We coped for the last 100 years, so presumably we could cope for the next 50, could we not?

John Birtwistle: I would hope so.

Ben Colson: Lord Dannatt, if we go back to your original question about the Act, rather than the specifics of AV, and ask what could be done in rural areas by amending the Act, I agree with John entirely. Nothing in the Act is specifically arranged for, organised for or targeting rural areas at all. We have a concern as Bus Users UK that, over time, it will have a negative effect on rural areas because commercial operators will, quite understandably, repatriate funding they take from city operations into rural areas and bring it back into city areas to improve the offer, either to stave off franchising or to reduce their costs when they face competing for a franchise. We foresee a situation over a period of years where rural areas will be hit specifically by the passage of the 2017 Act.

How do we deal with that? There are two things, and we have already alluded to one of them. First, Section 63 of the Transport Act 1985, which requires local authorities only to assess the nature of social requirement and not then to implement anything, needs to be amended. We would go further than that and say that the regulatory model no longer works in rural areas either.

Let me explain what I mean. The 1985 Act is predicated on economic theory that says that competition will make sure that the market is provided. As a result of some of the things we discussed earlier—BSOG reductions, concessionary reimbursement reductions and additional costs because you are facing congestion—the amount of competition in rural areas is coming close to zero. Therefore, that does not act as a regulator of the delivery of service.

Section 63 of the Act does not require local authorities to do anything. The requirement on the traffic commissioner, the regulator or the industry per se is to regulate on the basis of safety, which is absolutely fine. It is broader than that, but let us say safety. They have also taken it upon themselves to make sure that they regulate to ensure fair competition, but if the market does not have competition because of other factors, that is irrelevant. When you get to the deeper rural areas, there is no
authority whatever looking after the interests of the consumer. We believe there is a need for amendment to the 2017 Act or something associated with it in order to make sure that that regulatory shortfall is recognised and rectified.

**The Chairman:** One of the things the Committee is looking at is the rural proofing of policies. As a policy has gone through, have the implications for rural communities been looked at? From what you are saying, Ben, the implication is that the Transport Act 2017 was not rural proofed.

**Ben Colson:** Absolutely, I am saying that.

**The Chairman:** Sorry, it is just so that I am clear. It helps if you say things rather than me, because that way we can use it.

**Ben Colson:** I am saying that. I am also saying that the passage of time means that the 1985 Act, in this respect anyway, is no longer fit for purpose.

**Baroness Young of Old Scone:** On the regulation point, where, in your view, should the responsibility to regulate for the interests of rural communities lie? It is clearly not just a bus company issue. It is primarily a local authority issue. Are you regulating the bus companies or are you regulating the local authorities? Do you have to regulate both and, if so, who would do it?

**Ben Colson:** There is no definite answer to that. We have a regulator and we have local authorities. Local authorities have powers, but they do not have responsibilities in this regard. That is where the problem lies. It has always been assumed that the marketplace would deliver, but increasingly that is not the case in deeper rural areas, so there needs to be something else.

**Baroness Young of Old Scone:** You do not want the regulator to be given those powers. You want the local authorities to be given the duties.

**Ben Colson:** I would like to see either, but it is essential that there is recognition at government level that this gap has opened up and that, in rural areas, there is no longer any proper mechanism to ensure that people are looked after.

**Q200 Lord Carter of Coles:** What is your sense of the effectiveness in rural areas of the total transport pilots, which was the old scheme that was introduced in 2015? What can we learn? Should it be rolled out?

**Darren Shirley:** We have a report coming out, I hope next week, which looked at the benefits and what was delivered under the total transport pilots. Our learnings from that were quite clear. Local knowledge is vital to make it work. Good partnership relationships are necessary. There is no one-size-fits-all solution. It is all about the circumstances of the local community and the need of that community.

You can realise efficiencies and savings, but it is incredibly challenging to do so when you do not have integrated provision looking across social care, education and wider services. You need to have some flexibility in the type of transport provision. It is not just about buses. It is about
taxis, PHVs, MPVs and minibuses. Those distinctions are going to become more blurred and there will be more demand-responsive travel to serve the needs of the community, rather than fixed routes or fixed timetables, in future.

The ambition of total transport was constrained by the duration of the project. It took a long while to get off the ground and there were challenges in bringing the health community into the pilots, into the projects. One of the elements that DfT put in its bidding guidance was the involvement of the CCG and provision of non-emergency patient transport. A lot of the authorities involved found that they did not have a contact within the CCG. They were speaking a different language. They did not know how to engage effectively with the CCG. They were on longer-term contracts that spread across multiple areas, which made it difficult for a local authority with a smaller area to engage with them.

It was incredibly challenging to realise in the timeframe that we had the benefits of total transport through those pilots, but it highlighted some of the opportunities there could be if local authorities worked much more collaboratively with other providers of services locally, such as school transport, non-emergency patient transport, commercial providers and supported services. There is an opportunity there, but more needs to be done to realise that.

Coming back to the points made earlier, to make that work you are going to need the data across many different types of services available so that users, passengers, can understand the network and the services that are on offer. That is not a paper timetable. It is not a timetable up on display at the bus stop any more. That is information available on a smartphone, via a website or wherever it might be that works for the user of the transport, rather than for the bus company or the local authority.

We need to look at where society has moved to when it comes to how information is provided about a service, and the bus sector needs to catch up with that, essentially. That is where we are lagging behind on information, which is why it was very important that the Government put open data into the Bus Services Act, so that sector was not, along with the railways, lagging behind in the information available to its passengers.

If you want to look at what you can do to solve some of the broader problems that we talked about in response to Lord Dannatt’s question, there is no clear framework or policy from government for rural transport, integrated transport or buses. We really need to see a much more coherent policy from central government. The Bus Services Act is not that. It is a collection of measures and a framework to enable certain sorts of partnership or working, mostly for the mayoral areas where they have the powers. Quite frankly, we need a bus investment strategy from government that can pull together all the different actors across government, all the guidance, all the policy, set out a direction, set out what powers, duties and responsibilities might be required within different parts of the system, but then tie funding to that.
Bring together the pots of money that exist across government from MHCLG, DfT and the NHS funding and put it in a single pot for local authorities to have access to rather than having to bid into multiple pots. Give them the ability to set a longer timeframe on that funding over five years, rather than every year seeing attrition in their budgets. There is more that central government should be doing immediately to solve the problem that we have with buses, particularly for rural transport, which is the most acutely affected by the problems we have now.

**Lord Carter of Coles:** To go back to the pilots, though, do we get the sense that they have not really worked?

**Darren Shirley:** They revealed some opportunities and some lessons that were not necessarily being accounted for. Looking at what was put in place, we found that Devon had achieved joint working with the CCG, but it took a lot of effort to do that. We found that Cambridgeshire took a more holistic approach, consulted residents and identified the needs across market day services, Dial-a-Ride and adult social care. They then introduced a service in April 2017 that met those needs combined, so it can be done. It was done in some instances, but the timeframe of the pilots was extremely limited. The funding was rather small: £7 million approximately. There are real limitations on what you can do in that sort of scenario.

**The Chairman:** So I can be clear, in your report, when it comes out next week, will you be advising who should take the lead role in rolling this idea forward? In the 37 examples you have had, who have been the driving force, and who should be the driving force? Is it the LEP? Is it the local authority? Is it the parish council? Who should take the lead?

**Darren Shirley:** It should be the local authority in a local area. The transport authority for that area should be the one responsible for helping to define the needs of the community and the services that need to be provided to meet those needs. There is a clear role for all those bodies. All those elements of the local area have a role to play, but the local authority as the transport authority should be taking the lead. It requires national government to set out a more effective framework.

**The Chairman:** Can we pick up this funding issue that you have moved us into?

**Q201 Lord Colgrain:** How effective is the current bus funding system for rural areas? Should bus funding, including concessionary fares, be reformed? Could your answers perhaps encompass comments that refer to both ends of the age spectrum?

**John Birtwistle:** Bus funding at the moment suffers from two problems. First, there are a lot of different pots and, secondly, there is a degree of uncertainty. There are two key areas that commercial bus operators rely on. One is concessionary reimbursement, which is not funding to the bus industry; it is reimbursement for a concession that is given to individual travellers, so should not be viewed in any shape or form as a subsidy. The second pot is BSOG, the Bus Service Operators’ Grant, which again is not a subsidy. It is a refund, in part, of the duty that bus operators pay on
fuel, but train operators and airlines do not pay that same duty. We are seeing, in the bus industry, a partial tax that is not borne by other parts of the public transport sector.

The risk is that every couple of years the BSOG is reviewed once again, quite often, we understand, at the behest of the Treasury, which is trying to save money. But it is the Department for Transport that needs to put this into practice. The Department for Transport consults with the industry, which is great, but that simple act of consultation raises uncertainty, which reduces investment, which reduces the willingness of operators in rural areas, quite often family firms that are passed down from generation to generation, to continue in this: “Do we know whether we are going to see this funding stream next year, in two years’ time or in five years’ time? No. Let us just cash it in. Let us sell out. Let us close the business”. We see businesses closing in rural areas as a result of funding uncertainty, no strategy or bus policy across the UK, as mentioned by Darren, and a series of disjointed pots of money that have risks associated with all of them.

To go back to concessionary travel for a moment, thinking particularly about the elderly end of the spectrum, on some bus services in rural areas of the UK, 80% or 90% of the passengers are concessionary card holders, and the operators are receiving a reimbursement of typically 30%, or 40% at most, of the fare that those passengers would have paid. We all know, and I will not be disingenuous, that there is a generation effect of free concessionary travel, but we have reached the point where operators cannot possibly run buses full of passengers who are almost all carrying a free travel pass for the amount that they are being reimbursed by, and that is why we are seeing services cut.

At the other end of the age spectrum, one of the key issues is getting young people to education, employment opportunities and apprenticeships. We are seeing schemes, such as Wheels to Work, that subsidise scooter purchase for young people to get them to these opportunities. By definition, that undermines the viability of local bus services in the area, because, yes, it gives them independence. Great, who can argue with that? But it means they are no longer using that bus service, which otherwise, with sufficient numbers of younger people travelling to these opportunities between rural areas and the larger market towns and cities nearby, could justify a local bus service. Again, the lack of a coherent and consistent bus policy is affecting both ends of that age spectrum.

**Ben Colson:** I agree with all of that. As we see more sophisticated buses required in urban areas, often through legislation, the old methodology of trickle-down, of those vehicles cascading to rural areas, means that they are increasingly unfit for working in rural areas. A low floor bus, for example, is a very simple one. It means that some routes have been withdrawn because the road surfaces are not adequate. It means that people have to climb on to a grass bank to get off the bus. It just is not fit for purpose.
The centralised thinking that says that a bus is a bus is a bus makes it increasingly difficult for more marginal services in rural areas. The same applies to bidding for government funds, because inevitably the bidding process, as opposed to the grant aid process, means that funding goes to urban areas. That means that rural areas become ever more marginal. There are factors there as well.

You asked us to look at both ends of the age spectrum. There is concern about older people travelling, and that is well documented and well known. It is absolutely right, as John said, that full buses get withdrawn because the reimbursement mechanism is just not fit for purpose based on an average of 34% of passengers being on free passes. As John said, it can be up to three times that amount.

Let us also look at the younger age group. If we put them off bus use now, in their late teens for example, they will be dedicated non-bus users as they go into full adult life. As a society, we really treat them rather badly in this respect. Increasingly, free transport for post-16 education has been taken away by local authorities because it is discretionary. That means that for many of them it is cheaper to get scooters or motorcycles, so there is a breakdown in encouraging younger people in rural areas to think of public transport.

As a knock-on from that, if the vehicles are not there carrying younger people to school, college or apprenticeships, they are not there in the middle of the day either to carry older people to the shops. You get rural isolation and social exclusion for both the young age group and the older age group.

**Darren Shirley:** I agree. It is clearly time to reform the whole funding mechanism for bus services. It is not working for any age group, for any part of the industry or for local authorities. Looking at the impact on younger people, I will give one example. It is not a rural example, but it indicates what can be done to encourage bus use among younger people and to ensure follow-through so they want to continue using bus services beyond 18 years old.

Merseytravel, working with its bus operator, introduced a flat-fare fee for young people between the ages of five and 18, so £2.20 all-day bus travel. Since its introduction, the number of young people making journeys has risen by 142%. One of the barriers for young people using bus services is affordability. When a service cannot cover its costs for concessionary travel for older people, and when its support is being reduced, it has to put up fares. When fares go up, you end up with that cycle of decline in patronage, increased fares and then a withdrawal of or constraint on the service.

Something needs to be done to tackle that decline, and that has to start with the funding regime. I will come back to the bus investment strategy. You could have local investment plans, with targeted funding given by the national Government to local authorities, to ensure they can provide what they need for their communities. It might be they have a large cohort of younger people seeking to get to education or employment. They could
target and design the service for their needs. They could design it for the older generation who want to have access to healthcare, social activities or leisure and shopping. That is something the local authority can do, because it understands its community, what the needs are and where people are travelling to. It just needs the funding to do that.

The Chairman: So I can be clear, you have all talked about the fact that the funding regime is not fit for purpose and certainly is detrimental to rural areas in particular. Have any of your organisations worked on an alternative funding model working within the same financial envelope?

Darren Shirley: Our bus investment strategy is about bringing together all the existing funding that is available in one place. It makes it easier to administer, for local authorities to see what is available, and that is available for the longer-term profile of funding as well. It is not about increasing the funding. It is about bringing together different sources so you have integrated transport.

The Chairman: You will send it with all the bells and whistles to us as quickly as possible.

Darren Shirley: Yes.

Ben Colson: Can I declare an interest? I am a trustee of a local community transport organisation as well, so I am wearing two hats here. Wearing that hat, in 2016, rather taken by the Federation of Small Businesses report, which I mentioned, we took a route, about 15 miles long, that the county council deemed to be below the level that was ever going to be worth investing its funding in. We went to parish councils and local businesses, and we got enough funding together to operate our service. It now operates about five or six times a day, instead of one day a week, on a demand-responsive basis. It is a semi-fixed route now and the passenger numbers are increasing quite substantially.

I do not want to make too big an issue of that, but it is an alternative model. It shows that it can work. I would challenge Darren slightly on one point he made. In my experience, wearing that hat, local authorities are not necessarily close enough to the action and the market to really truly understand; they have a helicopter view, top down from county hall level. Going to the parish councils and getting them to take ownership of it, which is what funding from them brings, means compromises from the operator’s point of view because you have to do what they want, but you get a much better model than the local transport authority model. But the principle is the same.

I was going to raise the bus investment strategy under the wrap-up conclusion question, by the way. Darren is absolutely right. There is only one sector of transport in this country that does not have a strategy set out by the Department for Transport, and that is bus, yet bus is the public transport means used by the most people.

Q202 The Earl of Caithness: I was very interested by your last point, Ben, because the point of the 1985 Act was to allow bottom up and people to decide their own bus services locally. I do not want to go back on to that.
I want to stay on concessionary fares, because we have had evidence from the Rural Services Network that says concessionary fare schemes are very restrictive, only being from 9.30 on a weekday morning. That prevents a lot of people in rural areas from getting in earlier because of the bus times. Does this have a detrimental effect on rural areas? The second question, which I would like you to either write to us on or answer, is what the cost would be of making 16 to 18-year-old travel free?

**Ben Colson:** Those are two very different questions. First, the 9.30 issue arose in London before it became a national pass and that is how it was set. There was no reference to rural areas whatsoever. The problem is that it holds back demand, which then suddenly hits the road at 9.30, rather than being more general. You have to have surplus capacity in that one hour, from 9.30 to 10.30. If it was allowed across the morning peak time as well, from 8.30 for example, after which most schoolchildren have gone to school, you would not have that build-up and then tail off again. You would have a much more even level of demand.

Going back to the example I gave you of alternative funding, as Bus Users UK we are in talks at the moment to see whether we can develop other operating methods, such as community interest companies, again to try to get a bottom-up feel to it, because we feel that in rural areas that is the most important thing.

To your last question about 16 to 18 year-olds being free, I am sure someone has modelled the cost. I do not know what it is at all. John might help on that one. But I would challenge whether that is the right thing to do. I was the first bus operator in the UK to introduce a no-pass, universal reduced price for the 16 to 19 age group, as it happens, and that saw passenger numbers grow. That was 13 or 14 years ago now.

I will throw it back to you in a way. Is free the right model when you are introducing young people into society, where you do pay for things? Is free the right model at that point? I will just throw that point back. An affordable fare is right, yes, but I am not sure about a free fare.

**John Birtwistle:** I can pick up on all three of those issues. I agree with Ben; free travel suggests that it has no value. That is a real risk for the younger person. We need to be getting it clear to them that, yes, there is a value in this. We may be able to offer discounts. Commercial discounts are now offered by a great many bus companies up and down the UK for anybody who is in full-time education. Within First, we have discounted travel schemes for people in secondary and tertiary education, which give them a commercial discount. That will not necessarily be a business model that every bus operator will employ, but there are also opportunities to work with local authorities and, where necessary, make sure there is appropriate reimbursement.

That brings me to the pre-9.30 question. You are absolutely correct, Lord Caithness, that there is a pre-9.30 restriction on concessionary travel under the English national concessionary travel scheme. Local authorities are at liberty to introduce their own local schemes, which they need to
fund, to provide free travel pre-9.30 for the elderly, passengers with disabilities or, indeed, any group of passengers. But there is a cost associated with that and a need to reimburse operators. In this time of an increasing cut on local authority expenditure and the need for mandatory spend to come first and discretionary spend to come later, these schemes are being cut. Quite a number of schemes that provided pre-9.30 travel have been cut within the last few years.

**The Chairman:** Ben made it very clear that pre-9.30 would be beneficial to the operators. Why, if a local authority says it wants pre-9.30 and has the power to do it, is it an additional cost to FirstGroup? Ben says it is not.

**John Birtwistle:** It is never free. It is reimbursed, so the local authority will reimburse the bus operator.

**The Chairman:** Why is there an additional cost to the bus operator, given what Ben said? If Ben is right and there is a real benefit to a bus company starting earlier, there is no cost and, therefore, you would not need reimbursement.

**John Birtwistle:** With due respect, I do not think that is what Ben was saying.

**Ben Colson:** The cost is to the local authority. If it is available from, say, 8.30 instead of 9.30, not only will it spread demand, which is beneficial for the operator; it will attract more people travelling at that free price and, therefore, reimbursement of more people. Therefore, the cost is not to the operator; the cost is to the local authority.

**John Birtwistle:** The issue is more acute in rural areas where quite often the only bus linking the local community to the nearest town is primarily provided for schoolchildren and, therefore, is going to be before 9.30 and, therefore, is not available for free travel to a pass holder unless there is an extension of the scheme.

Going back to the original point, I wanted to say one thing about funding. There is an opportunity for local authorities, assuming they have limited money available to spend on local bus services, to work with bus operators to spend what is called de minimis funding. This is money that can be spent by working in partnership and talking around the table with the bus operator about adjustments that can be made to existing services, to make them run a mile further into the countryside, to make them run at a slightly different time, perhaps to put on an additional journey in the morning or the evening, or to make a small diversion to the service. This can be funded without having to go through the competitive tendering regime that puts the whole service at threat of passing to another operator.

De minimis funding can account for up to 25% of a local authority’s bus expenditure, provided that it has a budget of more than £600,000 per annum for that. If it has a smaller amount of money to spend, it is a simple lump sum, which I think is currently £30,000 per annum, that can be spent in this way. That can be targeted to make specific changes to specific services. Everyone can sit around the table and say, “Yes, this is
of great benefit, but we cannot quite afford to do it as an operator. Please give us some help”.

Not every authority does this. Why? Quite often, we have found, the legal department at the local authority says, “We think this is too risky and might fall foul of state aid rules”. So why do so many other local authorities not have that problem?

The Chairman: John, it would be very helpful if you could agree to write a note on this and how we could make changes to bring it into effect.

Ben Colson: I was certainly going to make the same point a bit further on. State aid rules are disproportionate.

The Chairman: That would be helpful. We have covered a lot of issues in those early questions and we want to pick up some of them in a bit more detail. Since we have touched on a lot of the issues, we will do this fairly briefly. We will start with encouraging examples, such as your Merseyside flat-fare scheme.

Q203 Baroness Pitkeathley: My question is about encouraging demand. You have given us some very helpful examples already of how you can encourage demand from local communities. Are there any other examples you would like to give us of innovative ways in which the community and the local authority have worked together to encourage demand and, therefore, trigger better services?

Darren Shirley: Before we get to how you can encourage it, it is worth noting the factors involved in why people are not using the buses. Those services are not fit for purpose. There are changing employment patterns, with more flexible part-time working or working from home. When you remove peripheral services, such as the Sunday services or evening services, it becomes less viable for people to use it. If your last bus is at 5 pm and you finish work at 5.30 pm, why would you get the bus to work in the morning?

There is a piece here around encouraging people to use it by having a service that is fit for purpose and, at its most fundamental, a service that delivers for the needs of the community that needs to travel by bus. Otherwise, we are going to end up with increased car use and increased congestion, which then leads to longer journey times for buses, so you end up with this cycle again.

Baroness Pitkeathley: How can we encourage the community influence on the service that is provided?

Darren Shirley: This is where what was done on the total transport pilots by some authorities is useful for others to look at. Consulting the community to understand its problems and needs, so they can then design a service, a network, that works and delivers, will be quite key. This also addresses the concerns you raised earlier about how local or lower level we go in designing the service. Is it the local authority, the parish council? Do we involve the LEPs? There is something here about consulting and understanding. You can see that you have a community in a small village that has one bus, twice a day. That does not serve their
needs, which is why that community is dependent on a car. You have to start with understanding their needs before you can encourage them to use a service, because you have to have a service that works for them. That is the gap at the moment. It is about consulting and understanding.

Baroness Pitkeathley: You mentioned parish councils and doing it through those kinds of networks.

Darren Shirley: The local authority has to take responsibility for its area. As the transport authority, they are the ones who have a responsibility to ensure they have the necessary services in place, in my view. They should be working with others in the community: local businesses, the CCG, the schools, the parish councils, the LEP. All these parts of the community, of the economy in that area, should be involved and engaged to help define what the transport service and network to serve the area needs to be.

Q204 Baroness Young of Old Scone: I should declare an interest as I live in a community where you can get to places but you cannot actually get back. Given what you were describing about need, the particularity of people’s needs and the very different nature of needs if you are a schoolkid, an apprentice, an older person or whatever, is it almost axiomatic that traditional large buses trundling round at fixed times are just not going to meet that any more?

Darren Shirley: It is an old model in some respects, and it may not be delivering what is necessary for some parts of the community or some areas in the UK. It might be that more demand-responsive travel is appropriate for some areas. It might be that greater use of private hire vehicles and considering that part of the public transport offer is more appropriate. It is not necessarily going to be a big bus travelling on a set timetable on a set route any longer.

From the total transport pilots, we saw that demand-responsive travel can meet some of those needs. We just need to look at how we can make it more cost effective. At the moment, these are fledgling services that are reliant on a booking team, a phone line. Why are they operating in that way when we have the likes of Uber with a platform that could do the same offer for much cheaper, using new technology? There is a piece there about the role of technology in ensuring demand-responsive travel becomes affordable to offer and affordable to use.

Ben Colson: The organisation Transport Focus did some research on demand-responsive transport in 2015 or 2016. I apologise; I forget which year it was. It concluded that as soon as you convert a fixed-route conventional bus, not necessarily a big one, to a demand-responsive route, you lose, on average, about 8% of your customer base. There may be different reasons for that. It may be the cumbersome nature of the booking system. It may be a whole range of facts, but we just need to be mindful of that. Demand-responsive transport, DRT, is not the be all and end all in this rural game.

I differ from Darren a bit on this. In fact, research we have done suggests that the printed timetable, very widely available in the local community, is
absolutely essential in rural areas. Again, the parish council can help a lot there. It is partly because connectivity may be pretty poor. Where I live, I do not have a telephone signal. I have only just now got broadband connectivity. We cannot assume the things urban dwellers might take for granted actually apply in our sorts of areas. Therefore, while there is no doubt a place for greater use of technology to reduce the added cost, we must also be mindful of the fact it is not universally available.

**Darren Shirley:** I would not disagree with that.

**John Birtwistle:** I have a few quick points, picking up the last two questions. First, there is a need to lead by example, so the local authority and its community leaders have to demonstrate that they are committed to having this bus service by making use of it, by showing people that they make use of it, by supporting and working with the public transport providers variously, whether they are community transport bus operators or the council’s own fleets.

The health authorities need to be brought into this, under Total Transport, by being made to realise how much things such as missed appointments cost them in a year. If they realised the bottom line on that, they could spend that money on working with the other transport providers and save money overall. In fact, there is also a vast amount of money, even in rural areas, tied up with providing car parking at health facilities that is just totally wasted. If you could help provide a better public transport service to get people into those appointments, it is a win for everyone.

What other innovation is working? We touched upon open data earlier. It will come in as a government mandate in 2019, but actually it is there already. We have good services, such as Traveline, which provides a national public transport information service for bus. We have the DfT’s own coach service database. Operators such as ours, FirstGroup, provide an app that has every bus service in the UK on it—not just First Bus services, all bus services, including those in rural areas where we do not even provide services.

All these things will help to encourage usage, but there must be multiple channels. I agree absolutely with Ben: we cannot abandon the printed timetable. I fear for what is happening in some of our towns and cities where operators are taking commercial decisions: “No, we are going to deliver it all on the internet and the web”. There is a risk there of attrition of long-standing passengers who no longer have up-to-date information.

**Q205 Baroness Mallalieu:** I come back to something you have all said a certain amount about, which is how young people in rural areas get to the apprenticeships, the jobs or the further education. You have told us about a number of what sound like very good initiatives, such as Wheels to Work and Merseytravel. What more needs to be done? Your descriptions seem to indicate a patchwork of different things being tried in different areas. What scope is there at present for local authorities to know about the other schemes and how they are working, and to have access to the information that might be relevant to their areas?
John Birtwistle: That is a very good point, which cuts across an awful lot of what we have been saying today. There is no bus policy, as has already been mentioned. There is very little dissemination of best practice. As operators and groups representing passengers, I think we all across this bench try our best to disseminate that information, but there is only so much that we can do. We would like to see support from central government in getting these ideas out there into the local authority and communities—not just documents that say, “Here are some good ideas that have been tried around the country”, but more of a policy imperative. We must do things to tackle congestion, air quality problems, carbon production. The bus is part of the solution, not part of the problem; I do not think that anybody is now arguing with this, but the messages are simply not getting through to local authorities.

Take, for instance, secondary education. Why do we have colleges being built for sixth forms and beyond into tertiary education that have vast numbers of car park spaces? It does make no sense whatsoever. We should be encouraging the students to use public transport options, but there is no public transport option. Why is that? There used to be, and then everybody started driving. We perhaps need some form of pump priming in these areas to reinvigorate the younger end of the population into understanding this: “If we put this service on for you that will get you to your education, it is actually going to save you money. It is going to give you more flexibility in what you can do around it. You might be able to plan your social life around it as well, but you have to use it”.

This comes back to my point about leading by example. The local authority has to put its money where its mouth is, because you cannot just suddenly introduce a new commercial bus service linking to a school or college and say, “We’d like to encourage you all to use public transport when you have got used to driving there”. It is not going to work. We need to work in partnership with the authorities to try to make this work and provide the incentives.

Ben Colson: We would like to see some pilots, some trial areas, where not just that but that type of thing is experimented with. In the absence of a national policy from government, everyone is swimming around in the dark a bit. We feel there is a case for picking up a small number of radical pilots in order to see our way through this.

The Chairman: Thank you. That is very helpful.

Q206 Baroness Young of Old Scone: For FirstGroup, when you are planning bus routes to rural service areas, how do you do it? What do you do to take account of multimodal issues and the thing we have been talking about, which is the plethora of other services that might be around?

John Birtwistle: I have to say that there is very little opportunity for us to plan new services. I am probably speaking for the bus industry here in the UK. We and our predecessors have been running buses for over 100 years. Unfortunately, we are now seeing this ever increasing decline in rural areas. The opportunity to introduce a new service is going to be triggered by, for instance, the establishment of a—
Baroness Young of Old Scone: Presumably you review services.

John Birtwistle: Yes, we do. In doing the review, rather than introducing new, basically it is down to supply and demand. On the demand side, we need not only an end-to-end passenger flow to make a bus service run economically but a churn of passengers over the route, passengers getting on and off as the route progresses, so you increase your yield per mile operated. You need to make sure that there is adequate reimbursement of concessionary travel. If, for instance, we are only going to get a very low reimbursement rate, we cannot generate enough income to cover our operating costs.

Those costs are going to be dictated largely by the staff costs. I have heard people ask many times, “Why do you run a double-deck bus on that route? Why do you not put a minibus on and save a load of money?” Actually, you are not saving very much money at all because the key element, 40%, is going to be your staff cost. The staff cost is the same if you are running a 16-seat minibus as if you are running an 80-seat double decker. That 80-seat double decker might be required to carry the school or college flow at the beginning and end of each day. Therefore, if you had an extra minibus in your fleet, that would actually cost you more money, because you would be duplicating the number of vehicles.

Baroness Young of Old Scone: You focus on the commercial aspects of each route.

John Birtwistle: We must.

Baroness Young of Old Scone: Do you look at all at a needs assessment, if the local authority has indeed done one, and ponder on whether there are different ways of organising the services you have?

John Birtwistle: Yes. Our model is to work in partnership with the local authority to explore what it sees demand for, if we have not seen it, and to identify how it can be best met. In fact, there are examples where we will work to supply help and training for community transport operators, to enable them to operate services where we simply cannot see a commercial opportunity to do so. We are obliged not to run services that are simply loss making. It is unfair competition and of course it is not sustainable from a business perspective. We are more than happy to work with the other sectors to help them provide where we simply cannot.

Lord Curry of Kirkharle: I have a quick supplementary to that, John. Did I hear you correctly in saying there is no saving between a minibus and a double decker?

John Birtwistle: There is not none, but the principal cost is going to be in the driver. You are not decimating your cost by putting a minibus on rather than a double-deck vehicle. You will make savings at the margin—less fuel is used, components generally are less expensive—but even minibuses are becoming more and more sophisticated these days and cost an awful lot to maintain.

Q207 Baroness Rock: John, you touched on community transport. Ben, you mentioned it earlier. If I may, I would like to bring us on to that. Defra
told the Committee that the role of community transport should be taken into account when developing rural transport solutions, helping to connect communities that are not served by conventional bus services. Indeed, DfT has supported community transport operators with £25 million of funding through the community minibus fund. I wondered if you could give us a little more insight as to the role community transport schemes play in the provision and what more could or should be done to encourage community-led solutions.

**Ben Colson:** I will lead on this if I may, for obvious reasons. Community transport has been seen by the DfT, or by government, and by local authorities as the solution to the reduction of funding and the withdrawal of conventional bus services. That has now all been thrown on its head. There is an approach that was described by a committee in another place, as I think you call it, as creating complete instability in the community transport sector by using a sledgehammer to crack a nut. That was the wording in the report.

There is an unpublished legal opinion - unpublished because the Government refuse to publish it - on their interpretation of the 1985 Act as regards community transport, Sections 19 and 22 in particular. Actually, 30 years later, they are saying, “We got that wrong and we therefore need to change what the regulator is doing”. In the meantime, therefore, the regulators, the traffic commissioners, are enforcing that change, but the industry or the sector is waiting for government to come out with some guidance, some regulations, we believe, that will mitigate the worst effects of that. We have gone from a period of low regulatory involvement to exceptionally high for the type of vehicle and the type of service. That may or may not come down again a bit in the future.

Community transport is going through a period of massive upheaval and change, of uncertainty as to where on earth it is going to go, of facing massive driver redundancies as a result and the cost of that. John said the commercial sector is obliged not to run things at a loss, in effect. As a Trustee of a community transport charity, I am bound by Charity Commission rules to do a lot more than that. There is a limit\(^1\). The Government have put up the cost of operating through, in effect, over-the-top regulation for the type of operation that we are talking about, because we are going way beyond just looking at safety. It is a given that safety must be at the absolute forefront of this. The consequence is that, as a Trustee, I must withdraw certain services from the public\(^2\).

Quite the extent to which the new regulations will be mitigating, no one knows. We are in a completely uncertain period at the moment. They said

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\(^1\) The Witness subsequently clarified this statement as follows; “We cannot, in effect, act in a way that is reckless with the charity’s funds”.

\(^2\) The Witness subsequently clarified this statement as follows; “The consequence is that, as a Trustee, to deal with these increased regulatory costs and staying within the Charity Commission requirements, the only thing that can be done is to withdraw public services.”
they would publish them by this autumn. They must be imminent, I would think, in that sense. For a year now, we have had enforced against us much higher regulatory requirements. The consequence of this is that community transport is standing back. It is not innovating. It dares not innovate because of the Charity Commission obligations that we, as trustees, are under. It is therefore increasingly not able to be definitely part of the future mix of transport providers, whether it be private hire, conventional buses or us sitting in the middle of that.

At the moment, the prospect of community transport meeting some of the requirements of which we have all been speaking is doubtful at the very least. By tomorrow, once we eventually get the information from DfT on what exactly is going to happen with regard to new regulations, we might be in a heavenly period where everything is going to be fine. I doubt it.

At the moment, we are having exceptionally heavy requirements enforced against us. I will give you an example. For the community transport organisation I am involved with, because I am now treated the same as a conventional bus operator for little 16-seat vehicles compared to 80-seat vehicles I have to put the same amount of money to one side beyond use, in effect. For me, for my organisation, that is £135,000. We cannot dip into that. We have had in effect to take it out of operating revenue, so we have had to cut services to do that. That is simply because of the higher level of regulation being enforced. It is nothing to do with safety. It is just a requirement to put money to one side. They are called the Financial Standing Regulations.

**Lord Curry of Kirkharle:** It is an extension to the last question on the voluntary and charitable sectors and the role they can play. Has their involvement been helpful in filling gaps or providing complementary services? What is your view on that?

**Ben Colson:** I think that hitherto we have done both. As I was just saying to Baroness Rock, there is a question mark about the extent to which we can progress with that.

**John Birtwistle:** Besides the point Ben has made, there are two other issues here we need to be mindful of. First, voluntary schemes are great, provided the local community is behind them, provided there is commitment from those local communities to support them. One of the common problems is that there is no longevity of driver supply or of the other people sitting behind the scheme, running it on a volunteer basis. You can lose one key individual and that can be the end of the scheme, because no one is prepared to come and step into their shoes.

Associated with that is the longevity of funding. Somebody—it might have been Ben—mentioned the investment the Government have made in providing capital for minibus vehicles, for community transport and the like to operate. That is great, but what happens when that minibus comes to the end of its life? It needs replacing. Is there going to be capital to replace it?

As a more extreme example, we have seen various challenge funds over the years. The rural transport challenge was a great idea. What was it,
two years’ worth of funding to pump prime services? At the end of that two years, the service that has been developed, trying to pick up three passengers a day from the local community into the market town, surprisingly enough cannot be operated, because it never reached the critical volume that would allow it to be commercialised, or even supported by the local authority with the limited money available. We need to have some form of longevity that will guarantee the provision of services where it is simply not economic to run any form of local bus.

**Ben Colson:** One of the real inequities in all this is that, if a conventional bus comes along to a bus stop, a person with a free bus pass can use it, within the right time zones. If it is a community transport bus that comes along, they are not allowed to. The legislation does not include community transport. That is a major, glaring omission, as increasingly it is government policy that community transport takes over from conventional buses in some of the thinner areas.

**John Birtwistle:** Please can we have more funding for concessionary fares, though, if we are going to add to the eligibility?

**Ben Colson:** You are totally right.

**Darren Shirley:** It is worth noting that it is a last resort option for some of the users. They consider it a last resort when there is nothing else for them and for a provision where there is nothing commercial; there is no viable service being offered.

It is worth reflecting on some of the experience we have seen. We have done research into a town called Ramsey in Cambridgeshire; 10,000 people live there. We have been looking at their transport needs and what the community is providing. They have a rather large transport operator that provides demand-responsive travel. They have smaller one that operates a timetabled service two days a week. These smaller charitable operators are stepping in and filling a void that exists because there has not been any coherently planned network that serves the needs of the community. Quite frankly, it should not necessarily be left to the charitable sector to define and devise a service to fill a gap where the local authority should be ensuring there is provision, and where commercial operators should be providing something or should be supported to provide something.

**Lord Curry of Kirkharle:** I assume the voluntary and charitable sectors are covered by the same regulation that is causing the difficulty. As a personal anecdote, I have a friend who drove an ambulance car and he has just decided not to do it any more because of the regulation.

**Darren Shirley:** It is worth noting that another form of charity sector role is in the rail sector—the role that rail community partnerships play in providing local services at stations. You have the development and regeneration of stations so that they can serve local needs, putting coffee shops, libraries and other services there, which is done by local communities, local groups, working together. It is not just the provision of a bus-style service or a community transport service. They are also taking
on, running and reopening rail stations so that they can serve the needs of the community.

Q208 **The Chairman:** We must bring the session to an end. This is your opportunity to tell us what you think we should put in our report. I think we have already got the gist of what that might be, but here is your opportunity to say it.

**John Birtwistle:** The key thing to start with is stability and no surprises. We need to be an environment where operators—large, small, voluntary, commercial, whatever—can plan for and invest in the future, against a background where they know that investment is not suddenly going to be overturned two or three years down the line. We need some sort of coherent policy. We need central government to take the lead here and to provide guidance to local authorities, which it is probably fair to say are, in many cases, simply floundering about what to do about the future of public transport in their areas. They see no monetary solution. They see no policy solution. They need a bit of help and guidance here.

We need a change to the way funding is allocated, particularly to make sure that, where funding is given for local buses, it is ring-fenced for that purpose and not allowed to be used by the authority for something else that suddenly, this week, becomes top priority, but also to change the duty on local authorities to make sure they not only identify the socially necessary services, but do something about it, get out there and fund them.

There are a few ideas that could be added to this that might involve new money or better use of existing money. Many years ago, we had a new bus grant to encourage bus operators to have one-person operated buses that were modern and cheaper to operate. Maybe what we need now is some form of new bus grant for buses that are used, say, for 50% or more of their mileage in government-defined rural areas. That would enable operators to invest in vehicles. Again, it cannot be a one-off. It has to be sustainable, unlike the community minibus scheme. What happens at the end of that vehicle’s life?

We have an inequity at the moment whereby an employer can provide a season ticket for commuting by rail that is not a taxable benefit to the employee. If it is done for a bus ticket, the employee is taxed for it. This seems to be an absolute inequity and something that could be easily addressed.

Why do we not just abolish fuel duty on buses, or if necessary just on rural buses? I want to see it on all buses.

Finally, we have talked a lot about total transport. We have to do something to bring health authorities in as well as local authorities. One word that always appeals to both sides of those authorities—or two words, I should say—is “tax relief”, so maybe if there was some form of tax relief for innovative total transport that was perhaps conditional on it being not just the local authority but the local health authority. If both are going to work together, maybe they qualify for some form of tax relief.
The Chairman: That was very comprehensive.

Ben Colson: And it stole a lot of what I was going to say. A bus investment strategy is absolutely No. 1. We need reform of Section 63 of the 1985 Transport Act, which we have covered earlier obviously. We need reform of the regulatory regime to recognise that there is not a case for one size fits all. I will put it that way round: we need planning that puts people first, rather than structural and organisational arrangements, so planning from the bottom up.

Darren Shirley: It is time for a complete rethink of provision of rural transport. That has to start with central government providing and defining a strategy for buses. We need a bus investment strategy. We need to look at all the funding routes that exist at the moment and bring them into a single pot. We need to give certainty to local authorities and operators on what that support will be, over a longer time period, rather than every year having attrition because Treasury does not like revenue support. We need to see five-year clarity on funding for a period.

We also need to see much more coherence at the local level, with network-wide thinking rather than route thinking on the services. We need a co-ordinated and defined network that covers a local area, rather than thinking about each individual route in isolation.

The Chairman: Thank you very much indeed. That has been a very useful and informative session. On behalf of the entire Committee, we are very grateful indeed. As I said earlier, if there is anything you feel we have not covered and should have done, please write to us. You already have various bits of homework, so we look forward to receiving that and marking it in due course. Again, on behalf of the entire Committee, thank you very much indeed.
Lord Cameron of Dillington – Oral evidence (QQ 11-21)

Evidence Session No. 2  
Heard in Public  
Questions 11 - 21

Wednesday 3 July 2018

Watch the meeting

Members present: Lord Foster of Bath (Chairman); The Earl of Caithness, Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Humphreys; Baroness Mallalieu; Baroness O’Cathain; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witness

Lord Cameron of Dillington.

Q11  The Chairman: Welcome to the session. I would point out that you have in front of you a list of the interests of various members of the Committee. I am sure you are aware that the meeting is being broadcast live on the parliamentary website and that there will be a transcript of our proceedings, which you will have an opportunity to make corrections to before it is finally published. Much more importantly, thank you very much indeed for coming.

We are fascinated to learn from you how we can ensure that we pick up things that, following the work of your Committee, will be most helpful for us to follow. We would like any advice you can give us on how we ensure anything we end up recommending will be taken on board by the Government. You will be delighted to know that just before you arrived in the room you were being praised by the civil servants from the department who said that your efforts to promote the importance of rural proofing have been "hugely helpful". I am sure you are delighted to know that. You will also know that your recommendations on what to do about it have not been accepted. How might we ensure that we have greater success?

Lord Cameron of Dillington: Your inquiry is very different from ours because we were looking at a particular Act. I would say that the rural economy is very much the same as the urban economy in terms of the businesses that go on—except it has slightly different problems—and services and manufacturing are key to the rural economy rather than land-based industries. The differences include a lack of IT, where you are into a different department, and planning, which is always a big bugbear among rural businessmen. We also have to protect the countryside because that is very close to people’s hearts. At the same time, I think
every village and every community should have some sort of workspace within it. Even in national parks every village should have some form of workspace.

On a similar theme is the importance of market towns which make the rural economy slightly different. They are hubs which you do not get in a city economy so much and they are very important. The big problem is the lack of research and I think you will come up against that again and again. For instance, access to training is an issue that I remember we looked at in the Countryside Agency and our statistics are pretty old—they date from 15 years ago—but in terms of the differences, there was a high degree of self-employment in the rural economy. This was in 2002 or 2003, but I do not suppose it has changed all that much, to be honest. Some 5% of the urban workforce were self-employed and in rural areas the figure was 9%, but in areas such as the county of Cornwall, which is where I now live, 28% of the workforce were self-employed. Therefore, training for those sorts of people is very important.

Another statistic which I thought was quite interesting, which again is very old—15 years probably, but, again I do not suppose it has changed much—is that of all new businesses started in the countryside, 66% of them are started by incomers. In other words, people come in to the countryside and start a business. They may even have retired or semi-retired or sometimes they move a business from the town to the countryside. Some 44% of them have never run a business before in their lives and so training, I think, is a hugely important aspect of the rural economy.

In terms of getting bite with the Government, as it were—I know you are talking about the rural economy and therefore you think Defra is the most important department—it would be far better if you could get BEIS interested in the rural economy. Are its policies reaching? Has it done the research on what makes up the rural economy? Has it thought through its institutions as to how they reach down? Has its industrial strategy taken into account rural industries, et cetera? I notice that on its website it has city deals. Why does it not have rural deals? You have probably noticed that already.

The Chairman: No, I am making a long list of recommendations, although it was in my thinking and probably other members of the Committee.

Lord Cameron of Dillington: I remember going to the DTI and saying, “Why haven’t you rural proofed your manufacturing report?” which they had just done—this was in the late 1990s—and they said, “What’s manufacturing got to do with the countryside?” I was able to point out that there are more manufacturing businesses in the countryside than there are in the towns. So we should work on BEIS. The Department for Transport is another one, because getting people to work is important and goods in/goods out is also important. DCMS and the issue of broadband is clearly vital. Also, the LEPs are important—some are better than others, and it would be interesting to see what they say.

Q12 Baroness Young of Old Scone: When it comes to the situation that you
were looking at in both of your reports on Defra’s policy work, how do you feel it is doing at the moment in terms of its policy providing a co-ordinated and intelligent way forward for the countryside?

**Lord Cameron of Dillington:** I do not think very highly of it. I apologise to those of the Committee who were in the Chamber yesterday that I am going to be repeating some of the stuff I said. The trouble with Defra is that it never really got the fact that 92% to 93% of the rural workforce has nothing to do with the land or land management; it is all about services and manufacturing and tourism, and other things come into it, too. Defra inherited the Countryside Agency with a budget of £110 million. It wound that down and got rid of it. It then started the Commission for Rural Communities and it had a budget of £10 million. It soon wound that down and got rid of it. It started the Rural Communities Policy Unit in-house and got rid of that. I never really understood what Defra was doing.

To give Defra its due, it had problems because it had to have huge cuts as everybody had to in the age of austerity. The CAP was untouchable and that part of its budget—£3 billion—was untouchable. Also, at the time, there was this enormous hoo-hah over flood defence and land drainage and it ended up with people asking it to put more money in. I guess something had to go and what went was rural affairs, so Defra became Def. What always slightly worried me was that until quite recently it had Pillar 2 of European money and most other European countries put that money into village infrastructure and village life and village businesses and all sorts of other things, but Defra always put their Pillar 2 money into environmental schemes for land managers, until quite recently. The RDPE now has a rural manufacturing scheme, so perhaps it is learning its lessons.

**Baroness Young of Old Scone:** A point you made yesterday was about Defra not taking account of rural local authorities. What would you like to see happen there?

**Lord Cameron of Dillington:** Local authorities now receive business rates and are quite keen to boost their rural economies. The rural authorities are the people who solve the problems locally. They are in charge of planning, housing, delivering social services, the local public transport systems, so they are pretty important. Whoever is going to be working in the countryside ought to be liaising very closely with local authorities. I know, having had meetings with the LGA, that they are quite enthusiastic about what they could do if only they had the support of central government.

**Q13 Lord Curry of Kirkharle:** Obviously, I was part of your Committee so I was close to the issues. The officials who have just given evidence tried to reassure us that they are involved in research and are trying to understand the rural economy and are picking up where the Commission for Rural Communities left off. I remember sitting in the debate on the demise of the Commission for Rural Communities and being reassured by the Minister that Defra would definitely continue to fulfil the functions of that commission thereafter, even though it was on the bonfire. The
reassurance came from the Government, not just from Defra, that in fact the Government were engaged in doing this research. You have said you think they are not. Are you saying that is absolutely true and that very little research has been done and their understanding has diminished as a consequence?

**Lord Cameron of Dillington:** On the question of research, I do not know if you have read the Government—Defra’s—reply to our report. They talk about “the Government’s strong evidence base supporting policy formation”, and they say that Defra collects “a wide range of official statistics on the economic, demographic and social characteristics of rural areas to inform national level policy formulation across government departments”. To me, that is a lot of flannel. It is not quite the same as saying, “What are the problems and opportunities, for instance, of our rural youth, or our rural businesses, and what should the Government be doing about it?” Would they do, for instance, an independent detailed analysis now of rural access to affordable housing, which you were talking about a moment ago, or would that be treading on the toes of MHCLG? MHCLG responded to a Written Question by the Bishop of St Albans saying that it does not do any research for communities of less than 3,000. Presumably, it thinks Defra does, but it does not realise that Defra does not have much of a rural policy team any more. I think we have stirred it up a bit and it is beginning to show signs of change.

I happened to look at the old website of the Commission for Rural Communities. They did research into things such as rural micro-businesses: what makes some thrive in a challenging economic climate? Another one is how are rural interests being recognised within the LEPs? Another one is social isolation experienced by older people in rural areas. That is not your area but there was yet another one: barriers to education, employment and training for young people in rural areas. That sort of research is not being done. It may be too embarrassing or too uncomfortable for the Government if it was being done, and perhaps that is why the CRC, which was pretty inexpensive, eventually had to go.

Q14 **Baroness Rock:** I am coming straight on to that. You described the closure as a “disgraceful abandonment” in the debate yesterday. Could you expand a little more on your views and where you think the direction of travel is going to go from here?

**Lord Cameron of Dillington:** Do you mean the closure of the CRC?

**Baroness Rock:** We were talking about the Rural Communities Policy Unit.

**Lord Cameron of Dillington:** The timing was slightly unfortunate. It was literally the week that I was launching my rural proofing report, with which the RCPU was heavily involved, and was doing the work on it, and was involved in the training of other departments and so on. The week that I was launching this, with the support of Liz Truss MP and others, was when they chose to abolish the RCPU. I was pretty cynical about that. I think it was a great shame. They have not really picked up on it since then.
Q15 Baroness Pitkeathley: As a follow-up to that, Lord Cameron, you have mentioned the regrettable loss of research capacity with the closure of the CRC. The CRC, as many of us will remember, had other roles as well—advocate, expert, independent watchdog and so on. Which of those do you think are most missed?

Lord Cameron of Dillington: Clearly, the research was the most important aspect. The trouble was that it did not really have the resources to promote the research, either among government or even publicly, although their reports were avidly read by those who were interested in the countryside. When the Rural Advocate Mr Burgess went round talking to Ministers and Secretaries of State to try to enthuse them about the issues of the countryside, that was probably the most important thing. However, the trouble with that is there are perhaps one or two officials present, but it does not really get down into the departments. Research was undoubtedly the most important aspect.

Baroness Pitkeathley: Thank you.

Q16 Baroness Mallalieu: The Government have not been receptive. One of the most striking recommendations you made was for the transfer of rural affairs from Defra to MHCLG. Could you help us a little more about the way in which the thinking of your Committee developed to produce that recommendation? If I can tie in with that, why would, in your view, oversight by it be more likely to avoid the problems that Defra has apparently fallen into?

Lord Cameron of Dillington: This was obviously the most controversial bit of our report. It was controversial outside and within the committee, as the Earl of Caithness will be able to recount. I was slightly dubious about it because I did not think it was within the art of the possible, but, at the same time, most of the members were very enthusiastic that we should make the point. The argument went thus: on the Defra side it had not been paying much attention to this and had seemingly got rid of its rural affairs unit. It is completely inundated with work at the moment. It has to put in place a whole new land management and agricultural policy, which will be incredibly hard work. It has to put in place a new fisheries policy and bed down a 25-year Environment Plan, which is very close to the Secretary of State’s heart. Of the 325 Brexit work streams, Defra is in charge of 64. That is quite a high number. As I said yesterday, there are going to be statutory instruments flying like snowflakes out of Defra, and there is a lot of work involved with that.

Just last week in Sub-Committee D [EU Energy and Environment Sub-Committee], we were talking about REACH, which is the European registration and licensing of chemicals body. If we do not get some form of associated membership with REACH, DExEU had intimated and said that it would have to buy a £5.8 million empty computer to register the 21,000 chemicals that are registered at REACH. The workload is huge and we thought the idea of it reinstating a new rural affairs unit and getting it up to speed was going to be pretty hard to do.

You get the other side as to why it should be MHCLG. For a start, that used to be the Department of Environment and it always did it, and did it
very well. I have already spoken about the fact that when Defra inherited the Countryside Agency it had a budget of £110 million, which, as I said, it cut down dramatically almost immediately. If you think about it, one of the big problems of the countryside is housing. The problems and the solutions lie within the communities, villages and market towns. Local government is responsible for delivering the policies on housing, as I have already mentioned, transport and social services, for both young and old; therefore, MHCLG seemed to us to be a bit of a shoo-in.

**The Chairman:** From the way you have described it, it appears the reason for moving rural policy somewhere else is largely because Defra does not have the resources to do it. If Defra had the resources to do it, is Defra the right place for it?

**Lord Cameron of Dillington:** Certainly when there was a suggestion that MAFF was going to be abolished and converted into Defra, I was quite enthusiastic about the idea of a department of rural affairs. It became affectionately known as DoRA. I felt that that synergy and pulling it all together was going to be the right way to approach it, but, unfortunately, I do not think MAFF ever really stopped being MAFF, and that was the big problem. I realised that it was a bit of a try-on, but we felt that if you were trying to get the message across, to suggest that the services came across to another department was quite a good way of making them wake up.

**The Chairman:** Could we move from rural policy to rural proofing? Lord Colgrain.

Q17 **Lord Colgrain:** Has anything changed in terms of rural proofing since you conducted your independent review into rural proofing in 2015? In your opinion, has the situation improved or worsened?

**Lord Cameron of Dillington:** I think it has worsened. I have already spoken about the bad timing of the abolition of the RCPU. Even before that, they were going out and training departments—the Ministry of Justice, the Department of Health and so on. The training is really important but so is getting an understanding of the way the other departments work. You need a permanent team because you have to see it from both sides: the departments’ side as well as the rural side. The basic problem is that London-based civil servants do not really understand the countryside. They do not get the problems of the rural young or the fact that there are enormous numbers of people who are deprived and very poor. They do not get the lack of useful public transport.

Yesterday, when I was talking in the House, I told the story I heard this weekend from someone I met, who was describing to me that they had been living in Hampshire, they did not have a car and they had gone to the jobcentre and been given a job in Salisbury. They asked, “How do I get to Salisbury?” The lady, who had just come down from London, said, “Get a bus”. “Yes, but which bus do I get?” “Well, the bus to Salisbury of course”. “No, no, do I get the bus that leaves on Tuesday afternoon or the one that leaves on Thursday afternoon”. It is a question of getting the understanding in there. Of course, why should these people understand and how could they, unless someone talks them through it? I believe that
since my report the situation has got worse. Nobody is embedding it in there.

**The Chairman:** Can we pick up on the issue of solutions? The Earl of Caithness.

Q18 **The Earl of Caithness:** On our NERC Committee we came up with the solution of moving rural proofing to the Cabinet Office. Do you think the door is slammed shut for ever? You have been hit twice in the face on this suggestion. Should this committee go for a third slam in the face or are there other ways? What would be the benefit of it moving to the Cabinet Office?

**Lord Cameron of Dillington:** I had quite a good meeting with David Lidington MP last week and he was quite sympathetic, but whether anything will happen I do not know. The benefit of the Cabinet Office is because it is quite difficult for a single department such as Defra, which in the past, although it is becoming more respected as a department, did not have a lot of clout within the corridors of power in Whitehall. All the same arguments about Defra not being committed and not having the resources are important, but I cannot overemphasise the importance of training in all this and of having a trained team. I know the Treasury Green Book says that you have to rural proof all your policies, all the departments should do that and it is very important, but to the uninitiated, to those who do not know, it becomes a tick-box exercise. It does not mean very much to them.

I believe that responsibility should lie with the Cabinet Office, with a small team, probably including a statistician, which gets to understand not only the rural issues but the way other departments work. You go to the Department of Health and you talk about minimum income practice guarantees and all the complicated details. It is not there to question the policy. If the Ministry of Justice is closing down courts, it is not necessarily questioning those policies, but saying, “Have you really thought about how people are going to get to the court nowadays? There are no buses. How are they going to do it?”

This is probably pie in the sky, but if it is coming from the Cabinet Office perhaps you could involve some form of co-ordination between departments. If you take the issue of health and of courts interviewing witnesses and job centres interviewing job applicants, if it were co-ordinated there could be some sort of video link system in villages around the countryside. I feel there is room for co-ordination, but I agree that is probably total pie in the sky because that is not how departments work. If that sort of co-ordination was going to come, it would come from the Cabinet Office. That is why I thought the Cabinet Office was important.

**The Earl of Caithness:** Can I give you a bit of good news? We were told by the officials that the Cabinet Office chaired a workshop on rural proofing recently. Does that fill you with any joy?

**Lord Cameron of Dillington:** It is a step in the right direction.

**The Chairman:** Can we go further than the specific rural proofing? Lord Curry.
**Lord Curry of Kirkharle:** You touched on this in your most recent answer, but is there any other mechanism by which we could ensure government departments take rural proofing more seriously than the tick-box exercise you have just referred to?

**Lord Cameron of Dillington:** Yesterday the Minister almost put his finger on it when he said it is not all about doom and gloom. I think it is important to highlight the potential, particularly in the subject you are talking about, because there is huge potential within the rural economy. You could perhaps get BEIS interested in what could come out of this, as to whether they could move the rural economy one step higher. I know some of the businesses are small and the owners are determined to remain small because they do not want the hassle, but could it get businesses to step up? That could be done. As I say, it is all about keeping on asking the questions and getting them interested in the potential. Training, training, training is the most important issue.

**Baroness O’Cathain:** It strikes me that there is a huge wealth of experience in rural areas and there are an awful lot of people living there, particularly children. We have not mentioned anything about education in rural areas at that sort of level. I feel that there is a great seam of activity which could be marshalled in the rural areas to increase the knowledge of younger people of what is possible. They are watching too much television, et cetera, but when they are given a project to do on digging wells in Uganda, for example, it is amazing the amount of activity that can take place. We should not be worrying only about the demographics at the top end because it is very important in the middle, so to speak, to give these kids hope to stay and work and develop the rural economy. What is happening in that area?

**Lord Cameron of Dillington:** Very little. Much more research needs to be done, for a start. Funnily enough, in the research—again from way back, 15 years back—rural youth had higher educational attainment than urban youth, but the trouble was that when they came to the end their horizons were very narrow.

I do not know if you know about the Wheels to Work scheme, but the problem is the likelihood of a kid who has just left school finding a job in his village in Exmoor, or wherever it might be, is really remote, so he needs a set of wheels to get to a job. If does not have a job, he cannot get a set of wheels. It is a Catch-22 situation. There is a very good scheme called Wheels to Work whereby you train them and lend them a moped. Local authorities, the Countryside Agency and various others supported a whole series of schemes, but I could not get the Department for Work and Pensions to take an interest in it. The scheme per person cost less than they would be paying that person in jobseeker’s allowance per week. It was extraordinary. One or two Wheels to Work schemes are still going on but they are living on coffee mornings and charity donations. It is very difficult, but they are really important. I agree that if you can tap into that wonderful enthusiasm that you can get if you can just click the switch in that young person’s brain, they become a really important player in society for the rest of their lives.

**Baroness O’Cathain:** Can I also mention the read-across from

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apprenticeship schemes? For example, when we were doing the HS2 inquiry we realised that there were academies along the route developing skills in construction, and goodness knows what else, and that has been so successful. Is there any way we can get read-across from areas that are really successful? I go back now many years to when food from our own resources became popular. I cannot remember the name of the scheme but there was a big march on for food substitution from our own areas rather than importing it. It just needs good research on where the right people are and what can be done to really get them motivated, because, I tell you, there is so much enthusiasm in these areas.

**Lord Cameron of Dillington:** I agree. I think you have answered your own question. I am totally supportive. There are some good examples of how it can be done. The Wheels to Work scheme allows people to get to proper training institutions, which again they would not otherwise be able to get to. In Exmoor they go all the way to Taunton and places such as that.

**The Chairman:** Do you have in your mind a list of five brilliantly good ideas—Wheels to Work, workspaces in every town and so on—that we as a Committee should be hearing from you, and, if so, what is your list? Do our homework for us, please, Lord Cameron.

**Lord Cameron of Dillington:** I come back to the question of training. I think that is a really important issue for rural areas. Again, it is a problem for small businesses; very often you have half a day’s training, but it takes a day and a half to do that because they have to drive, probably spend the night, they cannot get back and it takes a long time. If you are running a business, can you afford that time off? I think training is a really important issue.

**The Chairman:** Could you explore that in a bit more detail? I have been giving some thought to this, and I acknowledge that if a business starts up, perhaps by one of the 66% of incomers, 44% of whom have never run a business before—you see, I listen to what you say—and it needs people with particular skills, they will look around the local community and they are probably not there. You cannot pre-train people for particular skills, so how does your skills training find a way of matching the requirement and providing the training after the business has already started? I cannot get the timing right yet with your proposals.

**Lord Cameron of Dillington:** Undoubtedly, another of the problems for rural businesses is the question of housing for skilled workers. Sometimes you cannot find the skilled workers locally and you have to bring them in.

**The Chairman:** Lord Carter will come to that in a second.

**Lord Cameron of Dillington:** I am not certain that I can answer your question. You either bring them in or you have to train the existing staff in the skills whereby they start at the bottom and build up. Everybody needs training and all too often, unfortunately, in rural areas, the whole training mentality is such that they all train in the cricket nets for their village cricket team or on the football pitch, but they do not understand that business is a sort of competitive game which in order to do well in you have to have the right sort of training. All too often the small
businesses do not understand that. Getting the message across about the importance of training is good. On that, I remember—I do not know if you do—Business Link, which was a government-sponsored training service. I remember talking to some of the Business Link managers in a group and they said, "We daren't go into the countryside—if we touched the surface there the demand would be so great we couldn’t cope with it, because coping with the training in business areas is so difficult. We can give a training course within a town and lots of them come to us but we have to go to all the businesses in the countryside and it becomes much more difficult and time consuming".

The Chairman: I have Baroness Young, Baroness Pitkeathley, Lord Curry and Baroness Mallalieu all keen to come in and ask you questions but before any of them can get in, I am going to go to Lord Carter. Before I bring him in, you will work on that list of five and write to us; is that a deal?

Lord Cameron of Dillington: I will do my best.

The Chairman: Thank you very much. Lord Carter.

Q19 Lord Carter of Coles: You touched on the importance of housing earlier and your NERC Committee discussed briefly rural affordable housing and the rural exception sites in particular. What would you direct us to focus on? In a sense, it seems that it is like the dog watching television: everybody can see it but they do not get it. How do we find some way of getting to people to get it, as it were?

Lord Cameron of Dillington: I do not know. It is quite difficult. Funnily enough, in terms of the problems of rural housing, certainly the right to buy of housing associations made a lot of landowners, who were quite keen to give land to local housing associations, or sell it very cheaply, think twice, and that has caused problems. A bigger problem was this diktat by central government that local authorities are not allowed to insist on any affordable housing on sites of fewer than 10 houses. Over 60% of affordable housing in rural areas came from small sites of fewer than 10. That will go and it is a very serious problem. The trouble is that housing in rural areas costs more. Some 80% of the population, at least in southern England, want to move to the countryside. They do not necessarily like it when they get there but that is what they want to do.

Lord Carter of Coles: Do you think there is any chance of them changing that decision regarding affordable housing properties in sites of fewer than 10 properties or is it set in stone?

Lord Cameron of Dillington: The Bishop of St Albans’s Written Question was in response to that. He asked what had been the reaction over affordable housing in rural areas? The answer came back, “We do not do any research on communities of under 3,000”. I do not know the answer to that question.

The Chairman: We will certainly be following that up. Baroness Young.

Baroness Young of Old Scone: Once or twice you have talked comparatively warmly about LEPs. On what basis are you feeling comparatively warm? Do you think they are doing some of the stuff that
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would help foster rural businesses or are they not?

**Lord Cameron of Dillington:** I suspect that most of them do not see the very small businesses as being of huge importance to the economic performance within their areas. Some of them understand. I know that the Wiltshire one, because I happen to know its Chairman, is extremely good and really gets the idea of the potential of the rural economy and how much it can work for them, but quite a few of them do not necessarily think like that.

**The Chairman:** Should we be in touch with the Wiltshire LEP particularly?

**Lord Cameron of Dillington:** It is Wiltshire and Swindon. I cannot quite remember the name of it, but I can give the details to your clerk, if I have not already.

**The Chairman:** We will chase it. Lord Curry.

**Q20 Lord Curry of Kirkharle:** You have touched a number of times on training and this question is in that context. Through the research that the Prince’s Countryside Fund has done and through skills work that I have been involved in, I am not sure that we are clear what the skills training needs are in rural areas because no research has been done into what our futures skills needs are going to be in this digital age. I put it to you that we may not know what we need to be asking for in terms of skills because I am not sure we have that information.

**Lord Cameron of Dillington:** I agree. Undoubtedly, one of my five things will be more research in all the areas of how rural businesses can move up to the next level.

**Baroness O’Cathain:** How can you convince people that that is what we need? It is so apparent to those of us at the cliff edge. What government department needs to tell people? It seems to be an attitude of, “Research, that’s all right; let the universities do it”. It is not all right.

**Lord Cameron of Dillington:** You have to commission the research in the first place. The universities will not do it unless somebody commissions them and it has to be very specific as to what the research aims are. Universities such as Newcastle and Exeter are pretty good in this area. It is a question of getting BEIS to commission it.

**The Chairman:** The department has made it clear that it is publishing in the autumn its research priorities, and we were discussing with the civil servants the timescale and where they are getting to on this. Have you been consulted by the department as to what you think the research priorities should be?

**Lord Cameron of Dillington:** No.

**Baroness O’Cathain:** That is indicative, is it not?

**The Chairman:** Baroness Mallalieu.

**Baroness Mallalieu:** Tying in a number of things, you have talked about research, training, small enterprise encouragement, and, particularly, every village having a workspace. Some areas have been really successful in providing training for young people in the area. I am thinking
particularly of agricultural courses which I know are put on and funded to quite an extent by the Prince’s Countryside Fund. Local farmers or anybody can pay a relatively small fee to do them. That sort of training for industry, manufacturing, small enterprises, combined with the provision of sites for small businesses, is something that someone somewhere surely should be taking up. If agriculture can do it and can take the training to the young people in the area so could business provide the facilities, and perhaps some help, to provide training for people coming out of school and so on. Do you see any scope for that coming either from government or, as it does in some cases, from charities?

Lord Cameron of Dillington: There should be a role for the Federation of Small Businesses to do the lobbying like the NFU and CLA do in the agricultural field. The CLA as the Countryside Land and Business Association ought to be doing more of that and promoting more understanding. I have not really thought about how we get it. All training now is done on a commercial basis. I know on our farm we have permanent training and retraining of the staff in various fields, and I think it is important to keep doing that. People really appreciate the training if you can get them to do it, especially if you can do it within the workforce and it is a day off work and a change and something different to do. I do not know quite how you could get the motivation and the charitable donations in that field. It has to come from government wanting to get these businesses to, as I say, step up.

Q21 The Earl of Caithness: Can I pick your brains on the question of the rural economy and second homes and affordable housing? If you are trying to encourage investment into an area, under the local plans, the locals can vote that the only development that will be permitted will be that occupied by people who are local and it is affordable, how are you going to generate the rural economy? Do you not have an innate conflict of interest there? Is this going to be a problem in the future?

Lord Cameron of Dillington: Yes, there is always the nimby factor. I remember an interesting statistic—IT will undoubtedly have changed—that in 2001 there were 700,000 rural businesses being run from rural dwelling houses. That figure will have doubled, if not quadrupled by now, I suspect, and so there are possibilities there. It depends how you put it. If you are trying to build affordable housing in a village, the one thing you must never do is to hold a public meeting, because the only people who speak are those who are very irate and very against it, and the people who desperately want housing for their children to stay in the village stay quiet. You must always have a public exhibition that runs from 3 o’clock until 7 o’clock, or whatever it might be, and everybody will come in and their views are taken on paper. If you have a public meeting, you will think, “Oh my God, they hate this, this is a disaster”, but if you do it the other way, you will find that 95% of the people are in favour of the development.

The Earl of Caithness: That does not stop them voting against anything.

Lord Cameron of Dillington: Maybe not.
The Chairman: I will not share the experience of a village when I was Minister and introducing neighbourhood planning, but the people were totally against having a supermarket. Yet when they became involved with the exhibition route, they all helped to redesign the roof of the supermarket and the routes in and everything else, they loved the supermarket they got, so I am sure you are right. Thank you so much for giving up so much of your time. Thank you also for the huge amount of work you have done in this area. I am sure we will be coming to pick your brains on numerous occasions over the next few months. On behalf of the entire Committee, thank you very much indeed.
The Chairman: Gentlemen, thank you very much indeed. We are very grateful to you for giving up your time. You will see in front of you the various declarations of interest of Members of the Committee. As you have probably heard me say, I am conscious this will be too short a period of time. If we do not give you the opportunity to say things, please feel free afterwards to write. The session is being broadcast. There will subsequently be a transcript of it. We will send a draft to you and you will be able to make changes as appropriate before it gets finally published.

The Committee’s purpose is to come up with recommendations to government to bring about any changes that will help improve the rural economy. While we are going to be very interested in hearing about any problems you think exist in relation to the rural economy, particularly as they affect planning, we are even more interested in hearing any examples of good practice that can be shared elsewhere and, in particular, any recommendations for change. In thinking about your answers, I would be grateful if you could focus on those and not too much on the problems. I apologise; we will push forward quite quickly. There is no need for everybody to answer every question.

Just to start out, our last witnesses were telling us that broadly speaking the planning process is pretty okay; the problem is the way it is interpreted by local officials and local politicians. With that in mind, what are your thoughts about how important planning is to help develop the
rural economy?

**Matt Thomson:** As a starting point, CPRE is very keen to see thriving rural communities. What has a significant impact on facilitating that is resilient local and neighbourhood plan-making processes, which enable local communities to express their aspirations for their communities, and enable those aspirations to be upheld in decision-making.

Part of the outcome of the previous discussion seemed to lay the blame for the failure of thriving communities to exist at the door of local politicians, and particularly local planning officers. That was a little disingenuous. They are under enormous amounts of pressure. The legal and policy context they are operating in does not serve to support community aspirations. It serves most to support the aspirations of the people who profit from developments. That would be the starting point. We need resilient, strong, locally led, visionary local and neighbourhood plans.

**The Chairman:** I am sorry; I am going to interrupt you. We have just heard from one of our witnesses that neighbourhood planning is largely dominated by solicitors, barristers and rich people who have the ability and who develop a plan that is to their benefit and not to the wider community’s.

**Matt Thomson:** I certainly agree it is the case that many places with neighbourhood plans in place are populated by articulate and professional people who have the time, money, resources and skills to put neighbourhood plans together. It would be great if we could facilitate more neighbourhood plans in areas where there is more need for development, economic development particularly, and getting communities on side with that. There is a question of upskilling and resourcing communities to deliver more neighbourhood plans, as many places have done, with good support from their local authorities, in the areas where regeneration is really needed.

**Hugh Ellis:** If I may, I will download the process of our 18-month review of the planning process in 30 seconds. It might be useful to send the Committee an advance copy of that report, because it deals with many of the recommendations for how we might put it right. The narrative is quite straightforward for planning in rural areas. Planning has an enormous potential to make people’s lives better, particularly in terms of health and well-being through design and proper services, and to maximise the potential of new technologies, particularly local energy, to encourage diversification in supply. That potential is all there, but at the moment the system simply does not deliver it. There is a reason for that: the great myth in public policy is that planning was a barrier, and if you removed it the world would be a wonderful place. Completely the opposite turns out to be true.

At the moment, the planning system is the weakest it has been in rural areas since 1947. It is heavily deregulated and has less legal power. Talking to many rural places, we found that there is effectively not a plan-led system; nor is there an effective planning service, because in
some upland rural districts we are down to 1.25 equivalent planning officers attempting to write a local plan. The assumption is that nothing happens in rural areas so you do not need strong planning. But there are four districts in Cumbria and each one of those in the upland area is critical for the survival of Carlisle in relation to flood risk. The powers and conversation about that mean the challenges for upland rural England are immense but the resource to plan for them is tiny. There is an issue about deregulation and the weakness of the service. This is not an argument for planners, by the way. I am completely aware that planners can do a good or bad job, and have more or less charisma, but they are an important aspect of actually delivering; they provide an important framework.

Finally, there are critical policy issues that have undermined the system’s effectiveness. Permitted development, which we might come back to, is certainly one side of that. As one example, to follow on from the three previous witnesses, the definition of “affordability” in the NPPF is simply ridiculous. It is not affordable, and we all know it is not affordable, because benchmarking prices at 80% of rents or prices rather than benchmarking them against income creates a ridiculous policy. The difficulty is that we go trundling on attempting to deliver that in rural areas, and the outcome of that is bound to be negative. In some ways the issues around what we need to change are very clear. I would highlight that.

I would also highlight the very, very difficult issue of betterment taxation and land values. There are clear ways of resolving that, but it has proved politically impossible to do so for 70 years. If you could do that, you would unlock an enormous potential for new, affordable, beautiful, innovative communities. But you cannot do any of it until you deal with land value.

The Chairman: I suspect Baroness Young will come back to you on that in some more detail a bit later on.

Professor Gavin Parker: Good morning, Committee. Thanks for the invitation to come and give evidence. Rather than echo what colleagues have already said, it might also be worth reiterating that not only are particular local planning authorities resource constrained, but the multiple and continual changes to policy in the planning system have in many instances hindered not only the ability and the knowledge base of local authorities, but other actors who are involved in and have a stake in development and what happens in terms of the rural economy. Effectively, what I mean is that people then fail to understand the bigger picture and the detail that leads to the bigger picture. That is a problem.

I take to heart what the Committee is trying to do and the comments made at the end of the last session about wanting to make subtle changes or changes that do not require huge legislative amendment. Rural proofing is one thing, but generally we should be very careful about proofing the impact of change on stakeholders and actors involved in operating, using and benefiting from the system. I am also aware that in the prior evidence sessions you may have heard about how we are not
dealing with one countryside; we are dealing with very dynamic sets of circumstances that differ from place to place.

As part of this opening comment, I would say, yes, we really need not only a consistent and strong planning system that is stable, but there is also scope for more effective local policy-making and innovative policy-making. This is policy-making at the local level that is supported at the national level and, from the bottom, from the grassroots, and has at least some connection with the way in which local people feel about development and planning, so we then develop a more consensual model for addressing the big issues. Many of the trends and issues that have been presented to the Committee are long term and deep rooted. I suppose my plea would be to look for a degree of consistency in policy, as well as vertically integrated, in the way that the national, local and very local operate together.

Q142 Lord Colgrain: What are the distinctive challenges of planning in rural areas? How can a balance between necessarily protection and support for growth best be achieved?

Matt Thomson: The first thing is to recognise that rural areas are defined as rural because they have a certain character and a certain economy. When there is an enormous pressure for development, as there currently is, and rightly so, if the development undermines the reason why you consider an area to be rural in the first place, perhaps we have failed. At the moment, there is a tendency to see any open land as waiting for development to happen, putting it rather bluntly. The starting point has to be to recognise, when you are looking at rural areas, that growth should be serving the rural areas as rural areas rather than trying to urbanise them, which tends to be the outcome of a lot of planning that is imposed from the top down rather than from the bottom up.

Hugh Ellis: Rural planning requires a kind of sensitivity. The NPPF is an example of where that has gone badly wrong, because the NPPF is not a document that understands the complexity of rural diversity at all, which is a great challenge for local plans. Planning can respond to that sensitivity and do it in a democratic way, so long as local plans are strong. One of the striking features of the last 18 months has been the realisation that we do not have a plan-led system in this country. As a result of that, it is extremely difficult to see how local communities can reflect their aspirations for things such as technological innovation, beauty and design, local materials or energy efficiency. All those issues have been fairly comprehensively undermined.

In essence, it depends whether we think planning is a good idea. That is a big argument in the country at the moment. For us, we definitely see the potential of a strong plan-led system. When we were in rural areas, we saw far too much bolt-on suburban development, showing no regard for local design quality, very little regard for affordability and almost no regard for sustainable transport. I recognise that is a challenge, but we are not maximising the opportunity that other European countries, for example Denmark, are taking to try a different development model,
particularly in relation to housing and energy. The potential is there; the question is whether we want a strong plan-led system.

**Professor Gavin Parker:** Planning is operating in a far more constrained environment in rural areas, particularly in the most sensitive locations, designated areas and so on. That provides an extra set of challenges. I disagree slightly with some comments colleagues have made, in the sense that I do not think countryside planning has ever been well resourced or well understood. It has generally been a bit of a Cinderella operation, although it is the wrong season to be talking about Cinderella.

In terms of the evidence base and the need for research, there has always been an underplaying of the necessity, for the reasons that have just been explained, for a very good-quality, more sophisticated and nuanced evidence base and research function. Research and consultancy input tends to be one of the first things to get lost in austere times. I would make a very strong case to see that work be reinstated, not just the “same old same old” type of research, but research that, from the get-go, looks to explore the future, to innovate and to see how rural areas can be or might need to be in the future, rather than looking at how we can enhance existing land-based industries, for example.

We are in a very dynamic environment. We have done quite well to talk for 15 minutes without anyone saying Brexit—so it is me who does so—but clearly a whole range of opportunities and pressures will emerge in the coming years. Being ready for that and understanding that needs a strong set of professional inputs—from researchers, planners and others.

**The Chairman:** Does the outcome of that research get fed into changes to planning policy? What do you do with the outcome of the research to make sure there is some benefit from it?

**Professor Gavin Parker:** First, people have to understand the research. They have to find a way to agree with it, and that sometimes is a problem, if it is independent research. There can be findings that make uncomfortable reading for some audiences.

From my experience of being an academic who tries to develop research for different policy and practitioner audiences, it is eminently doable. There is a responsibility on the part of policymakers and practitioners to meet academic researchers half way, to make sure there is that trading going on. More work on that would be great. To give credit where credit is due, TCPA is one institution that makes great strides in that regard, as do RTPI and other organisations, but there is always more that could be done.

**The Chairman:** Let us look at the changes that have taken place recently, and then we will have a look at potential future changes. Let us have a look at recent changes first.

**Baroness Young of Old Scone:** We have talked a bit about the NPPF. How are you feeling about the changes? Particularly, will the viability guidance help overcome some of the downsides of looking for affordability that there have been in the past? Can you also talk about land betterment
and what we should do about that?

**Professor Gavin Parker:** The University of Reading has a very strong track record in thinking about viability. There are other teams active, and I could provide more evidence from colleagues at Reading, if that would be helpful to the Committee.

As mentioned in the previous session, the tweaks made around transparency are a first step. Having said that, we must recognise that land value is pegged in some sense to possible sale prices. This goes back to what I said before: if we have a more consistent system, which people trust and have more faith in to remain consistent—for example, in the percentage of affordable housing required, and in how that will be backed up and applied—that goes a long way. Developers then look at the price they are likely to pay in a market and say, “Yes, we know we will have to pay what is known as the planning cost or the planning burden”. Stability within the system is very important. We have talked about transparency, but stability is necessary as well.

**Hugh Ellis:** This is most complex, but in essence the new NPPF has shifted a degree away from the most negative outcomes. The 2012 viability test effectively hollowed out local plan policy in a very dramatic way, particularly on affordable housing but on a range of other issues as well. At the heart of it is the question: what is the fair balance between landowners and the community when land is developed? When land is developed, because development rights are nationalised in this country, the grant of planning permission increases land values by up to 100 times. That value is available to be recouped. The three attempts to do it since the war have all failed, partly because the first one was set at 100%, which was not exactly a great taxation rate. All have failed because no one has been able to strike the right balance between the legitimate needs of landowners and the legitimate needs of the community. That balance is a prize that is there.

**Baroness Young of Old Scone:** Where would you pitch it? If it is not 100%, what is it?

**Hugh Ellis:** The NPPF poses a question here. It is very curious. They have said that for a housing developer a 20% profit margin is acceptable. There it is in guidance. It does not say what an acceptable profit margin for landowners is. It simply says “existing use-plus”. If Oliver Letwin’s review, which focused on large-scale housing primarily in the south-east, had been focused on rural issues, that would have been a fascinating exercise. In his review, he estimates a “times 10” factor for land values. We have to see whether the Government put that in place. To some degree, that is arbitrary; it is a political judgment, is it not? But it would probably be a rate, I imagine, at which he judges that land would still come to the market.

From the figures, we understand that, last year, Section 106 yielded about £6.2 billion. The betterment values in this country are very large. Landowners are right to point out that the Treasury is quite quietly taking stamp duty land tax and corporation tax in betterment value as well, but
those values generated by planning are not being recycled for regeneration purposes in a transparent way. If you could do this in a balanced way, you would get much more genuinely affordable housing and communities that could provide social facilities.

I know I am from the Town and Country Planning Association, but the reason Letchworth looks the way it does is because it owns its estate; it owns its commercial estate. It is worth £160 million. It redistributes £7 million to £8 million of that value into the community every year through a mutual mechanism. That is why their parks look fantastic and that is why there is still one-third social housing in Letchworth. It is not a perfect model, but it demonstrates the fact that planning in this country is seen as very negative and regulatory, not positive and proactive. But the reason it is not positive and proactive is precisely that we have not settled this betterment question.

The Government should move very quickly to adopt at least the tenfold limit for landowners. They must also do something else: they must deal with hope value. I do not know how interested the Committee is in the hope value debate, but hope value is an extraordinary anomaly in law. It means that landowners can receive values for planning permissions they do not own and have not received yet. That value is very substantial in compensation payments. This is the key that unlocks a different kind of rural England, one based perhaps much more on community land trusts, a mutualised and community-led approach.

**Lord Dannatt:** Is your solution to hope value to put a time limit on it? If there is no realistic possibility for, say, five or 10 years, hope value is zero.

**Hugh Ellis:** In my understanding, and I am not an economist, hope value was introduced into the system in 1959 by law. Before that, the new towns all paid for themselves as a result of that not being there. Hope value should be removed from the valuation in viability testing and from compensation payments for compulsory purchase, because it is essentially, as the courts have said, a fantasy land of trying to work out what permissions would have applied to land that the landowner does not have over an unspecified period.

This is a gradual process. Time limits would certainly help, but ultimately that value belongs to the community and therefore should effectively be recycled. That is not to say that landowners do not deserve an uplift on their land, but within limited and clearly defined parameters.

**Matt Thomson:** I could not possibly put it any more eloquently than my colleagues have. It is great that the NPPF has recognised the problems caused by viability and taken steps to address them. CPRE has supported those. In terms of a solution to the land value issue, two things are worth considering. First, a lot of the talk about land value capture tends to apply to big developments such as garden cities, with the greatest respect to Hugh, and things of that scale. It does not always work well for rural areas. We need to think about how small sites work. Secondly, any debate about the question of the value of land pre and post development,
and what proportion of it landowners should keep, needs to recognise that we need to look not just at greenfield sites, which are where most of the focus is, but at brownfield sites. People expect to receive ridiculous prices when they sell land they have spent the last 30 or 40 years polluting and left unusable for any other purpose. We need to consider both sides of the coin.

The Chairman: We have already moved into the changes you would like, but let us pursue it a bit further. Incidentally, I would point out that we will come on to garden cities, so that is still to come.

Q144 Baroness Hodgson of Abinger: You have already touched on some of this, but what should the Government’s priorities be when they next review the NPPG? What changes might be made to support better rural planning?

Hugh Ellis: This is really difficult, because there is an issue one step back from the NPPG. At the moment, we do not have urban or rural policy clearly articulated at a national or regional level. I am really worried about that. We could talk about a whole series of things in the NPPG: land tax, the diversity of planning for rural England and all sorts of issues that flow from the comments of other witnesses. Ultimately, one of the great problems for rural planning is that we do not have that national vision and objective for what rural communities might be, given the incredible rate of change that is now affecting them.

I am sorry to distort your question a little, but there is no regional approach. The devolution agenda is increasingly focused on core cities. There is an increasing debate about whether the peripheral market towns have completely missed out on that agenda. For example, what is the role of county councils? What is a rural region? All these questions are critical. Although the NPPG can move in the right direction, ultimately it cannot solve the problem if individual rural districts try to plan on their own. It requires a more joined-up strategic approach. I am sorry that is only half an answer, but that strategic question is really important.

Matt Thomson: If I was to prioritise one thing, and the whole of the NPPG needs quite a lot of work, there is a glaring omission at the moment of government advice on how councils should move from what is known as the local housing need assessment, the standard methodology figure they are given, to a local plan target that is sustainable for their area, taking into account the environmental and policy constraints that apply. At the moment, there is zero advice on how to do that, despite the Government being very clear that councils should not set targets that are greater than they can possibly accommodate as a result of having resources such as designated landscapes or green belt in their areas. That would be my number one priority.

Professor Gavin Parker: I would go for rebalancing. Implicitly within a lot of the discussions, and indeed a lot of government policy over the last six or seven years, a lot of the focus has been on housing. I would like to see a rebalancing back to look at employment land allocations. This goes back to the theme I introduced earlier about innovation and diversification
within rural employment, because I would hope that is at the heart of the ideas and scope of the Committee.

Chairman, to beg your indulgence, I forgot to say this earlier. If we wanted to go for a slightly less radical set of changes than those implied by what colleagues have said about land value, we could look at the sharing of best practice and more extensive use of things such as clawback mechanisms to recoup value. Effectively, we are talking about trying to share risk within the system. Developers still need to feel they can take the risk of developing, if we are talking about market-value housing and other forms of development.

**The Chairman:** Do we have good examples of that?

**Professor Gavin Parker:** I can definitely make those available, yes. There are some very good examples around.

**Baroness Hodgson of Abinger:** Following on from that, you touched on this point before. There is great emphasis on numbers, but if there was more emphasis on appropriate design, using local materials, fitting into what is already there, would that help the situation?

**Hugh Ellis:** It would, dramatically. The standard of domestic design in this country is shockingly poor. One thing that has made that much worse in urban areas—there is less evidence in rural areas—is permitted development, where you cannot apply any design standards. It is a very curious idea that, as a nation, we have a very strong sense of particular regional identities in literature but very, very little attempt to express it through what we design. That problem is not just in relation to the last 10 years; it has been a national scandal for probably three or four decades. The shame of it is that we are capable of so much better. Beauty in design should be a statutory obligation. Since you can have areas of outstanding natural beauty, why can you not have areas of outstanding beauty in the built environment? Those suggestions normally get me sacked, but they are important because there is a deep cultural problem in our development model.

Whatever you think of architects, they are not involved in the design process. Right across the country, we are building versions of four house types. When you open your window in a community, it is very hard to tell whether you are in Essex or Cumbria. That has to change. That identity means strong local plan policy that says, “We are not going to debate with you whether you would like to think about these design standards. This is what we build here”. That drives market responses and it drives interest in different building materials and techniques. It potentially drives interest in traditional skills; that is pretty unfashionable, but it is important. This all means that we should be really clear that we could have done so much better. We have to say to business, “We are very, very clear about this. It is not negotiable. You will do this”. Only then will they adjust.

**The Chairman:** I know Lord Dannatt will come on to local planning. You can perhaps develop that theme a little more, but I am going to push us on a bit.
The Earl of Caithness: I want to talk about the equally tricky problem of ensuring you get community buy-in to any planning. I want to start on the big scale, with the national, before we get down to the local. The Oxford-Cambridge-Milton Keynes link is being proposed by the National Infrastructure Commission, which has a different set of rules, reporting and accountability to the local authorities that have to implement it and to the rural areas that will suffer as a result of this. How does all of that tie up in practice?

Hugh Ellis: I will make a quick opening comment: of course it does not. As you have identified, there is a multitude of institutions with different responsibilities and legal responsibilities. The NIC’s projects, whether they are good or bad, do not relate in any clear legal way to local planning and do not have any relationship with it. The answer here is a very fundamental one about how we can be well organised. Whether the Oxford-Cambridge link is a good or a bad idea is not why I am here. As for how we could organise it better, it would be easy: by giving the NIC a clearer role and repurposing Homes England, for example.

Ultimately, community consent relies on honesty and clarity about what is proposed, which is not clear to me. Then it requires honesty about what rights and responsibilities communities have in the process, which is not clear. The last time there was a comprehensive review of people and planning was 1968. This is another fundamental constitutional question that planning runs over and has not resolved: how much power should communities have over their own future? Because that question hangs out there in an unresolved way, planning is in a very difficult position, trying to resolve it case by case. As with good design, we should be clear as a country that we could be much better organised.

The Earl of Caithness: Following on from that, how are you going to get the buy-in at the local level? This is mentioned in the interim Raynsford report. It is all motherhood and apple pie. How are you going to do it in practice?

Hugh Ellis: The preview of the final report would be that involving people in national or regional planning questions is very difficult, but we have not tried to do that. National policy statements, for example, which have been issued successively over the last six or seven years, feature hardly any community debate.

I was very struck by both the French and the Welsh system of trying to have a national conversation. I am not suggesting this is a perfect way forward. The French are much better at saying, ”Let us have an argument about the future of the country, and then we will get to the technicalities later on”. The conversation that led into the Wales spatial plan was designed to promote this wider idea about what the nation wanted to be and how it would progress. There is no reason at all why we could not have that national conversation. It would flush out a lot of issues. It would, I hope, give people a better understanding of where strategic planning issues were going. It is definitely worth a try.
We are proposing, as the Institute for Government has, a commission for public debate that promotes the idea of organising that national conversation over the long term. It would definitely give people a greater sense of ownership and understanding about why we need to tackle strategic questions.

The Earl of Caithness: Last year, to the NERC Committee, the TCPA gave evidence that planning ought to include landscape planning. Do you think that the Raynsford review has been sufficiently rural proofed to include arguments such as that?

Hugh Ellis: No, I do not.

The Earl of Caithness: Why not?

Hugh Ellis: I guess partly because of capacity. The issue that arose still really worries me, which is the Cumbria example. Planning cannot control upland land uses. Whichever planning system you have, it seems to me that there is a strong case for a system of organisation that can deal comprehensively with those places where there are particular challenges. Development corporations are ideally suited to do that, but people see their use as being only for new housing. Somehow, you need a joint local authority approach to deal with the question around upland land use in Cumbria and its relationship to flood risk in the catchment. You also need an approach around rural Lincolnshire, Norfolk and Suffolk to deal with flooding and sea-level rises. We really need to think hard about that. Raynsford says it is a good idea but does not articulate it in sufficient detail.

If you are asking me, honestly, we need a much more comprehensive planning system that can deal with issues that arise in rural areas beyond economics and housing. That is a question, like land value capture, that the country has never wanted to address. In 1947, we said we would not plan for all agricultural uses. That was probably a mistake.

Baroness Young of Old Scone: Scotland has a land use strategy; Northern Ireland is working towards a land use strategy; Wales has a land use strategy. Should we have one for England? Would it work?

Hugh Ellis: Yes, it would. It is not difficult to do. It would be hugely beneficial. Critically, it is not an imposition on local community action. Without communities knowing what strategic priorities are out there, they are constantly undermined. For me, a national spatial plan is essential. Almost every other advanced economy has one. Would it be putting lines on maps? No, it would bring all the data together; it would understand threats, risks and opportunities; it would lay them out clearly so local planning could respond to that agenda. It is probably the single biggest step forward we could make, other than land tax. Of course, you do not need legislation to do it.

The Earl of Caithness: Can I come back to the local level? Matt, I am moving you into the firing line. We have talked a bit about affordable housing. Businesses are also crucial in rural areas. Do we have the balance right to get the right development, particularly in the national parks and AONBs? We must also not forget the other rural areas that do
not fall into those categories.

**Matt Thomson:** I am sorry; I have so much going on in my head from the last set of questions that I am getting distracted. We do not have the balance right. Part of the problem comes back to the problem of what I was saying earlier: we do not recognise the character of the areas we are talking about. Even in national parks, we probably do not quite get there, because there is a tendency—it is going to be controversial among my CPRE and other colleagues for me to say this—to want to pickle national parks in aspic in a way that is not necessarily good for their ongoing health, economy or even landscape and environment, in the long run.

We need to find ways of asking what types of businesses are appropriate to locate in rural areas. As technology develops, more and more businesses fall into that category, because economic activity is not tied to the place you are in any more. We can definitely achieve those things. On the other side of that coin, an awful lot of development is allowed to take place, not just in protected landscapes but in the wider countryside, that directly attacks the positive benefits to the economy of those areas. There is a constant struggle between different interests. Take fracking. If fracking goes through on permitted development and all these exploratory rigs pop up everywhere without recourse to any kind of community involvement at all, what about all the businesses whose livelihoods depend on a peaceful, tranquil and beautiful environment? We really need to recognise the positive benefits that rural areas have for the economy.

It also goes back to this idea of a national spatial or land use plan. When Lewis Silkin, back in 1946 I think, introduced the then Town and Country Planning Bill, he spoke about the purpose of planning being to manage competing demands on the use of land. We have completely forgotten the “managing competing demands” bit, to the extent that the current NPPF just talks about the achievement and delivery of sustainable development. All it is talking about now is development; it is not talking about managing different interests in land. We really need to go back to that.

**The Chairman:** I confess that I have no idea which bit of the answer you have just given you thought would be controversial among other members of the CPRE, but that is fine. We are going to move on.

**Q146 Lord Dannatt:** We have talked about local planning quite a lot; perhaps we could focus on it a little more. What more help can be given to local authorities in developing sensible and comprehensive local plans? It has also been suggested that I should involve the question of garden towns, garden villages and new settlements in this discussion.

If you are wondering what my interest is, I live in Norfolk. There has been a fantastic debate in the *Eastern Daily Press* over the last couple of months about several selected sites for a new garden town with between 6,500 and 10,000 dwellings. It has been fascinating to watch that debate, with all the classic arguments coming out. It is going in the direction of a certain amount of support for one particular garden project on the Norwich-Cambridge corridor, because it links to good transport. It is
fascinating to see how that debate is shaping up. What are your comments on the state of local planning? What can we do to help local authorities come up with sensible local plans?

**Matt Thomson:** I am going to leap in before Hugh does, if that is all right. The key problem with local plans is that it is so very easy to undermine them. The NPPF is full of arbitrary time limits and dates after which policies will be considered out of date. If national policy changes or a new sub-regional plan is introduced, policies risk being out of date. Councils have no control over it, of course, but if housebuilding dips below a certain target local plans are out of date. Every time there is a risk of local plans being out of date, it raises the opportunity for speculative development; it undermines a community’s aspirations and so on.

Overarching all this is the ludicrous idea of a housing delivery test that is based on already overambitious housing delivery targets. If they are not met, again, the plan is declared out of date. It seems to be that the whole plan is declared out of date, not just the number of sites you have developed for housing.

As a former local government planner, I think, “Why put all the effort into producing a local plan if it is so easy to undermine it?” We are in a situation where many local authorities are failing to produce local plans simply because they are constantly trying to update their evidence base in the light of all the changes that are going on. We need to empower councils to write a local plan and stick to it for long enough for it to have an effect.

**Lord Dannatt:** Should there be a statutory requirement for there to be a local plan?

**Matt Thomson:** There already is one.

**Lord Dannatt:** Does it need to be enforced?

**Matt Thomson:** It depends on you mean by “enforced”. At the moment, the enforcement mechanism is to say, “If you do not have a local plan in place, anything goes in your area”.

**Lord Dannatt:** Developers can do what they like.

**Matt Thomson:** Once you have a local plan in place, it is very easy to undermine it, and anything goes in your area. It needs to go beyond a statutory requirement. It needs to be about making local plans muscular, and giving local authorities the power to adopt them and then keep them in place.

**Hugh Ellis:** You would not expect anything other than for me to speak on behalf of garden cities.

**Lord Dannatt:** I thought you might pipe up on this one.

**Hugh Ellis:** But there are three choices for the country overall, particularly on the rural fringe and in rural areas. There are three development proposals being taken forward. One is an enormous amount of incredibly poor-quality permitted development in urban areas: over 100,000 units delivered so far. Only 30% of those meet the minimum
national space standards. That has resulted in some very poor outcomes for people. There is a second move, which is essentially the bolt-on of quite poorly designed suburban estates to market towns and villages. Some of it is done really well, but there are examples where it really is not.

Then there is the question about new communities. There is undoubtedly a case for new communities. They are undoubtedly not the solution everywhere. Very well-organised development in existing villages may well be the right solution in many places. In areas of high demand, new communities offer a whole series of advantages that you all understand, particularly in terms of land value capture, the quality we can build, the opportunity to see strategic transport links, to build on them and to avoid the sense of piecemeal, incremental development in many places. Certainly for my rural market town, the biggest cause of anger is large-scale edge-of-town development with no service provision to go with it. There is no idea of how transport will be managed, no increase in doctor’s surgeries and no increase in school places, or at least very few. All of that has made the whole town grumpy. That is how I would describe it.

The better solution is to organise ourselves. It gets back to this question. If you ask, “Who is in favour of planning?” nobody puts their hand up. If you ask the question, “Should we organise ourselves well?” you hope that people will be more susceptible to that. The Government’s programme that is going forward of new garden towns and villages is welcome. I would point out with all the force I can that the principles those places are being built on are not garden city principles in all cases, because they are optional. The garden city principles are critical, because they begin with land value capture and the recycling of it to make great places.

**Lord Dannatt:** Hence your earlier comment about Letchworth.

**Hugh Ellis:** Yes.

**The Chairman:** Are there any points you want to raise on this? Has any research been done on local planning?

**Professor Gavin Parker:** There is definitely a need for more research on local planning. We have heard a couple of times about evidence and the need for good-quality evidence, if not for evidence that is constantly being reinvented, in a sense. We are doing some research at Reading, looking at how local plans are put together. They are now a far more coproduced effort, in the sense that most of the evidence base that local plans rely on and produce is commissioned through the private sector. There needs to be a little more transparency about how that work is commissioned and how it is then applied into local plans. Again, this comes back to the transparency question. It would help a lot if we could develop more public faith and understanding of the assumptions and needs that are showcased through plans.

**The Chairman:** Given the very small number of staff that councils now have to do this work, is there any evidence of the sharing of best practice to help people do it and to get the good practice that has been referred
to, which is missing in some of the local plans?

Professor Gavin Parker: In the work we have done, a kind of impossibility argument is used, which is that there is no alternative to using, we hope, high-quality inputs from the private sector to produce the evidence required. That is a valid comment. I would also like to make it clear that we are not saying input from the private sector is a bad thing. In fact, in many regards, they are more agile, and have a stock of knowledge and understanding in certain specialist input areas. It is highly unlikely that local authorities would have that kind of skillset, particularly perhaps in the current era. That is long gone. We need to look in a more focused way at how planning is now an endeavour that is undertaken by communities, the private sector and the public sector.

The Chairman: Something is going incredibly badly wrong if, as Hugh said—I know the Earl of Caithness is very exercised about this—there can be development without the provision of local services to go alongside it.

Professor Gavin Parker: Absolutely, yes. Some of the solutions lie in the kind of mechanisms we have for pooling contributions, capturing land value uplift, as we said earlier, and so on, in order to service infrastructure or to allow local authorities to borrow to provide infrastructure in advance of development. But you need a very good set of planning instruments around which that needs to cohere, otherwise that will not happen.

The Chairman: That is very helpful. We are going to very rapidly now move through three or four quick questions. They will have to be relatively quick. We have touched on local plans; let us have a look at neighbourhood plans.

Q147 Baroness Pitkeathley: What is your view on neighbourhood plans? How successful have they been? Do local communities have enough support to develop them? Could neighbourhood plans be used to promote new housing in villages?

Matt Thomson: The CPRE has been very supportive of neighbourhood planning and involved with it right from the very beginning. It has not been as successful in some respects as we had hoped and would like it to be. That is partly because of what I was talking about earlier. The places that have taken up neighbourhood planning have largely been those where there is perhaps an articulate group of people with time on their hands who have a particular issue to pursue, rather than those where change would be appropriately managed by the community. For example, some of the tools other than writing a mini local plan, which tends to be the way we think about neighbourhood planning, such as community right-to-build orders and neighbourhood development orders, have not been used as much as possible for the direct delivery of new development.

Neighbourhood plans have been spectacularly successful in drawing people together to form a vision for the future of their place and getting people living within relatively small communities to understand each other’s perspectives. The nimbies on the one hand and the pro-growth
people on the other get in a room together and can resolve their differences. We have seen that happen time after time, usually with the outcome that people become more accepting of and positive about development in their area.

**Baroness Pitkeathley:** But you are saying it is about the process, rather than the plan that is produced.

**Matt Thomson:** It definitely is about the process. As with local plans, the plans that are produced are often not worth the paper they are printed on.

**The Chairman:** Does either of you want to add anything or are you happy with that?

**Professor Gavin Parker:** As I am sure the Committee is aware, I provided some materials on neighbourhood planning. Most of my research agenda over the past few years has been looking specifically at neighbourhood planning. Indeed, in the prior session I heard community-led planning mentioned. My line is that a fusion of those tools would be welcome. There is often not necessarily enough emphasis at the preparation and community development stages on developing awareness of issues generally beforehand then pitching into the formal plan-making stage. That would be very helpful. There is a lot of potential with neighbourhood planning. We have not got it right. There are lots of issues there; there are lots of burdens involved in putting together a formal neighbourhood plan.

**The Chairman:** In some of the stuff I have read that you have written, there is this concept of the fusion of different approaches. Could you, in a couple of sentences, articulate it for the Committee? Not necessarily everybody will have read it.

**Professor Gavin Parker:** On that particular aspect, I might start in reverse: we could organise funding and support in such a way to enable better-quality understanding of issues, which then leads into better-quality plans that are more likely to gain traction within the system. Chairman, I am fully aware of your relationship to neighbourhood planning so I will be a little careful, but the emphasis on the number of plans being produced and the overriding emphasis on housing has meant that neighbourhood planning has severely underperformed its potential. If we started from a wider perspective, thinking about the needs and the issues of, in this case, rural areas and rural communities, and worked forward from that, we would have a far better-quality plan.

**The Chairman:** This is really very important. One thing this Committee believes passionately is that there is no one-size solution for rural areas. Different rural areas require different solutions, and that means they require different community plans, or whatever you want to call them. We are all pretty clear on that. Anything on this issue about getting a community or a locality to have a sustainable plan that takes account of all its needs, from housing to services or employment, is really going to be very important.

In your writing, you say you can only do any of that if, before it happens,
there is a clear understanding in the community about what the needs are, what the possibilities are, an opportunity to look at things that might have been done elsewhere that might excite them and all of that. The real difficulty with that is the point that Matt has made consistently: that will happen or could potentially happen in areas where there is an articulate middle class with people who have time on their hands. It is not going to happen everywhere. I have not yet understood how that first stage, which I am sure many of us think is absolutely right, can be carried out in all sorts of different regions. Help us, please.

**Professor Gavin Parker:** In the early iterations of neighbourhood planning post 2011, there were far more bespoke arrangements for supporting neighbourhoods.

**The Chairman:** With locality and other organisations, yes.

**Professor Gavin Parker:** Planning Aid England had a particular focus on and history of looking to support communities and individuals who would not necessarily have the wherewithal to engage effectively with planning in the first place. If we wanted to look at rebalancing and making sure that neighbourhood planning was not solely or predominantly the preserve of the articulate middle-class actors who have been mentioned earlier, we would need to look very carefully at the support arrangements and packages available. We have moved in the past few years to a far more off-the-peg or template approach to support, which is not particularly helpful. It may be helpful for some communities in some circumstances, but it does not get to the kinds of issues we are now moving towards, in terms of looking at areas that either have the most need for a neighbourhood plan or have the most need for help to engage and understand the issues at hand.

The other extra element to this—and the research we have been doing shows this very clearly—is that neighbourhood planning will not succeed unless there is a degree of enthusiasm and support from the relevant local authority. I have gone on the record in the past to say that neighbourhood planning might be a great idea, but it was a great idea at the wrong time in the wrong circumstances. That is the case with a lot of planning in many regards. There was not the energy, enthusiasm or resourcing within local planning authorities to embrace neighbourhood planning, so you end up with a situation where only a minority of local authorities have engaged with neighbourhood planning in a very welcoming or proactive kind of way. There are some good examples.

**The Chairman:** That is potentially why we have ended up with a situation where government has to constantly talk about whether neighbourhood plans supersede local plans and vice versa, and we do not know where we are. I know Baroness Rock wants to pursue this in a slightly different way in a bit more detail.

Q148 **Baroness Rock:** Taking that on, how can we guarantee the sustainability of development in rural areas? What role might both national policy and local planning have in achieving this?
Hugh Ellis: I will begin by saying that you have to understand that there is no objective to the planning system in law, which is really curious as a piece of public policy. We have three duties: one is on good design, which did not work out too well, and there are two others. In the Raynsford review final report, we are recommending a very strong duty on sustainable development with a very important caveat: that it is also focused on the health, safety and well-being of individuals and communities. That gives a very strong sense that the overall purpose in law of the planning system is to have sustainable development, but with outcomes for people core to its overall objectives.

Now, setting that objective in law is only one part of a whole series of things we could do, such as strengthening the local plan, changing the culture of planning, giving the right skills and resources across the board and a whole new initiative about public understanding of possibilities in the built environment and in rural areas. But that legal duty would be the biggest single signal we could give that we are interested in a system that delivers outcomes for people and not a system that, crudely, is about numbers, or a system developed for the south-east of England and then applied everywhere in exactly the same way. That would be the core.

Matt Thomson: One of the key things, as was touched on in the earlier session, is to think about what we mean by a sustainable community in a rural area. This has been harmed by a set of backdoor policies, in a way, that came in in the early 1990s to say, “If a village is remote and does not have transport links, development in that village will therefore be unsustainable”. That worked well for transport planners and for people who wanted to say no to development in villages, but it did not work well for the villages themselves.

The Rural Coalition, which I assume you are familiar with, makes a particular point in its reports, The Rural Challenge and its update in 2015, that it is not sustainable to stop development happening in villages, however remote or accessible they are. We need to recognise that. Again, that is a challenge for CPRE, because a lot of our members would like to see villages kept exactly as they are. Similarly, a lot of other people, particularly people who have links to rural economy businesses, are very keen that we create thriving communities in rural areas. That is a challenge, but people are still applying those planning policies, even though they are not in national planning policy any more. We really need to do something about promoting the sustainable growth of villages, market towns and other development in the countryside that, as I was saying area, is appropriate to the character of the area.

Professor Gavin Parker: We need to understand the nuances of sustainability in any one given location. I am talking about a more micro kind of level. It needs to be far more nuanced. In the past, we have relied on relatively blunt instruments and classic settlement hierarchy approaches. You will find this up and down the country in local plans. We will have this kind of development in towns, another scale or type of development in market towns and so on down. There may well be lots and lots of scope for innovation and change to take place on the bottom
rungs of settlement hierarchy, but we do not necessarily have the confidence or the evidence on which to base this and then pen policies that will allow that to happen.

You can probably tell I have come prepared. There are some themes here about not having the evidence base or the confidence that comes with having that kind of evidence base, around which you could look to confidently innovate.

**Matt Thomson:** Part of the response to that is to look at the granularity of the planning system. Neighbourhood planning should or could provide the mechanism to recognise those nuances. Even in one district council area, the communities that exist across rural areas are very different. There is a one-size-fits-all approach in national policy, but there is also a one-size-fits-all approach in local policies. We really need to get down to that level of detail.

**The Chairman:** Earlier, Hugh, you made some quite disparaging remarks about the outcomes of permitted development rights.

**Q149 Baroness Mallalieu:** You have foreshadowed your views somewhat, but I would like to ask you this, in view of the criticisms that were made. It was said that it would not add to affordable accommodation, and was perhaps likely to lead to the loss of some local shops and pubs, apart from the loss of agricultural worker accommodation that might result. What has been the actual impact of the recent changes to permitted development rights? What reforms could be made to make the regime actually support the rural economy?

**Hugh Ellis:** The overall research on permitted development is growing. It is incomplete on the specific rural impacts, and that is a question that really worries me. Gavin, you may know more than I do about that. Overall, though, at its heart, it comes down to two visions: whether or not you have a non-planned vision for the future of the countryside. Having potentially five homes on every farm is an extraordinary, dramatic change to the spatial pattern of the countryside. Whether it is good or bad is a separate question, but there should have been some debate about such a radical change to the way we perceive the countryside to work. Permitted development, of course, removes democratic controls and community controls.

The impacts are variable. Certainly in urban areas, the quality of what has been produced has been very low. In rural areas, I am less confident to speak about that. We know we have lost an enormous contribution of affordable housing. We also know it has been an incredible financial giveaway to landowners, because of course they need not make any contribution to Section 106. You can build five homes and make no contribution to educational provision in a rural area. That is a major problem in terms of building sustainable communities going forward.

But I would ask this question. If you are a rural district, of course, you do not control any of the change of use of agricultural land; you now do not control any of the change of use of most of the buildings in your district. Precisely what do you control? In urban areas, the same applies. The
authorities have lost control over the urban environment. I would point you to the new consultation on permitted development, talking about the demolition and rebuild of commercial and office premises. That is probably the greatest post-war housing mistake, and I say that in the context of high-rise social housing. The reason I say it is because none of us understands the impacts that it will have on rural or urban communities. We know there is an immense loss in contributions, and we also know the outcomes in terms of quality are very poor.

This is a choice. You either set high standards of design and space standards, and a strong vision for sustainable communities that enhance people's well-being, or you simply walk away from it and see what chaos may arise. I am deeply worried about it. The reason I make the comparison is because the numbers of units coming forward are very significant. Some of them result in the conversion of quite remote industrial estates on motorway junctions into homes. We have seen that in the north-east already. Those impacts mean that, while planners and architects have made terrible mistakes before, at least high-rise social housing was a well-intentioned terrible mistake, whereas the consequences of permitted development are absolutely plain to everyone from the very beginning of that relaxation.

While we need to be smarter about the use of buildings, and the conversion of buildings for new uses is a really great idea, the safeguard is planning permission. That is why we invented it. Without that safeguard, the consequences are difficult to understand but on the whole negative.

**Matt Thomson:** We are not just thinking about the creation of new homes and how bad those homes have been, as Hugh has outlined. We are also talking about the loss of potential employment premises. The ability for local authorities to decide for themselves whether a redundant farm building or an empty office building in a market town should be retained for future employment use or should be used for a new home, holiday accommodation or whatever has been taken away from communities.

That is to the detriment of rural economies, particularly because redundant agricultural buildings have historically been a great source of low-rent employment premises, particularly for start-up businesses. We are seeing an exodus of young people from the countryside, and I do not see how taking away their potential to set up a business in the village in which they were brought up is seen as being a positive contribution to the rural economy.

**Professor Gavin Parker:** I am glad what I have been writing about has had an audience, because I made a number of those points in material I produced specifically on class Q permitted development rights, rather than the wider permitted development rights relaxation question. When it comes to office to resi, the quality question has been evidenced in recent research that has come through the RICS, which colleagues at UCL have produced recently.
When it comes to the barn-conversion policy and class Q, I would echo what Matt has just said. There is a potential net loss of possible future employment sites, which is key within the rural economy. If we were approaching this in a different way, we might also look at the contribution those existing buildings could have made to the question of affordable housing. That is a crying shame. Affordable housing is and has to be the priority in rural areas. The housing system in rural areas is not necessarily one of quantity, but of the quality of that development, in terms of the tenure, the design and so on. There are some clear missed opportunities.

In terms of impacts, we have some stats. Depending on how the build proceeds with these agricultural buildings, we are looking at between 5,000 and 15,000 units. People could put one or three units there; more recently, it is up to five units. Between 2013 and 2017, the potential addiitionality of housing through Class Q was 5,000 to 15,000 units. That could equally have been 5,000 to 15,000 affordable homes. That is a considerable contribution to the affordable housing component of our policy needs, if we had taken that decision. It does fit to say that we are rather looking at closing the barn door after the horse has bolted. I am sorry.

Q150 The Chairman: Yes, to use a rural metaphor. Thank you very much. There are so many things I suspect you would suggest as recommendations this Committee could make that would not cost a great deal of money or require significant legislative change; I can guess quite a few from your contributions already, but this is your opportunity to pick your top one or two. Very quickly, Matt, what would be your suggestions for this Committee to recommend to government?

Matt Thomson: I would look at how to make local and neighbourhood plans more resilient in the face of housing delivery targets. I would also reverse all the recent permitted development legislation and retain permitted developments that genuinely do not have wide-ranging impacts, such as extensions. I will stop there. I am beginning to ramble.

Hugh Ellis: I will give you two quick things. I would ask government to be clear about the factor that landowners can expect in valuation in guidance and produce that guidance in the NPPG really quickly. I would include something about the vital importance of a strategic regional and sub-regional approach focused on the needs of the diverse rural regions and sub-regions of England, because that supporting mechanism is really important.

The Chairman: There is a difficulty, though, which I am sure you will have thought through. If you take, for instance, the arc that the Earl of Caithness was talking about, it does not fit into any particular known body that could make that happen.

Hugh Ellis: We are making recommendations about that through the Raynsford review. Drawing the boundaries of England is always very difficult. If you went back to the standard regions that we abolished, it would probably annoy people less than anything else. You could return to any boundary; it could be the medieval kingdoms of England. Anything
you care to identify would be better than no boundaries for organisations at all.

**Professor Gavin Parker:** I prepared three different things I might say and two have gone. I will go for my third one.

**The Chairman:** For the record, give the headings of the others, because it is important for us to know they were very popular.

**Professor Gavin Parker:** First, rescinding class Q PDR would definitely be important. Even though it is rather late to do that, there is an important element here of making sure we rely far more on an effective plan-led system rather than undermining it in that way.\(^3\) The one that was not mentioned was the 10-unit affordable housing threshold policy. That is not particularly helpful in many rural areas. One thing communities want is well-designed, small-scale developments within the countryside, but we also need affordable housing. If we remove the ability to have some affordable housing on those kinds of sites, we are missing a trick.

**The Chairman:** By “affordable”, you probably mean social housing, not affordable housing under the current definition, not to put words in your mouth.

**Professor Gavin Parker:** Clearly, it has to be accessible. Again, different contexts or different areas may be suffering or may have a more or less profound affordability problem. Accessibility is really the issue for me.

**The Chairman:** Can I, on behalf of the Committee, say it has been a fabulous session? I am sorry we have stretched over a bit, but it was important to hear the things you were saying. That said, it was still far too brief. There are a number of things we have asked you to send, for instance the report on planning with recommendations and anything else. It would be very helpful to hear from you. If there was anything you did not wish to say or wish you had said, or any recommendations you want us to make that we can consider, please contact us. We will send you a copy of the uncorrected transcript. If you want to make changes to that where necessary, please do that as quickly as you can.

Again, on behalf of the Committee, thank you to all three of you. That was a very useful session indeed. Thank you very much.

\(^3\) The Witness subsequently requested to insert the following statement here: “...Also reform neighbourhood planning to ensure better support and enable more innovation.”
Church of England and Methodist and United Reformed Churches – Oral evidence (QQ 288-296)

Evidence Session No. 25        Heard in Public        Questions 288 – 296

Tuesday 18 December 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Dr Jill Hopkinson and Reverend Elizabeth Clark.

Q288 The Chairman: Welcome to you both. It is lovely to have you with us. You have in front of you the list of declared interests of members of the Committee. I should just warn you, should you wish to watch it back later, that this is being covered on the parliamentary intranet. When it is all over, we will have a written record of the proceedings, copies of which we will send to you. If there are any corrections or changes you feel should be made, please let us have them. As I say to everybody who comes before us, the session is far too short to cover everything we would like to cover, and it is no doubt too short for you to say all the things you would like to say to us, so please feel free to write to us at the end of the session.

Can we just make a start by asking you about the role of the church in a rural community?

Reverend Elizabeth Clark: The church has a place at the very heart of the rural community in caring for each other, showing the love of God to the community, community building, being able to make relationships. Many of the people who go to church are very involved in the activities in their communities. That can make a real difference to the whole vibrancy of the place.

Dr Jill Hopkinson: It is important to say that churches are both the building and the people inside them. The primary role of the church today remains to provide a place for regular public worship. That is what its purpose was originally and that is what its aim is still today. In the Anglican tradition, it is there to offer baptism, marriage and funerals for
every person who lives within the parish boundary and wishes to take advantage of that.

Additionally, as Elizabeth pointed out, churches in rural communities continue to have really important social functions and to contribute significantly to rural community life by a variety of formal and informal activities, whether that is social activities, community events, pastoral care and extended use of the building. It is also, of course, a space for quiet reflection. It has a diversity of ways to contribute to the vibrancy of rural community life.

**The Chairman:** I know that many members of the Committee, probably like me, were really surprised by the statistics that show that something like 40% of the Church of England’s congregation is in rural areas, which only have 17% of the actual population, and 42% of their clergy are based in rural areas. There is a huge predominance within rural areas. Can you explain why that might be?

**Dr Jill Hopkinson:** There are over 10,199 Church of England churches in Defra-defined rural areas. That is two-thirds of the total number of Church of England buildings, and there are 8,340-odd parishes. So for a start, just in sheer numbers, you are going to have more than one would expect. It works out at about one Anglican Church for every 1,000 people who live in a rural community. If you include all the denominations, it is about one church for every 620 people.

It is not surprising that congregations are small, but the proportion of people who continue to attend church in rural communities is significantly higher than in towns and cities. There are several potential things going on. There is probably a greater leftover concept of Christendom, whereby living in the community you also go to church, but that is a declining element.

There is still a very strong sense of belonging to place in rural communities. That is really important. This is particularly through buildings and people in those places. There remains a stronger attachment to place in rural areas. One of the ways it manifests itself is through participation in rural church life, with the added aspect that if you have members of your family or loved ones buried in the churchyard or remembered in the churchyard, there is a stronger attachment still.

**The Chairman:** Elizabeth, are those sorts of breakdowns similar among your churches?

**Reverend Elizabeth Clark:** Yes, about 46% of Methodist churches are rural, which is about 2,000 churches. Place is important, but the history of Methodism is also important. The primitive Methodists were very active in rural areas at one point, so a lot of what you would consider to be a typical Methodist chapel would take its roots back to primitive Methodism, which particularly appealed to farm labourers and other labourers in the countryside.

**The Chairman:** I have one in my village. Before we move on, do you have any thoughts on how you think the role of churches is changing and
may change in the future within rural areas?

**Reverend Elizabeth Clark:** Certainly, in the Methodist Church we are looking at how churches can make better use of their buildings. That is a strategy that was produced for this year’s conference: being much more intentional about community use for our buildings. We have not always been as quick to do that as we should have been. Certainly, part of my post is to try to encourage Methodist churches to be open more of the time, which again is not something they have traditionally done.

**Dr Jill Hopkinson:** Change in the Anglican Church is perhaps approaching quite a fundamental point. We have, like many voluntary organisations, a reducing number of volunteers, older congregations and in some cases an inability to recruit church officers. We need to be honest about that. It is not true everywhere, but it is true in some places.

Change is a really important motif for the Church of England, as we aim to be a growing church for all people in all places. It means that the nature of what we have experienced as a rural church previously will change. Perhaps worship will not happen on a Sunday. However, what is really important when we think about this is continuing to ensure that our rural churches are able to engage creatively and meaningfully with their communities.

A small piece of ethnographic research that I conducted last year suggested that rural congregations may now spend more time looking after their building and supporting their own work than they are able to spend in their community. That does not mean that members of rural congregations are not involved in the community, far from it, but that more time than previously is actually spent on looking after the church than community engagement. That is quite concerning really.

Certainly, one of the things the Church of England is doing through its Renewal & Reform programme is investing to bring about change in the way things happen so we can continue to be an active, worshipping and engaged presence in rural communities.

**The Chairman:** Can we explore that in a bit more detail?

**Q289 Lord Colgrain:** We have heard that churches are being used as community spaces—you alluded to that—and acting as a hub for rural communities, very much perhaps as they were in pre-Victorian times before all the pews arrived. How do these arrangements tend to come about? How do religious institutions seek to support such activity?

**Reverend Elizabeth Clark:** Often it comes about because the congregation are aware that there is a need in the community. Most rural congregations, although not all, are drawn from the local community. It could be that something changes: the Post Office is withdrawn or the shop changes. They think, “What can we do about it?” Sometimes they get a request from the parish council.

In at least two or three examples I know, a shop has closed and the parish council has said, “What can you do to help?” So we have a shop in a Methodist vestry, and we have a United Reformed Church church that is
now part shop, part church. This is because the community has asked them and they have said, “Yes, let us do something about it”.

**Dr Jill Hopkinson:** That would very much mirror the experience of Anglicanism. It is about responding to community need. It is quite often about proactive partnership with communities in saying, “What are the needs of this community? How can we work together? What space can we offer?” In many communities, the last remaining open public building is a church of one denomination or another. To create really good community space involves working in partnership with the community, responding to needs and listening to how we can do this together.

National church policy, for both our denominations, has been a key priority in pushing through legal changes to allow things like more flexible leases and licence agreements, and particularly in trying to tinker with the legislation on faculty jurisdiction in Anglican churches, which some of you will be aware is incredibly complicated. People are working really hard to simplify that and make these things possible.

For example, the Crossing the Threshold toolkit, which was first created by the Diocese of Hereford but revised most recently in 2017, provides nearly 300 pages of very carefully targeted interactive advice and support that takes a community and a church right through the whole process from conception through to final delivery and opening, and looks at elements such as the longer-term sustainability of businesses that are running in that space.

**Lord Colgrain:** Do you find any pushback by any of your congregation who think the integrity of the building is being affected if it is open too much to the community or if it is open in a quasi-commercial way, perhaps, as opposed to just a distinctly religious way?

**Dr Jill Hopkinson:** There have been occasions when that has happened. It is not always members of the congregation who provide that pushback but people who do not attend church but think that the building should be used only for worship. It can often be a community that is not very happy about that.

However, careful engagement and listening often allays fears. There are some really great examples. Elizabeth has alluded to two of them. Yarpole in Herefordshire has a beautiful chancel and nave area, although the nave is a community space and no longer has pews, which is very much a sacred space still, but you have all the other things going on around that as well. People get worried about things: “Will the shop still be open during a funeral?” Well, no, of course not. There are simple things that can be done to allay people’s fears.

Because of the attachment to building and place, people say things like, “This will happen over my dead body”, et cetera, but, actually, careful listening and allaying some of those fears often pushes those barriers away.

**The Chairman:** Elizabeth, you are nodding vigorously.
Reverend Elizabeth Clark: I am just thinking about when I was a circuit minister and I tried to take some pews out of a Methodist church. It was a very difficult time for some people. Those pews represented things. They could still see their friends and relations who used to sit there. It is very much about engaging with the fear, talking people through it and helping them to see something bigger.

Of course, the irony is that when you have done that, and when you have put up with all the flack, the people who objected most are the ones who say, “Have you seen our wonderful church? Look what we’ve done to it”. You just bite your tongue and say, “That’s lovely.”

The Chairman: We will come on to one use of buildings in particular.

Q290 The Earl of Caithness: I want to move on to connectivity, digital and mobile. We have heard a lot of evidence that churches could play a big role in this, and they are beginning to. From your point of view as the churches, what are the problems? Are there problems? How can you help? Particularly, looking ahead to having 5G, can you have 5G masts on your churches?

Dr Jill Hopkinson: I will take you through a bit of background, and then I will address the points you have made specifically.

Your question was about the WiSpire scheme, and I wanted to explain what had happened with that. WiSpire was pioneered by the Diocese of Norwich. It was a very ambitious project that proved true; it was to use church towers to provide both broadband and mobile signal. Running it became quite a challenge for the diocese, so it has been sold off to a private company. It is independent from the Church of England now, but it is still using church towers to provide a service. Indeed, it has just won a contract from the county council to provide services into a fairly remote part of south Norfolk.

Because we recognise that church towers and spires can be really good places to put connectivity in place, the Church of England worked with DCMS earlier this year to sign an accord with government. That is the subject of ongoing work. The accord sets out the intention to put arrangements in place to enable this to happen. The national church institutions have been working on easing the process of siting mobile network structures on churches, partly because every church is technically its own jurisdiction, so any telecoms provider would have to work with perhaps one of 12,000 different legal bodies over 41 different jurisdictions. The accord was to bring all of this together.

There is a piece of work going on now that will draw together a comprehensive set of guidance to cover broad questions about all sorts of church issues. This will cover, for example, faculty planning, dealing with things in a conservation area, theological reasons why this is a good idea to do, and the technical things. The Church of England is working with NET CS to be a single provider, so that when organisations, mobile network operators, come along and want to use this, they have a single point of contact that can then facilitate that.
Not only that, but all the guidance and the legal issues will be in place by mid-2019. The idea is that it will be wireless broadband and it will accommodate 4G and 5G connectivity using these systems. I understand that there is a pilot project happening somewhere in the country in which 28 church towers are being used to put it into four different not-spots as a test. I have no more information on that at the moment. Does that help?

The Earl of Caithness: It does. Thank you. What about the Methodist churches?

Reverend Elizabeth Clark: Most of our churches do not have spires. Where a request was made, it would have to be sorted out on a case-by-case basis. It is not something that we are doing as a connection, because it does not usually arise for us, I am afraid.

Q291 Baroness Rock: I wanted to come on to supporting rural businesses, if I may. We have heard from the Arthur Rank Centre that it supports rural enterprises with its Germinate Enterprise scheme. I wanted to get your views on whether there is room for rural churches to play a more active role in supporting rural business growth. What are other examples of support that has been provided?

Reverend Elizabeth Clark: I can probably comment a little more on the Germinate: The Arthur Rank Centre scheme. We have trained 75 facilitators now. The idea of the scheme is that it takes people from an idea to a business plan. They sometimes find that the business will not work, but they have saved a lot of time and money because they have worked through it and decided that they might need to start something else.

One of the challenges we have now is to support those facilitators to take it out to more groups. We have some good examples of businesses that are up and running because of it. In one particular case, a young man who was homeless but was an artist has been enabled through the scheme to start selling his artwork, which is fabulous. It is turning his life around. It is a very good scheme.

Churches do not always see themselves as doing business. We need to advocate it a lot more so that get people to understand that it is part of building a community, too.

Dr Jill Hopkinson: Germinate Enterprise is quite unique in what it is able to offer and do. It has significant strength. Churches are generally more likely to be hosts for things like job clubs or meetings of people who need support and mentoring. It is interesting that in a couple of communities vicars have actually drawn together home workers or people running businesses at home for lunches occasionally, which of course is more pastoral support but gives an opportunity for networking and mentoring. A more formal contribution can be made, but there are significant opportunities for use of space to bring people together.

The other important thing to note is that social enterprise has a very important role in rural communities, not just through hosting in the
building but potentially through congregations participating as one of the community organisations in putting together something that community needs, whether that is in the church building or not, using a social enterprise, a community interest company or whatever is appropriate. That is a really key participation.

We also know that social enterprises based in church buildings contribute significantly to the sustainability of those church buildings themselves, whether or not that enterprise is run for the benefit of the church. Acting as the host makes a significant contribution to the local economy.

In terms of contributing to the local economy, of course we employ staff, both lay and ordained, who are based in rural communities. The building operates as a place of pilgrimage and tourism far more than we realise, which contributes to other local businesses. We offer space, which brings in income, whether from concerts or whatever. Additionally, we employ local contractors, and people to do maintenance. There is a whole host of contributions, but most of them are informal rather than formal business supporting.

The Chairman: If we look back at the history of the Church of England in comparison to the Roman Catholic Church and its involvement in the education service, it came at this with a very different perspective.

You may not know this, but, if you do, would the Catholic churches in rural areas have the same attitude to the sort of support you are talking about or not? Do either of you happen to know? We can obviously ask somebody, but you might help us.

Dr Jill Hopkinson: My personal understanding is that for Roman Catholic churches the church building is considered sacred to worship, but that the church hall, which is usually attached to most Roman Catholic churches, can be used in a number of ways. My personal experience of Roman Catholic priests operating rural communities is that they are deeply engaged and deeply concerned about rural community life. I would not be able to comment further.

Q292 Baroness Pitkeathley: You have mentioned the church’s pastoral role. Can you give us some examples of how the church is involved in things like tackling deprivation, loneliness and social isolation?

Reverend Elizabeth Clark: Wearing both my Methodist hat and my Arthur Rank Centre hat, we have been doing a lot on loneliness and isolation just recently. Some research was done a few years ago in a particular area, which we have taken and turned into a toolkit for churches to use.

Many churches already host social activities such as coffee mornings, lunch clubs and those sorts of things. Partly what this toolkit does is try to target. It is about helping churches to realise that the most isolated may not be there, so they have to find ways of engaging with the people who do not already come. They may need to start new things for people who are not drawn to what they have already.
We are piloting this resource in Yorkshire at the moment with four churches, two Methodist and two Anglican. Part of that pilot is to offer small sums of money for seed corn, if they want to do something for their kitchen or buy some crockery. It is not a large amount; it is about £250. We have already had the first application for funding under that scheme. Somebody is looking at turning an afternoon club for older people into helping parents to stop off on their way home from school, so they want to provide good-quality coffee and cake. We are giving them funding towards building up the infrastructure for that. Churches have a really big role to play with regard to isolation and loneliness.

**Dr Jill Hopkinson:** One of the important aspects in rural communities is the informal contribution that good neighbours, particularly in congregations but also outside congregations, contribute to life in that community. That is a major contributing factor to many older people staying in their homes and many isolated people not being isolated.

There are time pressures that put question marks over that. Pumpring investment with very small sums of money makes a huge difference to local community groups and their ability to reach out, particularly to those who really are hidden. That really requires local networks to work to get in contact with them.

There are organisations such as the Germinate: Arthur Rank Centre and the projects they are doing, but there is also the Link Visiting scheme, which is based in Wokingham and is rolling out its programme through the Cinnamon Network across the country. That facilitates much more formal visiting perhaps for those who are housebound and who are very limited. This very simple scheme provides all the infrastructure you need for safeguarding and so on to set up such a scheme.

**Baroness Mallalieu:** Given the age of regular churchgoers and the likelihood that that will increase, is the church taking any active steps to encourage young people to come in and use the buildings for purposes that they might not normally think of using a church for?

**Dr Jill Hopkinson:** Absolutely, yes. There is a twofold answer to that question. For young people under the age of 18, there are lots of ways in which the building can be made available to them, particularly where it is the last remaining open public building, or particularly through working in partnership with both council-run and Christian organisations that provide things like a youth bus, which have all the infrastructure you need. There is a really good example in Leicestershire of a youth bus that comes to quite a remote rural community; the church building is open at the same time and the young people are switching between the two. Yes, it is really important, but you need the people in place to facilitate that for young people.

There is also a question about the critical mass of young people in the countryside. One of the benefits of the Network Youth Church in Carlisle Diocese is that it brings the three or four young people in that community together but then networks them with larger groups. One of the challenges for young people in the countryside, whether they are part of
the church or not, is being very isolated. In some parts of the country, there are not many people of their age living in that place.

Secondly, we are very aware that rural churches and churches in all places are not necessarily very good at reaching younger generations. We have a whole programme of work and investment under the renewal and reform banner to address that. Of course, the whole of society needs to tackle the issue of volunteering by younger generations. Both people at home may well be working full or part time, they may be commuting long distances, or the time for volunteering is reduced. There is a whole societal issue about recruiting volunteers in younger generations not just for the churches, although it is important for us too.

**Reverend Elizabeth Clark:** Another group we are working with quite closely is the farming community, because they very often feel very lonely and isolated. There are some very large agricultural chaplaincies around the country now which the Methodist Church has put quite a lot of money and resource into. They will bring farmers together in different ways in a farmyard, over a bacon sandwich, just so they can talk to one another and support one another. In days gone by, they would have had teams, but now they are on their own. Somebody just dropping by or inviting them to something else is very important.

**Dr Jill Hopkinson:** Rural churches also tend to have a very strong partnership with the county-based Farming Community Network. That is a key organisation that walks with farmers in times of difficulty and signposts to lots of places.

**Baroness Pitkeathley:** Could I take you back to what you said about pump-priming, money needed for organisation, infrastructure and so on? In your experience, where does that pump-priming money come from?

**Dr Jill Hopkinson:** Usually it is from private donations or independent trusts or charities. A small number might have a county designation. It would be that sort of money, or they have a fundraiser and they raise the funds themselves.

**Reverend Elizabeth Clark:** There are various funding mechanisms that people can apply to at circuit and district level that would also help with something that was outward-facing like that.

**The Chairman:** Do either of you have views on the Government’s loneliness strategy?

**Reverend Elizabeth Clark:** It is to be welcomed. We have perhaps not realised for quite some time what a big problem it is. We need to be careful not to think that it is just old people who are lonely. One of the big things our research threw up, which I know everybody else knows but for me was quite shocking, was the number of 17 to 25 year-olds who were very lonely. We really need to address that. If we can do that as churches as well, that is something we should be thinking strongly about.

**Dr Jill Hopkinson:** It needs to pay deep attention to the most local level of engagement and what facilitates the most local level of solutions.

**The Chairman:** Doing that in a rural area is incredibly different from
doing it in an urban area. Do either of your organisations give any special training to vicars, priests or ministers who are going to operate in rural areas?

**Reverend Elizabeth Clark:** Yes. I am involved in a project on this with the Methodist Church. All our second-year students go on a rural placement. It is only a short one, but they get a taste of what the rural community is like. They either come back saying, “It’s wonderful. I didn’t know it was like that. Please can I go?”, or they come back saying, “That’s not where I need to be, and now I know that’s not where I need to be”. Once they go into placement, they will have something called probationary training. During that, there will be an opportunity, if they need it, to give them extra support.

For lay people, we have a pastoral visitors programme that can be adapted and delivered locally so that lay members of the congregation can go out and visit. We know they have had safeguarding training and all the things they need, but they need to go and find people, because, as you will know, in a rural community you are not necessarily going to admit that you are lonely because everybody knows everything. You are quite careful about what you want everybody to know.

**Dr Jill Hopkinson:** In my other role, I am a tutor in rural ministry at Sarum College in Salisbury. We are developing a specific rural pathway for training people who will be Church of England priests in rural areas. Currently, there are 12 people training over two years. We are starting small and building up. The aim is not just to explore a rural context in more depth, because most training courses do not even equip people to interpret what they experience when they are out in rural areas, but also to have a really deep practical engagement, for example, in supporting multi-parish benefices, with multiple churches and congregations and engaging with multiple communities, the leadership skills that are needed to do that and the importance of encouraging and enabling the ministry of laypeople as part of that.

For me, that is just starting out. I have been in post nearly four months now. We are developing that work, and we are working in partnership with Germinate: The Arthur Rank Centre, partly because one of the long-term things it has done is provide training in rural ministry and mission for those who are new to rural ministry as clergy but also as laypeople. That course is being adapted and developed, so that it can be delivered regionally and locally, so that we can train more people. It is a really important part of what we do.

**The Chairman:** That could incorporate what might be called, I suppose, continuing professional development.

**Dr Jill Hopkinson:** It could indeed, yes.

**Q293 Lord Curry of Kirkharle:** Jill, you and the Arthur Rank Centre have done a huge amount to try to encourage local churches. I know that the training programmes which the Arthur Rank Centre and you personally, Jill, have done over the years have been hugely valuable to those involved in the rural ministry.
There is a sense—I certainly sense this—that the church does not quite fulfil its potential in rural areas. It could be at the heart of rural policymaking, influencing and leading the debate. You have dedicated people around the country whose task it is to engage, but they are all so pressurised with the volume of work they have, looking after an ever-increasing number of churches, that the time available for the church to play its full part in supporting rural communities is a real issue.

That is why I say that I do not think it is realising its full potential. I know how difficult it is recruiting people to serve in rural parishes, but am I right in saying that? Could more be done, and how could we do it?

Dr Jill Hopkinson: I mentioned earlier the small ethnographic study I have done that suggests that people spend more time looking after the church at the moment than engaging with the community. That is a warning signal for me that we need to take this thing seriously.

In terms of the clergy in rural areas and the local leaders you refer to, there is a programme of work under the Renewal & Reform programme called the Simplification Task Group—you might recognise something of that in some of your previous work—which is looking really seriously at the level of legislation that is associated particularly with multi-parish benefices. Measures are going through General Synod at the moment to greatly simplify much of the governance structures that tie people up in knots in rural areas.

The key will be getting local churches to accept change in the way that governance happens. That will be crucial. For many, it will come as a great relief. For others, there may be more of a desire to continue to hold on to that governance, so there is an influencing job to be done there. That is the first thing. Training is really important.

The third thing is that we need to release the potential of our congregations to be key influencers in rural communities and to represent the church when they are involved in the parish council, for example. In some situations, there can be a disconnect between a faith that is lived out on a Sunday morning and a faith that participates in community life during the rest of the week.

One of our big challenges—this is part of the work of Setting God’s People Free, another initiative from the Church of England—is to release our laypeople to use their skills and gifts so that the church really can realise its potential to be at the centre of the community. It does not just lie on the shoulders of the priest any more. They are still really important, but it is a partnership. That is quite a big change from how we have done things before, and it is a very positive one.

Reverend Elizabeth Clark: In Methodism, we tend to work in circuit, so we try to share a lot of what is going on. We have always been able, through our standing orders, to be able to group churches together. It can be a bit like Marks & Spencer: you can have one church on three or four sites.
That is starting to happen now. Eight per cent of our churches now share their governance in that way. Certainly, one of the strings of my work at the minute is looking at bringing that to people’s notice so they realise it is possible. There is an example up in Cumbria where a circuit has become one church. The bigger church is in the market town and there are four villages. They are all one church, so they share their church council, their finance and everything they do. It should free up the people in the communities to do the work of mission rather than having to run the buildings and do all those kinds of things.

As Jill said, it is also about empowering the laity to do what they are called to do. As we have said, they are so often involved in the community. We can help them make that link that, “When I am at the WI on a Monday I am just as much at church as when I am in on a Sunday”. We want them to capitalise on that and be able to speak. Giving people the confidence to do that is a key thing at the minute.

Q294 Lord Dannatt: Can I take the conversation back to ageing? In rural areas, there is an ageing population and therefore ageing congregations. My question is not, unless you wish to go down this track, about what you can do about increasing congregations that are otherwise ageing. Perhaps the question is what insights the Church has from experiencing ageing congregations, which are part of the ageing population, to give insights into solving wider ageing issues in rural areas.

Reverend Elizabeth Clark: For me, one clear thing is not to see it as a burden. It is to try to release and help older people to make use of the experience they have and be able to share that. It is to be able to foster some intergenerational work. A lot of teenagers will easily relate to an older grandparent, and it is to try to make some of these things happen. We have something called Messy Church, and that can be intergenerational. That person could be valued. They might not be able to physically do loads of things, but they can be there, they can talk and they can be part of what is going on. That is really important.

We talk about the burden of the ageing demographic, and that is very negative for a lot of people. Seeing this as an opportunity is a key thing that we can bring to the debate. We can also make things simpler and more accessible, as we have said, by improving governance so they can do the things they are good at and not get bogged down with all the things they cannot do.

Dr Jill Hopkinson: Yes, I would agree absolutely with that. It is interesting. We have not conferred prior to coming here, although we know each other very well. That is exactly the point I wrote down. Our contribution is that we have to enable older people to fulfil their potential, to feel valued and to understand that there is still a significant amount they can contribute to society, or do so in a renewed way, rather than simply seeing it as a problem to be solved.

Our insight is such that we should not be lamenting what we do not have. It is very easy to do that. We lament the absence of younger generations,
but actually who is in front of us, and what skills and gifts do they have to offer? How can we make use of that? There are many people who are in the mid-80s who are fit, healthy and contributing hugely to society. We need to see that as contributing to rural communities, not reducing them as a result.

One of the key issues, though, is the serial volunteering that many older people do in rural communities. It is the same faces that show up at four, five or six different rural voluntary sector or church societies. We touched on that earlier with Baroness Mallalieu. There is a whole section of society that needs to step up into the volunteering gaps that exist. Valuing that is important.

**The Chairman:** In some urban areas inter-faith activity has led to activities including supporting older people and a whole range of other activities. Could you just tell us what you know about inter-faith activities in rural areas? Obviously the history is one of the Christian denominations predominating, but are you aware of inter-faith activities?

**Reverend Elizabeth Clark:** We are just starting a project at Germinate: The Arthur Rank Centre for a supernumerary Methodist minister, Inderjit Bhogal, to work with some churches and talk about the church of sanctuary to help people have the conversations.

Very often, if you have been in a rural area, you may not have an experience of meeting people from other ethnic backgrounds. To be able to talk to somebody, to ask questions and to know about this so that if you hear an inappropriate conversation in the village you can say, “Actually, that’s not so”, may well be really helpful for building cohesion in that community.

**Dr Jill Hopkinson:** There are lots of individual partnerships between churches in different locations and other faiths in towns and cities. There is a very limited non-Christian faith presence in rural communities across England as a whole. It is very small—indeed, vanishingly small. The majority of the population would not be anything other than Christian or of no faith. That said, there are really key partnerships between rural churches and other faith groups in towns and cities, for example.

A very good example is one group of churches in Warwickshire that support Carriers of Hope, a project in Coventry that supports refugees. As a result, the refugee community were invited to come for a day out in the countryside. The majority of them were of course from rural areas of the countries they had come from. It was a huge opportunity to share skills. It was not just the host community providing activities; it was both communities working together. We have a great deal to learn, and we are only just scratching the surface of what that might bring.

Q295 **Baroness Young of Old Scone:** I know the Church of England owns a lot of land. I do not know so much about your church and its landholdings, but there has been quite a lot of pressure recently for the Church to use its land for all sorts of rural needs, particularly affordable housing. Would you like to comment?
Dr Jill Hopkinson: Yes, certainly. Land in the Church of England is owned by the national investing bodies and managed by the Church Commissioners. It is owned by 41 different dioceses. Five different classes of land are owned by each diocese. Some parishes, a very small number, own land themselves. The holdings are very dispersed.

That said, there are some very creative examples, particularly from some Church of England dioceses, where land has been used to provide affordable housing in rural communities and in towns and cities so that the strategic use of that land comes through good management and partnership working.

Baroness Young of Old Scone: So decisions are made primarily at diocese level. There is no national policy.

Dr Jill Hopkinson: Correct. There is no national policy.

Baroness Young of Old Scone: Should there be a national policy?

Dr Jill Hopkinson: That is not something I would be able to comment on, but I can refer that back and ask someone to write to you. We are not a national church, as it were, because the principle of subsidiarity applies. The 41 dioceses have 41 jurisdictions and approaches to doing things and ways of governance.

Baroness Young of Old Scone: We are rather more Stalinist in the Church of Scotland. How about the Methodist Church?

Reverend Elizabeth Clark: We do not have large amounts of land. Most of the land we own is attached to churches or under the churches. As I mentioned earlier, we have been through a review of how we use our property. The report is now requiring churches to look at the best use of their buildings, especially if they are coming to sell. Before they sell they have to look at all the possibilities of using it in the community, including for social housing. Whilst the Charities Act requires us to get the best—

The Chairman: I am sorry. I really apologise. I did not quite catch that. Are you saying there is a laid down set of things that they must look at?

Reverend Elizabeth Clark: Yes. The new property strategy came to the Methodist conference this June. It followed a review. We had somebody in to look at the way land and property is used. The key to it is that, if a church ceases to meet, which is the Methodist term, before they are allowed to sell the building, they have to do an audit and look at what other possible uses there could be that are consistent with our ministry and mission.

Whilst we cannot necessarily sell below best price to a housing association, if it is a small amount of land we are encouraging individual churches perhaps to look at doing it themselves. My legal officer told me that there are one or two things in the pipeline, one or two examples of where churches have looked at a space and decided to consider how they can develop this for social housing. However, I know nothing more because I have not been told. It is at a very early stage.

The Chairman: If you could send us a copy of the document, we would
find it very helpful.

**Reverend Elizabeth Clark:** Yes, I can do that.

**The Chairman:** But my question is this. If, for example, it has been decided that a Methodist church is no longer needed for church purposes but there was huge pressure from the community in which it was located to use that building let us say as a village hall, the value of that to the church would be significantly less than selling it off for housing.

**Reverend Elizabeth Clark:** It is about furthering the mission of the Church. I have been involved in a project where we turned a Methodist church into a village hall. Connexion still owns the land and the building, but they have leased it to a village hall committee.

**The Chairman:** Maximising income is not the number one priority.

**Reverend Elizabeth Clark:** In that circumstance, no. It is about what furthers our mission or ministry in that place.

**Lord Dannatt:** Can I just take that a little bit further and come back to something you said before, Jill? Clearly, the use of church land for housing is one thing, but maximising the income or the money available from selling church land is another aspect of it. You have said twice that many rural congregations are spending much of their time and energy on preserving the building and not getting on with the mission.

Notwithstanding the structure of the Church of England in particular, is there a case for more public funding towards the upkeep of church buildings? Would that release the energy of clergy and laypeople to make a wider contribution in the community as opposed to raising money to keep the roof on? You say that the WiSpire started in Norfolk. It is no coincidence; Norfolk has 659 medieval churches, so it is not surprising that they decided to put masts on the top to try to generate some income.

**Dr Jill Hopkinson:** Yes, absolutely. There would always be a case for saying that more public money would be helpful. Whether that is an appropriate use of public funds in the current circumstance, on the balance of where money is spent, is a moot point. The Taylor Review offers a really positive way of moving forward and testing out two approaches to managing buildings. Let me just refer to my notes. The Taylor Review was published by DCMS in 2017 on the sustainability of English churches and cathedrals. They are running two pilot projects this year up to March 2020 in Suffolk and Greater Manchester. These are two quite diverse areas, but they will give a really good testing bed for exploring this approach.

It will provide for a community development adviser and a fabric support officer for a group of churches in those areas, with the aim that the fabric support officer provides guidance and advice on maintenance and repair of the historic fabric. In other words, it is the finger to stop the leak before it becomes a catastrophic problem. It will also give advice on minor repairs and potentially on bigger projects. The community development advisers will help to increase engagement beyond the
worshipping community in both urban and rural areas to draw a bigger group of people into managing the building.

There are various other things going on alongside this. This approach is probably a more constructive way forward for returning buildings of all denominations—it is across all denominations and indeed all faiths, particularly in Manchester—to be real public buildings of use to everybody. That, of course, was their original intention.

Lord Dannatt: This would also play into the changes the lottery has made to its rules, whereby it is much easier to get a grant for a community space than it is for a church, which actually makes it quite difficult for churches to get grants for their fabric. But you are touching on some of that.

Dr Jill Hopkinson: Yes.

Q296 The Chairman: Okay, we must come to an end. Just before we do, we would love to hear your thoughts on what you would like to see us put in our report. Have you any recommendations, Elizabeth, that you would love to see in our finished report in March next year?

Reverend Elizabeth Clark: Consulting with our legal department, they were frustrated at times that if they encourage a small church to develop property for housing they cannot apply to the Community Housing Fund because they are not a regulated provider. If there was a way to make that easier, they would be very happy.

The Chairman: That is useful. Thank you.

Dr Jill Hopkinson: Mine is that the common good is created and contributed to by people who are choosing to take responsibility for the reality of their own futures in that place. Much of currently policy pays lip service to communities that wish to solve their own problems. I would really love to see a recommendation that future legislation, guidance and frameworks enable this to happen. It is not about passing the buck of statutory services on to the voluntary sector but enabling communities and voluntary groups to have the ability to shape the future of that place for that group of people.

The Chairman: As a follow-on from that, one of the Committee’s concerns is that we are very keen to support communities that are keen to do something for themselves and to find ways of reducing the bureaucracy, the red tape and all those sorts of things. Our real concern is communities that are not coming together to say that they want to do things.

We had hoped to hear a little more from both of you about the role the Church could play in removing apathy and stirring up enthusiasm for communities to come together. If I were to express disappointment about what I have heard—and we have heard a lot of very positive and helpful stuff—it would be that I have not heard more about that role. Here is your opportunity to remove my disappointment. Is there more the Church can do to stir up activity in communities?
Dr Jill Hopkinson: Absolutely. There is much more the Church can do to stir it up.

The Chairman: So why is it not doing it? What are the barriers to it? It seems to me from the answers to earlier questions that it is because there is no such thing as the Church of England; it is a series of independent bodies and so on. Is that the answer as to why it is not happening?

Dr Jill Hopkinson: That is not the answer at all. The answer is twofold. It is partly because traditionally that has not happened. Everything has come through the vicar. We are learning new ways of being as congregations in rural communities. There are some really great examples, and we have touched on some of them, such as the use of buildings, where people really have got the bit between their teeth and made significant and important changes for their rural communities. As you have correctly identified, there are some places where those skills may not be in the community or there may not be sufficient critical mass.

That is the key to the point I was making a few moments ago. We need to ensure that support for bodies such as ACRE, Locality, the Plunkett Foundation and Germinate: The Arthur Rank Centre continue, because they are the innovators and encouragers that will help people with good ideas to bring them to the fore. Part of that is about knowing who you need to talk to.

The Chairman: In the course that you are organising for 12 people and are going to develop, are those organisations contributing to it to show would-be vicars what they could be doing and who they could work with?

Dr Jill Hopkinson: They will be, yes. The point, which I made to Lord Curry, is that it is about the whole congregation doing this, not just simply relying on the vicar to do it all in circumstances.

The Chairman: Elizabeth, what is your view?

Reverend Elizabeth Clark: Sometimes congregations lack confidence. They certainly feel that they are not necessarily as good as the bigger congregations in other parts of the Methodist Connexion. One of the things we have started, together with the Arthur Rank Centre, is to designate a Sunday for rural churches. We call it Rural Mission Sunday. We get them to celebrate who they are. We get some fabulous stories coming back about how they have brought the community together or how they have had a party. They have done all sorts of things just because we have said to them, “You are important”. We need to keep saying that, and we need to keep saying that loudly, so that people start to believe it and do it.

Dr Jill Hopkinson: The narrative of the rural church is one of decline and failure. But that is not the case.

Reverend Elizabeth Clark: That is what people are led to believe sometimes.

The Chairman: I hope you will be pleased with some of the things we might say about the very positive things happening in rural communities,
because we are great advocates for them on the Committee. You have been very helpful, both of you. Thank you very much indeed. As I said before, if there are any things you wish you had said but have not, please write to us. We will publish our report on 31 March, which is an interesting date.

Reverend Elizabeth Clark: It is.

The Chairman: I suspect you might be among the very few who might look at it. Actually, I am sure that is not true. Thank you both very much indeed.
Country Land and Business Association (CLA) and Action with Communities in Rural England (ACRE) – Oral evidence (QQ32-46)

Transcript to be found under Action with Communities in Rural England
Evidence Session No. 9  Heard in Public  Questions 95 - 105

Tuesday 23 October 2018

Watch the meeting

Members present: Baroness Pitkeathley (Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Councillor Sue Baxter, Councillor Bob Egerton and Councillor Mark Hawthorne.

Q95  The Chairman:  Good morning and welcome to this session of the Committee. I am Jill Pitkeathley; I am chairing temporarily today in the absence of our usual Chairman, Lord Foster. You are very welcome here this morning. You have in front of you a list of interests that have been declared by Members of the Committee, with the exception of a new Member, who will declare her interests when she asks her first question. I remind you that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the Committee website. You will have the opportunity at that point to make corrections to that transcript where necessary, if you wish.

We have a great deal to get through and a short time in which to do it, so please forgive me if I move the questions on or appear to curtail the discussion in the interests of getting through. Please do not feel too constrained by that. If there is anything else you wish you could have said or any other evidence you would like to give the Committee, you can always do that in writing afterwards, and we would be delighted to hear from you. Please also do not feel that everybody has to answer every question. It may be that you feel one of your colleagues has said all that needs to be said on the topic. Of course, some of my colleagues will interject with other questions if they want to follow anything up.
If that is all right, we will start. I will ask the first question. How can we ensure that government departments and public bodies pay greater attention to the needs of rural areas? Is there a need for a single independent body, in your view, to represent rural communities to government and to be consulted on a statutory basis?

Councillor Sue Baxter: First, we need better rural-proofing. As each policy change is made, there almost ought to be a test to see whether it really works in rural areas. An example is with affordable housing in the NPPF, where the level was set at higher than 10 houses in a development. If it was set at a lower level it would encourage more affordable housing. One thing we have to respect is that not all rural communities are the same. It would be quite difficult if there was a single voice that represented everybody; you would get quite a diluted view. Perhaps there could be a network of representation. There is a gap, and we need independent research. Such a network would help provide that.

Councillor Bob Egerton: I read through the Government’s online thing on rural-proofing, which I thought was an exemplar of how to go through a process. Of course, those things are easier in the hypothetical than the reality of having checklists, equality impact assessments and all the things that we as councils do. We all tend to feel that they become a bit of a tick-box exercise. There is no perfect answer to this. There needs to be a voice for rural communities, but, as my colleague said, we are not all the same; we are very different. You always have to be careful: whoever you put up to represent rural communities may not necessarily speak for all of us. That is just the nature of the thing. We just have to get our voice across as best we can.

Councillor Mark Hawthorne: The issue around rural-proofing is a bit of a red herring. In the same way that we recognise through the devolution debate the differences between urban conurbations, and therefore give them the power to make decisions that rightly reflect the needs within their localities, that needs to be given to rural areas too. If you look at a solution that might work in Cornwall, which is also in the south-west, that is not necessarily a solution that would reflect the needs and aspirations in Gloucestershire. There is a need to reflect within how we are funded—I know that is an area you will come to later on—the cost of delivering services within rural localities. But the key for me is that, in the same way we have devolution for London, Manchester and Birmingham, we should be seeing devolution for Gloucestershire—Cornwall already has a bit—so that rural areas can deliver policies that best reflect their communities.

The Chairman: Does that mean you are not in favour of a single independent body, a single voice, or are you just saying that it is not possible?

Councillor Bob Egerton: It would not do any harm if we could find the means to put forward some kind of body. I do not know how big it should be, but a few people representative of different rural areas who can look at things independent of central government would not do any harm. No system is perfect, but there has to be an opportunity for alternative voices to say, “Have you thought about this? Have you thought about
that?” Gloucestershire was in the south-west in the old RDA regions, but you are closer to Birmingham than you are to Truro.

Councillor Mark Hawthorne: We are closer to Scotland.

Councillor Bob Egerton: Yes, you are closer to the Scottish border than you are to Land’s End. No system is perfect, but we always have to try to get representation from as diverse a range of voices as possible. Ultimately, central government has to make the decisions and the hard choices.

The Chairman: Can you be a bit more specific about the shortcomings in the current system and the current quality of rural-proofing, which both of you mentioned?

Councillor Sue Baxter: To use the example about the NPPF, it did not truly reflect the needs of all our rural areas. We have a shortage of small social housing developments within our rural villages, which are desperate for some youth and vitality. Unfortunately, that opportunity was lost in the NPPF, because it was not truly rural-proofed.

Baroness Mallalieu: Can I ask you some questions about local government and devolution? First, what role and powers should devolved authorities have in future on rural issues? Are there ways in which the devolution arrangements could be beefed up to support the rural economy more effectively?

Councillor Bob Egerton: We have a small devolution deal in Cornwall, but true devolution has to include tax-raising powers. You will not have the authority to change the taxation system, but in the long run, because we are so centralised, we always tend to be grasping at crumbs from the tray of central government. You devolve certain powers to us, but if that is within a rationed budget we still have a problem in doing more of the things we would like to do. We need a system where we have a range of tax-raising powers. Council tax and business rates are so constrained that, in the long run, with devolution, we have to be serious about saying to local councils, “You have more flexibility to raise taxes from other sources”.

Councillor Mark Hawthorne: The issue on devolution—in reality, Cornwall is probably one of the exceptions—is that devolution deals never arrived for rural localities. Something like 26 bids were brought forward by different localities up and down the country that never made it off the cutting room floor and were never accepted. All that aspiration around employment, skills and better connectivity got lost. The biggest problem we have at the moment is that there is an over-focus on a metro-urban city agenda within the Treasury and most departments within government.

A real classic example was the replacement of the Work and Health Programme. We as the LGA undertook to work with government to have a devolved agenda for that particular piece of work. We withdrew from that process because, while we saw the devolution of that agenda to combined authorities and urban cities, what was left for the non-urban parts of the
country was a worse deal than what had been on offer in the previous scheme. There is a real risk that we are becoming second-degree areas within government thinking. We get the crumbs off the table, as you rightly say; we are the afterthought. Everything you look at, even if you look at the local industrial strategies, is being tiered. Rural areas find themselves at the back of the queue. It is a mindset within government that needs to change.

**Councillor Sue Baxter:** I totally agree with my colleagues here, but I would like to extend the debate to onward devolution. If you split devolution from strategy and policy down to the level of service delivery, we could have far more devolution down to the point at which the service is delivered. In our current economic times, it is much more helpful if our communities take more ownership of that sort of local service delivery. We might look at community transport issues and things round health and well-being. We have to look further down the devolution tiers, from combined authorities and principal authorities to what communities can do for themselves, and give them more ownership of their own destiny.

**Baroness Mallalieu:** Are there things that we can learn about how to support rural communities from county councils that do not have a town or a city in their geographical area?

**Councillor Bob Egerton:** Cornwall is a unitary authority. It is accused of being a bit Truro-centric. We encompass a lot of small towns, without anything bigger than a population of 15,000 to 20,000. We are very much a rural county. I agree with my colleague about devolution further on down. There is scope for it, but there is not a lot of capacity in town and parish councils to take on significant services. They can take on things such as running the toilets, which has been a traumatic but ultimately successful devolution within Cornwall. Open spaces can be maintained. In terms of the core services, they do not have the capacity because they are short of professionals and the councillors are all volunteers who just want to turn up for a few hours a week for a parish council meeting.

**Baroness Mallalieu:** You have answered the question I was going to ask next, which was how town and parish councils work with districts and counties to support the economy. Could their role be enhanced? From what you say, it sounds unlikely that there would be the manpower, the ability or indeed the funds to do much more. Am I wrong?

**Councillor Bob Egerton:** There is the scope to do more, but it is a long, slow process and we have to realise the limits of it. They are not going to be able to run social care. They can run community bus services, which they do in some areas. But one has to be realistic about the extent to which they can deliver core services.

**Councillor Sue Baxter:** This comes back to looking at the point at which the service is delivered and the most sensible place for it to be delivered from. Social care, health, and adult and children’s services could not be devolved down to parish and town councils, but there are many other things that could be.
**Councillor Mark Hawthorne:** The key for me is that this is horses for courses. Some town councils precept more than the district council precepts, and really own and drive a place forward. Cirencester is a classic example within Gloucestershire, which really owns and drives forward the town centre and its regeneration. Some parishes meet once a year; some have the ability to take on more. I have a number—I think seven in total—of community libraries that were taken over by community groups or parish councils. Community transport has been referenced. There is the entire prevention agenda, in terms of keeping people in their homes for longer and actively creating spaces in which old people can connect within communities. That is a really vital role, where you see parish councils or voluntary and community organisations stepping into that space. But it is a horses for courses approach. It is a bit like the rural agenda generally. Different areas have different capacities to do different things.

**Baroness Mallalieu:** How could town and parish councils be encouraged to develop Neighbourhood Plans, and to be more ambitious about supporting growth in their particular areas?

**Councillor Bob Egerton:** We have made good progress in Cornwall on Neighbourhood Plans, but they are going through a rather contentious issue at the moment. One particular plan was adopted and then a planning committee made a decision that the locals thought was contrary to the neighbourhood plan. It has ended up as a long-running tussle between us in planning, that parish council and others. One of the problems with Neighbourhood Plans is that a lot of people are motivated to get involved in developing a Neighbourhood Plan because they see it as a way of constraining development rather than facilitating it. Then they become disillusioned.

But it is a long-term process. In the longer run, if you have more people involved who actually have an ambition to develop an area, which is true in some areas, neighbourhood plans are a good thing. They are a good thing overall, but they can have their problems.

**Councillor Sue Baxter:** Neighbourhood Plans are good and they are being developed. There are things that could be done to help them. One thing we have been asking for is a right of appeal. Where a Neighbourhood Plan has been developed, an application has gone in that is against the Neighbourhood Plan, and therefore the Local Plan, and that application has been granted, there should be a right of appeal. As my colleague was saying, it is disheartening, when you have gone through all the pain of developing a plan. What is more, the neighbouring villages and towns hear about it as well and they then may become reluctant. If we are going to encourage neighbourhood planning, we need to give them a bit of meat and allow them to be enforceable.

**The Chairman:** Is the need for an appeal because decisions are being made against the Neighbourhood Plan or not in accordance with the Neighbourhood Plan?
**Councillor Sue Baxter:** They are not in accordance with the neighbourhood plan.

**The Chairman:** What is the reason that those decisions are made?

**Councillor Bob Egerton:** I take a slightly contrary view to my colleague. I have to defend our planning department, which would argue that its decisions were consistent with the neighbourhood plan and the neighbourhood plan is part of the local plan, but people have different interpretations. We see it ourselves, in that we as a planning authority can refuse something because we think our local plan policies give us reason to refuse, and then it goes to a government inspector, who interprets our local plan differently from how we interpreted it. It is inevitable that you will always have these disagreements. To make a football analogy, you can play a dozen video replays of a referee’s decision, and you will still get half the people thinking it was a penalty and the other half thinking it was not. I would not be particularly keen on a right of appeal against approvals. It could open the floodgates to many lengthy processes and costs.

**Councillor Mark Hawthorne:** As a county leader, all our planning responsibilities were stripped back in 2010. But the key issue is that there has not been a massive take-up of neighbourhood plans. In my locality, one of the constraints against it is that battle about what the Neighbourhood Plan is delivering. Some have seen it as a way of stopping development, and that is clearly not the agenda. Those who have taken it on have found that they have gone up against communities and found it very difficult to deliver. In the same way, district councils struggle with the development of their local development plans because of the ever-present constraints around the need for growth and communities wanting to protect their identity. That is what some Neighbourhood Plans, certainly the ones I have seen, have fallen foul of.

**The Earl of Caithness:** What comes first? Does the local plan, or the county council plan, come first and then the Neighbourhood Plan? Do you say, “We need 3,000 houses in this area; now, Neighbourhood Plans, you provide for that and some business infrastructure”, or does it work from the bottom up and the neighbourhood plans say, “We do not want any development”?

**Councillor Mark Hawthorne:** On the first bit of your question, structure plans were scrapped back in 2010. From that point of view, the county council, beyond minerals and waste, does not get heavily involved in local development plans. My colleagues are probably better able to answer the question about how it works between unitary or district councils and neighbourhoods.

**Councillor Bob Egerton:** As a unitary authority, we are the local planning authority for everything, including minerals and waste, and the householders. The council’s local plan is the paramount document. Some neighbourhood plans were adopted before our local plan was adopted, but a lot have been adopted subsequently, and have then become an integral part of it. In terms of housing numbers, we have to make sure that
overall, as a local planning authority, we achieve the targets we have been set in the local plan, which have been agreed with the inspector who looked at our local plan.

When it comes down to towns and so on, we have an allocations document, which is going through the final stages of examination and will set the figures for the larger towns. In the smaller areas, there are indicative figures. The neighbourhood plans are supposed to see those as the minimum, and they have the capability to add more on or to direct numbers within their area. Overall, as a planning authority we have to make sure we find a way to achieve the large macro number. A neighbourhood plan would not be adopted if it was seen to be deliberately trying to constrain development below a certain figure.

Q97 **Lord Carter of Coles:** Good morning. My question is about connectivity and the current plans for fibre and 5G. What would your view be? We have had some very interesting submissions from Cornwall on this. Could things be done to accelerate the rollout? What are the main limitations? Do you have any general comments on this?

**Councillor Bob Egerton:** We have had a very successful rollout of broadband. Mobile coverage has dramatically improved in Cornwall. We are trying to reach the not-spots and the areas with no broadband. But one has to be cognisant of the fact that the higher the percentage of reach you get with broadband, the more disadvantaged become the small percentage who are left without high-speed broadband, because all the websites then assume everybody has superfast, so it becomes even more difficult for the few per cent who are left behind.

The other problem is that, just because there is superfast, high-speed mobile connectivity, it does not mean people are not left behind, because they cannot afford it. More and more schools expect children to have a computer to take to school. There may be broadband to their street, but if they cannot afford to buy the laptops or smartphones they are just as disadvantaged as the person living up the end of the long country lane. We must look at both those aspects: how can we provide connectivity not just to every remote rural spot but to the less well-off people who are left behind in this rush into the digital economy?

**Councillor Sue Baxter:** One thing I would like to see is data roaming between our mobile providers. That would extend their reach, certainly within our rural areas.

**Lord Carter of Coles:** You seemed to indicate that it has been successful in Cornwall, or has gone more quickly. Is there something you have been able to do to expedite it?

**Councillor Bob Egerton:** A lot of European funding has helped.

**Councillor Mark Hawthorne:** But there is an overall success story for local government here. At the end of the day, we ended up footing half the bill for the BDUK rollout. We have reached 95% across the UK. We are in the final 5%; some parts of the country are in the final 2% or 3%. One of the biggest barriers to getting to that last 2% or 3% is finding
providers that can provide the technology to reach our most rural communities. That is a real issue. We have put out packages in Gloucestershire that no one has bid for. There is a real issue about trying to get the market to reach that final 2% or 3%.

The universal service obligation was a missed opportunity. It looks like BT will be the sole provider of the universal service obligation. The local government argument was that local government was already in this space, and it could have correlated demand within localities and used that as a mechanism for delivering the universal service obligation. That was not the way the Government went, and that is regrettable.

If you talk to local councils up and down the country, one thing that is really getting to them now is mobile connectivity. The real issue here is twofold. First, the data we have around coverage—Ofcom will admit this—is hypothetical; it is worked off algorithms. It has been doing exercises about collecting real data, day-to-day data, but it has done that only in cities. It has not had any funding to do any of that data capture within rural localities. If you talk to our members, mobile connectivity in rural areas is the real blocker now. If you think about how smartphones are used more and more, that is the data connection point. We talk about 5G, but in some of our communities we cannot get 4G; some communities get no signal at all. That needs to be addressed. So far, government seems to think that the market will deliver through the selling off of the 750 megahertz band and other parts of the spectrum. We are not convinced. We think there needs to be intervention in the same way that intervention was needed on broadband.

Q98 The Earl of Caithness: Businesses depend hugely on connectivity. Productivity levels have plateaued in the UK since 2008. What are you doing to support businesses and what would you like to do more?

Councillor Bob Egerton: We have an economic growth department in our council, on which we spend about £5 million a year. Again, we have European programmes to help with these things, and we have the LEP. We do everything we can. One of the problems comes back to the taxation system. If businesses grow and they pay more income tax, VAT, national insurance, et cetera, that is a good thing for the economy as a whole but we as the council get only a very small portion as a return on our investment. We can spend hundreds of thousands or millions of pounds promoting economic growth, but there is no direct correlation with the council’s finances. In times of constrained budgets, it is always a difficult one to justify, although we are continuing to justify it. We do as best we can within our budgets, working with European funds and with the local enterprise partnership.

Councillor Mark Hawthorne: If you go back to those 26-odd deals that never made it from the Department for Communities and Local Government to the Treasury, there were lots of common themes. But the number one theme that came out in every single one of those was skills within rural localities and how we would skill up the workforce to provide for jobs.
There are two really important issues there. First, the LGA has done some research that shows there are something like 20 different national systems in place across eight departments, spending about £10 billion a year. It is really disjointed in the centre. If you talk to LEPs—I know you are talking to LEPs later—and local government, they will tell you it is really important to devolve that if we are going to get the outputs we want to see. Especially as we go into what is called the fourth industrial revolution, where people will be constantly looking to change careers throughout their entire life, the reskilling agenda will be really important. It needs to be built into the system, and it simply is not there. That really needs to be focused on.

The other thing that would really benefit rural communities is the ability to drive infrastructure connectivity. Part of the agenda that you see devolved at the moment is in big cities and about big projects. There are actually lots of little projects out there that do not get the same look-in. That is the problem. Those projects could create huge benefits going forward. We need to have a different mindset. This goes back to the real problem: we are all bidding into the centre for funding. If we are bidding into the centre, there will always be someone who draws up a shortlist, and you can bet your bottom dollar that it will be rural areas that lose out.

_Councillor Sue Baxter:_ Building on that and looking at it from the community level upwards, the main challenges, as was mentioned, are broadband, transport, planning and affordable housing. But one area where we are doing a lot of work is market town regeneration. Our parish and town council sector is working hard on that. We do not get any central government funding. We are not a party to the revenue support grant, so all our regeneration comes from within the area, but we are helping with that.

We have talked already about neighbourhood planning in a spatial way, but we would like to have an economic neighbourhood plan, if you like, at community level. If we could demonstrate that we were able to build that community-led economic plan, perhaps we could aspire to a share of business rates in the way that our principal authorities have them.

_The Earl of Caithness:_ Councillor Hawthorne, what you say about skills is interesting; we have had a lot of similar evidence about that. I wanted to ask Councillor Egerton a question. In Cornwall, they have done some work on tertiary education. Could you tell the Committee about that, please?

_Councillor Bob Egerton:_ The education is done by the outside bodies, the further education colleges, predominantly. The HE sector has expanded considerably in Cornwall. We are there as a facilitator to get these people together: the colleges and the universities. We are constantly talking to them, but ultimately their budgets drive what can be provided, to a great extent. We have two big FE colleges. We have the University of Falmouth and the University of Exeter. The HE sector has expanded considerably. It has been good for Cornwall, because we were lagging behind. People had to go out of county to get higher education.
We would not like to take all the credit as a council, but we are foursquare behind those institutions to do better.

**The Earl of Caithness:** Councillor Hawthorne, in Herefordshire, they want to have a new university in Hereford. Do you have any plans in Gloucester?

**Councillor Mark Hawthorne:** I have three universities as of last month. Despite GCHQ being the largest employer in Cheltenham, none of them trains spies.

**The Earl of Caithness:** No, not that we know of.

**Councillor Mark Hawthorne:** But there is a real disconnect. Part of the problem in places like Gloucestershire is that the HE and FE institutions are not necessarily in tune with what the local economy is producing. Aerospace is very big in Gloucestershire; none of the universities does engineering. If you look at the ONS figures, we have a net outflow of young people from the county at a rate of about 400 a year. By 2031, we will have had an increase of only about 7,000 people aged 18 to 65, in an economy that could generate 100,000 jobs.

That is happening up and down the country. We have to start to tackle this in our local areas. It is not just about education and skills; it is about housing and all the connections around the vitality of the local economy. If we do not make those connections now, we could see dormitory counties starting to emerge. In fact, it is probably arguable that some of them are starting to emerge already.

**The Earl of Caithness:** I have one final question, changing the subject. What are you doing to help tourism in your areas? Would you like to have a tourist tax?

**Councillor Bob Egerton:** In Cornwall, we have a very high volume of tourism. I would prefer a local sales tax across the whole thing. The trouble with tourist tax is about how you brand a business as being a tourism business or not. Is the ice cream shop a tourist business? Is Airbnb a tourist business? A tourist tax has a sort of attraction, but there would be a lot of opposition. A more general sales tax would be useful. With a big tourist industry, that will be a major contributor. Trying to draw lines and put people into categories is very difficult. It is fraught with so many problems that it would be impractical to bring it in.

**Councillor Sue Baxter:** Some local taxation would be helpful if it were used for regenerating the tourist areas and reinvesting in tourism. I appreciate that trying to manage it could be challenging.

**Councillor Mark Hawthorne:** Business improvement districts are sometimes used as a tool by certain localities to raise funds. Those funds are generally used in the marketing of town or the city, for improvements to the public realm or putting on festivals and events. There are examples of that power being used more and more. There is a critical mass to that, so you are probably seeing it being used by the larger market towns and the smaller cities, rather than the smaller and more rural localities. But that tool is already available to local government.
Baroness Hodgson of Abinger: As a new Member of the Committee, I have to begin by declaring my interests. I am a director of a company that lets a small amount of agricultural land and has done a very small amount of property development. I am also a past member of the Farm Animal Welfare Committee.

I want to ask some questions about local enterprise partnerships. Particularly, how would you rate their work and their approach to rural economic development? Do you think the proposals put forward in the recent LEP review will meet rural needs?

Councillor Mark Hawthorne: The Local Government Association engaged in the recent review of the LEPs. There is a need to make LEP structures more transparent and to have greater accountability. That has always been an argument we have had a strong view on, especially since they are responsible for deciding how public money is being spent. Weirdly, the output of the review, certainly the 70/30 ruling on the boards themselves, could have a detrimental effect on public accountability and, indeed, the representation of rural areas on local LEP boards. The indication that FE and HE institutions will be included in that 30% makes it even more difficult.

To give you an example of why that would be difficult, if you have a 70/30 rule, you have to include your FE and HE institutions, and you have six districts and a county council, unless you have the largest board ever, you are not going to have everyone sat round that table. That is a real concern that some areas have. The other thing I would say about LEPs is that they are playing to a government agenda. They are bidding for funds in an agenda that is set by national government. Inevitably, they will try to tick the boxes they think exist within the Treasury, and those boxes probably do exist within the Treasury.

The other real risk is that we see the emergence of a premier league and a second division when it comes to LEPs. If you look at the local industrial strategy, the Government’s approach to that has been to do it in tranches. Most of the first tranches are urban areas and combined authorities. The tranches that are left behind tend to be the rural LEPs. The big risk we have on our books is that, by 2020, we are switching from European funding to UK SFP, which is supposed to be generated off the back of local industrial strategies. As it currently stands, I cannot see how a LEP can be bidding into that if it has not had a local industrial strategy signed off, because the time has not been put in there to make sure those local industrial strategies have been developed. No one has an answer to that at the moment.

Councillor Bob Egerton: I sit on the board of the Cornwall and Isles of Scilly LEP as one of the council representatives. They are strange creatures; they are a hybrid between the public and private sectors. It just about works. I would not have invented this structure from scratch, but we have it and we work within it. We are fairly fortunate, in that Cornwall and the Isles of Scilly is a nice contained area, so we do not have the problems of other areas, such as the Heart of the South-West,
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which has Devon County Council, all the district councils, some unitary councils and Somerset. I would imagine it is very difficult to administer that. Ours is relatively straightforward. I do not see the need for shuffling the rules at this stage. I do not see what benefit is going to be had by it.

In terms of increasing the private sector contribution, I value the fact that people from the private sector come to LEP meetings, give up their own time and contribute to the process. But the money being spent is public money, taxpayers’ money, so I agree with my colleague: we need the democratic accountability. We cannot just have a few businessmen turn up and decide how they want to spend the money, however well motivated they are. We have to have this tension between the two sectors. At the moment it works okay, and I do not see the need for making the changes proposed.

Q100 Baroness Young of Old Scone: I have two questions. First, how concerned are you about the elements of European funding that currently go specifically to rural communities and rural development being swept up into the SPF and allocated out through LEPs?

Councillor Bob Egerton: We are very concerned.

Baroness Young of Old Scone: What would your proposition be for how to avoid that?

Councillor Bob Egerton: We hope the Government will stick by their commitment to maintain funding to the areas that were losing out on European funding. In Cornwall, we have benefited greatly through the regional programmes. We fear that the SPF might all go off to the high-flying city regions that come up with glamorous bids and say, “This is how much GVA we are going to generate per million pounds of investment”. They might swamp us. We are concerned that we could lose out.

Baroness Young of Old Scone: Would you be in favour of mandating rural representatives on all LEPs that have significant rural hinterlands?

Councillor Bob Egerton: It will be about how the Government decide to divvy up the money. The LEPs can bid for money, but it is within central government. We ask the Government to stick to their promise that we would not lose out because we had lost out on European money.

Councillor Mark Hawthorne: The situation in Cornwall is probably a lot different, in the sense that you had region 1 status and had that extra money. Those of us who have been dealing with ESIF funding will tell you about the nightmares of bureaucracy that surround how it is structured. The problem with UK SPF is that, at the moment, it is light on detail. There is very little understanding of how it is going to be structured. There is a huge opportunity to create a single fund that can meet multiple different needs, and to have a sensible conversation with government about how that is divvied up.

The fear, reflected by my colleague here, is that it will slot into an agenda that is very urban and that rural areas will lose out. Because we do not know the detail, it is very difficult to say how that is going to work. If you
are looking for one thing that is causing concern, the timing means that urban areas are going to have a head start whatever way the fund is divvied up.

The Chairman: That brings me to the next question I was going to ask. How can government ensure that LEPs and mayoral authorities look beyond towns and cities to include rural economies fully in their local industrial strategies? Should local strategies be rural-proofed? If so, who would do that?

Councillor Sue Baxter: The current LEP model is very patchy around the country. One of the problems we have is that, at a community level, we fall below the radar. If you look at the businesses who are sitting on the LEPs, they are generally the bigger businesses within the counties. There needs to be some community representation on the LEP. That would help to rural-proof what is happening in the hinterland.

Councillor Bob Egerton: In Cornwall, we are lucky, in that the LEP is looking after a very rural economy and everything it does is geared to that. We do not have the problem of a big city magnet in the centre of our LEP area that is sucking in the funds, but I appreciate that it could be a problem elsewhere.

Q101 Lord Colgrain: Good morning. I have two questions for you, please. We have touched on the first one already. Is the process for developing local plans fit for purpose? What could be done to make local planning more effective?

Councillor Sue Baxter: We probably have two totally different views here. The current process is long and laborious. Where you have a neighbourhood plan being developed in parallel with it, it can get quite confusing, especially when green-belt issues come into it. There has to be a better way of doing it, but I am not quite sure what it is.

Councillor Bob Egerton: Speaking for Cornwall, the new process is going to be that the Government basically give us a housing target and say, “That is it”. The problem we had with the old system was that we were encouraged to develop our own plan and the housing numbers. It took us about six years to get through the local plan process because there were so many arguments over the housing numbers and not so much time spent on the policies. A lot of people were trying to talk down the housing number. As a council, we put forward one proposal; it then went to a government inspector, who said, “That is not good enough. Go away and try harder”. That happened a couple of times before we finally came up with the answer they wanted. To be frank, it would be a lot simpler if we were just told from day one, “This is the number. Work to it”. It would save us spending years arguing over numbers with the Government pretending that it was a local decision when, in fact, it was not. If it is going to be imposed upon us, let us be honest about it and say, “That is the number. Get on with it”. That was the contentious issue. There is a lot of work to do on the policies, but we can come up with those. We could probably have done the whole process in two years instead of six.
Baroness Hodgson of Abinger: You have talked about numbers. What about design and what it looks like? For a county such as Cornwall, which depends on tourism, design is important. The local community is also concerned about what is going to be built. Should there be more emphasis on and control over this?

Councillor Bob Egerton: We go to great lengths to try to improve the design by having parameters within the local plan and policies. We set up design review panels in the planning process. We encourage big developers to take their developments through the design review panel. We do as much as we can on that.

Baroness Hodgson of Abinger: But would you like to do more?

Councillor Bob Egerton: The problem with design is that a lot of it is in the eye of the beholder. You will never get two people to agree on it. It is difficult: we cannot just turn down an application on the basis that we do not like the look of it. Well, we can to a certain extent.

The Chairman: We will have to curtail this a bit.

Councillor Mark Hawthorne: Planning is always very difficult. We have had regional spatial strategies. They were scrapped and local development plans were introduced. But the bottom line is always about the numbers. Many argue that we should reintroduce structure plans, but my memory of those is that they were all about the numbers as well.

There is a bit of the agenda that is missing, which is about painting the broader picture of how it all fits together. If you are talking to a community and saying, “We are going to put 4,500 houses next door to you, because that is what the local plan says”, they are rightly not going to be very happy because that will impact on their schools, hospitals and GPs. The infrastructure that supports that is the missing part of the story. That is the space where we need to see better development and better support. Local industrial strategies, if played out correctly and interlinked with local planning, could be the answer to that. That is what is missing. How do you sell the huge benefits that need to be delivered?

We get hung up about planning permissions. There are about 500,000 planning permissions out there that have not been built yet. The biggest issue facing us round the corner is going to be delivery; it is going to be build-out rates. That is the real challenge out there. We can put as many planning permissions in as we like; someone has to build them. In some areas the build rates are higher than we have seen since the 1960s.

Lord Colgrain: I have a very quick supplementary for Councillor Egerton. What can you tell us about Cornwall Council’s approach to affordable housing? Why has Cornwall been so successful in delivering rural exception sites?

Councillor Bob Egerton: It has been high up the agenda for all members of the council. With any planning application, it is about the percentage of affordables, and pushing and pushing to get that as high as possible. As a council, we are intervening with our own investment programme, which will not be entirely affordable but there will be a high
percentage of affordables, so we can unlock some of the sites that have permission but have not been developed and, at the same time, bring forward affordables.

Just because of the scale of the council, we have been able to do more than others. We are a large planning authority with a large reach across the area, with good registered providers. We are quite pleased with what we have done. It is never enough to satisfy the demand; there are still long housing lists. A lot of people say they are not really affordable anyway to people on a low income. The criterion of affordability is always one we argue over. We are doing the best we can. It is because there has been a great emphasis at a political level on this as a high priority for elected members.

**Lord Colgrain:** Secondly, what difference will the removal of the cap on local authority borrowing for council house building, as announced by the Prime Minister, make?

**Councillor Bob Egerton:** It will help. I cannot quantify it, but it will help.

**Councillor Sue Baxter:** I agree; it should help.

**Councillor Mark Hawthorne:** We are awaiting the detail, but there is a lot of appetite out there already and a number of authorities that want to step up to the plate. The big question at the back of our minds at the moment is what happens to those authorities that undertook stock transfer and how they can be part of that agenda. There are some questions still to be answered, but it is a positive step forward. It is very welcome.

**The Chairman:** We will rest with that unanimity.

**Q102 Baroness Young of Old Scone:** We have already touched on the issue of rural services. There are barriers to local provision of things such as transport, health and education. How much can local authorities—very local authorities, including parish councils and communities—grapple with that problem? Is it realistic to believe that local initiative can solve some of these problems?

**Councillor Sue Baxter:** We have some interesting examples of where a community that feels it is under threat of losing something can energise itself into doing things. We have many examples of where communities have got together to buy the local pub or the local shop. We can work at that local level. With our parish councils and bigger town councils, we can help to energise those groups.

Look at the local hierarchy of delivery. If you think about things, such as grass cutting, that principal authorities are beginning to cut down on, in a very small rural community the parish council can get the local farmer to come out for a small fee to cut the grass. In terms of community transport, we can get our parish councils to work together so they can build a network of community transport. There can be a hub-and-spoke system, where you have a larger parish or town council providing library services. We have to be more creative in the way we do things. We
should share good practice and upskill our parish and town councils. It is not the answer to everything; it is not a panacea, but it should be a help.

**Baroness Young of Old Scone:** What should the bigger authorities do? What would you like to see happen to improve services?

**Councillor Bob Egerton:** In Cornwall, we have been relatively successful in holding on to bus routes across Cornwall, whereas they have been decimated for other councils. Again, that was a political move to continue to subsidise rural routes. One thing that would help us significantly is in terms of concessionary fares. All the people I speak to who have a concessionary fare pass would be perfectly happy to make a modest contribution towards their fare. I have people in my villages saying, “This is crazy. I get free transport when I can afford to pay”. They realise the money we spend on concessionary fares would be better spent on preserving the routes, because there is no point in having a pass that entitles you to a free bus if there is no bus service because we cannot afford to subsidise it. If we could get a dispensation to charge, say, £1 per journey for our concessionary fare holders, it would raise £3.5 million, which we could put into subsidising more routes so we could improve the bus service.

That is one of the constraints at the moment. You have this dichotomy between having a free service and having a service that is lost altogether because we and the bus companies cannot afford to run it.

**Councillor Mark Hawthorne:** There are community libraries, community transport and community swimming pools. There are lots of really good examples of communities taking things on. From a county council point of view, there are the challenges of health and social care and of an ageing population. Local communities are going to be absolutely vital in the agenda around prevention and social prescribing. It is up to us as principal authorities and the NHS to start looking at how we invest in that capacity within local communities. Good councils are in that space already.

From a service delivery point of view, the longer you can keep an elderly person in their own home, the better. That is where they want to be. They do not want to be taken out of their home of 40 years and put into a care home; they want to be surrounded by their memories. The longer we can support that within communities, the better the outcome for the individual, the local authority and the community. Good councils are in this space. That is where parishes, town councils and the voluntary sector, which we must never forget, play a vital part.

**Baroness Young of Old Scone:** How are you feeling about the fair funding review in terms of rural funding?

**Councillor Bob Egerton:** It is a constant mantra from our council that we want fair funding, but I suspect that every council in the country says the same thing. I read the IFS analysis of fair funding and the complexity of designing a system. I was reading regression analyses on spend and grants and I started to get a bit lost. We all want a fair system, we will always feel we come off second best and we will continue to fight. As long
as the motives of government are honest and aimed at establishing a system with some criteria for how to apportion the money, that is the best we can hope for: that there is an honest broker in government who is not being driven by political considerations towards one part of the country or another, as long as you feel they are doing the sums in the most appropriate way. We will always find a way of saying, “You should have done the sums in a different way”.

The Chairman: We will make a note of “honest broker”.

Q103 Lord Dannatt: Could I move the conversation on to security in rural areas? The recent crime survey indicated that there was a pretty poor feeling about security in rural areas. What can councils and county councils do to assist with improving policing and tackling crime in rural areas?

Councillor Sue Baxter: From a parish and town council perspective, it is about being the local intelligence. It is about being the eyes and ears, and passing information on to other people who are involved in it. Our role has to be about passing on that intelligence.

Councillor Bob Egerton: People in big cities probably worry about crime; people in rural areas worry about crime. Fortunately, over the last 30 or 40 years, crime has generally come down. But there are new types of crime all the time and resources are stretched. I do not follow this mantra about wanting to see a policeman on the street. You never see a policeman on the street. There is not a lot of point in having a policeman walking down the street in order to be seen; they should be detecting crime and following up on things. Overall, more money needs to be spent on local policing. It often comes down to money. In my area, we have gone from having three police constables and a PCSO to one constable and one PCSO covering 50 or 60 square miles.

Lord Dannatt: Like a lot of things in rural areas, it comes down to reduced funding, probably since 2008.

Councillor Bob Egerton: Yes.

Councillor Mark Hawthorne: The other thing on rural crime is about county lines. That is increasingly having an impact. But there is a hidden impact as well, which is on children’s social services. In terms of county lines, think about the vulnerable children who have been involved in those sorts of operations and where they end up. They will end up in children’s social services. Nearly every county council leader I have spoken to has said they are overspending on children’s social services in complex packages. When you break it down, a good proportion of those complex packages for teenagers are for children who have been caught up in county lines operations. We are talking about packages costing £5,000 to £8,000 a week. That is really hitting budgets at the moment. That is an issue we are trying to flag up with government.

Lord Dannatt: Locally, has the introduction of police and crime commissioners better linked the police to the local community or was the previous system more effective?
**Councillor Mark Hawthorne:** I preferred the previous system, but that is a personal choice. More councillors were engaged and involved when there was a local set-up. They felt more ownership in terms of holding the constabulary to account.

**Q104 Lord Curry of Kirkharle:** To some extent, the question has already been addressed, but I wanted to explore a little further the shared prosperity fund issue. While you fear this might be dominated by large cities or urban areas, many people have said, “We do not know yet. We do not know what is going to happen”. In that sense, we probably have a chance to influence what might happen. If you could help design how the shared prosperity fund will be utilised, how would you ensure that rural areas benefit from this and it is not swallowed up by city applications?

**Councillor Bob Egerton:** We have had endless meetings about our strategy on it and how we can put forward the best arguments for why we should still get a larger share of the funding in the less developed regions and more control over the money. But we have been on standby to respond to a government consultation for about a year. A year ago I was being told that we had to develop our response because the consultation was coming out next week or next month. In the Cornish phrase, it is always “dreckly”—or mañana. We can only put forward our best case for why rural areas need it. We will have to wait to see whether the Government listen to our arguments.

**Councillor Mark Hawthorne:** There is a “wait and see” policy here. From our point of view, the bottom line is that, if the UK shared prosperity fund is to work, it has to reflect the needs of local communities. It has to tackle mobile infrastructure and broadband, rural connectivity, access to services and social deprivation within rural localities, which is sometimes overlooked. I have 20,000 people living in Gloucestershire who are in one of the top 10 socially deprived wards in the country. That stat is quite often hidden by lots of pretty pictures of chocolate box villages in the Cotswolds. That is the sort of thing we need to make sure the UK shared prosperity fund addresses.

The risk is that it goes for the high-volume outputs. That is the real fear. At the moment, Homes England seems to be focused only on high-output sites delivering large numbers of houses. That is the entire mantra of government. We fear that the UK shared prosperity fund will go down the same route.

**Q105 The Chairman:** I am going to put one last question to you, which is one we are asking all our witnesses. I am going to ask you if you could make one recommendation that you would like to see in this Committee’s report, ideally a recommendation that does not require new legislation or additional funding. I would like one from each of you, as quickly as you can.

**Councillor Sue Baxter:** We need earlier engagement. Our sector is changing. It is growing up. If we are to support our rural areas and our rural economy, we have to have that earlier engagement all the way up through local government and through central government.
Councillor Bob Egerton: I will repeat the one I said earlier to Baroness Young, which was on local transport: give us the flexibility to determine what discount we give on the concessionary fares, rather than mandating that it must be totally free.

Councillor Mark Hawthorne: It is really simple for me: a level playing field for rural areas. If you solved that, you would solve so many problems.

The Chairman: That was admirably succinct. Thank you very much. Do not forget what I said: if there is anything you would like to add, please write to us. We would be glad to hear from you. In the meantime, on behalf of the Committee, I thank you very much for your answers and for attending this morning.
**Countryside Alliance and Rural Coalition – Oral evidence (QQ 71-82)**

Evidence Session No. 7  Heard in Public  Questions 71 - 82

Tuesday 16 October 2018

**Watch the meeting**

Members present: Lord Foster of Bath (Chairman); Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Mallalieu; Baroness Pitkeathley; Baroness Young of Old Scone.

**Examination of witnesses**

Lord Bishop of St Albans, Margaret Clark, Sarah Lee and Tim Bonner.

Q71  **The Chairman:** Welcome to you all. Thank you very much indeed for coming before the Select Committee on the Rural Economy. A distinguished panel will be asking questions of you, including someone who was lambing at 4 o’clock this morning on Exmoor, so we know a bit about the rural economy and rural life.

You have in front of you a list of the interests of members of the Committee. The Committee is being recorded for television, radio and other purposes. There will be a very tight time schedule, so I will say in advance, and I will repeat it at the end, that if you feel there is something more you would have liked to say but time did not permit, we would be very pleased to have a further written submission from you afterwards. Similarly, if we do not get through all the questions, we will ask you to respond to them subsequently.

Because time is tight, I remind both organisations that we do not need all four people answering each of the questions. Feel free to chip in if there is an important bit to be added, but if we could keep it short and snappy we can cover the ground. After the meeting we will have an opportunity to pick up in writing, if necessary.

Can I ask both organisations, starting with the Rural Coalition, for your general thoughts about the relationship that you and the people living in rural areas have with government departments, local government and so on? Would you throw into that whether or not you believe there needs to be a single body representing rural areas as a statutory consultee to government. That used to exist but it does not now. Do you think we should have something, and, if so, what form should it take?
**Lord Bishop of St Albans:** The Coalition meets regularly with Defra. Staff come from Defra—indeed, John Gardiner [Lord Gardiner of Kimble] sometimes comes—usually to just part of our meeting, so we have good informal links. The question we would ask is precisely the one you touched on, which is how to formalise that more. When we come to issues of rural proofing, I suspect that one of the questions we will explore is the extent to which we are involved in the process; we would love to be involved much, much earlier. It feels that by the time we are having discussions huge amounts of work have been done and it has already gone a long way down the path. To have some way of formalising that would be very helpful indeed so that we can really contribute.

**Tim Bonner:** As a starting point, we have to understand that we are a fifth of England’s population and a quarter of all registered businesses, and 16% of the English economy is based in rural areas⁴, yet there is a feeling among our own membership and our constituency, which is very considerable, that they are very much second, third or fourth in the way government departments think about communities as a whole. There are numerous reasons for that, which I am sure we will get into.

As regards consultees and statutory consultees, I do not think you would find any difference in our membership’s and constituency’s attitude now from when the Commission for Rural Communities existed. I do not think that fundamentally they perceive government to be any different. The key is the area of rural proofing, which, as the Lord Bishop said, we will come to. If you get that and consultation right at an early stage, we do not believe that a single statutory body is necessary.

**The Chairman:** Is rural proofing the only thing that collectively you want represented in thinking about this?

**Tim Bonner:** No. We will come on to questions about the relationship of different organisations with different departments and how those departments take on board the views of rural communities. They are represented here today, and I know you have already talked to many organisations. There are plenty of strong advocacy organisations in the countryside speaking for different sectors of the rural community. The question is whether their voices are being listened to enough at a sufficiently early stage. I support the Lord Bishop in that. When those voices are heard and listened to is very important.

**The Chairman:** You pose it as a question: are those voices being listened to? My question to you is: are those voices being listened to?

**Tim Bonner:** We would argue very much that at the moment they are not being listened to at a sufficiently early stage.

**Margaret Clark:** We are seeing more approaches and evidence that the Government are thinking about rural, but it tends to be at the end of the process. We will come back to that on rural proofing.

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⁴ The witness subsequently clarified that he meant to say “...a quarter of all registered businesses are based in the countryside and contribute over 16% of England’s economy each year,...”
I should declare an interest; I was in the Countryside Agency and it was my role to set up the Commission for Rural Communities, so I have quite passionate feelings about it. There has been a vacuum since it went. I find it difficult now to see that there could be one single voice, but there could be something stronger and more collective. The Coalition has come together to try to fill the gap, and we have the Countryside Alliance.

The problem is that the rural voice is fragmented. Therefore, Governments can listen to one or two bits of it that they like, and say they have listened to the rural voice and do not have to hear the other, because there is nothing bringing them together as an independent voice producing independent research and data analysis. That is what is missing. Creating a body or a single voice is probably problematical, but there needs to be a source of more independent research and analysis.

The Chairman: One of the things that would be very helpful to the Committee would be your thoughts on how we deal with that particular problem. Do not seek to answer that now; perhaps you could write to us subsequently. The Countryside Alliance says that a single body is not needed; you say you are not convinced, but there needs to be something. What is the something, and how do we make it work? We have to test some ideas pretty quickly if we are to move on, but clearly rural proofing is a key issue.

Q72 Lord Curry of Kirkharle: We have been covering that, partially. Like Margaret, I was heavily involved in the Commission for Rural Communities. Margaret, one of the benefits you touched on was the research it did to help inform policy at the time. When it was abolished and put on a bonfire in 2011, or whenever it was, Defra reassured us all that it would pick up the responsibility and fulfil that role, and that there were dedicated teams to do it. Defra is still of the view that it is doing that really well. It would be good to hear whether or not you think that is the case.

Margaret Clark: Defra is doing its best, but it is piecemeal and inconsistent. It is not necessarily what Defra itself is doing; it is about other departments. There are some good examples, such as the Ministry of Housing, Communities and Local Government on housing, and the Fair Funding Review, which has been looking at it at an early stage, but there are other organisations and departments that, as far as I am aware, do not know what rural is. There are also public bodies such as NHS England and we will come to LEPs later. It is very piecemeal, patchy and not transparent.

Transparency is the difficulty. You do not know whether rural proofing has happened. Someone can say, “Well, we did it”, but there is nothing external. Government has to take a lead; there has to be political will. Government has to say that it takes rural proofing seriously. One possibility that we as a Coalition have suggested is that government departments and public bodies should report annually on what they have done on rural proofing. A report should be brought together, whether Defra does it or you give it to an independent source of advice. It is about transparency, consistency and when you do it.
The Chairman: Perhaps I could push you a bit further and then hear from the Countryside Alliance. Do you actually believe not only that there should be an annual report in the way you say but that each piece of legislation should have a rural-proofing statement as part of it somewhere?

Margaret Clark: Yes, I do not see why not. I have only glanced at it quickly, but I think you will find that the Loneliness Strategy published yesterday requires all departments to say what they are doing about loneliness, so with political will it is possible to do it.

Tim Bonner: The Countryside Alliance supports an annual debate and the proofing of all legislation. It is a slightly difficult situation for us, in that the current rural advocate is an ex-colleague of ours, and was actually our boss for many years. We all admire Lord Gardiner, but we do not believe it is possible, individuals apart, to deliver the rural-proofing role as a junior Minister in Defra when, as my colleagues have said, so much of the policy with impacts on rural communities is being developed in other departments and elsewhere. How can you deliver it in that political role? Despite Lord Gardiner’s best efforts and, I think, the best efforts in part across Defra, we do not see that Defra has delivered the sort of rural proofing that rural communities need, or that it has fully replaced the CRC role.

Sarah Lee: Rural proofing comes too late in the day. We very much want to see rural consideration right back at initial meetings and at consultation stages. When we receive consultations these days, there are environmental impact assessments and financial budgets at the back. Why do we not have a statement as to whether it has been rural proofed and what the impact will be on those communities? That would give everyone an opportunity to read it and assess whether the policy will be good, bad or indifferent, and will enable rural voices to have an early say.

Lord Curry of Kirkharle: Lord Bishop, you commented on this in the debate on Lord Cameron’s report, which recommended that rural proofing should sit with the Cabinet Office. What is your view on that?

Lord Bishop of St Albans: I still hold to that. I need to underline that it is not a unanimous view of the Coalition, and that is one of the issues. There are times when, on some planning issues, for example, we do not have unanimity. We have different bodies coming together, which is the point Margaret makes.

My view is that it needs something like that. Unless rural proofing is formally enshrined somewhere in government and there is some sort of responsibility and reporting back, it will always be difficult to deliver. It is made worse by not having the very high-quality research that we used to have. I suppose I am rather an anorak. I used to look forward to the State of the Countryside reports coming out, which I personally found immensely helpful. We need high-quality longitudinal studies if we are to make an impact.

Lord Curry of Kirkharle: Is there a particular policy that the Government have introduced where you think the rural economy or rural communities have been disadvantaged because of the failure to rural
proof?

**Tim Bonner:** A really minor example, but a very good one, is in the current Offensive Weapons Bill. Quite rightly, the Government are very concerned about the online sale of knives and the impact of knife crime in urban areas, and they are legislating to make it extremely difficult for a knife to be bought online and delivered to an address. That makes perfect sense if you are considering the problems of knife crime in urban areas, but if you are a stalker living at the end of a glen 30 miles from anywhere and you need a new knife to gralloch your deer, there will be a significant impact on you because now you will have to get into your car, drive to a post office, if you can find one that is open, and sign a bit of paper.

It is a very minor issue, but it was not rural proofed. I have talked to Ministers in the Home Office and asked them. I am absolutely certain that no one in the Home Office thought of it. When you raise these issues, the response is, “Oh”. It is way down the policy line, long after civil servants have started to consider it. They might decide to do it anyway, but maybe they would have thought, “Actually, there is a point there. Let’s see if we can do it in a different way”. We can all pick examples like that, but I thought that was relevant given that the Bill is in the House at the moment.

The Chairman: If you have other examples that would be helpful, we would be grateful for them.

Q73 Baroness Mallalieu: The Countryside Alliance survey seemed to come up with poor digital connectivity as the No. 1 priority. Do you think enough is being done to ensure that rural areas are not left behind under the Government’s strategy on extending full fibre broadband and creating a 5G mobile network? Do you agree with the Government’s strategy for broadband, including the universal service obligation and the longer-term plan to roll out fibre optics?

**Sarah Lee:** When Lord Foster announced his consultation, he said he wanted to hear the voice of the countryside. We thought, “Let’s put it out to our members and supporters and see what they come back with”. More than 1,000 people responded, 700 in the first 36 hours, which shows the strength of feeling. Digital connectivity was ranked by 70% of people as the top issue that could help the rural economy, so it is very reflective of our views and concerns about government rollout.

I think we can all agree that rollout in rural areas has been slow, patchy and inconsistent, and it has held back rural businesses and communities. The Government recently announced their full fibre strategy. We are fully supportive of that, but currently we have only 4% fibre connectivity in this country. Spain has 78%, and Portugal has high figures\(^5\). We are way behind our European counterparts. At the current rate of build, we will have 100% full fibre by 2040. That is another 20 odd years away. Is that good enough? I would say not. The strategy is great; it is a step in the

\(^5\) The witness subsequently corrected this figures as follows: “Spain has 71%, and Portugal has 89%.”
right direction and it was long overdue, but it still does not have the drive to get rural areas connected.

It is the same for mobile phone connectivity. One of the things we consistently hear from our membership and supporters is that, if you have a mobile phone signal and you upgrade from 2G to 3G to 4G, you will get 5G, but where there are not-spots there are still not-spots, so for the guys who have connectivity it is improving, but those who do not still do not have it. We need to plug those gaps. Realistically, full fibre will never get out to the Highlands and Islands and some of our remote rural areas, but what will solve connectivity and broadband delivery is the mobile phone network. We need to get that right. We need to deliver it right now and get the stepping stones in place. I still do not think the full fibre strategy goes far enough in a timely measure.

Lord Bishop of St Albans: One of the things that particularly concerns me, and I am sure many of you will be aware of it, is that this is not just in rural. Internationally, we are going down the league and dropping behind; it is getting worse compared with the rapid progress that some other countries are making.

In the not-spots and hard-to-reach areas, we need to think very creatively. The Church of England has been involved with WiSpire across Norfolk. We have signed a concord with others to try to work out how we can bounce and beam signals off church spires and so on. That probably will not work in Cumbria, where there are valleys, unless you can do it up the valley, but there needs to be much more work with localities identifying what will move it on quickly. Political will is crucial. If places such as Estonia can do extraordinary rollout, it seems to me that if we have the political will we can do it.

Margaret Clark: To reinforce what the Countryside Alliance said, as Lord Curry knows, in the Prince’s Countryside Fund’s recent research, Recharging Rural, one of the top three responses from all the people it asked was about poor broadband and mobile, so it is a very live issue.

I fully support the Universal Service Obligation, but it is very important that the bar is not set too low. There is no point in having a USO of 10 megabits, or whatever it is, because it is too easily achievable; you can tick the box and you have done it. It has to be set high. That is really important.

Sarah Lee: You are right about the USO being 10 megabits. Fundamentally, everyone can get 10 megabits through satellite, but we all know the problems related to satellites, so we need to make sure that whatever technology is used to deliver the USO is reliable and gives a good level of service.

Baroness Mallalieu: Sarah, your written submission of evidence calls on Ofcom to “impose rural coverage obligations” for mobile coverage. What do you mean by that? What would it look like, and how would it work?

Sarah Lee: In the spectrum auction for 4G back in 2013, Ofcom attached an obligation to a certain level of spectrum, saying that there had to be 98% indoor coverage and 95% geographic coverage in all four home
nations. Currently, we are moving forward to auction off the 5G spectrum and the 700 megahertz spectrum—the old TV channels. The Government have set a 5G strategy of 95% coverage by 2022, but there is no real direction on the 700 megahertz spectrum. We want geographic coverage similar to what happened with 4G; we want 98% indoor coverage and 95% across all geographic areas attached to that spectrum, so one mobile phone company, or all of them, will have to deliver on that.

**Earl of Caithness:** I want to pick up a point raised by the Lord Bishop about 4G and the way the churches are helping. If we are having problems with 4G, will we not have much worse problems with 5G where the radius is so much less?

**Lord Bishop of St Albans:** There is a much bigger question behind all of this that is not just rural. Full fibre means different things in different countries. For example, in many cases, we are not delivering full fibre right into people’s homes and businesses; we are delivering it to streets and green boxes and then it goes on to copper wire, so there are some questions about how we define it. It is quite a slippery area.

There are people who say that is sufficient in, say, London. It may be at the moment, but that might be a very short-term approach, because the history in this whole area is that we demand, expect and need much greater, faster and more efficient connectivity, and we are trying to get ahead and be a world-leading economy. It is not just about rural areas but it will be much harder in rural areas. The USO ought to accept the fact that we will never get to some of the very remote areas, but there needs to be a step change and there is great frustration at the moment.

**The Chairman:** If you have further thoughts on that, we would like to hear them. In particular, as you referred to the USO, could you write down your thoughts on whether the current threshold for payment is the wrong level?

**Q75 Lord Curry of Kirkharle:** Skills have been perceived as a barrier to progress, and a barrier for expanding businesses in rural areas and allowing the rural economy to thrive at a similar level to the urban economy, or even better. Why is that? What is the barrier preventing access to education and skills in rural areas?

**Lord Bishop of St Albans:** There are certain things we are not going to change because of sparseness of population and remoteness of location. We have smaller numbers. We know that, for example, at tertiary level large numbers of young people will go to urban areas for their education, and because of the cost of housing, even if they want to come back, there is a question of whether they can afford to live there, and there is certainly a question of whether there will be the jobs they want. That is a dynamic in whatever work we do on the rural economy. By the way, I wish we could call it “the rural economies” because it seems to me that we are putting under that title a lot of very different areas and situations.

In some cases, we need to do that work precisely by using the latest technology. It is interesting that some of our remote schools, when they have good connectivity, are improving their education because they are thinking creatively out of the box about how to deliver training. It is an
issue for everybody and all organisations; it is an issue for my organisation in training self-supporting clergy who are doing the equivalent of a degree when they live in very remote areas. We are working away at that. It seems to me that one of the things we need to do is to try to work out how we can deliver much more locally.

**Sarah Lee:** Perhaps I could touch on employment in land-based industries such as farming, forestry and shooting. Shooting employs 74,000 people in rural areas. It is a rather large employer. We sometimes need to make some of those jobs much more attractive. We are working on producing a gamekeeper apprenticeship at the moment. We need to value land-based jobs and not push people away from the countryside to tertiary education; a lot of people stay, and live and work in those areas.

**Lord Curry of Kirkharle:** Are there more things we should be doing? Is more intervention needed to try to ensure that the rural population are upskilled to help deliver a more vibrant economy?

**Tim Bonner:** In relation to digital skills, absolutely. As we know, within all communities, urban and rural, there is a massive digital skills gap. Although the figures and statistics are not there to make a comparison between urban and rural communities, which probably CRC would have done very well, I think we can assume that in rural communities the digital divide is probably greater than in rural areas. We are doing some individual work with Barclays bank; individual companies are doing some good work, but it is not co-ordinated and does not have government backing. If you are looking for cheap wins, closing that digital divide is one area where government could consider investing.

**Margaret Clark:** How we deliver is really important. Post school, we have pushed the cost on to the consumer to travel to a lot of training. If you are a very small business with five staff and you lose one or two of them for an entire day to go several miles for training, that is a cost to your business. Delivery is important.

Using digital as much as we can is important. Sometimes you need to get people together, but we do not always have to take them into a town or major city; we can do outreach and use local skills. It is about some of the delivery bodies being a little more joined up and innovative rather than delivering these things in traditional ways.

Q76  **Baroness Young of Old Scone:** Tell me about your experience of LEPs, and what evidence there is of their ability to focus on rural issues.

**Margaret Clark:** I am going to use the word “inconsistent” again: I am afraid it is one of those problems. Some are good and some do not do very much on rural at all. There are some very good examples in the south-west, Nottinghamshire and Derbyshire, where LEPs have brought rural groups together and involved stakeholders, and are looking at rural opportunities, but on the whole—sweeping generalisation—they are too urban focused. They focus on the big economic projects where they can get a big hit. A number of them do not understand what the rural economy is, so when they do something on the rural economy it is about delivering in a very narrow sector, such as farm diversification, food or
tourism. Of course, that is valuable, but it is not about the small manufacturer and whatever.

A lot of them see rural as the green bit around the edge of what they are doing; it is kind of nice but they do not understand it. They should be required to demonstrate what they are doing in their rural parts. We come back to the rural-proofing bit. We should expect LEPs to say that. They should have rural board members. It should not be an add-on. Why do we just have a rural stakeholder group? Why not have it as a mainstream part of the LEP? They are improving, but not fast enough.

**Baroness Young of Old Scone:** Is the reason why there are some good ones that they have the right people on them?

**Margaret Clark:** I think they have the right people, not entirely, but in a lot of the good ones; for example, in the south-west, which is a very rural area, you would expect that. Maybe you would not with Nottinghamshire and Derbyshire, except that you have the Peak District. It is about the people and the understanding.

**Baroness Young of Old Scone:** Do you have any thoughts about the super-LEPs that are growing up and ganging together to undertake even bigger projects?

**Margaret Clark:** It is even more important to ensure that rural is there and that they are asked and required to demonstrate that they are looking at the rural economy and the rural parts of their areas as well.

**Baroness Young of Old Scone:** If people locally felt that the LEP was giving them a lousy deal, or the big super-LEPs were not doing well by the rural areas or the rural economy, where would they go to make that point, other than to the LEP? It might not listen.

**Margaret Clark:** Would they go to their local councillors or their MP? I am not sure. There is feedback from our members who have done various surveys of LEPs. The poor LEPs are being surveyed all the time by different members, so it is a moving thing. I do not know where they would go; I would need to ask.

**Sarah Lee:** About 30% of respondents to our survey were businesses. People said, “What’s a LEP?”, or, if they knew what a LEP was, they would say, “They don’t help me; they don’t focus enough on the work that I do, so why would I get involved with them?” At ground level, people do not see very much value in them.

**Baroness Young of Old Scone:** Do you think there needs to be some sort of requirement for the LEPs to demonstrate that they are able to deal with rural issues? For example, should local industrial strategies be visibly rural proofed?

**Sarah Lee:** Definitely. We would be very supportive of that. To go back to what Margaret said about having rural board members at top level, the feedback from our membership and supporters is that they do not know how to get on to the board or when the positions are advertised, or they do not feel skilled enough to apply to get themselves on to the board. It is very much urban focused.
**Lord Carter of Coles:** My questions are about housing and planning, which we have heard a great deal about. The first question is about affordability of rural housing and whether that can be improved. Do you think the July NPPF document helped? Do you think it is taking us in the right direction?

**Lord Bishop of St Albans:** I am sorry, I have not looked into it and I simply cannot answer that. I would be happy to look into it, but you are asking something quite technical.

**Lord Carter of Coles:** I can take a general point about the affordability of rural housing.

**Lord Bishop of St Albans:** It has been a long-term problem. We understand part of the dynamics. Despite the fact that we see all the problems about rural areas, people want to live in rural areas; loads of people want to move in. Young people move out and wealthy retired people want to move in. It is part of a long-term move that has been going on and is well evidenced in research. Meanwhile, we are finding it very hard, if we are to retain rural areas, to build much in those areas. For example, in the diocese that I serve we have some glebe land. There has been a call for sites that might be developed. We have put forward some of them and all hell has broken loose. People are outraged that we would even consider it, and that is just at the stage of whether it would be an appropriate development. There is quite a lot of game playing. People have bought into the rural idyll, which is wonderful—it is a great place to live—but they do not want it changed. By definition, we will not do massive developments. My view is that we need to concentrate on fairly modest, small developments in as many rural communities as possible, but we need to ensure that in those developments there is real affordable housing, and that has been one of the difficulties. I do not think I need to say anything on the general issue of how affordability is defined by the current Government because we are all hugely aware of that.

**Margaret Clark:** The words in the NPPF are positive. It says some very positive things about the rural economy and rural housing, and the new definitions of affordability are quite helpful. There are lots of studies, which I will not go into, showing that the need is predominantly for social housing. Of course, it has been very difficult to deliver that at 80% of market rates or whatever. That has been relaxed in certain areas. Personally, I would like to see it relaxed in all rural areas. It is in the pressure points at the moment.

The fundamental problem with the NPPF is delivery. It says all those helpful things and it has changed the viability test. It says some other things, but it focuses almost entirely on rural exception sites to deliver rural affordable housing, yet all the evidence is that most rural housing is delivered through Section 106 agreements where a developer has to provide some affordable housing and therefore you do not need government grant. That is still the case, but that option is closed off in smaller settlements in the NPPF.
It is about delivery. There are still a number of rural housing bodies, including some of those on the Coalition, which would like to see greater relaxation and more understanding in the NPPF. There are problems around the five-year land supply; it could dry up the supply of land. Why would a landowner give something for £10,000 an acre when it might become part of a five-year land supply down the line? There are all sorts of problems when you dig down deep into the NPPF.

**Lord Carter of Coles:** If you had to come up with a couple of specific recommendations, what would they be?

**Margaret Clark:** The first would be not to rely entirely on Exception Sites; we need more flexibility about that. Secondly, I would reinstate a national target for housing in smaller rural parishes, which worked well in the past and gave something to work to, and a dedicated rural housing fund. That is not additional; part of the money going into housing now should be for rural. We should require each local plan to say what it has looked at for rural housing and what the target is for rural housing in its area.

I would go back to the proposals developed for incentives for landowners to provide not only land but their own affordable housing. There were a number of things, such as changes to inheritance tax and capital gains tax, that would act as an incentive to landowners. The community land trusts, which are playing a much bigger role in a number of rural areas, need certainty of funding. The community housing fund is very welcome, but it is due to finish at the end of 2019, and we all know that rural housing takes a long time to do, so I think that should be extended.

**Tim Bonner:** One very obvious point is that we should never forget that the affordability of commercial rural housing is a function of the housing market as a whole, and what we are seeing in many rural areas is simply a reaction to the crisis across communities.

Although I take the point about Section 106 Agreements, we can become very London and South-East centric when we consider small-scale development. The reality is that in many parts of the countryside the requirement for affordable housing and very small developments—under five houses—probably stopped people going forward with new development. In some circumstances, those developments were not profitable and sustainable with an affordable housing element. We must consider the problems of Hertfordshire, where I live, and the vast expanse of rural housing, but let us not forget mid-Wales, Northumberland and places where the development of any sort of housing, affordable or otherwise, is not the profitable activity that it is in the South-East.

**The Chairman:** We move now to rural services and strengthening communities.

**Q78 Baroness Pitkeathley:** Your answers have been very helpful so far and I would like to ask for more. We heard a lot in our deliberations about the lack of access to rural services, such as shops, and you particularly highlighted transport, Lord Bishop. What more could the Government be doing to encourage and support communities, either to bring back or retain access to such services?
Lord Bishop of St Albans: At the risk of repeating myself, it is partly to do with numbers and economics. There is an urgent and pressing need for us to try to help rural communities to identify and work out their own solutions. For example, there is lots of research about communities buying their pub and relocating a shop in it. Indeed, we have exactly the same thing, with shops in the back of our churches, and post offices are doubling up and so on. In today’s world, we have to face the fact that particularly in the more remote rural areas we probably have too much public infrastructure in buildings that a limited number of people are trying to maintain.

We need to help local solutions in different places where people are beginning to see where they need to be in 10 years’ time. We have to start getting people to rationalise. We have to think much more creatively about our rural schools. How are we going to make them sustainable in the long term? Some joined-up thinking would be a great help. There will be a lot of very different solutions in different areas in different parts of the country.

The Chairman: Can I ask you to think through how that might be done? Ultimately, you need a body in a local community that will take responsibility for that and do it. How do we ensure that those bodies are there? Is it the town or parish council? Is it somebody sent in by the LEP? Is it the local council? How will it happen in practice?

Lord Bishop of St Albans: You could have a stab at it in a number of ways. Because it needs to be local, the more it can involve somebody taking local leadership the better, whether it is through ACRE, which might be very well placed, for fairly modest budgets, to have a local champion, leader or whatever it is, to try to initiate those discussions. It will need a certain amount of research to look at what is actually on the ground, and then we need to start telling the stories of where it is being done. It is immensely helpful that we are hearing stories about pubs doubling up and community transport schemes and so on, where local communities are trying to solve it. I do not think all of these are going to come from central government departments, and probably that is the wrong place to look.

Margaret Clark: To swap hats for a moment, I also chair the Plunkett Foundation, which supports community owned businesses. We have helped to establish more than 600 businesses, ranging from shops to pubs to woodlands and even a distillery, the only community-owned distillery in the country, which I felt I ought to visit last week. Communities are taking control and businesses are springing up. We have lots more that are not formal businesses.

The role and value of the community-owned or community-run business is very important, but there needs to be an infrastructure to support it. There is volunteer fatigue, frankly. In a lot of rural communities, the same people run everything, and they need some support. Although it is not easy, there is money around for projects to fund the pub, the shop and other things; there is the ACRE network. It is about putting in place support mechanisms so that people can learn from good practice. In its policy statement last year, the Coalition called for a comprehensive
community infrastructure support programme, which runs off the tongue beautifully. It would recognise the pressures on volunteers and give them some help. It will not pay for itself, so we need to do that.

**Baroness Pitkeathley:** Tim, you mentioned advocacy in one of your answers. Can you tell us about the take-up of Community Rights and how that is going in rural areas?

**Sarah Lee:** First, perhaps I might say two things. I totally agree with what Margaret and the Bishop have said. Part of the reason we started the Countryside Alliance awards 14 years ago was to give a platform and voice to rural businesses. It was started at a time when all we heard were doom and gloom stories about what was going on in the countryside. It was just post foot and mouth.

We felt that was not necessarily the countryside we know and love, so how could we tell that story to the media and Parliament? We started the award scheme, recognising rural businesses. We started with 600 nominations, and there were more than 11,000 last year, which shows the strength of feeling. It inspires people who may not know how to start up their village shop, how to run their community pub and how to start their own business. We wanted to inspire people to do that.

Another big issue at the moment is the closure of banks and access to finance in the countryside. Obviously we are very supportive of post offices, but one of my personal bugbears is that there does not always have to be a bottom-up approach. Barclays, NatWest and RBS are closing bank branches, and when they go out to consultation they tell communities that they have to go to their nearest RBS or Barclays, yet all basic banking services are offered through the post office. Why are they not telling people to go to their local post office and do their basic banking there? We need expansion of banking services in post offices, but it is a starting point to get the footfall and support the village services that are so important to keep that vitality.

**Baroness Pitkeathley:** Do you want to say anything more about Community Rights?

**Sarah Lee:** They are really important, but it comes down to having the right people and right skills within communities. Where we see great community shops and organisations such as B4RN rolling out broadband, it is because they have great community leaders who have the skills to bring things together. It is difficult to move those skills into communities that do not exist.

**Q79**

**Baroness Pitkeathley:** I have a question about the ageing rural population and the difficulties of care provision, social isolation and so on. We mentioned the Loneliness Strategy that was launched yesterday. We still await the Green Paper on social care. How should the Government address the specific challenges of the ageing population?

**Tim Bonner:** One of the key issues, which goes back to an earlier question, is access to services and transport. We need to be quite radical in our thinking. The reality is that the debate around buses is over, unless it is about schoolchildren. The future is electric, and we know that. We
need to be absolutely certain that as government transport policy develops, over what will be quite a radical period, it does not disadvantage rural people; we are not going to be able to access charging points in the same way as people in the cities, so we have to make sure that that is happening. Do we go driverless? Where will the community car schemes come from? The development of those sorts of schemes will be critical in continuing to allow elderly people to access services that, to be realistic, will move them further and further from their communities in most cases.

We were talking earlier about how local communities do things for themselves. It sounds a strange comparison, but I have been interested in the development of defibrillators, and not just because I nearly had to use one once. In nearly any village in the countryside now, there is a defibrillator on the post-box, or in the old telephone box, or at the side of the village hall. All of those have been bought by local communities; there are some great schemes. They have done it themselves. There is great co-ordination in my part of the world through the local ambulance service, which has been helping people to do that, but the fundraising has been in the communities. We can do it if there is a model and people are shown how to do it. We can provide transport for the needs of elderly people within the community, or at least some of them, if there is support from broader organisations.

**Baroness Pitkeathley:** What should the Government be doing about the ageing population? Would anyone like to add anything?

**Lord Bishop of St Albans:** It is just going to age at the moment, whatever the Government want or think.

**Baroness Pitkeathley:** I am talking about services for the ageing population.

**Lord Bishop of St Albans:** Tim has had a good stab at services. One of the areas where there is some interesting experimentation has to do with the delivery of healthcare, particularly consultant appointments. Trained nurses go round with Skype; the consultant sits in the hospital and the nurse does the examination and so on. That is some of the thinking outside the box that we have to do. Whatever happens, it seems to me that, as we want higher-level and better medical intervention, we will inevitably bring services into the large hospitals. At the moment, I cannot see that changing. We want different things. We want high-quality care from top experts, but we want them in our local town. It is not going to work. We have to bring some realism into it.

**Sarah Lee:** Digital connectivity in the delivery of services is key and important. Local authorities are facing a time when they have to make more with less and—to be boring—good digital connectivity will enable them to do that, whether it is providing social care, telemedicine or banking. All those things will enable people to stay in their homes longer and put less pressure on the social care network. We also have the slight issue of Brexit coming down the track. Seasonal and migrant workers who fill a lot of jobs in the economy are looking after the elderly in rural areas.
How are we going to deliver those services without those workers coming over?

The Chairman: We will come to Brexit in a second, not surprisingly.

Q80 Lord Colgrain: It is a sad fact that very many members of rural communities, probably the majority, have been affected by rural crime in one form or another. How serious a problem is it really, and what impact does it have on the rural economy? Lastly, how can it best be tackled?

Lord Bishop of St Albans: Perhaps I could comment particularly on how it affects the rural economy, although it is a much bigger issue than that. Clearly, it is important. A recent NFU report highlights the very serious and growing problem caused by agri-vehicles being stolen.

We have the general problem of vandalism of businesses and other organisations such as halls. Indeed, one of the churches in Bedfordshire, in my diocese, had 20 tonnes of lead taken off its roof two weeks ago. You may have read about it; it hit all the national newspapers. It is a huge problem for that small community, which had been entrusted to look after a grade I listed building in the heart of a village. It is not going to go away; somehow we have to find a way to maintain it. It is a huge problem. On top of that are very obvious things such as fly-tipping, which is one of my particular bugbears, and I try to keep raising it. It costs tens of millions every year. The difficulty is that all these things need different solutions.

The NFU report was partly about the solutions that farmers are providing by building banks and dykes, putting in special entrances and all that sort of thing. By and large, farmers are fairly enterprising, but the reality is that if you call the police in a remote rural area there is probably no policeman for 20 or 40 miles. There is no way you can deal with that.

I happen to have talked about it a bit recently. On a number of the issues, we are not using the powers we already have. For example, I have been chasing up fly-tipping, and we did some freedom of information stuff. When I asked about fly-tipping at Question Time, Lord Gardiner said that we had been given all the powers. The reality is that half of local authorities—I need to check the exact statistics—have not had a successful prosecution; they are not using the powers. I talked recently to my police and crime commissioner and one of the judges working in the area. The judge said that ages ago he discovered that the real way to address fly-tipping was to use his powers to confiscate the vehicle when somebody was convicted. That is not happening.

We do not necessarily need more laws. It is a question of how the existing laws and penalties are applied. I will stop there, because it is a big issue.

Sarah Lee: Fly-tipping is a civil matter and falls between the local authority and the police. When you phone the police, they say that it is not their problem or interest, so people feel it is not being taken sufficiently seriously. You are right. It is a matter of getting the magistrates to understand the full breadth of their powers so that when they have a fly-tipping case in front of them they throw the book at those responsible, because it is a disgraceful crime.
On the impact on the rural economy, the National Rural Crime Network survey undertaken over the summer found that the average financial impact on rural businesses was nearly £5,000, which has gone up 13% since 2015. For the majority of small rural businesses, £5,000 in a year is quite a significant impact, coupled with the fear of crime and the concept that the police are not taking rural crime seriously because they do not have the resources. It builds into social fear and the feeling that the police do nothing for rural communities. We need to change that concept; police and crime commissioners, chief constables, rural organisations and communities should work together on innovative ideas to tackle crime and give reassurance to local communities.

The Chairman: Have you undertaken any consultation with different constabularies? The evidence we have received so far indicates that different constabularies have totally different ways of addressing the issue, and there is very little co-ordination or learning of good practice from each other. Is that your experience?

Sarah Lee: I agree. We sit on the board of the National Rural Crime Network, which is trying to share best practice. North Yorkshire has its rural crime task force; forces such as Lincolnshire and Cambridgeshire have been at the forefront in fighting hare coursing; and there are some guys doing a lot of work in the south-west. It is about bringing that together and saying, “This is how we can tackle crime”. On 8 November, the National Police Chiefs’ Council lead on rural crime, Craig Naylor, is focusing on rural crime. It is a message we can all sell, to make people aware of what they can do and how we can work together.

The Chairman: Sarah, among the many things you write to us about afterwards, your thoughts on any recommendations or suggestions we might make in relation to rural crime would be very helpful.

Sarah Lee: Definitely.

The Chairman: We need to address the issue of Brexit before we come to an end, although I am sure we will do so relatively briefly.

Q81 Earl of Caithness: Yes. What next? We have all been critical of Defra and what has happened recently. Do you think it is now on the right track, and will it take sufficient note of the link between agriculture and rural economies post Brexit?

Margaret Clark: From the Coalition’s point of view, we have been very disappointed with the narrowness and lack of recognition of the wider rural economy. In the Health and Harmony paper, the sections on the rural economy are very narrowly focused and do not really talk about rural business. We have seen no impact assessment of the Agriculture Bill on the wider rural economy, not those who are up or down stream from agriculture and the land, but the whole rural economy. What will the impacts be? Are they going to be affected or not?

What about the funding streams that come through Pillar 2 of the CAP for rural businesses and services? Our concern a year ago was that the whole debate about Brexit was seen in terms of agriculture and the environment. They are both critically important, but it is missing out the
bit in the middle, which is rural businesses and rural economies. I do not think much has changed to make us feel that that part of rural is really being looked at.

**Tim Bonner:** We support that, but, more specifically, in the whole debate about public goods, and whether agricultural production is a public good, I would be supportive of some of the positions that the NFU, the CLA and farming organisations take, but I am absolutely certain that a public good is maintaining communities in upland Wales, Cumbria and the marginal areas where agricultural support is critical to maintaining cultural landscapes—the community and the land together. One of the great frustrations of our lives is that we talk about the countryside as the landscape and its people, and the view that sometimes comes from outside the countryside is that it is the green fields you walk over. Understanding of community is a public good, and I will argue that with anyone, anywhere. I agree that there is a narrow debate over just farming. Farming is critically important; it is a central part, but it is not the only output.

My greatest concern about the Agriculture Bill, Brexit and the way forward for farming is that marginal communities will become increasingly unsustainable. For the first time in 40 years, they will have to compete, as we know, in future spending reviews. Every pound that goes into a farming community will be in competition with the NHS, defence and all the other budgets, which has not been the case for so long. In order to sustain that, we need to make the public good argument on the basis of the landscape of the countryside and the communities within it. The alternative is a quite scary scenario of increasingly unsustainable farming in the uplands and marginal areas in the lowlands.

**Earl of Caithness:** Lord Cameron’s report last year on NERC recommended that rural policy should go from Defra to [the Ministry of] Housing, Communities and Local Government. Do you support that recommendation? Yes or no, please.

**Sarah Lee:** It is a good sea change in policy.

**Margaret Clark:** I would not comment on changes in the machinery of government, but wherever it sits, it needs political will behind it. You can move it around departments, but unless there is really strong political will to tackle and address rural, it does not matter where it sits. I think I am ducking the question.

**The Chairman:** You are entitled to do that, but can you not duck this question? I want to pick up your comment about the Agriculture Bill. Others can comment if they wish to. Do you suspect that the Bill has been rural proofed?

**Margaret Clark:** If it has, it is difficult to see and it is not transparent.

**The Chairman:** That is very helpful.

**Lord Bishop of St Albans:** To be slightly provocative, is it actually an agriculture Bill? As one farmer put it, “I want a farm, but you want me to be a park keeper”. There are some really interesting things in it about food, food security and really important fundamental questions. I have
been looking forward to it coming on to the Floor of the House because we will want to dig into it.

**Baroness Young of Old Scone:** I will not comment on the last point wearing my Woodland Trust hat, but I could. Have either of your two organisations looked in detail at what might happen with the shared prosperity fund, because that is obviously part of the funding for local communities and rural businesses that could disappear if we are not careful?

**Margaret Clark:** We have not looked at it in detail. Some of our members have obviously. It is important that there is a rural stream in the shared prosperity fund, and we would want to see it continued.

**Sarah Lee:** We are in much the same situation; we have not looked at it in detail, but transparency about all the funding schemes needs to be front and centre, so that rural communities and rural businesses understand what is happening. It is all a bit muddy at the moment.

Q82 **The Chairman:** As a final question, are there any quick bullet points? If you were writing our report, what would you want us to put in it, and what would you put in it if it was yours? What are your recommendations to government?

**Margaret Clark:** I hope you will ask the Government to set out a vision for the future of rural communities in a new rural strategy. We have had two comprehensive rural White Papers under different Governments. Their benefits were that they made all government departments look at what they were doing for rural. It is time for another rural strategy. I know you do not want recommendations about increasing the size of the cake, but, if we are to have no more cake, can we ensure that the existing cake is divided more fairly and recognises the additional costs in rural areas?

**Lord Bishop of St Albans:** I support those points, particularly how we do it without lots more legislation or additional funding. If, with very modest funding, we can find local champions to try to solve problems in different areas, that is much more likely to deliver than having blanket national policies.

**Sarah Lee:** I would pick up digital connectivity and having a rural first option. I would ensure that we have a rural coverage obligation under the forthcoming spectrum auctions, and that any future moneys and rollout of the full fibre strategy puts rural at the front rather than the back.

**Tim Bonner:** I would go back to rural proofing being in the Cabinet Office in an independent role. Previous Committees have supported that, and the argument is an extremely good one. I have not heard a serious answer as to why government does not deliver it but tends to ignore it rather than answering the question.

I would add to that a review of where responsibilities lie within departments. We have talked about whether they are held in Defra, particularly with regard to the rural crime question. I had this discussion with the Secretary of State recently; he was not best pleased about it. I
think it is quite possible to look at Defra’s agenda. The real concerns of the rural community, for instance in relation to rural crime, whether fly-tipping, hare coursing or sheep worrying, are big issues, and I see nothing in the Defra agenda that addresses them, which suggests to me that we have a problem, at least, in the relationship between Defra and the rural community.

**The Chairman:** Thank you very much indeed. As I said earlier, if there are things you wish you had said but did not get the opportunity, please feel free to write to us on those, and on the various issues we have raised specifically with you. There will be a transcript of the proceedings that we will circulate to you, and you will have an opportunity to make corrections, if there are any. I extend to both organisations and all four of you huge thanks for taking the time to come before the Committee and for some very helpful answers. Thank you very much indeed.
Tuesday 30 October 2018

Examination of Witnesses

Rebecca Burton, Gill Haigh and Patricia Yates.

Q114 The Chairman: Good morning, all. Settle yourselves down; grab yourselves a glass of water or a plastic mug of water. Can I, on behalf of the Committee, say welcome and thank you very much indeed for coming? Can I point out that the proceedings of this session are being transmitted? Following it, a transcript will be made available to you, and there will be an opportunity for you to make any corrections to it that you feel are needed.

Can I also say at the outset, and I will repeat it at the end, that this session is far too short for us to get into all the detail that we would like to with you? If, after the session, you feel there are things you wish you had said that you had either forgotten or we did not give you enough time to say, please feel free to write to us. Can I also, in advance, say that it is quite likely that there will be issues that we want to pursue with you in writing afterwards? I hope you will be willing to respond to those.

We have quite a lot of questions, as you know, to get through. As we go through, there will not be enough time to go into a great deal of detail initially, so please give relatively brief answers and, if we then want to pursue and probe on particular issues, we will do that. Genuinely, we are really grateful for you coming and we accept that tourism is a very important component of the rural economy.

To kick us off, could each of you in turn give a quick overview of your views about the role of tourism in assisting the rural economy, how you
think it is going, whether it is working uniformly across the country or whether it is patchy, and we will pick up in more detail some of the questions afterwards? Rebecca, would you like to kick off and tell us your thoughts generally?

Rebecca Burton: I am from the National Trust and I am the Regional Director in the south-west of England. We have a large number of properties across the country—historic houses, gardens—and we own a lot of open countryside and coastline. We estimate that about 27.5 million visits are made to our houses and gardens every year, but there are probably over 200 million visits to our outdoor sites—that is, our countryside and coastline—each year.

A huge number of people visit our places, and it is a mixture of a high number of domestic visitors, who could be making day visits or weekend visits, and some international visitors. We are seeing our international visitor numbers grow, although at most of our sites they are probably still fairly low compared to the domestic visitor numbers. Our visitors play a huge part in the financial sustainability of the National Trust, enabling us to generate income that we then reinvest in conservation, both in the countryside and in the historic built environment.

Gill Haigh: I am the Managing Director for Cumbria Tourism, which includes the Lake District world heritage site and part of Hadrian’s Wall world heritage site.

Similarly to Rebecca, we welcomed 47 million visitors to Cumbria as a whole last year. We have had a growing number of international visitors as well. It is a population of just under 500,000, and we support about 20% of the jobs in Cumbria. The tourism industry makes a significant contribution not just to the people who visit there but by providing jobs, facilities and amenities for local people. We see opportunities to increase the number of international visitors. We have increasing numbers of flights through Manchester from China, and next week the launch of the Mumbai flights. There is a good connection, when Northern Rail is working well, between Manchester and the Lake District.

We see significant opportunities to grow international tourism and international tourism spend, but also to increase seasonality, extending the seasons and increasing the amount of people who choose to stay overnight, spend a little more time and move around the county so it is not all in the central Lake District; it is dispersed.

The challenges we face are probably common with others’, but are particularly pertinent to an area like Cumbria, which is so large but has such a small resident population. We face a significant challenge with a shortage of labour skills. We are really concerned by anything related to Brexit that impacts on us being able to recruit from the European labour market, because that is an integral part. Transport, infrastructure and digital infrastructure are all key to not just ensuring a fantastic visitor experience but attracting people to come to live, work and support that productivity in the county.
**Patricia Yates:** I will give some of the national numbers. According to the ONS, tourism is worth about £11 billion to the rural economy, whereas agriculture is worth about £10.3 billion. That balance of how important tourism is to the rural economy is often overlooked. As Gill has said, tourism has been a real job creator. There are tourism jobs right across the nations and regions, in every local constituency. It accounts for about 10% of jobs right across the country.

**The Chairman:** Just to interrupt, so we have the comparison, we have some figures, but I would be interested to hear your figures for the number of full-time-equivalent jobs in agriculture as compared to rural tourism. Do you know those figures?

**Patricia Yates:** I do not have the jobs figure for that, but we can certainly send them to you.

**The Chairman:** We would be very grateful to hear what you say. Sorry, please go on.

**Patricia Yates:** If you look at domestic tourism, we had a good year last year for trips, up about 4%. The rural economy accounts for about 18% of those trips. There was a slight downturn last year in day trips. Day trips are worth about £25 per head to the rural economy when people go on them, but across the board we saw a slight dip in day trips last year. That may be an area you want to grow, but the challenge for the rural economy is turning those day visitors into overnight visitors, concentrating on value and getting that spend up.

On the international side, we had a cracking year last year—up 9% by value, up 4% by volume. The challenge is that international tourism is very London-centric, so a lot of our work is concerned with promoting the countryside. Interestingly, our countryside does not score well on the nation’s brand index, which is something that we look at. That may well be because London is such a jewel in the crown; international visitors know and understand London and our cities, and our countryside is less visible to them. We have a lot of work to do in driving that aspiration to visit.

What does international tourism look like at the moment? We see that European visitor numbers are pretty flat. The growth we are seeing is from markets such as China, where we are seeing increased route connectivity, and America. America is very good for regional spread; Americans tend to stay and explore. The Chinese are a little more London-centric, but as a market that is maturing very quickly. Europe is a worry for us, Germany in particular. Two-thirds of our visitors currently come from the European markets, and securing those in the years to come and getting that back to growth is a priority for us.

**The Chairman:** On that point, do you perceive the Schengen visa versus UK visa issue as preventing people visiting? People will go to continental Europe on one visa and can travel around, but they have to get another

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6 The witness subsequently corrected this figure to £11.5 billion.
visa to come here. Is that an issue?

_**Patricia Yates:**_ The issue on visas is always that we work in a competitive environment. If you are thinking of coming for your first long haul trip to Europe from China, you can get one visa that will take you all round Europe. You have to get an additional visa through an additional process to come to Britain.

Looking at the American system, when President Obama came in, looked at the China market and said, “I want to focus there”, he got the turnaround from visas down from 90 days to within a week, cut the price and made the 10-year visa the standard visa for Chinese visitors. That really kick-started that market. We have made progress. We have a two-year visa as standard in China now. But always remembering that you work in a competitive environment in tourism is really important.

If I can pick up from where I was, on challenges such as skills and connectivity, the industry has been looking at working together. We have been facilitating that to put in a pitch for a tourism sector deal as part of the industrial strategy. That went in from the industry last year. We are waiting for it to go through the government process. That is really important for tourism: to make it one of the industries that the Government would like to focus on, and to get cross-government support for the growth and resilience of the industry to come.

_The Chairman:_ So we are clear, we are well aware that a sector deal has been agreed, but have you any indication of the timing of a document?

_**Patricia Yates:**_ It is not agreed yet; it is in with government. We are hopeful that we will hear something by Christmas. We hear lots of positive noises; we just have to get it across the line.

Q115 _Baroness Pitkeathley:_ I want to ask you a bit more about the challenges and opportunities specifically for Destination Management Organisations, DMOs. What are the challenges for them operating effectively in rural areas? How do they go about sharing best practice between what happens in one rural area and another?

_Gill Haigh:_ The Regional Development Agencies disappeared some time ago and public sector funding has been significantly constrained. To take Cumbria Tourism as a DMO, we are now 98% commercially funded, which is challenging but we are proud of the way we have dealt with that. In some bigger, more urban areas, they are able to get significantly more private sector investment because there are bigger private sector businesses and chains around. There is a disparity there between the funding for somewhere like Manchester and Cumbria. That is a challenge for us.

One of our other challenges is that we need to be seen as a strong industry by our public sector and private sector partners. It is easy to look at something such as Sellafield or BAE Systems in Cumbria as a company, but tourism contributes £2.9 billion to the rural economy. It is about making sure that public and private sector partners work together alongside VisitEngland to have a really clear destination plan and to
deliver it. Having that plan coming forward, with the sector deal and tourism action zones, will really assist us going forward.

It is challenging. As Patricia said earlier, we are competing, but we do work together. We work really closely with northern DMOs. We work very, very closely with Marketing Manchester, because Manchester is where people are landing. They are urban and we are their pretty interface, if you like. We work very closely together, and working with VisitEngland and the Discover England funding projects has given us further opportunity to work together, but it is challenging.

**Patricia Yates:** One challenge is fragmentation of funding. Gill has very eloquently talked about the funding and the difficulty with local authority funding being pulled out of tourism. If you are a rural DMO, without those big private sector companies that would naturally fund you, how do you get funding? From a top-down view, there are 300 DMOs across England. For VisitScotland, we are talking about there being 200 on their patch. How do you get them to work across in a way that a tourist would naturally see? Tourism does not go by local authority boundaries. There has been some progress on that. We run the Discover England fund, a £40 million fund over three years that was set up to develop product in England and to pull together those partnerships. We have seen some really good examples of that.

The national parks have come together, for the first time apparently, on a tourism project, to have a product that can be sold in international markets; the Great West Way, led by VisitWiltshire, is pulling partners together there; and Gardens and Gourmet, which is Kent and Cheshire, is pulling partners together there. The aim of it is to get that partnership and to get LEPs involved. LEPs are crucial for the economic development of tourism.

We see opportunities from the regional devolution that there has been across England. Regional mayors are coming in and doing local industrial strategies, seeing it as part of their role to pull together regional rural DMOs, as well as the city DMOs. That has been a real opportunity for us. We run a destination management forum that is open to anyone who thinks they are a DMO to come to. We have also done a segmented one for rural and coastal DMOs, because those are the two weaker sections for funding, and the issues are so similar that getting people to talk to each other and share best practice is crucial and a role for us to get involved with.

**Baroness Pitkeathley:** Is the problem access to funding or the availability of funding? Is it that there is too much competition for the same amount of money, say from the commercial sector?

**Gill Haigh:** It is both, in reality.

**Baroness Pitkeathley:** Can I ask you specifically about local transport providers and other relevant bodies, and how they work together, or perhaps do not, to ensure there is adequate access to tourism venues and facilities?

**Patricia Yates:** That is a huge issue. We did a survey. We talk about the final mile of access: how do you get visitors out of London into an
attraction? Very often, they can get to the railheads. Where do they go from there? Around 70% of attractions we talked to said that they were more than a mile away from their local station and that getting people there was a real problem for them. Local connectivity is a big issue if you are trying to drive tourists, and even more of an issue if you are working in the rural economy.

**Gill Haigh:** We know about the issues with Northern Rail this summer. For instance, we have fantastic connections up the west coast line. They are brilliant, but unfortunately the connections from the west coast line from Oxenholme station to the Lake District were completely suspended for six weeks or more this summer, and 39% of businesses have said that has had a detrimental effect on them.

But it is not just that; it is the quality and reliability of the service. Especially as we are attracting more international visitors, it is about the communication they receive at those important junctures of their journey. We see the journey as very much being part of the visitor experience, and the quality of that has to match.

**The Chairman:** Sorry to interrupt, but I think we all understand that good communication is vital for getting visitors to go to the houses, the coastline and so on, as you were saying earlier, Rebecca. From the point of view of this Committee and the work we are doing, I am interested to hear not about the problems but about whether there are solutions. In part, of course, it needs more money—we understand that—but could there be better co-ordination of advice and support from the various bodies?

**Rebecca Burton:** I will pick up on a couple of points on the DMOs. We work with DMOs across the country, and I was on the board of Marketing Cheshire before I took this current job. I would reiterate some of the things I have heard today. Part of the problem with Marketing Cheshire, for example, was that the typical local authority funding from three local authorities had really been cut back. They were working much more commercially to generate income from other places.

There was also quite an interesting relationship with the LEP in Cheshire, because we merged the marketing and the DMO with the LEP and could take a more holistic look at tourism and the rural economy across Cheshire. It was a really interesting change in the dynamic of the conversation.

In the south-west, we are really conscious of the challenges that some of our DMOs face, but we also recognise the importance of the marketing and communication outlets that they offer. We make particular decisions to support DMOs through contributing to print, et cetera, partly because we recognise the financial pressures on them. Of course, we have an eye on value for money, but we are conscious that our contribution to some of the marketing campaigns, et cetera, is important.

**The Chairman:** I am sorry. I am going to push you, and I apologise for doing this, but I am struggling still. I am hearing problems. I am hearing that people talk to each other, but I am not hearing examples of the sorts of solutions that we could share more widely. In your area, for example,
one group of people, the Government, praises the Henge Hopper, which takes people in Wiltshire to Stonehenge. In the National Trust evidence, however, you say that it is not sustainable and it is not working.

Who should pull this all together and make it happen? It is about more money, yes, but it is also about better co-ordination between the transport providers, local authorities, LEPs and the DMOs, or is it not?

**Rebecca Burton:** Of course, the National Trust is not responsible for transport, but there are some really interesting examples in the south-west, and we recognise that. A lot of our properties are in rural areas, and we employ a lot of people who live in rural areas and need to get to our properties. Also, tourists need to be able to access our properties. Rural transport is important for us, and effective access to our properties is important.

We are doing interesting things in some places, based on the recognition that you can build public transport offers into the experience of visiting an area. Our teams down on the far south coast of Cornwall, for example, are working with DMOs and councils to brand as the Tin Coast, part of the world heritage site. There is incredibly important landscape and industrial history there. We are working really closely with partners to develop a brand around the Tin Coast, but also with transport providers to brand their buses as part of a tourism destination offer. As a tourist, you can get off at the train station in Penzance. We have worked to co-ordinate the timing of the buses that leave from near Penzance train station. As a tourist, or in fact as a local person, you can have the most amazing experience of visiting some key parts of the coastline on public transport.

The National Trust looks after nearly a third of the South West Coast Path, for example, which is 600-odd miles between Minehead and Poole. We know it is a huge driver of visits to the south-west. The South West Coast Path gets over 20 million tourism visits a year, and 5% of tourism visitors coming to the south-west come in part to walk on the South-West Coast Path, but a lot of those visitors want to be able to do a linear walk. The ability to promote local transport as a part of that tourism visit, which enables you to do a fantastic linear walk and visit, then get on public transport to go back to your starting point, is really valuable. If we are promoting and contributing to the viability of rural transport through tourism visits, we are also supporting its sustainability for local people.

**The Chairman:** Absolutely. That is very helpful. It would be great if, after this session, each of you could let us know of any other examples. They are very helpful. We are interested to know who is the driving force in co-ordinating this. Is it the DMO? Is it the local authority? Is it central government? Is it the LEP? Is it the parish council? I do not know. We would be very interested to hear that.

**Q116 Baroness Humphreys:** Could you tell me what kind of support and advice is provided at the national and the local level to rural tourism and heritage businesses and providers, please?

**Patricia Yates:** I will pick up the national, shall I? I have mentioned the Discover England fund. From that, we have learned that you can build the product. We have a network in international markets; we know the
buyers. The difficulty is the distribution of regional product, and getting the skills for small businesses to know how to work in the digital space and to get international customers.

As a result, we are now tendering for a platform that small businesses could come on to and choose which digital platforms they wanted to access. We would be very happy to give you a demonstration sometime. It really puts control in the hands of the SME. They can turn it on, turn it off; they can say what availability they want to put online.

We have just produced a book, which again I am very happy to send to you, about how you work in international markets and how you get that distribution. We give some very practical hands-on advice there. We have a business hub on our website, which people can access and work through as well. Looking across SMEs, which is the story of tourism in this country, how do we get them to be resilient and have the skills that they will need for the future?

**The Chairman:** Gill, are you happy with the advice you get from VisitBritain in these areas? Does it go far enough?

**Gill Haigh:** We are really happy with the support and advice we get from VisitEngland. It is always about wanting more.

**The Chairman:** It is always about wanting more. What is the more you want that you are currently not getting?

**Gill Haigh:** It is about being able to influence what that advice and support might be. It might then be about being able to replicate that on a local level. Businesses might not always want to access something digitally that is so far away. It is about being able to provide training sessions, development sessions and networking sessions, which of course DMOs do, but it is about having the resource to do that as effectively as we want to.

**The Chairman:** Rebecca, are you happy with the advice you get from VisitBritain?

**Rebecca Burton:** We do not do a huge amount of training with VisitBritain. Our take as the National Trust is slightly different, in that we own a number of tourism attractions but we also own over 250,000 hectares of land, which we predominantly manage through about 1,800 farming tenancies. We know that many of those farmers need to diversify, and tourism is part of that diversification. We work quite closely with a number of our tenants, whether that is commercial or farming tenants, to look at how we can support them to diversify their businesses. We are aware that the skills they need to do that are really important, and not all our farming or commercial tenants have those sets of skills. It offers such a great opportunity to increase incomes in rural areas, so it is really important that we are supporting local communities in that way.

**Q117 The Earl of Caithness:** Looking at it nationally, we do tremendously well in various attractions. London is obviously one. We are also rated right at the bottom of the international list in value for money, coming to the UK. What would you do to make it more attractive or get us off the bottom of the list? Would you have a tourism tax, ring-fenced for tourism, so that,
when visitors come to destinations, you can then plough that money back in?

**Patricia Yates:** You are quite right, and it is often overlooked. There is a view among a number of politicians that, because sterling is weak, international visitors will come. We have been doing sentiment research through Europe since Brexit and, while people realise we might be slightly less expensive, we are still an expensive destination and probably will continue to be so. It is all about value for money and welcome.

On tourism taxes, I see the debates. I wonder what question they are trying to answer. If you are trying to drive value to this country, already seen as an expensive destination, and convert day visitors to overnight visitors, the idea of a tourism tax on hotels, which is where it seems to be landing at the moment, is really counterintuitive to what you are trying to do. At a time when Britain needs to be out in the world promoting itself as a welcoming destination, if we put another tax on tourism when we already have quite expensive visas, APD and a 20% rate of VAT, I wonder what message of welcome that sends out to the world. I would urge caution on the tourism tax. Yes, there is talk about it being hypothecated. We do not have hypothecated taxes in this country. Would that work? In some destinations—I think Edinburgh is one of them—they are openly talking about taxes being for teachers and hospitals, not being ring-fenced for tourism. I am cautious about the idea of another tax on tourism.

**The Chairman:** You might wish to remind us, when you say we have VAT at 20%, where the majority of our continental European neighbours have VAT on accommodation and attractions.

**Patricia Yates:** It is around 10%.

**The Earl of Caithness:** They then have a tourism tax.

**Patricia Yates:** Yes, but the two of them together still add up to less than 20%.

**Q118 Lord Curry of Kirkharle:** Good morning. I would like to address the issue of skills, please. Through the evidence we have had from others, skills are clearly regarded as an issue within the rural economy generally. However, in the tourism sector, it is I suspect an even bigger issue, particularly in hospitality, where dependence on migrant labour and seasonal labour is very high. We know there is an issue.

Taking a lead from the Chairman, I am very keen to hear what you think can be done about it, rather than just to flag up the seriousness of this issue. Your views on that would be really helpful.

**Patricia Yates:** We did a lot of consultation for the tourism sector deals. Skills were the issue right across the country. It is very well set out in that what industry would like to see government do. The industry has committed funds to run a 10-year campaign by government to make tourism an industry of choice. A barrier that needs to be overcome there is that tourism is seen as a short-term fix. Even in rural destinations in Scotland, they were saying that they had the training colleges there,
students would come and work for a summer, and then they would go out and get a proper job. Promote tourism as an industry that offers career development, an industry that you want to start and finish in.

Many businesses told us that the real barriers to getting people to start were the parents, who did not see it as a proper career for their offspring to start in and would talk them out of really good job offers. A lot of them told stories about how they were going to speak to the parents and getting them on board, as well as the children. The industry has come up with a really good plan of how it would like to work on this. It is the bedrock of the sector deal, and industry has committed to putting money behind it.

**Lord Curry of Kirkharle:** Have you a document that you could send us?

**Patricia Yates:** Yes, we can send you that.

**Rebecca Burton:** Skills are clearly important. The National Trust employs over 11,000 full-time-equivalent employees across the country. We also work with over 70,000 volunteers. We offer a range of jobs, some of which are highly skilled, such as building surveyors, rural surveyors and estate managers, as well as professions that are perhaps more typically associated with the tourism sector in hospitality. We invest heavily in development for our people. Still, we struggle in some locations. Of course, we should not assume that every rural economy is the same. We know the rural economy in Cornwall is very different from that on Exmoor, which is very different from that in Dorset.

The challenge we have in recruiting skilled people varies quite significantly between the different places we work in but, still, skills comes up consistently across the sector. I mentioned our farming tenants previously. I was talking to the chief exec of the NFU for the south-west, and she was saying that, of those farmers who diversified their businesses post foot and mouth, probably into the tourism sector, 80% failed. Particularly if we see that tourism could be a really important element of a farming and agricultural business, it is really important that we equip and offer people the opportunities to upskill in those areas.

**Lord Curry of Kirkharle:** What is stopping you from doing that?

**Rebecca Burton:** In part, as we know, there is an ageing population. Particularly, the farming community is an ageing population. That does not mean, of course, that they cannot or would not want to learn new skills, but it is a fact that there is an ageing population. There is something about how we create an environment that attracts and retains our great young people but that also attracts people from urban areas or maybe attracts them back into rural economies.

We know that there is a breadth of quality of place and quality of life in our rural areas, which is really important in attracting people with the right skills and skillsets. We also know that rural areas tend to have higher numbers of SMEs—small and medium-sized enterprises—with some real entrepreneurship. It is the environment we create that makes setting up new businesses in those rural areas tenable, and making those rural areas attractive because of quality of place and quality of life.
**Lord Curry of Kirkharle:** I was criticised recently when I was delivering a lecture. I was encouraging diversification, particularly exploiting opportunities in the tourism sector. Someone said to me, “Why would you do that? This is not promoting better jobs. These are low-paid jobs that you are promoting. We need to look at higher-value, higher-quality, better-paid jobs”. Indeed, I am interested, Patricia, in your plan. In order to create long-term career opportunities, we need to up our game in terms of the rewards within the sector, do we not?

**Patricia Yates:** That idea of career paths within the sector is crucial. It is not just a job you do between school and university; it is a job that will train you well and will give you a fulfilling career. The words that you speak are not unknown to me. It is quite a prevalent view. There is a lot that tourism needs to do, both in delivering those careers and in promoting them more consistently.

**Lord Curry of Kirkharle:** Gill, what about seasonality in the Lake District and all that it entails?

**Gill Haigh:** It is significant. If you look at the Lake District National Park, there are only 400 claimants in the south Lakeland area. We have, as you will realise, a number of second homes and a very high cost of housing. As Rebecca was saying earlier, it is about being able to work with our LEP, through the local industrial strategy, to raise the profile of the place as a fantastic place to come, live, work, innovate and develop your SME. It is also about recognising that we need to work harder to retain the staff we have, working with VisitEngland on the skills plan.

It is also, going back to my point at the start, about recognising that migrant labour is an essential part of the mix. As we go through our Brexit plans, it is really important to understand that, in somewhere like Cumbria, where we have a resident population of less than 500,000, with tiny proportions of unemployed in the main tourism areas, businesses will fail without that level of low-skilled support, as well as other levels of skills.

**Q119 The Chairman:** I am really sorry, but I am hearing lots of problems being raised. Does the skill plan that is in the submission for the Industrial Strategy Sector Deal give some action plans? I think we can all accept the importance of having a career path, making it encouraging for young people, resolving the housing problem and acknowledging that there is an ageing population, young people are drifting away from rural areas and we have to bring them back. I can do all that instantly; I have done it just now. The Committee and I are looking for some solutions that are realistic and can be done. Are they contained within the document that keeps being referred to?

**Patricia Yates:** Yes, they are.

**The Chairman:** Can you give us a very quick glimpse of one headline, of the No. 1 thing you say we are not doing at the moment that we could be doing?

**Patricia Yates:** It is getting hospitality businesses into schools and having a link for vocational training to be applied to tourism.
The Chairman: Fine, that is lovely. I think we have got the picture. There is more of that to come. You are going to send us this and we look forward to receiving it.

Q120 Lord Carter of Coles: On to the Government’s Industrial Strategy, its impact on tourism and particularly the local strategies, what is your sense of this? Do you think it will take you where you need to be?

Patricia Yates: We need the national tourism sector deal. Why that is so important for tourism, even more so than other industries, is that an industry that is described as fragmented, and which government finds very difficult to deal with because of that fragmentation, has come together. It has come up with the big commitments, the big issues, the big asks and its side of the deal to give to government.

On government’s side, I would suggest that government is equally difficult to work with on tourism, because although we are sponsored by DCMS, the levers of tourism development are all in other departments of government. If we talk about rural, we are looking at Defra. Getting government to work across the piece on tourism and have it as a priority in policy-making is really important. That is why getting the national sector deal is crucial for the industry’s resilience.

The good thing we have seen is that sense of place, which, as well as productivity in industries, which is the driver for government, is absolutely key to tourism. We have been speaking to local mayors in Liverpool and Birmingham who absolutely see tourism as a driver for their region and are pulling the DMOs together in a way I have not seen a regional figure be able to do to really get people to work together and focus on this. That cut-through of place for local sector deals will be really important in driving forward the delivery on the ground.

Lord Carter of Coles: Do you have any sense of how government might join up? It is a perpetual problem. Maybe you have the insight that we are looking for.

Patricia Yates: I would say this: agree the sector deal pretty quickly, and then let us get on with delivering it. You are quite right. We all agree about the issues on skills, connectivity, seasonality, how we drive productivity and the tourism deal. We have rehearsed them over the years with Lord Foster. The industry has come up with some solutions and commitments from its side. It needs that commitment from government before we can think about how we deliver on this and get to the action plan. We are on the cusp of a great beginning; we just need to get that over the starting line. The regional mayors are absolutely crucial, because they have the power to bring together the rural and city DMOs, the LEPs and the power players in that area who have local government funding, as well as private funding, and to get that mix working.

Q121 Baroness Young of Old Scone: On my favourite subject, the LEPs, you engage a lot with LEPs and their co-ordinating bodies, but I wondered whether in practice LEPs are doing a good job by rural tourism and heritage, or is it patchy? Which are the good ones?
Patricia Yates: It is completely patchy. Some of that is down to the funding of the LEPs. As I understand it, they can only spend money on capital, so sometimes they do not see tourism as being on their patch. Wiltshire, I would suggest, is a good one, because it is locked in. Maybe you are better place to speak about yours. Wiltshire and Oxfordshire are two that have engaged very well. Engaging tends to mean a more formal engagement, rather than just talking to each other occasionally.

Baroness Young of Old Scone: What is the local experience?

Rebecca Burton: For example, in the south-west, we work with four LEPs. They are not always very connected across the south-west, although they have commissioned a study on rural productivity, which I do not know if you have seen but is available. The LEPs, particularly if they are the channel for funding with Industrial Strategy money, will be really important.

We have some concern that they might look to big industrial developments, such as Hinkley Point, rather than the potential of SMEs, and what they need across rural areas. I am sure it will come up later, but things such as digital connectivity, broadband and mobile are really important if we are to unlock the potential of rural areas.

I will give you an example. I was at one of our properties the other day, Castle Drogo, on the edge of Dartmoor. Some of you may be familiar with it. The retail manager told me that they reconcile one till at a time, because the broadband connectivity is so slow that if you tried to do them all at once they would crash. If we are looking to support the flourishing of SMEs, they need access to really good digital broadband.

As for the Industrial Strategy, looking at productivity is great. In the south-west, a study that we have recently done suggested that productivity was 8% lower in the south-west than in urban areas, and 10% lower than in other rural areas across the country.

Baroness Young of Old Scone: If you could have one thing from your local LEPs that would really help, what would it be?

Rebecca Burton: Can I have two?

Baroness Young of Old Scone: Yes, you can have two.

Rebecca Burton: One is an appreciation of the quality of place and its importance in our rural areas, so it is about how we recognise the significance of our natural and built historic heritage in creating strong identity of place, which plays into attracting skills and tourists from here and overseas.

Baroness Young of Old Scone: Are some of them a bit philistine?

Rebecca Burton: If we make big infrastructure investment without understanding the significance of the quality of environment and built heritage, and protecting it, we risk losing the very thing that makes our rural areas unique, and probably one of their biggest strengths and therefore risk the potential for building the rural economy.
The second thing is digital connectivity. It would release such a lot of opportunity for such a wide range of local people and businesses, whether in tourism or other sectors, creative or indeed manufacturing sectors.

**Gill Haigh:** I could echo everything that has been said. The process of developing the local industrial strategy has been really helpful, at an important juncture for Cumbria, in enabling us to really focus on the future and the solutions that we talked about earlier. I am encouraged by that.

Going back to the sector deal, if it goes forward, as part of that there are tourism action zones, which would require the LEPs, local authorities and DMOs to work together to make plans that deliver on productivity against key performance indicators. I would really welcome that. We are going in the right direction. Resourcing has been an incredible challenge. To date, we have not had the support from the LEP that we might have anticipated, but we are at an important juncture and it will be much more positive.

**The Chairman:** You have not had the support from the LEP, you are at a juncture, you are more positive. What has happened? Why is it different?

**Gill Haigh:** We have had a change in personnel there. The local industrial strategy is an opportunity to really refocus. Many of the challenges that face the tourism industry in our county are faced by the other sectors as well, whether it is connectivity, digital, transport or skills. We are at the top table together.

**The Chairman:** That is helpful. Let us come to that.

**Q122 Baroness Rock:** We have heard very eloquently from all of you about the importance of connectivity: digital connectivity, mobile coverage and transport infrastructure. Could you give us a flavour of what can be done to improve infrastructure in rural areas, with a particular focus on sustaining rural tourism, some ideas, some more flesh on the bones as to the issues you are facing and some solutions to those issues?

**Gill Haigh:** We have had some really good examples in the past of programmes where transport providers have worked together to provide sustainable transport campaigns. The Drive Less, See More campaign had a really positive impact in reducing the number of car journeys. When the funding falls away, so too does the impetus that is there. Through our industrial strategy, we would like to see a co-ordinated voice, I suppose, as to the key transport infrastructure developments that are required. We are getting that. That is about improving the hubs at which people arrive, dual carriageways and making sure that there are better connections for people to move through the county, because we have pockets of unemployment, particularly on our west coast, but the public transport infrastructure at the moment does not allow those people to get to those jobs in a timely way.

I do not think we are a million miles off. It is about being smart in how we join that up, asking, as a county and as a LEP, for the right things at the right time, and getting that government support.

**Baroness Rock:** Rebecca, you have touched quite a lot on additional
connectivity.

**Rebecca Burton:** Yes. We have talked about transport. Housing is slightly different, but we all know that affordable housing is an important issue. How we develop that housing becomes key then, particularly if you think that a substantial proportion of the south-west, for example, is covered by AONBs—Areas of Outstanding Natural Beauty—and national parks and the significance for the natural environment.

How we work in the local planning context to make decisions on infrastructure and housing is really important. A local-led planning process, led by local plans so that we make decisions that contribute to rather than detract from the quality of those places, becomes really important.

The National Trust is looking at how we use our range of buildings, cottages, vernacular buildings in local communities, and how we invest in those, for commercial or housing opportunities, for local people. On occasion, where we have investment land, we release that for housing, but only in the context of the local plan and where we are clear that housing allocation is there and we can be confident in the environmental and landscape impact of those houses. The way we develop major infrastructure is really important.

Another example is the road going through Chicklade, the A303, which is really important for connectivity. If we are going to do that, let us make sure that we do it in consultation, achieving the best mitigation on an AONB that we can.

**Lord Colgrain:** I have a specific supplementary to do with brown tourism signs. Is there a case for reviewing their use on road networks to ensure they act as an effective promotion for rural tourism destinations? Are they designed to help traffic flows, for instance, rather than assist tourists? How can pressure best be applied? Is it on local councils or on the Government?

**Gill Haigh:** When I am out and about talking to businesses, that is one of their biggest concerns and frustrations, because individual businesses find it very difficult to secure the brown signage they like. I guess that is because there is a lack of strategy to facilitate that. They do not get answers. They are incredibly frustrated. I agree with you: there is a real opportunity here. Reviewing the brown signage to assist tourists to identify and reach the places in the easiest way possible, and in doing so support the businesses there, is not a big thing to do. You have real anomalies there, with some small businesses that are signed and some larger ones that are not. It is time for that kind of review, I agree.

**Rebecca Burton:** The conversations that I have on brown signs are about how difficult they are to get and how expensive they are. Somebody mentioned a figure. I am not sure it is right so I will not name it, but it was a really high sum of money. If you are a local business, you would probably never be able to afford that. Even some of the National Trust attractions would really struggle to afford the cost of a brown sign. A more strategic plan for brown signs is needed.
Q123 **Lord Colgrain:** Cost is one issue, but you have to get permission to put the signs up. How do you reconcile that, or is that not a situation you have come across with the National Trust?

**Rebecca Burton:** I do not have personal experience of talking about that. I am sorry.

**Patricia Yates:** I do not have personal experience of brown signs. We tend to find that attractions, when they are campaigning to have a brown sign, ask us for a letter of support. We get involved in certifying that they are an attraction and they attract tourists, but we do not get involved in the process any more than that.

**Gill Haigh:** The bureaucracy and the process are so time consuming and passed from pillar to post that people often just give up.

**The Chairman:** Planning has been referred to. Baroness Hodgson will now pursue that a little more.

Q124 **Baroness Hodgson of Abinger:** I am fairly new to the Committee, so I need to declare my interests. I am the Director of a company, Johnson Bros, which has a small amount of agricultural land as property and does an amount of property development on a very small scale. I am also a past member of the Farm Animal Welfare Committee and a member of the National Trust.

I would like to pick up on the planning issue. How effective is planning policy in supporting rural tourism and heritage? What measures could be taken to improve it?

**Rebecca Burton:** We have concerns about some recent decisions, for example on housing allocation in National Parks and AONBs. I have said that we believe that a strongly led local planning process is the way to deliver the best planning outcomes for local communities and local areas.

I am sorry to talk about problems, but the reality is that we have seen significant cuts to local authority planning teams. The number of heritage planners has really declined. Yet we know that historic buildings play such an important part of creating character and infrastructure in rural communities that planning advice and the input of planning authorities are really important.

There are two aspects to that. One is planning control, and the other is development thinking. When I worked in Cheshire, the National Trust was doing some really interesting work looking at quality of place and local planning guidance, linked into the local plan, and how we could support the local planning team to develop great guidance on design. What is the local vernacular of the communities in that area and how could new housing, for example, be of a quality and design standard that enhanced it rather than detracted from it?

The reasons we gave some support in that area were, first, that we have an interest in quality of place, but, secondly, that the skills and experience there may have been in those planning teams in the past are somewhat lacking now because planning teams have reduced in size. The expertise and resource in local planning teams are really important.
There is also a debate about the Glover Review, which is a separate conversation, in a way, on the future of AONBs and National Parks. The role of National Parks in planning decisions and planning control is an interesting area and one that the National Trust is currently looking at. We will reflect that in our submission to the Glover Review.

**Gill Haigh:** I agree. For us, this whole issue links back to labour supply and skills. Therefore, having affordable housing and housing that people want to come and live in is key. In the Lake District National Park and national parks per se, we have world-class visitor experiences, and they need that opportunity to grow and develop in order to remain competitive and attractive.

Sometimes there needs to be simplification of the planning powers to resolve some issues that can seem relatively simple. As an example, a distillery with a restaurant attached to it that is close to a hotel is not allowed to open beyond 8 pm. It seems an unfair restriction on what is a world-class visitor experience when there is a hotel down the road that can do that. There are simple things that can provide some flex. Again, with the sector deal and tourism action zones, there is some talk in there about support.

**The Chairman:** The case you gave is not an example of a policy failure. The local authority is perfectly capable of designating the distillery in such a way that it could be given a licence. That is a licensing issue, not a planning issue, surely.

**Gill Haigh:** It was not about licensing, actually. It was a planning application that went through for that one. There are those examples where businesses are successful, growing and developing, but because we are in the constraints of a national park sometimes there is a lack of flexibility to support them.

**The Chairman:** That is helpful. Thank you very much.

**Patricia Yates:** I do not have anything to contribute. We do not get involved in planning except at a national level.

**Baroness Hodgson of Abinger:** I have a supplementary about the impact current planning policy has had on the provision of accommodation for tourists in the local area. Do you have any comments on that?

**Rebecca Burton:** No, not so much on the impact of the planning authorities. We are the largest provider of holiday cottages in Europe. The National Trust owns over 400 holiday cottages across England, Wales and Northern Ireland. We recognise the value that providing accommodation in rural areas can bring, because people spend more when they are staying overnight. We are working with historic buildings, so we need to be really careful about how we adapt, and as a trust we are anyway. We work very closely with local planning authorities on the decisions that we are making.

**The Chairman:** I am sorry. We are getting very tight for time, so I am going to rattle us through, if you do not mind. Gill, you were desperate to say something. Please write it down and send it to us. That would be very
helpful indeed.

Q125 **The Earl of Caithness:** I will put my two questions together, as the Lord Chairman has just said.

First, do we have any sites under threat from too much tourism in the country? Secondly, what are tourist organisations doing to promote a balance between attracting more tourists and the environment, particularly farmers, who have to make a living off the land and produce, and have been a forgotten sector of the economy in the debate so far?

**Rebecca Burton:** You may have seen some of the media over the summer on the “Poldark” effect on two of our beaches in Cornwall. The two beaches, which were “swamped by visitors” and which we were no longer promoting, were National Trust beaches: Kynance Cove and Porthcurno. They are beautiful places.

The concentration of visitors to those places was driven mostly through social media. The great Facebook post tends to concentrate people in many ways, and that applies to our key tourist attractions. There are challenges in some places in how you manage the impact of volume of visitors and, for us, conservation. We are constantly having that conversation in the National Trust. We are about conservation and access, so how to manage that balance is at the heart of what we do. In fact, the challenge is often about the pattern of peakness in visits, rather than total volume of visitors. If you went to Kynance Cove today, I suspect it would be pretty quiet, but if you go in summer the queues will be two hours down the road. People know that, and they are still choosing to come.

Our position is that to a large extent we can manage that impact, and we need to invest to manage. We are looking at a major programme of infrastructure investment in our places in order to consider how we proof our paths, our gardens, our houses, and how we promote a wider range of opportunities so that not everybody feels the need to go to those two beaches. There are hundreds of beautiful places in Cornwall and Devon that you could have gone to over those weekends and they would have been reasonably quiet.

We can manage that partly impact through investment and smart investment in infrastructure. Spreading the load over a wider period of time is another way through. For example, at Easter we would no longer programme for a four-day Easter weekend. Our programming at Easter is spread over two weeks, so you can probably do an Easter egg hunt (—yes we do still call it Easter!) —the week before the Easter weekend as well as the week after. It is about how we programme to spread the load. In places such as Cumbria, we have been partnering in projects such as Fix the Fells. Our rangers are actively building pathways and people proofing pathways so we can manage that impact more effectively.

**Gill Haigh:** It is about extending the seasons and encouraging people to visit at all times of the year, which of course supports jobs and job retention. They become full-time jobs rather than part-time jobs.

There is also what we call attract and disperse. That means using the attack brand of something like the Lake District, because visitors do not
know where that boundary starts and finishes, and encouraging them to visit wider parts of the county, benefiting the communities that live there as well. We have seen some tremendous success in that approach over the last few years, with growing numbers in places such as Carlisle, the beautiful Eden valley and the west coast. It is really pushing people out.

The Chairman: I am sorry to interrupt, but take Ulverston, for instance. I happened to live there a long time ago. Presumably, that would be an example of one of these outside the traditional zone.

Gill Haigh: It would, absolutely. Yes.

The Chairman: I just wanted you to say it, because I cannot say it. You have to say it for it to be useful in our report.

Gill Haigh: Ulverston is one of the areas.

The Chairman: Blimey O’Riley. You are aware that we have had a very useful report on all the developments that have taken place there.

Gill Haigh: Yes.

The Chairman: Thank you, very good. Oh God, it is such hard work. I am sorry. I am going to push on.

Q126 Baroness Young of Old Scone: To look at it the other way round, how concerned are you about the impact of other development in the countryside on tourist sites, as we are focusing on rural industrial strategies creating other rural opportunities? You talked earlier about quality of place.

Rebecca Burton: Just for my understanding of the question, how concerned are we about the impact of other investment?

Baroness Young of Old Scone: Yes.

Rebecca Burton: We are concerned. We are concerned about the potential for major infrastructure projects and housing development that is not in the right places or that do not reflect the quality of a place and particular local area issues, such as local infrastructure. We are concerned that if we do not get the planning framework in place and we are not approaching major infrastructure developments in the right way, it will have a detrimental impact on the very things that make our rural areas really special, make them great places to live and make people want to come and visit them.

The Chairman: Is there a problem in the current planning procedure? You yourself talked about the need for more housing to help with the skills issue and the staffing you want. You want the rural economy more generally to be doing well. You again have said that. What is the problem with the current planning process that would allow there to be an inappropriate development that would damage the tourism offer in an area? Surely these things are taken account of in the current planning process.

Rebecca Burton: We can probably send some supplementary information. Giving a housing number for Areas of Outstanding National Beauty or national parks that requires extensive housebuilding in those...
areas could be seen as a concern, if that is not locally led and reflecting the needs and issues in a particular place.

**The Chairman:** I am being deliberately provocative.

**Rebecca Burton:** Land banking by developers has been seen as a problem. I am not a planning expert, but I am sure we would be very happy to send some supplementary information.

**The Chairman:** That would be very helpful.

**Q127 Lord Curry of Kirkharle:** There was reference earlier, which Rebecca particularly mentioned, to encouraging farmers to diversify. They have seen potential in the hospitality sector, but it has not always worked, perhaps for lack of skills or whatever. The production of local food is a bit of a hobby horse of mine. It seems to me that, particularly post Brexit, many businesses might be sustained by diversifying into the production of local food, adding value to what they produce, whether it is livestock or crops, and targeting local markets. There often seems to be a disconnect between tourism strategies and the opportunities to expand local food protection, yet when I talk to visitors they want to enjoy local food when they are staying in local places. Could we do more there, and what are the obstacles to expanding that market?

**Patricia Yates:** This is an area we work with Defra on. Funnily enough, British food is not seen as one of our positive aspects by international visitors, whereas I am sure we would say we have great local produce. Defra has traditionally focused, I think, on food exports. But we have worked with them on developing food trails around the south-west, Scotland, Yorkshire and London for visitors to come to. They involve both produce and producers, but also restaurants that use those products, which makes that much more visible and accessible to local visitors. That answers a demand for international visitors, which you are quite right about, and connects two government departments working quite well on this.

**Lord Curry of Kirkharle:** I know that in the north-east there was an attempt to engage with National Trust tenants to produce local food for the National Trust shop. That did not work terribly well.

**Rebecca Burton:** Right. There are places we are working with our local tenants to get local produce into our shops. It is something we really want to do and are encouraging. We agree that there are opportunities to produce high-quality food and add that value through the next-stage processing. That adds value to the local farmer or the local community, as it might not be the actual farmer himself or herself, but it could be the local community doing that local processing. By looking at land management and agriculture that works with the natural environment in that place in an appropriate way, and focusing on adding value through high-quality production, you could add to the sustainability of those local businesses.

Who knows what exactly is going to happen to agricultural policy post Brexit? That is a whole separate, or related, conversation. We are advocating strongly for public money for public goods. That includes
looking at how we manage land for food production. We do not see that the two things are separate. We are actively looking at how we invest in our places so that we can offer our tenants a broader base.

I can give you a specific example up on Exmoor, where we have recently re-let Horner Farm. We have invested an amount of money to add some really nice B&B and holiday cottage accommodation in for our agricultural tenant there. We kept some capital back so that, when we marketed that as a business opportunity we could work with a tenant who came in to say, “How do you want to diversify your business? How do you want to spend this capital we have kept back?”

We can make that decision in partnership. They are actively growing apples now, which they will press into apple juice for added value. They are keeping bees so they can produce honey. We will continue to work quite closely with them and support them to manage that business in a more diversified way. Of course, it requires a skillset to do that, and in that case, as with many farms, they may have another job off the farm, but a secondary job may add vibrancy to a local community.

**Gill Haigh:** Cumbria was significantly affected by foot and mouth, as an example, and we saw a real surge in farm diversification. Cumbria Tourism worked on a really significant project a number of years ago, before my time, to raise the profile of the quality of Herdwick lamb. The project was about taking it out to restaurants nationally. Food and drink is a key theme for us in attracting visitors, so the more we can do to support that and support the farming industry, because the landscape is absolutely core to why people come in the first place, the better.

**The Chairman:** We have managed brilliantly to hardly mention Brexit. I am going to ruin that.

**Baroness Mallalieu:** How important has the LEADER and EU money been to rural tourism businesses, and what are the likely implications of Brexit as you see them for both the heritage sector and rural tourism?

**Gill Haigh:** As part of the conversation we have just been having, the LEADER funding and opportunities to inject some cash into businesses and farm diversification, and to help them to grow, has been really important to SMEs. There is uncertainty going forwards about how that will be supported. We have 2,500 member businesses. The No. 1 issue for them around Brexit is around labour supply and skills.

**The Chairman:** In the LEADER-funded projects you are talking about, what was the driving force to seek that funding and to make it happen? Was it from the tourism sector? Who was making this happen? You are saying that it is of great benefit, with the food developments and so on. Who made it happen?

**Gill Haigh:** I do not know the answer to that, because I was not around. I have not been involved long enough to answer that.

**The Chairman:** Patricia, can you tell us? Are DMOs themselves, for example, aware of LEADER funding? Have they actively sought it for their areas and so on, or has it been left to local councils, to the LEPs? I am just wondering whether tourism really has made a big enough bid for that
sort of money. It is obviously coming to an end. There will be a replacement, but is there a lesson?

Patricia Yates: I think some, but only a handful, have been tourism led. We are looking with interest at the shared prosperity fund and how that will be rolled out. We have seen a proposal for the borderlands that has quite a high tourism component in it. That would be interesting.

The Chairman: In shared prosperity, however it works, do you see DMOs as the best vehicle for pushing for project funding, or the LEPs doing that, or who?

Patricia Yates: I would wrap that all up into strong local leadership. We have talked before about the need for LEPs and DMOs to be working together on economic development.

Rebecca Burton: We apply for European funding from the various funding streams and it can be a hugely important element of the funding packages, which enables us to deliver a range of projects. We can send you some further information on specific projects if you are interested. I was on Holnicote Estate the other day, talking to our property teams there, and at the moment we have an application in for European funding for something called the Riverlands programme. We are working across four properties: River Bollin in Cheshire, another up in the Lake District, and those in my portfolio on Exmoor. We are working with water catchments and looking at how we work with a range of partners to improve water quality. Increasingly, we are working with a wide range of partners, and quite often we will be putting collective bids in.

The Chairman: Where did the initiative for that project come from?

Rebecca Burton: It would have come from us. It would have come from the charity sector, and in that case the National Trust, partnered with the Environment Agency.

Q129 The Chairman: It is great that you are piggybacking on, but it is about whether the tourism bodies themselves need to be more alert to whatever is coming, and actively jumping in and trying to grab some of the dosh.

We need to bring this to an end. Can I just ask you for very quick headlines only? We can get the details from you later. Basically, we have to make a report. We want many of our recommendations to be accepted by government. That means the ones that will get accepted are the ones that do not require new legislation, do not require any additional dosh, or certainly not a lot of it. Just give us your headlines of any recommendations you think we should make that might make a difference.

Rebecca Burton: We should recognise that the rural economy is an ecosystem that includes the natural and the built environment, local people and infrastructure. How do we get the balance of those right for local people? We have not particularly talked about the importance of access to high-quality green space and nature for people, whether they are visitors, tourism dwellers or people living in rural areas. The cognisance that in developing our rural economy and in our infrastructure
investment we must not lose what makes those places really distinct and special is really important. Working with that distinctiveness and those local identities to make smart investments, done in the right way, which benefit both the urban populations and the rural populations of this country, is really, really important.

**Gill Haigh:** I will go back to the labour issue. That is key for us. I would encourage you to encourage government departments to look at tourism across all the departments, and be really joined up in how we access funding through Whitehall, making sure that is joined up for the tourism sector. I would encourage you to back the sector deal. Importantly, as part of that I would encourage you to back the role of the DMOs, alongside the LEPs and the local authorities, in developing and delivering measurable destination management plans.

**Patricia Yates:** I am going to pick up on that and talk about the tourism sector deal and how important it is to get it across the line. That wraps up a lot of the things that we have talked about: seasonality, place, connectivity, skills and productivity.

In parenthesis, we have not talked about productivity, but it is a huge driver for government. We must be cognisant of the fact that tourism productivity may look low, but in many rural areas it is keeping rural lifestyles going. We talked about the crofter in Scotland who takes in a B&B, which enables the croft to keep going. The hard government metrics of productivity say tourism is low and rural is low. Actually, we are talking about keeping that rural lifestyle going.

**The Chairman:** Yes, and looking good, as Rebecca is saying, along with the importance of place. I think we get it.

On behalf of the Committee, we are enormously grateful. We have taken up a lot of your time. Thank you very much. As I said at the beginning, I am sure there are things you wish you had said and you have not, or that we have not even prompted you to do, by not asking the right questions. Please feel free to write to us on anything you feel we have not got from you so far, but, again, thank you all very much indeed.
The Chairman: Welcome, both of you. Thank you very much indeed for coming to meet with us. As I am sure you are well aware, our meetings are recorded. There will be a transcript. You will have an opportunity to have a look at it, and if you need to make any factual changes to it you will be given the opportunity to do that. Because time is tight, if we do not get through all our questions, or if there are things that you feel we should have asked and did not, and you want to respond to them, please feel free to write to us after this session.

I have been reading quite a lot of the documents the Department has put out recently, in which you describe rural areas as places of opportunity. Your Secretary of State said, “Some of the biggest economic opportunities are in the rural parts of the United Kingdom”. You have at the same time pointed out that rural communities are less productive than their rural equivalents in Europe and urban ones in the UK, so something is not going well there.

Then you said specifically, talking about the lack of productivity, problems with connectivity and so on, “These issues cannot therefore be addressed in the same way in rural communities as they are in urban ones”. How are you going about dealing with them separately? Do you have a separate rural economy unit within the Department? How are you liaising with other departments to realise all this excitement that you predict is there but has so far not materialised?
**Sam Lister:** I absolutely agree with all the reflections you have made.

**The Chairman:** I am sorry. They were not mine. They were in fact straight quotes from the Department. I am glad you agree.

**Sam Lister:** Yes, that was an accurate summary. But we would also stress that some of the broad productivity problems the country faces are consistent as a theme.

On the Industrial Strategy and the way it is structured, just by way of framing it there is a programme of work for the foundations that is about strengthening the fundamentals. Yes, there are differences between rural and urban, but there are also very strong themes, and we need to address the same sorts of issues. If you look at small and medium-sized enterprise productivity, which is very prominent in rural areas, the same issues apply in urban areas.

We have the foundations, which are about strengthening those fundamentals. We have the sector deals, which are about building strategic partnerships between industry and government and which again have a place-based element to them. We also have the grand challenges, which are looking to the industries, the opportunities and the transformational societal gains of the future, where we are building on strengths in the UK. Those strengths can be in urban or rural areas.

To reflect on how they are different, if there is a single strongest theme that comes out of this Industrial Strategy it is about place. You quoted the Secretary of State for Business, Energy and Industrial Strategy, who is a former Secretary of State for Communities and Local Government. He is absolutely a place-based evangelist. If you look at any of the work we have been doing, first and foremost are the thoughts on location. We are not necessarily making much of the distinction between urban and rural as blocs; we want to look at every single area, its productivity needs and how best we can address them.

**Joe Manning:** There are two points I would raise. First, in our policy framework we talk a lot about Local Industrial Strategies as one of our ways to understand those urban and rural challenges. We are getting our institutional landscape right through the review of Local Enterprise Partnerships, which was published just before the Summer Recess. Perhaps I can come back to that in more detail.

You asked about a rural economy unit. The Department for Business, Energy and Industrial Strategy has a Local Growth Unit, which works in partnership with the Ministry of Housing, Communities and Local Government. It is about making sure that we have that cross-Whitehall architecture, working with other important departments such as Defra and the Department for Transport. There are approximately 180 staff in that unit, and there are regional teams working with both rural and urban areas. But there is no specific rural economy unit as such within the department.

**The Chairman:** Has that been considered?
Joe Manning: I do not know. It has certainly not been considered in my time. There was focus through a cities unit at one point, but I do not know whether consideration has been given to a separate rural economy unit.

The Chairman: Who within the department is the most senior person with direct, day-to-day responsibility for rural proofing liaison with other departments? Who is the individual?

Sam Lister: I would obviously say the Permanent Secretary, and he would take that role extremely seriously.

I reflect on some of the evidence that Jeremy Phillipson gave in which he said that he thought the Industrial Strategy was a good example of rural proofing. It really is about looking at this as an end-to-end process. If you take the view that you are going to park rural issues in one particular corner, they end up getting handled in that way. Do you need a more consistent culture throughout the organisation that says, “Rural is fundamental to what we are trying to do here, as much as urban or anything else”? It would be absolutely there from the start of the engagement on the development of policy through to the implementation. I think Jeremy Phillipson would hold us to account for whether the Industrial Strategy can be a bit of a test case for that.

The Chairman: I could cite back to you the Bishop of St Albans, whose comments are somewhat to the contrary, but I am still genuinely confused. I will not take up much more time on this. If you specifically say that the various issues that we know need to be addressed—productivity or whatever—cannot be addressed in the same way in rural areas as they are in urban ones, all you are doing in your answer at the moment is saying, “Now we have adopted a place-based approach. It is place by place, not rural versus urban”. Therefore, the original quote I read out is no longer relevant. Is that what you are saying?

Sam Lister: No, that is not what I am saying. I would argue that Defra and Defra’s rural-productivity responsibilities are taken very seriously across government. If we do everything in tribes, we end up creating quite a confusing architecture. Defra sits on 11 of the committees and boards that we run the Industrial Strategy through. They are there, right from the implementation task force that Michael Gove sits on alongside Greg Clark. We are trying to create a slightly different culture. Rather than fixing it by putting headcount in specific areas and saying, “That’s your job”, we are creating a cultural challenge by saying, “Actually, that’s everybody’s job”. We have to be mindful of the requirements of any place in the country and how we can create the best fit for them.

The Chairman: Just to end, I want to take a very specific example of liaison with other departments. If you look at the rural proofing of various policies, one thing that is happening in MHCLG—we will be talking to them later—is the issue of 100% council tax relief being held by local councils. Have you been consulted on that? Is it relevant?

Sam Lister: I am sure it would be. The Department would have been
consulted during one of the processes, but Defra would be the first port of call for raising that.

**The Chairman:** I absolutely understand that. Since I want to pick it up with them later, I specifically wanted to know if the people involved in Industrial Strategy, where the inputs and outputs of any business are very important, have been discussing with MHCLG the issue of 100% business rate retention by local councils. You assume that you are, but you are not personally aware.

**Joe Manning:** Perhaps I will respond on that, because it might be slightly more in my area. We have had some initial conversations about the incentive structures for Local Industrial Strategies. If Local Industrial Strategies are happening at Local Enterprise Partnership level but we are encouraging collaboration with local authorities, what does that mean for those business-rate retention models? They are very early discussions, but this has been a conversation within MHCLG.

**The Chairman:** Thank you. That is helpful for later on.

**Baroness Mallalieu:** Could I ask one very short question on this point? There are an awful lot of people talking to an awful lot of other people on these topics. Is there any clear answer for either of you as to why productivity in firms based in rural areas is lower than for those in urban areas?

**Sam Lister:** If you take London out of the equation, the gap is far less. We have a productivity challenge across the country. London’s urban data masks that, because it is a complete outlier in these things. That has to be borne in mind. The SME productivity challenge is clearly very significant. Seventy-two per cent of the people who work in rural businesses work in SMEs; 41% of the people who work in urban businesses work in SMEs. SMEs have a disproportionate impact on rural productivity.

The Business Productivity Review is live at the moment. It is ongoing and will report back later this year. If you were to point to one of the core productivity challenges, it is referred to variously as the long tail and the fat middle but it is this very large quantity of small and medium-sized businesses, which can tick over without necessarily getting terribly productive. They do not collapse and die, but they continue ticking over. One would hope that the recommendations and actions identified by the Business Productivity Review will go a significant way to addressing what is, in the context in which I have set it, a very significant rural issue.

**Baroness Pitkeathley:** You have mentioned both rural proofing and Defra. Can I ask you a bit more about that? How do you go about undertaking rural proofing when you are developing policy? You can combine that with telling me how closely you work with Defra. You have mentioned them a bit, but how closely and at what point do you work with Defra when you are developing responses?
**Sam Lister:** My first point would be that we work very closely. The industrial strategy has been a powerful example of cross-government working that has been identified by external observers as well as internally.

In terms of how we would approach rural proofing on a piece of policy such as the Industrial Strategy, which is incredibly cross-cutting—there are effectively 200-odd policies within the Industrial Strategy—the engagement is absolutely end to end. Those conversations with all the key stakeholders, with Defra, are there at the very outset through the development of the Green Paper. You saw the evidence from Jeremy Phillipson. We have run a series of workshops with Jeremy’s team at Newcastle University to look at issues affecting the rural economy. Defra has absolutely been a part of those workshops. They happened during the Green Paper and White Paper development process. The most recent one was in July, a couple of months ago. They happened in March as well. We are getting 40 stakeholders at a time in a room to talk about these things. There is that external engagement.

In terms of Defra-specific engagement, there is a governance structure. There is a programme board to the Industrial Strategy, which Sonia Phippard, the DG at Defra, sits on and which is chaired by the Permanent Secretary at the Department for Business, Energy and Industrial Strategy. I can provide the Committee with a list, but we have representation from Defra on every one of those 11 specific committees, including official and ministerial.

To your question about day-to-day working, we would hope that the conventional tribal barriers between departments really do not exist on this one. The Industrial Strategy is a programme where everybody has responsibility. I happen to have my name against the letters, but the 200 policies divvy up across a whole range of different departments and agencies.

**Baroness Pitkeathley:** You mention all the other stakeholders. Would they too feel that they were being consulted at the very earliest stage?

**Sam Lister:** I would very much hope so. If they have not, we are open to reaching out to them at any point in the process.

In terms of the Business Productivity Review, which is currently running and is a core issue to address for the Industrial Strategy, in the last couple of months we have held 100 stakeholder events in every region of the country. If we are not reaching people we need to reach, we need to know about it, and they need to let us know. But we are making every effort to do that.

We had 1,900 organisational responses to the Green Paper consultation. The performance indicator on that was hopefully about 500, and we had comprehensive engagement around the country. Again, Greg Clark feels absolutely passionately about the place-based drivers behind this. We
really want to get out to every external stakeholder we can.

**Joe Manning:** I will add two very brief points. First, in terms of working with stakeholders, we also work with Defra colleagues with Local Enterprise Partnerships. We have a network of Local Enterprise Partnerships to which we bring them along to make sure that they are informing and are part of live policy conversations.

With the development of Local Industrial Strategies, which is a relatively new policy, we are making sure that that is done quite early in the process. We are also working with the CLA and others to make sure we are reaching out beyond just LEPs to wider rural stakeholders. I had not done that previously, but it is something that we really want to build in early to this policy design.

**Q49 Baroness Rock:** Before I ask my question, I declare an additional interest as a Non-Executive Director of Keller Group plc.

You have touched on small and medium-sized enterprises in rural areas, and I wanted to talk a bit about skills and training. Skills shortages and lack of access to training are seen as key barriers for businesses in rural areas. Given these constraints, how are you tailoring your approach to providing support for those businesses? You have touched on working with other departments. Perhaps you could also expand on how you work with the Department for Education in assessing what skills are needed and in providing support and training for businesses in rural areas.

**Sam Lister:** Unquestionably, the skills challenge is massive; it is very significant. If you look down the list of policies that are incorporated into the Industrial Strategy, quite a few of them are owned by the Department for Education. That recognises that fact. We can talk on a national level, and on a local level about the implications locally. Nationally, DfE is running a set of policies that are designed to address this. You have apprenticeships. There have been 1.4 million new starts on apprenticeships since May 2015, so there is a lot of activity going on in apprenticeships.

On your question about SMEs in a rural environment, they only have to pay 10% of the apprenticeship levy. The Government is carrying most of the burden of the apprenticeships programme for most of the types of organisations you are talking about.

That addresses some of the 'flow'. There is clearly a lot of activity around STEM, technical education, T-levels and institutes of technology. Those are all looking at specific skills shortages. There are 270 different starts that you can do through the apprenticeships programme. There are a lot of very specific rural sector ones. You can take your pick through that. That is addressing some of the flow.

In terms of the ‘stock’, and how we are getting the right people who are already in the workplace into the right jobs, the National Retraining
Scheme has been set up and has started. There is a £64 million commitment to construction and digital in the first instance. That is an area of work that DfE will want to keep a very close eye on in relation to how that meets the ask.

On your point about relations with DfE, I could cite the same types of figures for the levels of engagement that I have referred to for Defra. They sit on all those same boards. But one of the important mechanisms in place is the Skills Advisory Panels, which are starting to get rolled out. Those map on to the Local Enterprise Partnerships. They are looking specifically at the local needs of an area and getting businesses together with local government and educational institutions in order to see what exactly the ask is. That is a DfE-run programme, but how it plugs into the Industrial Strategy and Local Industrial Strategies is clearly fundamental.

Joe Manning: I have two points on that, the first being on the Skills Advisory Panels. They are an acknowledgement that we need to do more, both nationally and locally, to understand what is going on and the nature of the different supply and demand locally. They will be integral in understanding what is happening and the economic fundamentals under this.

To give an example of this, the work with four LEPs in the south-west on the South West Rural Productivity Commission, which I am sure you are familiar with, looked at skills challenges. From that, you can see that there are different skills challenges in Dorset or Devon compared to Swindon or Wiltshire. The ability of the Skills Advisory Panels to get underneath that and say which of these are very localised and which are more generic will be absolutely critical.

Baroness Rock: What is the make-up of the Skills Advisory Panels? Is it a combination of local government and business?

Joe Manning: I would have to come back to you with more detail from DfE colleagues, but my understanding is that they are a mixture of businesses and local authorities, with Department for Education officials helping develop them as well.

Sam Lister: Yes, and the Local Enterprise Partnerships.

The Chairman: You talked earlier about the apprenticeship scheme, and you said there was a large number that were specifically rural.

Sam Lister: Yes. There is a list of 270 starts, which I am sure we could provide.

The Chairman: You categorise those as rural or otherwise.

Sam Lister: Some are specifically sectorally rural. There are all sorts of broad apprenticeships, but there are specific things. There were specific asks during the development of policy and how it is enacted.

The Chairman: I am sure it is all very simply there. Could we just have a brief note afterwards rather than delaying this?
**Sam Lister:** You can, for instance, do an apprenticeship as a poultry farmer.

**The Chairman:** I can guess what they are, but I am interested in what you have categorised as rural for that purpose.

Q50  

**Lord Carter of Coles:** Does the Industrial Strategy adequately consider the needs of rural businesses? It seems a little thin. Should it not have a bit more of a targeted approach? Really, there are distinct challenges in the rural economy. It looked to us as if a little more was needed.

Following on from that, how are you interacting with rural areas? How are you dealing with stakeholders? Above all, how are you communicating? Do you have any sense at this stage of the drivers, the balance between skills and capital, and the sorts of shortages that the strategy should reflect a little more on?

**Sam Lister:** In terms of the way the Industrial Strategy is structured, as you will be aware—stop me if this is too much about first principles—there are five foundations. There is an ideas foundation about creating the world’s most innovative economy; there is a people foundation about skills, jobs and wages; there is an infrastructure foundation about upgrading the UK’s infrastructure; there is a business environment foundation about being the best place to start and grow a business; and there is a place foundation, which cuts through all of them.

The Industrial Strategy provides that overarching framework. There are specific policies at a national level on all those that target specific needs locally. To go back to Jeremy Phillipson’s evidence, his view was that the Green Paper had possibly been a little pessimistic about the opportunity provided by the rural economy and the White Paper was not. It was about innovation, exports and raising productivity in a more dynamic and exciting way. There is much to be said for that. If you looked down those five foundations, you could pick any number of policies where specific local bids are coming into government or specific policy is shaping around local need in the context of rural challenges.

We mentioned the Skills Advisory Panels and the work they will do. If you look at the National Productivity Investment Fund, there are all sorts of streams of funding for things, such as transport initiatives, that need to be hyper-local. You could look at broadband connectivity. Frankly, judging by our consultation and the stakeholders I talk to, while progress is being made, it is slow progress and there are still gaps.

On the work that is being done, say, on digital, there is the 5G rollout. There is the 5G rural programme that DCMS is running, which is looking at the geographical implications of rolling out 5G. There is also the Rural Integrated Testbed, where DCMS is looking at the sectoral aspects. It is there in the title; they are called Rural Testbeds – DCMS is looking at how that applies in a rural context. That is part of the future telecoms infrastructure review that was published in July. That is a core component. That is policy that is truly being rural-proofed, because we have serious issues to address. I know that first hand. I speak to small
businesses and they tell me their frustrations with it. I am acutely aware of things like that.

You could say that those five overarching pillars are generic, but I would argue they are the core components of finding a solution to the productivity challenge. There are very specific targeted interventions, which are applied through Local Industrial Strategies. What are the drivers and the balance? How do you build the evidence base? Joe’s team and others are supporting the development of Local Industrial Strategies so that you have the best evidence base to create the most effective local strategy. It should not be written by us in Whitehall. We need local areas to be able to come forward and talk about that. We need to have that relationship with them in order to get the best fit for them. There has probably been too much prescription from the centre in the past.

**Lord Colgrain:** How will you ensure that the commitments set out in the Industrial Strategy will be fully implemented in rural areas and that rural priorities will continue to be addressed? Inherent in that question is how they are going to be measured, too.

**Joe Manning:** If I may, could I add an answer to the previous question? I have a couple of points. The first is to pick up on the point Sam was making about evidence. That is absolutely integral to us understanding the subtleties or the balance of interventions needed in different places. It is relatively easy to say, generically, “There are skills issues or infrastructure issues”, but what is actually needed in a particular place? That is why we are putting a lot of emphasis on getting the evidence base right. I would point to, say, the Cambridgeshire and Peterborough Independent Economic Review, which is looking at market towns in Fenland, which may feel quite distinct from other parts of the country. We have not quite cracked that yet. We would also like to make sure that places are comparing notes and working with one another and that we are learning from best practice across the country.

A lot of our engagement comes through LEPs and mayoral combined authorities. We use that as a way to speak with local government and businesses. We also work through business representative organisations and other key stakeholders. We may engage with universities, for example, as well. That is how we do that. We are looking at how we can formalise that as we roll out the programme.

In terms of the overall implementation, this is something that we have to get right, quite frankly. I would answer the question in two ways. First, how have we got the official architecture working? We have introduced at director level across Whitehall a number of senior sponsors for Local Enterprise Partnerships to make sure that someone very senior within government is speaking with the LEP and understanding how the Industrial Strategy is being implemented across the country. There is the local growth unit that I have already mentioned, and the area leads, who can relationship-manage on a day-to-day basis as well. Then we have accountability within Whitehall feeding into the systems that Sam has already outlined. We have increased the political level of engagement as well with the Prime Minister committing to meet LEPs twice a year, which
is a significant signal from the top, saying how important it is that we are seeing the implementation of the strategy across the country.

The other piece I should probably mention is the Local Enterprise Partnership Review, which concluded just before parliamentary recess. We have accepted that we need to do more there to make sure LEPs are fully accountable.

**The Chairman:** Can I just pause you there? I know we want to come on in quite a lot of detail to your liaison with LEPs, so if you just hold fire on that we will certainly come back to it.

Like many members of the Committee, I suspect, I am now desperately in need of some sort of map of all these various things and how they fit together. You talk on the one hand about Skills Advisory Panels, local growth teams, how they link in with the LEPs and how there is somebody in the department who is a link person with each in the LEPs but who may be in a different department. It is just getting a bit confusing for us poor laypeople. I wonder if you could provide us with a map. We would be very grateful. Thank you very much.

**Lord Colgrain:** I am not entirely sure that the supplementary part of my question, about measurement, has been answered.

**Joe Manning:** I am sorry. That was part of the LEP answer. We have asked LEPs to produce an annual delivery plan and an end-of-year report, which will include performance metrics. That will allow us greater ability to measure the success of what is working in different interventions.

**Sam Lister:** On the wider implementation question, the implementation taskforce, chaired by the Chancellor of the Duchy of Lancaster, has an Industrial Strategy programme. It is attended by Ministers, and it reports into the PM-chaired Economy and Industrial Strategy Committee. There is an overarching implementation focus as well.

**Q51 Baroness Mallalieu:** There has been a lot of interaction with people who have views on this matter. Can I ask for the views of both of you? What do you see as the potential and the opportunities for rural businesses? What are you going to do to try to give them a chance to happen?

**Sam Lister:** Again, to reflect on those observations in the White Paper, the opportunities are really exciting. If you think about it all as trying to fix productivity issues and problems, you slightly miss the point. These are extraordinary opportunities. I would point to the work on the grand challenges. The Government have decided to make a strategic choice to back four transformational societal challenges that are the industries and jobs of the future. They play hugely in a rural context. You have AI and data, you have clean growth, you have the future of mobility and mobility as a service, and you have the ageing society. Those are owned by different departments, but the Industrial Strategy team plays a central co-ordinating function.

I have met many small businesses. I was with a business that does wind-farm analytics, a little SME, which is absolutely squarely in the clean growth, data and AI space. You can see real excitement. If we are to put
a marker down globally and say, “we are building on our strengths, we are good at this stuff and we really want to be a world leader in these things”, we need the rural economies to be squarely in that space. Again, I would not think about this as just trying to fix the problem; I would point to the opportunity the Business Productivity Review offers. If you can get better connectivity, if you can get the infrastructure right, if there can be sharing of best practice, if you can do skills training in the most powerful way wherever you are in the country, that is a huge opportunity to diversify, scale up and expand your business. You can do whatever you want to do with your business. There is a world of opportunity there. It is exciting and it is possible.

Some of the sector deals have begun to have quite significant impacts on particular rural areas. For example, I look to the Nuclear Sector Deal. In areas such as Somerset and Cumbria, although all the sector deals have a requirement to consider place, there was a particular emphasis on diversification of the workforce. I met a number of female apprentices working at Sellafield going into a very male-dominated industry. They lived locally. It is the big employer, and suddenly they had opportunity there. That predates the sector deal, but the sector deal commits to a whole lot more in that space. Opportunity is writ large everywhere.

Joe Manning: There are two bits I would add to that. One would be the innovation we are starting to see in some of the more traditional rural sectors. I could point to New Anglia, which is doing some fantastic things around food, drink and agriculture through the university, looking at supply chains and the research base. There is some real potential there, which is very exciting.

I would also mention the diversity of rural businesses, both looking at the sectoral data at a very high level but also going out to speak to places and understanding the nature of rural businesses across the country. When I was in Coast to Capital, they talked to me about the world-leading businesses they have there in predominantly rural areas. That was something I was less aware of previously. There are some real opportunities there, too.

Q52 The Earl of Caithness: I have to declare three interests. I have a share portfolio managed by JM Finn & Co on a totally discretionary basis, I am Joint Chairman of the International Property Awards Panel, and I am Trustee and Chief Executive in the Clan Sinclair Trust.

I want to return to productivity and follow on from what Baroness Mallalieu said. You have said that there is precious little difference between the rural areas and the urban areas if you take London out of the equation. Have you done any research into why they are better at productivity in Europe in rural areas than we are?

Sam Lister: I am certain that research has been done, and I am sure I can make that available if you would like to see it.

The Earl of Caithness: What lessons have you learned from that?
Sam Lister: Certainly, if that research has been done and is available, we will have learned lessons from it. I can go back. I will confess that I have been in the job two months, so it may have been research done slightly prior to my arrival, but I would very much expect it.

The European comparison is one that we return to time and again. There is a productivity gap with Europe, and there is the productivity puzzle of how we are failing to recover as effectively as others. Everybody has been struggling since the financial crisis. That has ramifications on an urban and a rural level. I would not be quite as sweeping as to say that it is all one solution. I am saying that the framework for what we need to consider is the same, but the interventions that we want are very specific to different areas. I would argue that that it is not a rural/urban distinction; it is one area of the country versus another area of the country. There is always a mix of types of business, types of opportunity and types of worker. We need to reflect that in a sophisticated way.

The Earl of Caithness: You are doing a Business Productivity Review at the moment. Can you just, in the quietness of this room, tell us a few emerging factors and difficulties that businesses have alerted you to?

Sam Lister: The Review is live at the moment. I would not want to pre-empt the findings, but there was an acknowledgement—the analysis suggests this, and it may play into your previous question about the themes that we pick up in a comparison with Europe, country versus country—that it might be not necessarily urban versus rural but thematic. It could be leadership, management techniques or the diffusion of best practice. Some people do it really well. There does not appear to be quite the incentive for everybody to follow suit or the support to allow them to follow suit. We have a challenge with access to finance for small businesses. We need to think about that, and I am sure that will be a part of it. There is clearly a technology-diffusion issue as well.

The Earl of Caithness: Have you had complaints about the planning system? We have a significant amount of evidence of small businesses unable to expand or do what they want to in the country because of planning.

Sam Lister: Without question, although planning is not centrally cited in the White Paper it has a knock-on effect in various different ways. There are political decisions to be made about planning, but clearly businesses raise issues about the ability to expand, the way they are situated and the rates they encounter. The planning system is one that they find challenging in parts, yes, without question.

The Earl of Caithness: I have one final question. Are you including farming in your Business Productivity Review?
**Sam Lister:** It would include anybody who qualifies as a small and medium-sized enterprise. There are 500,000 of them, and farmers are part of that.

**The Earl of Caithness:** Finally, could you tell us on what basis you are assessing the productivity of farming?

**Sam Lister:** Yes. This is about putting the question to them about what they need to support them. For instance, I talked to an arable farmer who lives five miles from Harlow—probably 20 miles, as the crow flies, from here—who can get 1-MEG connectivity, when he is trying to run a business. His view on digital connectivity would be that, without an effective network to run his business, it is very challenging.

He was very interested in AI in agriculture and how, through a targeted use of pesticides, water and everything else, he could manage down his costs and create huge efficiencies. His view was that by doing only targeted fertilising and weed-killing in fields he could reduce 20% of his pesticide bill, which he put at about £40,000 per year. They are significant amounts of money. As a business, he is contributing back into that review to say, “here is what my needs are”, rather than us simply taking a view as to what he needs to do.

**Q53 Lord Curry of Kirkharle:** I declare my interests. I chair the Prince’s Countryside Fund and I am a Trustee of the related businesses under that umbrella, I am a Partner in a farming business in Northumberland, and I am a Trustee of Clinton Devon Estates. Specific to this evidence session on skills, I work very closely with the land-based colleges. Over the last six months, I have been chairing an oversight group looking specifically at skills in agriculture and horticulture as part of the Food and Drink Sector Council for the Industrial Strategy.

I would like to press you a bit more on the questions the Earl of Caithness asked about the findings of your productivity review. You have been very commendably touring the country and gathering evidence. While that process may not be complete, it really would be helpful if you could drill down a bit more into the early findings coming through on that.

**Sam Lister:** The consultation is live. There is a team running that. I do not think the data has been drawn together. What I was offering were the thoughts going into that as to where the issues probably lay. We do not have information on what the review is actually uncovering yet.

**Lord Curry of Kirkharle:** The issue of SMEs is tricky, because it covers a wide range of businesses, some of which may qualify for apprenticeships and some of which do not. We know from the evidence session, despite the fact that it will vary from place to place, that there is a fundamental issue in rural areas with supporting SMEs. Without treading into the next question, the LEPs vary enormously in their support for SMEs in rural areas. I do not ask you to respond to that, but it is just a fact of life. Are

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7 The witness subsequently clarified that this is a reference to rural SMEs, not all SMEs.
there generic issues, which you will address through this, affecting SMEs in rural areas?

**Sam Lister:** There is clearly a business-support question about what people are able to access that needs to be answered. Thinking about access to finance, the British Business Bank commendably has decided to set up a network of regional advisers out on the ground in order to be more accessible to small and medium-sized enterprises that want to think about how they can have more money to spend and how they can expand. At that generic, overarching level there are regionally specific applications.

Joe referenced the fact that we have a director in government relationship-managing every single LEP now. Out of the 38, 29 have already met since it was confirmed that that was going to happen. They are coming back with intelligence about how we can best support the LEP and how we can best support businesses in the area. They are providing an extra set of ears and eyes to identify what those local needs might be.

**The Chairman:** Who qualifies as a relationship manager? They are staff within the department. At what level are they?

**Sam Lister:** They are at director level, SCS2.

**Q54 Lord Dannatt:** We have talked a certain amount about the Industrial Strategy. Moving it along to Local Industrial Strategies, plural, how do they differ from City Deals? You have talked about Sector Deals and Growth Deals. It begs the question: why are there apparently no rural deals? You may say in a moment that there are rural deals. Whether there are or not, how do these deals adequately look after the rural environment and the rural context?

**Joe Manning:** I will take a step back to mention a few of the commitments we have made on local industrial strategy so far. The White Paper said that these would be developed locally and agreed with government. We then committed, just before Summer Recess, that all LEPs will be developing a local industrial strategy. This will be the single mission for LEPs to promote productivity locally. We have also been clear that the first wave of local industrial strategies will be agreed by March 2019, with further local industrial strategies agreed by early 2020.

We really want to build on the approach taken in City Deals and Growth Deals. These are locally led, not one size fits all. You have heard from us about the importance of tailoring policy to different needs. It is quite important that we are not trying to reinvent the wheel here. If you take the north-east, there has been a continuation of conversations on devolution since the independent economic review through to the strategic economic plan that then feed into the local Industrial Strategy. Importantly for this Committee, that picked up rural issues throughout, particularly in Northumberland and Durham. We are trying to learn the lessons of the approach while providing that continuation of policy.

On the question of rural deals, this has been important. Our approach has been to make sure that we include a number of rural areas in the areas
that we are initially working with intensively in Local Industrial Strategies. We have the Heart of the South West LEP, picking up Devon and Somerset; Leicester and Leicestershire; the North East LEP, as I have mentioned; and the LEPs across the Oxford/Milton Keynes/Cambridge corridor, where you have some centres of real innovation and excellence and then some quite remote rural areas, which throw up significant challenges. As I said, our chosen approach has been to make sure we include rural areas in our development, but we have not taken forward a specific rural deal.

Lord Dannatt: I was going to ask you, where you have combined authorities and larger areas, how the rural aspect is properly catered for, but you have nudged into that.

Joe Manning: I am happy to follow up, if that would be helpful. If you take the West Midlands, you have a combined authority that picks up larger areas. You have Greater Birmingham and Solihull, but then you have Coventry and Warwickshire and the Black Country being part of these negotiations. We are trying to work out how you get the relative prioritisation and collaboration across LEP boundaries absolutely right.

The Chairman: There could be a problem when developing a strategy within one LEP. You have a number that are predominantly rural and a number that are predominantly urban. We understand that. But there will presumably be cases where there is a need, within one LEP, for more than one strategy.

Joe Manning: Undoubtedly, yes. I have already referred to the Cambridgeshire and Peterborough Independent Economic Review, which will tell you that the travel-to-work patterns in and around Peterborough market towns and Fenland look very different to the south of the county, where you have Cambridge and its relationships into London, Stansted and globally. They are very different.

From our perspective, we would like local industrial strategies to be taken forward at the local enterprise partnership level, encouraging cross-boundary collaboration where it makes sense, but not losing sight of the more locally nuanced issues, whether they are brought forward by local authorities or other groups underneath that. We recognise that. We need to get the balance of prioritisation right in the final strategies.

Q55 Lord Curry of Kirkharle: You indicated in an earlier answer that you were going to put the LEPs under more pressure or under more obligation. Can you explain that a bit more?

Joe Manning: In the Green Paper consultation for the Industrial Strategy White Paper, as was already referred to, we heard about the variable performance of LEPs across the country. That came through loud and clear. We committed in the White Paper to undertaking a policy review. This was led by Ministers in MHCLG and BEIS and involved Treasury Ministers to ensure that we had a cross-Whitehall view of this.

Shortly before parliamentary recess we published our review into strengthening LEPs. That looked at a number of different factors.
looked at roles and responsibilities. Fundamentally, what are LEPs there to do? It looked at the role of the governance of LEPs, the accountability of LEPs. It touched on issues of geography that had been raised with us. That has been published, setting out government’s expectations. We are now in an implementation stage with LEPs to make sure that we work with LEP chairs and LEP officers to implement those changes.

**The Earl of Caithness:** In your LEP review, was any consideration given to incentives for people in rural areas to serve on LEPs? The evidence we have is that they are mostly urban-dominated and rural people do not have the time and the transport facilities to get to all the meetings.

**Joe Manning:** The issue of the representativeness of LEPs was raised with us. That picked up rural issues; it also picked up small businesses in general. There are two things here that we looked at through the LEP review. First, for those smaller businesses that could not afford to be full-time board members, could LEPs do more to co-opt people who have specialist knowledge on a temporary basis? You do not need to attend every meeting, but you may be able to come to key meetings to bring specialist knowledge. Some of the business organisations recommended that we be a bit more fluid in how we think about board structures.

The other piece we have emphasised really strongly is the importance of consultation and making sure that LEPs are truly representative in their policy development and reaching out widely to businesses. We will look at that through the end-of-year reporting to scrutinise whether it is being done to the standard we would expect.

**Baroness Pitkeathley:** You have said, Mr Manning, quite a lot about LEPs. The Committee is very keen to know, given what you said about the variation among the LEPs, their history, background and so forth, at what level you are engaging with them. How are you managing the support you are giving to them?

**Joe Manning:** One of the key elements of doing this is introducing the director-level Whitehall engagement, which we have acknowledged we needed to do more of. That makes sure that LEPs have a high level of senior civil servant engagement on a regular basis. They are directors. There are seven within the business department, but they do not necessarily all work on local-growth policy issues; there are some across other government departments. It is vital to bring them into that system as a critical friend or challenge function, and equally to help Whitehall understand a bit more about what is going on across the country, quite frankly. The Local Growth Unit then provides the day-to-day management of LEPs at official level; I mentioned relationship managers there.

The piece I would really like to emphasise to the Committee, though, is the annual assurance process that is put in place in the Ministry for Housing, Communities and Local Government to ensure accountability for local growth funds and that we keep reviewing the spending of public money. As I have also referred to, we have asked LEPs to produce an annual delivery plan and an end-of-year report in order to increase the scrutiny and transparency of where those investments are going.
As a final point, one of the other things raised with us through the review was ensuring scrutiny locally. Although LEPs have local authority members on their boards, we are making sure that they are going in front of local authority scrutiny panels as needed in order to make sure that it is not just a relationship into Whitehall; it is also about the relationship locally.

**Baroness Pitkeathley:** What is the timescale for doing these things? Will you have this information back in time for our Committee, for example?

**Joe Manning:** We have asked LEPs to respond to us with implementation plans by, I think, the end of October. We then have an implementation period to move LEPs to this new operating model before the start of the next financial year. I would be happy to provide more detail to the Committee as that returns to us.

**Baroness Pitkeathley:** I have one other question, about the scope and make-up of the independent Industrial Strategy Council. How will the council ensure that rural areas are taken into account within its work?

**Sam Lister:** That is absolutely right. The council has to consider all aspects of productivity, whether the Industrial Strategy is answering the right questions and how it is doing in its approach. The Industrial Strategy Council has not yet been formed and has not yet met. Announcements on that will be forthcoming in pretty short order. That will be happening within a number of weeks.

**The Chairman:** What do you mean by “shortly”?

**Sam Lister:** I mean within the season. It absolutely will. We are aware that the Industrial Strategy Council needs to be able to get its teeth into something. Stuff has to have started to happen so that it can take an informed view.

As for how the Industrial Strategy Council would want to think about that and the individuals who are in the frame for roles in the Industrial Strategy Council, you can rest assured that they will take place-based issues extremely seriously. We would want to ensure that the council offers expert advice across the board on the issues that we want covered.

**Baroness Young of Old Scone:** I am still concerned about the accountability of LEPs, not up the way but locally. I appreciate that you have said that the review will allow for scrutiny by scrutiny panels in local authorities, but many of the local authorities where rural issues are not being taken terrifically enthusiastically are those where there is a mixture of an urban setting and a rural hinterland and the rural hinterland gets a really duff deal.

I am not earnestly hopeful that making local authority scrutiny more present in the LEP accountability framework will do that job. Are there other ways in which we could get greater accountability to small-scale, local, rural settlements and places that really do not get great joy from their current local authority and get even less joy from the LEPs?

**Joe Manning:** Through the LEP review, we have been looking to increase more generally transparency in the way LEPs are operating. We want to
publish an annual economic outlook for all LEPs in order to look at economic performance in those areas. If issues of variety are not being addressed in predominantly rural areas, that will help to provide greater transparency and understanding as to what is going on in those economies.

The other piece for us is about making sure that we have greater clarity on these end-of-year reports and that they can be published so as to provide an objective assessment of performance.

**Lord Curry of Kirkharle:** Have you defined what the indicators will be?

**Joe Manning:** Not at this stage, no. The review covered a lot of ground. We committed to work through those indicators and to work with LEP chairs. I would emphasise that we want to do this in collaboration with places and partners and to hear those voices if people are feeling excluded. We have said through the LEP review that if business groups or others do not feel their voices are being heard we want that to come back to us at this stage. But they have not been agreed yet.

**Q57 Baroness Mallalieu:** Can I ask you, first, whether there are any plans to establish more Rural Enterprise Zones? You mentioned that there was a review published just before the recess, which I have not seen. But I understood that, in 2015, of the 26 new or extended zones announced then, about 15 were said to be either in small towns or in rural areas. I wonder what assessment has been done, whether the review has turned it up or whether you have your own views on the impact that has been made by those areas. First, have they worked? Secondly, are there more to come?

**Joe Manning:** In my understanding, there are 18 enterprise zones that we would classify as predominantly in rural areas. That is probably because a few of the older zones are also referred to. At the moment, the focus is very much on making a success of the existing zones rather than on committing to further enterprise zones or enterprise zone extensions. That is in part because of the nature of the policy and the incentives. It sometimes takes a number of years for the enterprise zones to get up and running. As I understand it, there has not been a full assessment of the enterprise zones, but one figure reported by LEPs was that there had been over £200 million of private investment into those rural zones. I would happily come back to the Committee with more detail.

**The Chairman:** Thank you both very much indeed for coming. As I said, if there are issues you want to pick up where you want to give us more information—we would like a map and one or two other things, and I am sure we have a list of those—we would be enormously grateful. Until we hear from you again, in writing or by whatever means, can I thank you both on behalf of the whole Committee very much indeed? Thank you.
Department for Digital, Culture, Media and Sport (DCMS), Openreach and
Professor Claire Wallace – Oral evidence (QQ 173-185)

Evidence Session No. 16 Heard in Public Questions 173 - 185

Tuesday 20 November 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

James Heath, Henry Shennan, Kim Mears and Professor Claire Wallace.

Q173  The Chairman: Good morning. Thank you very much indeed for coming. We have a relatively short time to get through a lot, so I apologise if we rush you. If we do, and there are things you wish you had said but did not get the opportunity to, please feel free to write to us afterwards. I suspect there will be a number of questions where we specifically invite you to send us more information following this session, so apologies in advance. You have in front of you copies of the declarations of interests from Members of the Committee; we are not going to read them out or anything in this session. The sessions itself is being broadcast on the parliamentary website. Following it, we will send you a transcript and you will have an opportunity to make any factual corrections to it before it is published.

Before we kick off, and so we are clear exactly who we are speaking to, I am going to ask you this, James. When we contacted you, we contacted you as a representative of BDUK. When you sent in your CV, you told us you were UK Government, and so you are down as UK Government. We did not get Henry’s CV until later, so he was down as BDUK. Are we dealing with UK Government, BDUK, both or what?

James Heath: I am Director of Digital Infrastructure in DCMS. BDUK sits right next to me as a delivery body for government-funded broadband
programmes, so we work pretty closely together. I am in charge of the policy and it is in charge of the delivery.

Q174 The Chairman: Thank you very much. That is very helpful. Can we kick off? One of our earlier witnesses was Sarah Lee from the Countryside Alliance. She said, “I think we can all agree that rollout in rural areas has been slow, patchy and inconsistent, and it has held back rural businesses and communities”. Can each of you tell us briefly why you think mobile and digital connectivity is so poor in rural areas, and indeed in some places that are not even very remote?

James Heath: If you will allow it, Chair, in answering the question I might just give a little detail on where government policy is.

The Chairman: Yes, if you are brief.

James Heath: Both fixed and mobile coverage for digital is one of our new Secretary of State’s key priorities and we have some pretty clear objectives on that. On the fixed side, one objective is to ensure universal broadband coverage. We are at 95% of superfast coverage so far and we are on a journey to 97%. The last 3% will be filled in through the Universal Service Obligation. At the same time, we are looking to future-proof those networks through the rollout of full fibre. The Future Telecoms Infrastructure Review, published in July, sets out a plan to roll out full-fibre networks across the UK: that is 15 million by 2025 and to complete the job by 2033.

On the mobile side, mobile coverage is accelerating. It is clearly better in urban areas than in rural areas, but we have seen significant progress over recent years. The Government and Ofcom are looking at a series of policy interventions around how we can push that coverage further. It is worth acknowledging that the economics are challenging in more remote areas: the costs are higher and the population density is lower, so the revenue-raising opportunities are lower. If you put those two together, the economics become more challenging. That is not to say we cannot solve them. The market has pushed out much more into rural areas and there is a series of interventions that both the regulator and the Government can take to further develop coverage.

The Chairman: We will come to it in more detail but there are interventions that the Government could take, and the Government could have taken those interventions a very long time ago. We are still in a situation where 75% of the geographical area of England has poor coverage. We are a long, long way behind, and the rural areas have lost out. I am asking you to agree with that and to explain why rural areas have lost out.

James Heath: If we take fixed networks first, there is now availability to 95% of premises in the UK of 24 megabits per second for fixed broadband connectivity. That is 95%, and we are on a journey to 97% by 2020. If you compare that to any other European country, you will see that we are in a pretty good place. The last time I looked, there is still a 30% gap in the availability of superfast broadband in France. In Germany, there is a 15% gap. On fixed broadband, the Government and local authorities have
spent about £1.7 billion on the superfast programme and, at the end of 2017, we had reached 95% coverage, on a journey to 97% coverage. There is still more to do: we have to solve the last 3%, and the other big thing we have to do is future-proof the network.

**The Chairman:** I am really sorry. We need to move on and hear from other colleagues, but I want to make it clear that we in this Committee are of the opinion that, to date, however well we compare with other countries in the global figures, rural areas in this country have lost out and interventions could have been taken—some would argue should have been taken—to ensure they did not. Do you agree or disagree?

**James Heath:** In most of the technology cycles we have had so far, urban areas have tended to benefit before rural areas. That is a fair point. That is one of the key lessons we learned in developing our future telecoms infrastructure strategy, where we look at rolling out full-fibre broadband, moving urban and rural areas at the same time. As we future-proof the networks, we are trying to avoid the problem we have had in the past of urban moving faster than rural. We absolutely get the point about trying to rural-proof broadband policy going forward. That is what we have tried to embed at the heart of the Government strategy we published in July. I take the point that clearly urban areas are ahead of rural areas, both on fixed and on mobile. The economics explain part of it, but the policy interventions need to get better.

**Henry Shennan:** Let me introduce myself. I work for James and I lead the Department’s work on fixed connectivity principally.

As James said, much of the reason is to do with the simple economics of deploying infrastructure. In rural areas, there are fewer premises in a given area and we therefore have to deploy more miles of fibre to connect those homes. There are fewer households, so the cost per connected household is significantly higher. That makes it more challenging for commercial operators to invest in those areas.

As James pointed out, we are starting to see better connectivity, particularly on the fixed side, with niche operators such as Gigaclear specifically targeting rural areas. Superfast connectivity has significantly improved. It is rolling out now and is at more than 95% across the country, with around 10% of rural areas still to do. We expect those areas to benefit significantly.

**The Chairman:** I am really sorry, and the Committee will get cross with me, but you are telling us what we already know: it is easier to deliver high-speed broadband in urban areas than it is in rural areas. We understand that. We also understand the cost differences between the two. The point we are making is that there is now talk of interventions that will ensure that, in the future, rural and urban will go forward together. That is a deliberate intervention. Our point is that those interventions should have been taken earlier so that rural did not lose out in the way it undoubtedly has.

First, do you agree that rural has lost out? Secondly, do you agree that there could have been, but were not, interventions that could have
ensured that problem did not occur? It is quite simple.

**Henry Shennan:** I definitely agree that rural communities do not at the moment have the connectivity that we aspire for them to have. That is why we are making policies to address those issues. On whether theoretically we could have had new policies earlier, yes, theoretically we could have had new policies earlier. We are addressing the problem now.

**Professor Claire Wallace:** The problem with having worse connections in rural areas is that, as the urban areas get better and better connected, the gap widens. It used to be the case that many rural areas did not get much of a connection—maybe they got 2 megabits—and the urban areas were as it is here. But now what has happened? We got slightly better connections, but the urban areas got much better connections. That really disadvantages rural businesses, for example, many of which rely on good broadband connections.

**Kim Mears:** There is no doubt that an enormous amount of work has been done. It is incredibly complex to deliver connectivity into rural areas. More than 5 million rural homes have been uplifted over the past five years. But the honest answer is that, if you are a have-not, it has to change. We have to find ways of reaching in.

A lot is still happening. Take, for example, the R100 programme in Scotland. It is a significant programme to allow connectivity to go even further, and is being co-funded. From an Openreach point of view, we continue to bid and co-fund for all of the rural network that is becoming available with BDUK. Wales is another great example. We have just won one lot of very rural delivery in Wales, and we are waiting to hear about a second lot.

The honest answer is that we need to do more. If you are one of those have-nots, we need to solve the problem.

We absolutely never want to say no from an Openreach point of view. We have a scheme—you may have heard of it—called Community Fibre Partnership. I will leave a brochure with the Committee. The scheme actively co-funds with communities, working with government where we can, to call down gigabit vouchers that are available from government to take connectivity to some of the most rural places in the UK.

**The Chairman:** We will pick up the details of this, but this enthusiasm for what you are doing is not necessarily matched in practice. I have received an email from a chairman of a parish council who is desperately trying to get a community match-funding scheme in his area. You are the sole provider of it. He says, "We realise and are aware that our community will have to dig deep into our pockets to fund what for most people is a freely provided essential infrastructure. What we find profoundly frustrating is that nobody can be bothered to get round to tell us how deep we will have to dig. BT Openreach is a monopoly provider for the delivery of these projects, but we are left with the strong impression that this work is of no interest to them, because we have had to wait for eight months and still have not received a quotation from Openreach". It is great to be enthusiastic, but it does not seem to be happening on the ground.
Kim Mears: I would love details of the scheme that you are describing. I can tell you that I have delivered more than 775 community funding partnerships. We are not a monopoly. This is something that we generally care about, going further and working with communities. There are many other providers out there. I would love details. Let me pick it up straightaway.

The Chairman: In this particular example, you are a monopoly supplier because that was the deal you did.

Q175 Baroness Young of Old Scone: Can I touch on mobile signal? That is almost more important for some communities, and particularly for some activities: say for the farmer standing in the middle of a field who cannot phone anybody. We heard evidence from the Local Government Association that Ofcom’s figures about mobile coverage did not reflect reality. That is a common lived experience in the countryside. Are we planning mobile signal improvement on the basis of realistic and reliable data?

James Heath: Ofcom has recently changed how it measures mobile coverage. It was accepted that the signal strengths it was measuring did not reflect the consumer experience. In its latest publications, Ofcom has started to measure signal strength, which ensures people can make telephone calls without calls dropping and that they get at least 2 megabits of data and can actually use the internet. The signal strengths have gone up, so the measurements should become more accurate going forward on the lived experience of consumers, rather than be just a technical exercise.

Baroness Young of Old Scone: On that basis, the data we already have is probably rubbish.

James Heath: Ofcom has rebased the data to take account of the higher signal strength. It obviously shows that coverage levels are lower than when the previous lower signal strength was being used, so it is a more accurate reflection of what the true consumer experience is.

Q176 Baroness Rock: Could I address my question to BDUK and Openreach? We have touched on delivery already, but I wonder if you could talk a little more about how you work with local authorities and local businesses. Also, what channels do you use in communicating how you plan for and deliver to rural households and rural communities?

Kim Mears: What tends to happen with local bodies is that, first, there is a very active engagement. There has been for many years now. They would normally put out what we call an open market review and ask all providers to nominate either where they currently have connectivity or where they plan to in the next three years. From that open market review, they take all the data and then determine the intervention area, which is where they want somebody to go and build. They then issue an ITT, and Openreach, alongside others such as Gigaclear, would prepare a model, or network solution, that meets their requirements; this is for both fixed wireless access and fixed. That is an active procurement. We then
find out what we have won, or not, which we then design and build. That engagement with the local body continues from the very first point of the open market review, through weekly and monthly meetings, right the way through to the build being delivered.

In respect of ongoing communication, how does anybody find out where we are going? Openreach has a "where and when" checker that allows customers to look at when their home will be upgraded, or potentially not. Most of the local bodies run their own communication programmes as well, in respect of advising where they are covering and in respect of creating demand stimulation and people to take the service.

**Henry Shennan:** To be clear, neither James nor I are from BDUK. We are from the policy side.

**Baroness Rock:** But you did suggest you were involved in delivery.

**Henry Shennan:** We work closely with local bodies on how we grant funding to them, on the basis that they know the needs of their local community best. That is our primary route to make sure there is the ability for local authorities to judge where they need the investment and how to maximise take-up from their local communities. The procurement allows local bodies to prioritise businesses in how they are delivering their connectivity.

**Professor Claire Wallace:** BT Openreach usually provides broadband to cabinets, and rural areas have to get the information after that from their telephone lines. The last 3%, or 7% in Scotland, is quite often delivered through these community broadband initiatives.

I did a study of community broadband initiatives, which is where communities get together and apply for funding to develop the broadband themselves. Only some communities manage to do it, because a lot of them do not mobilise: they do not have the facilities; they do not have the capacity; they do not have the people to do it. The ones that manage to do it depend on various funding streams, which are erratic. Sometimes they do not work for that reason. Some of the funding streams are European ones. The EU LEADER scheme has been important for promoting these community broadband initiatives. The schemes are very fragile and depend very much on one or two people. If those people die, move away or just burn out—quite often they do; they get exhausted from trying to mobilise this kind of support—the scheme collapses. And if it is any good and it generates a market, BT will come along and take over.

**Kim Mears:** Can I add to the point about fibre to the premises and fibre to the cabinet, and certainly to what was said about taking over? Look at the way we deploy networks, and imagine you are starting from the middle and then working your way out to rural areas. You are absolutely right. When you start in the middle, fibre-to-the-cabinet technology is absolutely fit for purpose for more than 27 million homes today. It means you get more customers from one cabinet, allowing you to go further and faster. As the area becomes very rural, the honest answer is that fibre-to-the-cabinet technology is not fit for purpose. Look, for example,
at the modelling work we are doing in Scotland and Wales today. The solution is almost 100% fibre to the premises due to cost because the premises are so dispersed. It means the network design has to be that way.

I do not know about the individual examples of communities coming together, but, as I have already explained, we have a scheme where we help, support and co-fund these projects. But I absolutely agree that it is really complex for somebody from the community to be passionate, to follow through and to potentially encourage the community to find the funding. You have to have a lot of energy to see it through, there is no doubt about that.

**The Chairman:** Sorry, did you just say that fibre to the cabinet in rural areas is not fit for purpose?

**Kim Mears:** No. I meant when it becomes extremely rural. If 95.7% of the UK has superfast connectivity, we are now talking about the final 2%. It is literally one or two premises scattered here, there and everywhere, so you do not get the cluster effect.

**Baroness Hodgson of Abinger:** Would you agree that there is a slight confusion in communication? I hope you will forgive me if I cite a personal example. We live in south Shropshire and were asked by Openreach whether it could dig a trench across our field to deliver superfast broadband. We said yes, but we have now found that we cannot access it.

**Kim Mears:** Let me first talk about wayleaves and covering in rural areas. We have worked really closely with the CLA on a standard wayleave around all rural deliveries so that there is one price, irrespective of where it is. The intervention area in Shropshire, as in that bid, will be determined by the local body. I do not know where your home is in relation to what we have committed to build. I am more than happy to look at it as an example, but the intervention area is determined by where the local body wants us to build. Does that make sense?

**Baroness Hodgson of Abinger:** Yes, but to a customer it is just complete confusion. You think, “Fine, dig across our field. That’s great; we’re going to be connected”. Then, when you try to get connected, you find that it is for somebody else somewhere. There is no overall communication to the customer in an understandable form.

**Kim Mears:** I would love to take it on as an example so I could understand it better.

**Q177 Lord Carter of Coles:** Professor Wallace, this is for you. Could you help us define and understand the digital economy? We are looking for a definition to understand it. Also, what do you think should be done at a national and local level to make it grow?

**Professor Claire Wallace:** There are four areas to the digital economy in rural areas. The first is business, which we have talked about. Many of the businesses in rural areas are tiny: 90% of businesses in the rural UK are microbusinesses. That means they have less than 10 employees—quite often they are just one man and his dog, or one woman and her
dog. You have very small businesses, including things such as upland farming, leisure and tourism, all requiring good communications for booking, payments and so on. Creative industries have been very predominant in rural areas, and need a lot of upload and download facilities to advertise their wares. Sometimes they just move away because they do not have those facilities.

A second aspect is public services. Rural areas have many more old people than urban areas. Old people move to rural areas, as in these “house in the country” TV programmes. They say, “Yes, we are retiring. We want to move to a house on top of a hill where we can’t see anyone”. That is fine, until you lose your spouse, cannot drive any more and so on. Health and social care services are really important for rural areas. There is also a skills gap, because older people in rural areas are less likely to be able to use digital communications. Even if they do get them, they cannot always use them. There is a skills gap there, which you could address as well. Public services covers transport, education, health and social care.

The cultural economy in rural areas, such as festivals and heritage, increasingly depends on good digital communication. Getting people to rural areas is important.

Finally, I want to emphasise social relationships. No businesses can exist without social relationships. In the past, you had a village noticeboard. Nowadays you just drive past it and it will be a bit tatty and unloved. Instead, you have the Facebook page. Villages create their Facebook pages, which become the village hub and the village form of communication. Many villages actually have more than one Facebook page: they might have a buy, sell and recycle one, one for communications and events, and so on. But the Facebook page is a really vibrant and important aspect of village community life that encourages both social cohesion and social inclusion. It depends to a great extent on having good broadband, or at least good phone connectivity, which many places do not have either. It is also a way of creating a sense of place, identity and pride. It is the way things are communicated. People post on these Facebook pages several times a day; you get posts all the time. “The Archers” does not seem to have cottoned on to it, but it is an important form of local communication, at least in Scotland.

Your second question was what can be done about it. You need to address the digital divide, which is mainly an age one. When we did analysis of who was excluded digitally in rural areas—I am a sociologist; you always look at things such as gender, ethnicity and social class—the main one was age. When you control for age, it accounts for a lot of the digital exclusion. You have these older people, scattered around rural areas, who quite often do not have the skills to access digital. There is work that could be done there. You can use the intergenerational divide, because young people do not need training. They know how to use digital communications, so you can use the young people to train the old people. That is a possible solution.
Given the conversation we have just had, you need to prioritise rural areas. The internet service providers will go to the profitable places, which are the urban areas. No one apart from BT will go to the rural areas. You need to do it as a reverse policy: prioritise the rural areas rather than the urban areas. I understand that is being done to some extent by the R100 programme in Scotland, but I get 3.5 megabits, so it has not prioritised me yet.

The other thing is better telephone connections\(^8\). If you do not have broadband via telephone cables, you get it through the telephone. The telephone is increasingly the way in which people access internet as they move around. The information I got was that half of Scotland does not get 3G and one-quarter does not even get 2G. There are lots of places where you cannot get good phone connections.

There is a problem with the masts being assigned to particular phone providers. If I am with EE, I can get coverage from the EE mast, but if I go to an area where O2 is the main provider, I do not get anything. People coming from Europe can use roaming on their phone, and the roaming just picks up the best provider. I do not see why the masts cannot be shared between different providers. That would be a much more economical and sensible way to provide good broadband.

Baroness Mallalieu: Can I just pick up what you have said? Your resolution for older people not having digital skills seemed to be to give them training; some may not last that long. My question applies to everybody, and it is the one thing people always ask me. How come we still have a country that is riddled with not-spots for mobile coverage? I have just come from one in Buckinghamshire today. It is not that rural; in fact, it is semi-urban. How has this been allowed to happen? How soon are you going to stop it and how?

Professor Claire Wallace: I cannot answer that one; that was my point.

Baroness Mallalieu: Exactly, you have raised the difficulty.

James Heath: I will take that one. On mobile coverage, there are a couple of things going on. There are parts of the country that are total not-spots, where there are no mobile operators at all. There is then a series of other parts of the country that we call partial not-spots, which may have one or two networks but not the full four. We are looking to address both problems. Coverage from any network is about 90% of the UK landmass now; coverage by all four of the operators for phone is about 75%; for 4G, or internet data, it is around 65%. There is still a significant way to go. Those numbers are accelerating quickly. They have gone up by about 10% over the last year, but there is still a significant problem to solve.

As for the policy levers we are looking at, along with Ofcom, the regulator, there are a number of ways we are trying to solve this gap.

\(^8\) The Witness subsequently clarified that when suggesting better telephone communications and sharing masts, she meant mobile connections (rather than landlines in this instance).
One lever is around when the next part of the 700 megahertz spectrum is auctioned by Ofcom. That is wide-area spectrum and covers large areas efficiently. Ofcom is looking at the extent to which it can attach coverage obligations to that spectrum so that those players that buy the spectrum are required to push out coverage further, to 90% and beyond.

In addition, the Government are interested in the extent to which roaming can help solve partial not-spots. Where there is one network, you could allow customers of other networks to roam on to that.

There could also be infrastructure sharing. At the moment, the mobile networks tend to have joint ventures, where two of them share the masts, the sites, and the passive, and in some cases active, antennae equipment. Could operators look at sharing infrastructure across all four?

If infrastructure is shared across all four, you will bring down the costs but you will also concentrate all the demand from the four networks into a single set of infrastructure. How could that look to expand coverage as well?

The final area the Government could play a role in is removing barriers to rollout. How can we make it quicker and easier for masts to be rolled out? That gets you into the area of access to land and panning regulations: for example, how big can masts be without going through planning permission? We are looking at all those issues with the regulator as a package to try to deliver on the commitments the Government have made to enhance rural coverage.

**The Chairman:** Is it the Government’s recommendation that there be conditions attached during the auction of the 700 megahertz spectrum that would be of benefit to rural areas?

**James Heath:** As the independent regulator, Ofcom has the powers and will make the decision. I will come on to it, Chair, but we need to be clear that there is an independent regulator whose job it is to make decisions about these auctions.

**The Chairman:** That is why I used the word “recommendation”.

**James Heath:** The Government would want Ofcom to look hard at how it can extend rural mobile coverage as part of that auction, taking into account all its other responsibilities around competition and efficient use.

**The Chairman:** But you would wish them to achieve a solution that does that.

**James Heath:** Yes, but—

**The Chairman:** Thank you. I think you just said yes.

**James Heath:** It would be the Government’s strategic priority for Ofcom to look very hard at how it can increase coverage as part of the auction, taking into account its other duties as well. We are not the decision-maker; the independent regulator is the decision-maker. There is a line: the Government can have a clear policy priority but ultimately the regulator must decide.

**The Chairman:** I am beginning to be unclear which of us is the politician,
you or the Committee Members.

**James Heath:** I am just being clear that the regulator, independent under statute, must make the decision.

**Q178 Baroness Young of Old Scone:** Moving into more uplifting areas, can I ask Professor Wallace about the work on dot.rural and anything you have done since then? What are the lessons we should take from all that?

**Professor Claire Wallace:** On dot.rural, we looked at alternative ways of providing fast broadband. For example, one project looked at satellites as a way of providing better broadband, especially for those areas that are not reached by BT. We provided it through the project, and it worked very well for the businesses we provided it to. But the problem is that, for people to provide it themselves, it is quite a big expense and outlay. My neighbour, for example, estimated that it would be £1,500 for him to put up a satellite dish, and then the contracts are quite expensive. It is not actually the most efficient way of delivering broadband; fibre optic is much better.

We found that there were advantages and limitations. It advantaged those businesses we provided it to, but it was not sustainable in the long run. These were microbusinesses; 90% of businesses in rural areas are these tiny businesses, and they cannot afford big infrastructure. That was one project.

A second project—

**The Chairman:** I am sorry to interrupt. So we are clear and we have it on the record, is it correct that one of the problems with satellite is that the upload speeds are particularly poor? Upload speed is often quite critical for a rural business.

**Professor Claire Wallace:** Yes, there is something called latency, which is a problem with satellite communications.

**The Chairman:** It is just helpful if you say it rather than me, because that way it goes on the record.

**Professor Claire Wallace:** Many of them complained about the latency problem with satellite communication. It is of only limited use as an alternative to advanced broadband.

We had another project that looked at using artificial intelligence to network for farmers so that they could find resources, because they do network, through borrowing things and spreading resources around the farming rings. But, again, that ran up against a wall, because the farmers did not use it. There were very good resources for sharing machinery and information, but there was a problem in getting farmers to actually use it because there was a skills gap or cultural gap between what was available and what people were prepared to use.

The third project was much more successful. It looked at cultural heritage in rural areas. What quite often mobilises rural areas is looking at some aspect of cultural heritage, such as a museum or finding out about local life. Putting that online, turning it into a website and making it digital, was
very important in enabling those rural areas to connect with the wider world and with each other. They were able to put more and more information online. That is something that really engaged older people, because older people are more interested in history and in researching their families, probably because they are history—but anyway.

Baroness Young of Old Scone: You have to be very careful saying that in the House of Lords.

Professor Claire Wallace: Researching the history of the area tends to be something that people really get enthusiastic about. Putting that online became very important, because it was a way for different organisations to communicate with each other and for the village to communicate with itself, if you like. But they also started to get posts from all around the world: from Nova Scotia, New Zealand, Australia, South Africa and Sierra Leone, of all places. It became an international project rather than a national one. That had quite a lot of purchase.

The Chairman: Talking of successes, Lord Colgrain has a question.

Q179 Lord Colgrain: Yes, it follows on very directly from what you have just been saying. What examples of good practice have you found in supporting the rural digital economy? How might these be replicated?

Professor Claire Wallace: In the creative economy, where you have collections of artists who are able to publicise their work and create a community, it can have important economic consequences. It makes rural areas much more vibrant and interesting places to live. It also has important knock-on effects economically. That is important.

Baroness Young of Old Scone: You talked previously about schemes like this depending on one or two folk really busting a gut to get it to happen, but then they move, die and collapse.

The Chairman: It is the “die” bit.

Baroness Young of Old Scone: Have you any thoughts about what could be done or should be done in areas where that kind of leadership simply does not evince itself?

Professor Claire Wallace: I do not know. You have to have the community leadership for it to work. The EU LEADER programme provided community workers who went round and tried to stimulate this kind of activity, but I guess we are losing the EU LEADER scheme now. I do not know whether it would be possible to have some sort of rural community worker who could help try to stimulate that kind of activity, but the problem is that it has to come from the community itself. Some communities tend to have this dynamic and others just do not. The problem is that they get left further behind.

The Chairman: Thank you. We are going to have to move on.

Q180 Baroness Pitkeathley: What about the superfast broadband project? How successful has that been? What lessons have been learned from delivering that particular programme?
**James Heath:** We published an independent impact assessment of the superfast programme back in August this year. This is effectively the programme in which both government and match-funding local authorities spent about £1.7 billion rolling out superfast broadband. We got to 95% of the country by the end of 2017, on a journey to 97%. Looking at the analysis, our view is that about 5 million homes have been connected as part of the programme.

**The Chairman:** What does that mean for take-up rates?

**James Heath:** I will come on to take-up rates, Chair. About 5 million premises are benefiting from the superfast programme that would not otherwise have got superfast broadband through the market or would have got it later, so there has been additionality over and above what the market would deliver.

The impact on local economic performance appears to be reasonably strong, in both additional jobs and the increase in turnover of firms in those areas where broadband has been rolled out. We think the cost-benefit has worked, with about £2 of benefit to every £1 of public spending. Overall, it has been a successful programme in doing what it was designed to do.

There is clearly more to do: 3% of the country’s premises do not have broadband, but we have to move to the next cycle of broadband. If we are looking 15 years ahead, superfast will not be the future-proof network that we need, hence the Government’s strategy on full-fibre broadband.

The take-up of superfast broadband is accelerating. About 50% to 60% of those who it is available to have taken it up. It is rapidly accelerating, which is positive for a number of reasons. Clearly, networks only generate value when people are using them. The fact that people are using superfast broadband for the economic and social benefits Claire talked about is really important. But it comes back to one of the lessons we have learned. When the Government designed the contracts, they put in provisions that meant, if the cost of delivering the broadband was lower than expected, some money would flow back into government; but also, if demand and take-up of superfast was higher than had been predicted, we would get money flowing back into government through what we have called a clawback mechanism. As that take-up increases, money will flow back into government and local authorities.

Kim, you may know this, but in its annual report, BT estimates that about £700 million will flow back to government and local authorities as a result of the clawback mechanisms we have placed in the contracts. Building in those contractual mechanisms is quite a useful lesson in doing public procurement.

**Kim Mears:** You asked whether it has been successful. I absolutely agree that is in more than 5 million rural homes. It is a really complex and difficult build. When we originally put together our bid for these contracts, there was an estimation of a 20% take-up. We now estimate it being somewhere between 51% and 60%. The clawback or gain-share money
will be around £700 million. That gets released over a number of years, and it is starting to be released now.

What does that mean? It means that local bodies are now taking that gain-share money and pulling down match funding from government and from Openreach, where we are bidding for it. It allows them to go even further. For example, some local bodies are now on 90% coverage. They are starting to eke away at that final 2% as we begin to release the gain-share.

Yes, it has been hugely successful. But, at the same time, there is a parallel force, supported by FTIR, that asks how we move from a superfast world to an ultrafast world of full fibre and make sure that rural does not get missed or have to wait until the end, but is delivered in parallel with urban. That is our key challenge.

**The Chairman:** I am staggered that both James and Kim are seemingly quite pleased with 51% to 60% take-up rates and acceleration, after such a long period of time. The take-up rate is pretty appalling, is it not? As you rightly say, James, if more people had taken this up, there would have been significant additional funding coming in. Has enough been done to drive take-up?

**Kim Mears:** I am a wholesaler. I would love it to be 100% take-up, but you have to understand the take-up curve. The programme has been rolling since around 2012; we are still delivering to rural homes today. The curve you see from 50% to 60% is over a period of time. That is us projecting forward. Would we like it to be more? Yes.

We are seeing from local bodies some very innovative and creative ways of creating and stimulating demand. For example, in Cornwall, every time you move you will see a bus highlighting the benefits of superfast connectivity. Many of the others are mail-shotting or creating digital champions, which is a great idea from Wales. There are lots of good things happening across local bodies to really drive take-up on this network. But could there be more? Of course, yes.

**The Chairman:** James, when you were at the BBC, I know you were involved in its thinking about additional work it could do to help improve demand and take-up. That was rejected by government. Now, you are representing the Government. Would you recommend that the Government ask the BBC to do the work you were originally proposing?

**James Heath:** That would get me tied up in all sorts of knots.

**The Chairman:** You can take hats on and off.

**James Heath:** I would be taking various hats on and off.

As I said, you only get the economic and social benefits from broadband if people use it, so driving take-up is clearly important. Take-up is accelerating on superfast. This is a programme that started in 2010. To get to the situation where we are getting 50% to 60% take-up is not a bad curve, and it is clearly a lot stronger than the originators of the programme envisaged. We want to push it further. I know BDUK is looking at how it can potentially support localised demand-stimulation
schemes, potentially with some public resources, to accelerate and build on the creative ideas that Kim talked about. I am sure we could write to the Committee to expand on that.

**The Chairman:** That would be very helpful.

I am sorry, but I am going to move us on. If you have things you wanted to add, please write to us. Talking of take-up, let us have a look at community schemes.

**Q181 Baroness Mallalieu:** You have already touched on this, and we understand you already have 775 partnership schemes going. But what are the barriers that stop local communities going for such broadband schemes? What could be done to remove those barriers?

**Kim Mears:** Openreach co-funds schemes. We would then look to pull down from BDUK any vouchers that are available to support the funding. You then get to a decision point: is the gap divided by the number of individuals in the community affordable? In many cases, local bodies are beginning to lean in and say they have funding left over in some of their programmes, and are pulling that in as part of our delivery with them.

When it comes down to it, the key issue is affordability. Some communities are made up of a farm and two or three other premises in the vicinity, with a fibre network that is many kilometres away. It could be a significant cost, so funding tends to be key.

The new gigabit vouchers from DCMS are really helping. That is £2,500 that we can call down for SMEs and around £250 to £300 for residential, depending on where it is. We are looking at every opportunity to bridge that funding gap.

Openreach tries to use its existing network as much as it can. That means we will use our ducts and our poles, so it is an extension that we are designing, not a brand-new network.

Still on the issue of communities, but thinking about the FTIR going forward, we are doing some modelling with DCMS. If we can pinpoint and target, for example, rural schools, rural doctors’ surgeries, parish halls or even pubs, is there a way of taking a fibre to that point and enabling it to be commercially viable for somebody to build out to the actual premises? We are looking at how we can be more innovative in taking the cost of the fibre out to the point of presence, reducing it, somebody paying for it and then allowing us to commercially cover it. There is some really innovative thinking at the moment, which we just need to follow through on it.

**Lord Carter of Coles:** Can you carry fibre on a pole? I am thinking about trenches and poles, and perhaps you can help. Does it always have to be trenched?

**Kim Mears:** No. Wherever possible, we use our existing network. It is roughly 40% to 50% overhead and 50% underground in ducts, with a small amount of what we call direct in ground. If it is direct in ground, there is no ducting, which means that we have to dig. We would try to
use our existing network as much as possible, and that is the network that would carry copper today.

Lord Carter of Coles: Is there a rough sense of how much per kilometre it costs to string it up on poles using your existing network?

Kim Mears: It depend on where it is. I can certainly give you a view, and I will write to the Committee, but it would depend on where. Let me tell you why.

If you ask how much it costs for a kilometre from A to B and it is urban, it would be one price. For rural, with tree cutting all along the way, or on a single-track road where I have to use rolling traffic lights, the cost increases greatly.

The Chairman: That is very helpful, thank you. I am going to have to rush us on.

Q182 The Earl of Caithness: Could you tell the Committee how the Universal Service Obligation is going to be rolled out and delivered? In particular, how will it work alongside full fibre when you have 10 megabits as opposed to one gigabit? When you are delivering the USO, how will it work if you are using old copper wires when you should be on full fibre?

Henry Shennan: Ofcom is leading the design and detail of the USO. It is going through a consultation stage to determine who the universal service provider should be. Very broadly, by the end of 2019, once the legislation is through and the scheme has been designed, if you do not have a connection that is up to 10 megabits per second download speed or one megabit upload speed, you have a legal right to request that connection, and the designated universal service provider has an obligation to provide that to you, up to a cost threshold of £3,400. It will have 12 months to deliver that. It is a bit of a process to make sure that money goes as far as possible through aggregating. Ideally, if you need that connection and your neighbour needs that connection, you can aggregate your demand to make it as cheap as possible for you to be served. That is the broad service.

As to how it fits with fibre, in the detail of programmes such as R100 in Scotland and the “outside-in” programme that the Chancellor announced funding for in the Budget, we are looking very closely at where those two programmes are happening at the same time. If you are due to be delivered a public intervention sooner, you will get that rather than the USO.

The main point to make is that our programme to deliver fibre nationwide is up to 2033; it is a 15-year programme. People who need the USO do not have decent connectivity now. The USO very much provides a safety net. It allows people to do—I would not describe it as “basic”—the good things they need now, but it is not future-proof. You can download films; you can stream a HD movie; you can send emails: you can do the sorts of things most people use the internet for at the moment. They need that sooner rather than later, so we would not want to delay the USO in order to deliver a fibre ambition. You have the USO, and soon after, over this
rolling programme and at the same speed as everywhere else, you ultimately get this future-proof gigabit connectivity.

**The Earl of Caithness:** The next question is more for Claire. Would you say that the USO of 10 megabits download and one megabit upload is decent in the current age of 2019? On a wider question, if we are trying to get accurate information, is there a complication, in that the EU, Scotland and Wales use 30 megabits and the English Government perversely use 24 megabits for superfast broadband?

**Professor Claire Wallace:** Do you mean as their target?

**The Earl of Caithness:** Yes.

**Professor Claire Wallace:** Some people have mentioned the R100 programme in Scotland. It aims to provide 30 megabits per second by 2020, which I can hardly believe, because has not got anywhere near that yet. Maybe it will succeed—I do not know. There is definitely an ambition to do that, but I do not know whether it will succeed in providing it.

**The Earl of Caithness:** Going back to the first part, are download speeds of 10 megabits and upload speeds of one megabit decent if you are running a business in a rural area?

**Professor Claire Wallace:** It is possible to work on 10 megabits. In my house, for example, it is between two and nine, which means I get 3.5. You do not always get 10: if it is supposed to be 10, you do not always get that.

For creative businesses in rural areas, it is not adequate, because they have to upload videos, use streaming and so on. For many farming applications, it is not adequate: they cannot get the information up and down fast enough. It just depends which business it is, I suppose.

For me as a householder, it is okay, because I can go to the university and get better connectivity. It is okay for some businesses. The problem is that people’s expectations are going up and up. They expecting much better things from tourism, for example: much better information about where they are going, and better booking and payment systems. That cannot be provided with 10 megabits.

**The Chairman:** It would certainly be helpful if you could write to us with further thoughts on whether those levels of 10 and one are really adequate, given the experiences of people you have met and the businesses you have talked to. That would be very helpful.

I was talking earlier about take-up, and I know Baroness Hodgson wants to specifically relate that to businesses.

Q183 **Baroness Hodgson of Abinger:** What could be done to encourage more take-up of digital technologies among businesses operating in rural areas?

**Professor Claire Wallace:** There are various organisations, such as the National Farmers’ Union, and among farmers, there is an issue. Some farmers are very high-tech, but a lot of them are not. That is because they tend to be very small businesses anyway and do not have much
extra time. You quite often find that their wives and children are connected. It is question of spreading the skills around the community as well.

There are other organisations—in Scotland, there is Scottish Enterprise and Highlands and Islands Enterprise—that have been very active in trying to promote digital communications and to set up the kinds of projects you were talking about. In England, Local Enterprise Partnerships could maybe fulfil the same function, I do not know. Are they more business orientated?

You have to have a social dimension as well as a business dimension, because it is not just about businesses; it is also about who is in the business and how they behave.

**Kim Mears:** The Local Enterprise Partnerships are incredibly active in this area, and also the National Farmers’ Union and the CLA.

What needs to be done? For me, you need to make it real. What difference would it make to their businesses and their lives by having rural connectivity? It is about having case studies they can relate to that allow them to understand the difference it made to somebody else and what it could do for them. That is one of the things that we will be doing. We are out there at the moment talking to LEPs and business improvement districts. We are sharing case studies that allow people to say, “If I pulled down a gigabit voucher that was worth £2,500, why would I buy a 100 megabit service?” They have to buy a 100 megabit service. What would it mean for them? You have to make it real.

**The Chairman:** I am sorry. To be clear, is Openreach doing this?

**Kim Mears:** Absolutely, yes.

**The Chairman:** Openreach is doing some demand-management activities.

**Kim Mears:** We are reaching out to SMEs.

**The Chairman:** Could you please write to us specifically on rural businesses and the organisations with which you are dealing?

Very quickly—it is almost a yes or no answer—can any of you tell us the central body that a member of the public or the owner of a small business in a rural area can go to, to find out what is happening in their immediate area and when they can expect to get something, whether it is the USO or whatever? Where can the public get the information centrally? Who is the body?

**Kim Mears:** I do not believe there is a central body.

**Professor Claire Wallace:** I do not know of one.

**Henry Shennan:** I do not believe there is a central body.

**James Heath:** There is no central body for the public.

**The Chairman:** The public out there do not know about these schemes and bright ideas, when they are going to get it, whether they can get it in
the field or when something is going to happen. Nobody can tell them this. Is this a huge lacuna? We had it for TV switchover, for instance, and for lots of other things. We do not appear to have it for this, the important fourth utility in the country. There does not seem to be any central contact point for anybody. Is that a failure?

James Heath: I suppose, as a member of the public, your first interaction would be with the various commercial providers who are providing connectivity.

The Chairman: I do not necessarily know who that is, because in some areas it is BT and in some areas it is somebody else. Anyway, the answer is that there is not one.

Kim Mears: If they looked across everything around infrastructure and what they are doing to bridge the gaps, they would find that many of the local bodies are particularly active through their websites. When you come to the Openreach website, we are really clear around what we are doing. But there are numerous network providers, whether it is Openreach, Virgin, Gigaclear or many others. Is there one central point? I would suggest not.

James Heath: There are two things the Government have been doing on the demand side, particularly for local businesses. One is the £60 million gigabit voucher scheme to try to address the cost barrier. The second thing we are doing, which is business related rather than public related, is the business connectivity forum that we have set up. That brings together the CLA, farming bodies and all the operators to understand what the barriers to take-up are. We have set cost aside. We think the gigabit voucher scheme can address cost and the Government’s “outside-in” programme can look at cost. But we are looking at what information they need, how you explain the utility of superfast broadband to them and how you address those barriers. We have a series of groups set up with local businesses to try to address this from a small-business perspective.

The Chairman: Can you write to us?

James Heath: We will write to you on that.

The Chairman: That would be very helpful. We are running out of time.

Lord Dannatt: Kim, this is really a question for you on the topic of fibre to the premises. Openreach charges small-scale housing developers to connect, but we notice from a press release on 24 October that you just cut your costs by 75%. It is too soon to say what effect that will have, but were you charging too much before?

Kim Mears: No.

Lord Dannatt: You are charging 75% less; is this going to be an encouragement?

Kim Mears: First, for new builds, just over a year ago, everything over 250 premises and above received free fibre to the premises. We then took that down to 100 premises, and then down to 30 premises, which covers
most of the large builders. We firmly believe that we do not want to create another bucket with a hole. We want all new builds to be fibre to the premises from day one.

With those big price cuts, we are now encouraging developers to co-fund with us for fibre to the premises from day one. That ranges from £20-odd per premise if you are building 29 to co-funding with us at about £3,000 a premise if you are building two. It is about incentivising the developers, both small and large, to build fibre to the premises with us.

Lord Dannatt: Putting new build to one side, what about old build? I live at the end of a long lane, with five premises down the end of that long lane. We have been nagging for an awfully long time about getting fibre to the premises. “By the end of the year”, is the target being given, and that has been the same answer for about the last six months.

Kim Mears: Rural coverage is 5 million homes, which is a mix of mainly fibre to the cabinet and now a significant amount of fibre to the premises; 95.7% of the UK has 24 megabits per second. We have 45 contracts in operation at the moment with BDUK where we are delivering rural connectivity. Most of those—the later phases—are fibre to the premises. We have contractual commitments on those contracts that run right the way through to 2020-21, and we will continue to deliver it. We are absolutely passionate about decent broadband for all, and the move is more towards fibre to the premises as we continue that build.

Henry Shennan: It is really good that Openreach is cutting its prices for new-build developments. It is the Government’s position that all new builds should have fibre connectivity so we do not have to retrospectively connect them with fit-for-purpose fibre. That is why we are currently consulting on that measure, placing an obligation on developers and network owners to make sure that all new developments are connected to fibre.

Lord Dannatt: It would seem to be a sensible way to go forward for the future.

Kim Mears: Absolutely, yes. The important thing is that, at the moment, we have an offer where we co-fund. But the work that DCMS is doing asks whether legislation is required to make sure it happens, no matter what.

Lord Dannatt: I was going to ask you what mechanism exists or should exist to let all properties know when they are going to be connected to full fibre, but we have already said that such an organisation does not exist. You have to badger your local provider.

Q185 The Chairman: Very quickly, just to finish off, we are always very keen to hear what our witnesses think should go in our report and what recommendations we should make to government. Here is your opportunity to be on the other side of the fence. James, what would you want us to put in?

James Heath: I hope the Committee would recognise that the strategy we published in July, the Future Telecoms Infrastructure Review, puts at its heart trying to rural-proof broadband policy. For the first time, we
have talked about ensuring that the rollout of full fibre in urban areas and rural areas is done on a broadly similar timetable. Over the next 15 years, that is going to be the infrastructure for the country’s economic growth. For us, it is about the industry regulator and government pushing behind and delivering on what they said.

**The Chairman:** You are recognising the failures of the past, “for the first time”.

**Henry Shennan:** I echo what James has said about our policies.

**The Chairman:** That is no surprise.

**Henry Shennan:** There is a role not just for government but for communities to take up these services. As we touched on, there are a lot of potential benefits out there for farming from the take-up of these services. There is a piece of work for the wider community to encourage the take-up on the demand side.

**The Chairman:** For instance, that might mean persuading the Government to accept the BBC proposals written by James a couple of years ago.

**Henry Shennan:** I do not know the specifics.

**Professor Claire Wallace:** I think you should prioritise rural areas in providing superfast broadband, because superfast broadband is profitable to provide to urban areas anyway. It has to be a government priority, otherwise it will never happen.

**The Chairman:** You will respond to the Ofcom consultation on the 700 megahertz sale and ensure that there is a rural-first policy within that. Good.

**Kim Mears:** There are a number of things for me. It is really complex and difficult to deploy, so you need to ask for enablers that make the deployment easy. That could include ease of access and wayleaves, and anything that supports permitting and reducing cost to encourage suppliers to go out there and build rural.

I also suggest that the FTIR is about saying that we follow through and deliver in parallel in respect of both rural and urban, but that parallel piece has to work going forward. The other thing is to recognise that for new build we must lay down in legislation that it is an absolute requirement going forward that all new builds have to have full-fibre connectivity.

**The Chairman:** Thank you all very much. As I said at the beginning, I am sure there are things you wish you had said, that we did not get round to asking you or that we did not give you enough time on. Please feel free to write. We have raised a number of issues. Kim, we will be in touch with you about the particular example that I gave of an eight-month delay in responding. I am sure you will get an answer to them PDQ. I suspect that a number of colleagues are looking forward to hearing when they are going to get access to their fibre.

**Kim Mears:** Just let me know.
The Chairman: I am sure you will find a way to tap into the wire that goes across her field and to let her have high-speed broadband quickly. Thank you all very much indeed.
The Chairman: Welcome and thank you very much for coming to us for this evidence session of the Select Committee on the Rural Economy. In front of you, you have a list of interests that have been declared by members of the Committee. I should point out that the meeting is being broadcast live via the parliamentary website. We will take a transcript of the meeting, which will be published on the Committee’s website, but you will have an opportunity to make corrections to that transcript when a draft is prepared. There may be a shortage of time and therefore at the end I may ask you to write to us about any questions that we have not had the opportunity to ask you. I would also point out that this is the very first public evidence session of the Committee and members will be required to declare their interests before they may ask a question, so you will have to bear with them even though you have them written down in front of you.

Could I kick off by asking you to describe the policies that have recently been implemented and that are currently being developed by your team to achieve a rural community supporting local communities and contributing to national prosperity and well-being? We would be interested to know of any obstacles that you have faced and how you have tried to overcome them. That is a broad opening question. Please fill us in on what you are doing at the moment.

Andrea Ledward: Thank you for inviting us both here to give evidence. Defra is committed to bringing sustainable growth to rural areas so that people have the same opportunities as those living in urban areas, without detriment to the environment and heritage. As Lord Gardiner said...
yesterday, the economy, the environment, agriculture and rural communities are very interconnected and dependent on each other, so it makes sense to work across all three areas at the same time.

Defra focuses on four broad areas that we think will make the most difference. The first is infrastructure, and we work very closely with colleagues across government, with a particular focus on digital, housing and transport infrastructure.

The second area is skills. For example, we have been working closely with the DfE on its technical education work placements and pilots, which are ongoing until the end of this month. We also work on finance, including such things as the rural services delivery grant, and we will focus in the future on the UK shared prosperity fund.

The fourth area is investment, and in this we work very closely with BEIS, thinking in particular about how the Industrial Strategy is going to be implemented. We are very focused on thinking how the Industrial Strategy is going to be implemented within rural areas. The Industrial Strategy, as you know, is a long-term plan to boost the productivity and earning power of all people and it recognises a number of important opportunities for rural businesses. The Government’s business productivity review will improve the productivity and growth of SMEs.

There will be local industrial strategies underpinning this, identifying local strengths and challenges in rural areas, and in many areas we see local enterprise partnerships and local nature partnerships working closely together to invest in natural capital. There is the five-year Rural Productivity Plan which was published in 2015, which Defra’s Ministers reviewed last year, and that is kept very much under review. There has been good progress in implementing that, with the creation in particular of 14 new enterprise zones, mainly in rural areas.

That is a bit of an overview in those four areas. The particular examples relating to the Industrial Strategy are linked in particular to investment. Sarah is going to talk you through some of the obstacles.

**Sarah Severn:** This is a highly knowledgeable and expert committee, so forgive me if I am telling you things that you fully understand. There are, of course, significant challenges that face rural areas, such as distance, sparsity and demography. Those fundamental features of living in the countryside are its key attractions, but they also present significant challenges, and they are the causes of economic and social difficulties in some areas.

In Defra, our aim is essentially to work with all the lead government departments in these areas, and our emphasis is on areas where we think we can make the most difference. We consult widely with stakeholders. Many key messages come out time and time again and they are about digital connectivity and access to affordable housing, and, when we consult locally, rural transport solutions come out top.

As you know, we are consulting through the Health and Harmony consultation, one of the biggest public consultations of recent times, and there are specific questions about the support that we need to give to
rural communities. That has given us a very recent opportunity to test with the public and with organisations across the piece what the Government needs to do to help rural communities to face these significant challenges.

**The Chairman:** Thank you very much indeed.

**Q2 Baroness Pitkeathley:** I declare my interests. First, my husband is Chair of ACRE. I am a member of a Women’s Institute. I co-chair two All-Party Groups, one on charities and volunteering and the other on carers.

You have given us ideas about the many agencies and public bodies with which you work. Can I ask you a bit more about the co-ordination of that work? How do you co-ordinate the work of your team? How do you ensure that the work of all the agencies working in this area—and we know there is a plethora of them—is co-ordinated?

**Sarah Severn:** Thank you for the question. Clearly, we work with all the lead government departments, and that is nearly all government departments. I would emphasise principally that our partners are BEIS, on business and industrial strategy, MHCLG, on the local government Fair Funding Review, the United Kingdom Shared Prosperity Fund, the National Planning Policy Framework, and the Department for Digital, Culture, Media and Sport on digital and civil society.

That is co-ordinated well at government level, because there is plenty of access and we are involved in all sorts of government machinery. We work with those lead departments to co-ordinate with delivery bodies and other people who are implementing policy. Our Ministers meet regularly with other government Ministers and meet all the time with organisations right across the piece.

Further on the question of co-ordination, Defra does not attempt to co-ordinate the agencies at a local level. That would be quite a stretch. We work very hard with the MHCLG and with others through their mechanisms, particularly in dealing with local authorities, because there are more than 300 of them.

Speaking for my own team, we have a number of ways in which we are able to engage directly at that level. I chair a quarterly meeting of local enterprise partnerships here, for example. We have a very good turnout for that. We use each of those forums to bring in government departments. We will brief them on development of policies and consult them and invite views. Defra Ministers chair biannual meetings with the Rural and Farming Networks and we hold innumerable meetings with our stakeholders. You mentioned ACRE. I have a meeting only this week with the chairs of the rural community councils which Defra fund. It may not be comprehensive, but we feel that the wiring into local is there, and that we have plenty of opportunities to talk to national government about co-ordination of policy and views.

**The Chairman:** Very strong criticism was levelled at Defra during the debate on the NERC Act 2006 yesterday, and it was that Defra micromanages and seeks to control some of the public bodies, Natural
England being a good example. How would you respond to that criticism?

**Sarah Severn:** The Government’s response to that was in their—

**The Chairman:** I do not want the Government’s response. I am asking what your response is.

**Andrea Ledward:** I have been in Defra for only a few months, so my experience is with MHCLG, DfID and the Cabinet Office in advance. For the last three months I have been learning quite a lot about the Defra group, how it works and its relationship with the arm’s-length bodies. It strikes me that Natural England, particularly locally, is entirely independent. In many cases, it has statutory duties that it fulfils entirely independently of core Defra, which has largely a policy function.

I realise that a lot of the criticisms were about the shared communications function and the way in which, as part of an efficiency drive, there has been a co-ordination and a centralisation of a lot of the corporate functions. My perception is that in no way neutralises the independent voice of Natural England, which becomes louder probably the further you get from the core, but that is partly because the Defra core has a leading policy role in helping with co-ordination at the centre of government. Certainly, it has a very special and rich voice, particularly drawing on its deep expertise.

**The Chairman:** Are you looking at the possibility of separating out those communication functions so that it is entirely independent and has a voice that is in no way tempered by the department?

**Andrea Ledward:** There are two separate issues. There is the relationship and the overall operating model of the Defra group, and there is the centralisation and streamlining of core functions; following the examples of many private sector organisations, a decision has been made to harmonise some of the central functional expertise as a more efficient way of operating across the business.

I wanted to go back to the first question that you asked about co-ordination. It is worth emphasising the different levels at which we are operating. The first level is getting up front in policy design and shaping, and, particularly in the context of EU exit, there are a lot of new policies, proposals and funding mechanisms on the table and a lot of flux going on in government at the moment. We are working very hard to get upstream in many of those policy conversations to make sure that rural issues are being considered.

The second thing is that we are trying to be the eyes and ears of government for rural communities and so bring the intelligence back in, as Sarah said, through the LEP forums and our Defra group, with Natural England and the Environment Agency, which are out in many rural areas.

The third area is the way we are thinking about the 25-year Environment Plan in the 14 Defra areas that are going to be at the heart of local delivery of the plan, and thinking about how we make sure that they are locally embedded and different depending on the rural/urban mix, and that they take fully into account the diverse needs of populations. We
think it is quite systematic, and certainly the policy teams that work under Sarah and me are doing it at all those levels, with a particular emphasis on the up-front policies while so much is in flux.

Q3 Baroness Mallalieu: I am a small-scale livestock farmer within the Exmoor National Park, so I am in receipt of some rural payments. I am President of the Countryside Alliance. I am invited to meetings of the Exmoor National Park Authority's Consultative and Parish Forum and I am a member of the Exmoor Society, the Chiltern Society, the Humane Slaughter Association, the RSPCA and the National Trust.

Ms Severn, you said that you deal with over 300 rural local authorities. Lord Cameron of Dillington suggested that those rural local authorities are being largely ignored by central government. First, what is your response to that? Secondly, are there ways in which their voices could be heard better?

Sarah Severn: We always appreciate the feedback of committees such as this and our rural stakeholders on how we can communicate and feed back better. We do not try to speak to every rural local authority, but last week, for example, I visited Somerset County Council with the Permanent Secretary at MHCLG, and I am confident that we have very good routes in to local authorities and that we can identify the ones that have the most rural interests.

Going back to what Andrea said, we have great opportunities through the Industrial Strategy mechanism. The Industrial Strategy was published last October⁹, but it is a set of live policy work streams right across government, and you will be familiar with some of them. One is to improve the way local enterprise partnerships represent their areas. We are working with MHCLG to look at how they can represent rural interests better. We think there is quite a lot of ground to be made up in looking at rural, community and business interests in the future.

The second will be the development of local industrial strategies. The reason I highlight these goes back to the point I made earlier, which is that we have tried to look at the ways in which we can influence policy strategically for the future, and to your point about not trying to micromanage. These are major opportunities in the ways systems work and in the way money and investment in the future will flow to rural areas.

Andrea Ledward: We should probably mention the ongoing local government finance fair funding review, which is looking at local authorities’ relative needs and resources and at issues relating to the fairness of the current funding distribution. It is a thorough evidence-based review. There is a technical working group chaired by the LGA that includes representation from the Rural Services Network and Defra as well as other organisations and rural authorities. There is a particular technical

⁹ The witness subsequently corrected this to November.
working group next week on 10 July focusing on rural issues. Rural issues are being taken into account specifically in the funding for rural communities.

Baroness Mallalieu: When is that review due to report?

Andrea Ledward: I think it is imminently. I do not have the date here in my brief. As I said, there is a working group next week, so early autumn would be my guess, but we can find that out and let you know.

The Chairman: Having some of the results of that submitted to us would be very helpful indeed.

Q4 The Earl of Caithness: I declare my interests so far as the rural economy is concerned. I am a consultant of Rickett Tinne estate agents and a Patron of the Queen Elizabeth Castle of Mey Trust, which receives agricultural support. How many people are in the rural policy team?

Andrea Ledward: We have about 60 staff in total in Defra working at the core on rural policy issues.

The Earl of Caithness: How are they divided?

Andrea Ledward: They are divided between two teams: the rural policy team that works with Sarah and the RDPE team that is based within the future farming directorate.

The Earl of Caithness: That has gone up a little since the Secretary of State gave evidence to the NERC Committee.

Sarah Severn: It is broadly the same. We always have a tiny number of vacancies, like most departmental teams, but it is broadly 60.

The Earl of Caithness: Could you send to the clerk something in the form of a chart of how Defra works? It is more than opaque from the outside and we need to get a grasp of how it works. It is one of the important points that came out of the NERC Committee.

Going on to the NERC Committee, you have said that you welcomed reports from such committees, but I have to say that your replies were pretty dismissive on rural policy in Chapter 5. You have just said that you are the eyes and ears of government. The Commission for Rural Communities was the ideal eyes and ears for you, but you threw it out. Why are you right and all our witnesses wrong?

Andrea Ledward: I cannot speak for the history of this, but I can say that we believe very strongly that we have a really good understanding of rural society, economies and communities, and a very strong evidence base that is refreshed and developed regularly. The evidence is collected through consultation—there was, for example, the health and harmony consultation with responses on specific questions on rural issues—and through very regular interaction with LEPs as well as rural research which Defra commissions specifically.

We also collect and publicise a wide range of official statistics on the rural economy and rural areas. We will expand those to incorporate data and
evidence held by stakeholders beyond government in order to enrich that database.

We have two formal ongoing research studies, one about the dynamics of the rural economy and one reviewing the agricultural supply chain, and two more in the pipeline. We have established a rural academic panel. I take on board your question about whether we can try to explain how it all works, such as how that panel docks in, who it reports to, what is the relationship between the central policy team and the RDP—the delivery arm, essentially—how they come together and how we speak to the teams based in the rural areas to get that live feedback. It is a valid point, and we can certainly report back to the Committee on how that works and the little bits of the wiring that may be less obvious if you are not embedded within it.

We think that Lord Gardiner’s role is particularly effective in that he meets regularly with ministerial colleagues and is on ministerial task forces on digital and loneliness. We feel that at the moment we are having quite a high degree of impact across government in influencing policy development up front and shaping the way policies are being designed to ensure that rural issues are considered systematically.

The Chairman: Could we take that a bit further with Lord Colgrain?

Q5 Lord Colgrain: May I make my declarations of interest first? I am a partner in a farm in Kent with beef, arable land and woodland, and we benefit from grants. I am Chairman of the charitable trust that owns an estate in mid Kent, President of the Kent County Agricultural Society and a member of the CLA and the National Trust.

What is your response to the suggestion that Defra rural policy takes little account of those rural dwellers who have no direct connection to the farming and agricultural industries?

Sarah Severn: I have to disagree with that, and I would make two points on behalf of the rural economies. Farming makes up a significant contribution of the relationship between rural business and the economy. We always, and Lord Gardiner has said this many times, make sure that when we are considering rural policy that we think hard—

The Chairman: I am sorry to interrupt. You said that it makes a significant contribution, but in numbers terms it is very small.

Sarah Severn: We are doing more research on this, but I suppose it depends on whether you also look at all the supply chain issues and the dynamics between farming, fisheries, agriculture and forestry and local rural economies. At the same time, we know that the way the rural economy is distributed is very similar as between urban and rural, and that the importance of SMEs, for example, right across is a key policy issue for government. In other words, are we doing as much as we can to support SMEs? Some 24% to 25% of registered businesses in the country are rural SMEs.
I think I am getting to the question that you asked. When we have our policy discussions with government, we are always looking at the way rural businesses either benefit or are not getting the opportunities they need, and part of the way we do that is to ensure that we work with the academic network—there have been studies on small businesses that we have supported—and that we talk to people at the Federation of Small Businesses and those kinds of organisations. I think we have a strong handle on the feedback from small businesses about what they would like to see more of, and often it is things such as connectivity, as we have already said, access to skilled labour, transport connections and business support, which waxes and wanes in terms of its availability.

These are golden threads in a conversation that we take all the time through industrial strategy discussions and the business productivity review that is being led in government. I do not want to list those things. I am trying to convey to you that we see a balance, and certainly my team’s focus is not so much on farming, which is dealt with by other Defra teams, but on ensuring that that other side of the equation is properly addressed.

**Lord Colgrain:** Certainly from my viewpoint, which is very close to London, we probably have a greater influx of urban into country rather than the other way around, and one of the absolutely pressing points is this question of connectivity, which I am sure we will come back to at a later point. We feel woefully let down that 30 miles from Hyde Park Corner there are black holes where no SMEs can function at all. We do not feel that we are getting the support that is required.

**Andrea Ledward:** The data shows that 72% of all those employed by rural enterprises are in SMEs in rural areas, so, as Sarah said, the focus is incredibly high. Last week, the Secretary of State was due to meet Matt Hancock MP, the DCMS Secretary of State, to talk specifically about rural connectivity. I think that has now been rescheduled for next week, but there is an ongoing bilateral conversation that is very strong between the departments—

**Lord Colgrain:** I am glad to hear that.

**Andrea Ledward:** —and is focused in particular on the forthcoming future of telecoms infrastructure review.

**Sarah Severn:** I would mention the Government’s review on future telecoms infrastructure. This is a highly significant piece of work, and I am confident, because of all the conversations they have had and all the voices they have listened to, particularly here in Parliament as well as among stakeholder organisations, that they have done a thorough analysis of the problems facing the rural economy in relation to both broadband and mobile. I am also confident that when the results of the review are published, there will be a proper look at different ways of delivering in the hardest-to-reach rural areas, because we know that it is a drag on business performance and essentially on the sort of public access that people now expect.
The DCMS team has a very strong handle on the hot and cold spots in the country in both urban and rural areas. Clearly that is a challenge to solve quickly and it is a major investment strategy, but it is also gripping it in the short and medium term. It has the barrier busting taskforce, for example, and rural organisations are strongly represented on many of the bodies that are helping to drive change, such as the business connectivity forum. My team visited the Kent Rural Community Council quite recently, and there are other people in local areas who are very able to talk to us directly to help to identify the business case for rural businesses, school-age children and families and explain why digital is an essential utility.

The Chairman: I am going to jump ahead, because I know Baroness Rock wanted to ask you some questions about the digital issue. It will follow on and we can wrap the whole thing up together.

Q6  Baroness Rock: While we are on the topic of SMEs, the infrastructure, digital, housing and transport issues that you have talked about are critical. You started, and perhaps you could elaborate a little more, on how much influence your team in particular has had on the development of the national digital policy. I would be particularly interested to know what changes you have pressed for and what success you have had, and how closely you are working with the DCMS in particular on the strategy of extending full fibre broadband and 5G mobile. Could you expand a little further on what you have already talked about, Sarah?

Andrea Ledward: I will pick that up. Clearly, the Future Telecoms Infrastructure Review is the next big thing to talk about, with the rollout of full fibre across the country. The main conversation that we are having with DCMS is on the content of that. It is due to come for write round quite shortly. Its publication is imminent.

Our rural stakeholders are also playing an active part. It is not all being done through our team. For example, the NFU and the CLA sit on DCMS’s business connectivity forum chaired by Margot James MP, as well as the local connectivity group. The CLA also has an educational project looking at the increase of digital technology in rural areas.

Sarah mentioned the barrier busting taskforce that she sits on, which is looking particularly at the rollout of broadband and mobile. An interesting issue that was flagged through that committee was wayleaves and the extent to which organisations in rural areas were facilitating the laying of infrastructure, essentially to allow coverage. That included the National Trust, potentially the Church of England and its estate and the Canal and River Trust. We were able to facilitate those conversations.

You will have seen the recent accord that came out between the national parks and Mobile UK, which talks about the way in which the national parks are committed to using the area of the national parks to facilitate the laying of infrastructure, which would speed things up and make it cheaper, in the same way the Church of England has done recently.

Conversations are also ongoing with the National Trust. Our role is to think about the barriers and the organisations and about how we can facilitate those conversations. We have looked at the date of fixed
connectivity for superfast broadband and areas that will not be reached by the 95% and 97% targets. We have looked at the universal service obligation, which will ensure that every rural premise that does not get decent broadband will have the right to request a 10 megabits per second connection, which is the typical speed you need at household level.

**The Chairman:** It is really important that we place on the record that there is an additional criterion, which is that it is only if the cost is below £3,200\(^\text{10}\). A very large number of rural premises will find that the cost is above £3,200 and so will not get it. What discussion have you had with Ofcom about that limit?

**Andrea Ledward:** On mobile coverage, Ofcom has proposed an obligation as part of this 700 megahertz spectrum auction, which essentially is trying to change the price of that auction to say that you need to put in obligations on reaching rural areas. We are pretty confident that that will improve the geographical and indoor coverage in rural areas. The conversations are ongoing with the Treasury and others across government on that spectrum launch at the moment. We have been talking directly with Ofcom and the DCMS about that new spectrum launch.

We have also been focused on the 5G pilots, and six pilots were announced recently. Two of them were specifically rural, and there is also Worcestershire, which has rural pockets within it. We are also looking at the £190 million local fibre challenge fund, which is looking at commercial investment in full fibre solutions.

The bit that is going to pull it all together is the Future Telecoms Infrastructure Review, because there is a recognition that superfast broadband and 4G and 5G get you so far, but as to the vision for full fibre rollout and what that means, experience has taught us that if you start with an approach that goes out where the opportunities are greatest, there is something about that last mile where you might need a different approach in those other areas to get to it, and that might involve starting with that last mile as opposed to getting there at the end. That is the conversation that we have been having.

**Baroness Rock:** I apologise. I forgot to declare my interests before I spoke, so may I do so now? I am a Non-Executive Director of Wrackleford Farms Ltd in Dorset, a senior adviser of an international comms business—Instinctif Partners—and I sit on the advisory board of two think tanks, Onward and the Red Tape Initiative Ltd. I am also a member of the National Trust.

**The Chairman:** Before we move on, I would be enormously grateful if you could write to the Committee with a detailed briefing paper on the whole issue of connectivity in both broadband and mobile, what the department has been doing, what success you have had and where you are still having difficulties with Ofcom or DCMS on issues that you feel still

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\(^{10}\) The witnesses subsequently confirmed that the cost threshold is £3,400.
need to be raised. If you could agree to write to us, I would be very grateful. I will now bring in Baroness O’Cathain, who will ask a supplementary question and then the question that she was going to ask.

Baroness O’Cathain: I am riveted by this. What progress has been made on developing the statement of priorities for rural research? What has your team done to influence the research efforts of others such as the research councils, and what success have you had?

I am particularly interested in this whole aspect of making sure that proper research is done to assist everybody to arrive at the right conclusions. When I saw this question I thought, “My goodness, what’s going to happen with Brexit? What about the amount of money that is currently being invested in rural areas and looking forward to not being in the EU?” When I have dealt with EU issues, it has been fundamental to the whole rural economy that it should benefit from the leading edge of research and that the results of the research should be understandable to the people who live in the areas. Sometimes you say, “What about digital?” and everybody glazes over. I have said enough.

Can you tell me what is going to happen to the amount of money that we used to get from the European Union?

Andrea Ledward: Is your question specifically about research or post-EU exit funding levels and therefore linked to CAP payments?

Baroness O’Cathain: It is a question that says to the people living in these rural areas, “We are not forgetting you. We want to do this and we are going to allocate this amount of research”. At the moment their eyes are glazing over and they do not understand.

Andrea Ledward: I totally agree with you about the importance of research and understanding what is happening in rural areas. The recent NERC Committee, which has been referred to already, made the excellent recommendation that the Government should set an agenda for undertaking research and data collection with a much clearer articulation of the research priorities. The Government have agreed to produce a detailed statement of priorities for rural research, which will be aligned with key government priorities to inform the development of policies across departments and to advise on what the funding priorities should be.

In May 2017, Defra published a statement of its research needs, as did all government departments. That identified three very high-level questions on rural policy. The first was how and why the rural economy and rural society are changing, and what the specific drivers of rural areas are. The second was about the actions by individuals, communities, businesses and government that would most effectively and efficiently improve prosperity and life opportunities, and what information, data and tools are required for efficient action. The third was about the impact of current interventions in rural areas.

Those three very broad questions were designed to influence the activities of the research councils and others by articulating clearly that we think that these are the most important questions, and to try to get a
concentrated set of activities in those areas. In addition, we are going to publish very shortly a much more detailed statement that we are developing, along with the rural academic panel that has now been assembled to advise Defra, to develop the specifics behind that.

We also have ongoing research that we commission and oversee. At the moment we have a particular piece of research on understanding the dynamics and the potential of rural economies, which will help us to think specifically about the potential of businesses in rural areas to raise productivity. We are also looking at one on agriculture and rural communities and the relationship there.

We have ongoing research, we have a statement to try to influence the research other people are doing and we are trying to get that to a more granular level. We have conversations going with UKRI, which was established in April and now has the very bold ambition of trying to get a bit more synergy across the research councils in the way the money is allocated and directed. Defra is very involved at a strategic level in trying to identify where the £6.5 billion that UKRI has available should go and what the aggregated priorities should be. We are very involved up front in some of the conversations on shaping that investment.

**The Chairman:** Yesterday the Minister made very clear that the research priorities statement will be published in the autumn. Can you give us an indication of what that means?

**Sarah Severn:** It is not written yet. I chaired a meeting of the new academic panel last week and we will start by consulting our expert panel. We will then consult fairly widely with a wider set of academics and policymakers to check that we have the questions and statement of priorities right. That is an opportunity to test what other research is going on. We have a fairly good view of that. We would welcome the work of this Committee, because I am certain that you will feed in to the academic input.

**The Chairman:** Can I push you – what you mean is “in due course”.

**Sarah Severn:** We would definitely like to publish it this year, because there is a lead time. As Andrea has said, Defra has a research budget but it is relatively small compared to some of these other major funders, so we would like to get upstream of their thinking and try to influence the wider community of people who fund research.

I would like to pay testament to some of the current research that is being funded by others this year. The Prince’s Countryside Fund is doing a really interesting piece of work on rural isolation. Amazon supported a really useful piece of research on digital. There is a whole constituency of interest.

**The Chairman:** I understand that there is a lot to do. I am just trying to get a flavour for the timescale, but the Earl of Caithness will follow up.

**The Earl of Caithness:** Could you write to us on how people who live in the countryside can get the research that they want done by you? You talk about what you want you and you talk about an academic panel. How
do the people who live in the countryside who are not even remotely connected to you, and you are not connected to them, get the research they want?

Sarah Severn: That is an excellent question, and we will go away and come back with an answer.

The Chairman: I think that picks up the point that Baroness O’Cathain was making about local people wanting to know.

Baroness O’Cathain: Can I make the point that when you are dealing with all this, there is a huge gap between local authorities and ordinary farming people, the public and other areas within the rural community, which really needs attention because they are dying off. In all this, are you going to bring the local authorities into your calculation of what is needed?

Sarah Severn: Do you mean on research?

Baroness O’Cathain: Yes.

Sarah Severn: Absolutely. That is an excellent suggestion, and if it is not in the plan it now will be.

The Chairman: That is excellent. We have had one success already. I know that Lord Carter will be picking up the issue of EU funding, which obviously impacts on research and which Baroness O’Cathain raised, in a few minutes, so we will perhaps come back to that in a minute or two’s time. Baroness Young.

Baroness Young of Old Scone: May I declare my interests? I am Chancellor of Cranfield University, which has a programme of research and teaching in rural issues. I am Chairman of the Woodland Trust and Vice-President of the RSPB, a member of the RSA’s Food, Farming and Countryside Commission and Patron of the Bedfordshire Rural Communities Charity. I hope I have got that right otherwise Baroness Pitkeathley’s husband will get upset.

I want to talk about rural proofing and to sympathise a bit with Lord Cameron of Dillington, who has tried twice now, with the independent review and with the NERC Committee, to have a go at pushing the Government further on rural proofing. I would like to take it in three chunks.

First, the Government said that, as a result of the independent review, they were going to establish a hub of information and good practice and policy. Search as I have, I have been unable to find the hub, so I wonder if the hub exists and how people can be allowed to get at it. That is what has happened so far.

Secondly, are you considering any steps to improve rural proofing in view of the fact that you have told Lord Cameron that he cannot have any of the recommendations that he has put forward?

Thirdly, how effectively are you able to monitor rural proofing in other
departments? One simple example yesterday was Baroness Scott’s comment on the Bus Services Act, which of course did not reference rural issues at all, despite that being a huge issue in the rural community. I know that government departments are expected to put an account of how they are rural proofing into their annual reports but most of them do not. Can you tell us how many so far have made an effective response on that basis? Lord Cameron put forward lots of ideas, but you did not like them, so what are your ideas and what are you doing to gee up other government departments? Also, how do I find the hub?

**Sarah Severn:** First, we are very grateful for the support of Lord Cameron and other Members of the House of Lords on promoting the importance of rural proofing over recent times. It has been hugely helpful. Lord Gardiner said this in the House of Lords yesterday and I think there is a unanimous view about the importance of the principle of rural proofing.

Where we might disagree is on the best way to deliver it in practice. The Government did not accept all the recommendations of the NERC Committee, but we have found it a very helpful spur—I will come on to the question of the hub in a second—and the support that we have had from the House of Lords on the importance of rural proofing has hugely helped my team and helped Defra.

Clare Moriarty, Defra’s Permanent Secretary, has written to all the Permanent Secretaries in government to highlight the need to rural-proof policies and to emphasise the need to tailor policies and delivery to meet the needs of rural areas. I think that is a very powerful piece of government action. Her letter asks departments to identify a lead official on rural proofing. That will give us a direct person in each department who is responsible for the further practice and implementation of rural proofing.

We will talk to those people and get feedback on the things that we did following the independent review chaired by Lord Cameron, including the publication of guidance right across government last year in March to see how well, if at all, that is being embedded. We will talk to them about the need for further tools and training. That will be an ongoing discussion. Thank you to yourselves and the NERC Committee for helping us.

**The Chairman:** Before you move on, what level of member of staff in each government department will be in charge of rural proofing?

**Sarah Severn:** I do not know the answer to that question yet, but I am sure it will be an appropriate professionally qualified or senior person. We will be talking directly to the heads of professions, including in the areas of policy, statistics and economics, because essentially they gate-keep the quality of work, and we will look at whether any further guidance is needed.

You asked about the hub. At present, I have a small team that publishes regularly a vast range of statistical data right through the year. It covers nearly 60 rural themes. We have a developing research and economics capability. The hub is an interesting issue. The discussion that we have
had is that while we could create a portal or a hub, there is so much power behind search engines now that you are much better to put as much data as possible into the public domain because people will find it. I think this needs to be tested.

**Baroness Young of Old Scone:** May I interrupt? I will send you my search record for gov.uk in the last 48 hours and you will be able to see how useless it is.

**Sarah Severn:** Shall we just say that it is work in progress and that we will be very happy to explore that further?

On the point about further steps, yes, there is clearly more we can do to improve rural-proofing policy implementation across government. The steps we have taken by putting guidance in the Green Book and in the better regulation framework are all mechanical things. What we need to know is that within departments rural policy is being done properly upstream of policies getting to clearance. Lord Gardiner, the Minister for Rural Affairs, is the lead Minister for government rural proofing and we know that government departments expect that when policies come around for collective clearance they will have to have addressed rural needs.

We have a check and balance on that through the write-round process, which you might know about, ensuring that before policies are implemented and changed we have an opportunity to add support or constructive challenge. We think that by having a ministerial place at the table, both because the Environment Secretary is on key Cabinet committees and because Lord Gardiner, as Andrea has mentioned, is on some key task forces, such as digital, we have that opportunity.

**The Chairman:** Very specifically, when a draft piece of legislation goes before the internal Cabinet committee for approval prior to First Reading, is there a separate subheading called “rural proofing” or something like that and a statement provided, just as there has to be in relation to other requirements, financial requirements and so on?

**Sarah Severn:** When legislation is being developed, there should be a comprehensive set of impact assessments, including equality proofing. We would expect rural proofing to take place as part of that impact assessment process, but this is an area that we might test helpfully with departments to check it is being done properly.

**The Chairman:** I will just press you on that, because you must see these documents. At the moment, is there a heading that is required on all legislation going before that committee that says “rural proofing”? If not, why not?

**Andrea Ledward:** I have to clarify that the team does not see every piece of legislation before it is brought forward to check whether it has filled in the box on rural proofing. That would be an utterly impossible workload for the team. If it was doing nothing but seeing policies when the legislation is being introduced and checking whether the box was filled in, it would not be the most effective way to ensure that the needs of rural communities are built in right from the start in the design of
policies, because we would only be intervening at the stage at which Bills are being introduced.

The Chairman: The problem of the staffing to do that is neither here nor there. If the law requires that there be rural proofing, if Parliament has said that is what it wants, there may be an issue of somebody having the ability to check it, but do you agree with me that it should be there?

Andrea Ledward: I totally agree with you that the issues of rural communities need to be considered as part of the impact assessments that take place at the moment. It is a particular set of communities that has diverse needs that need to be considered, in the same way as gender issues, environmental issues and a range of economic issues are considered.

My view is that the way of judging whether that is happening is not necessarily at the end point—whether there is a very explicit statement on rural proofing. There are a couple of recent examples on policies. First, rurality is one of the three cost drivers in the local government funding formula. Secondly, if you look at the DfE pilot on 30 hours’ free childcare, five out of the 12 early adopters were rural areas, so nearly half of the main areas going forward. Those are two examples that show that in policy design we are getting very up front and rural issues are very interwoven and the drivers of the thinking.

Baroness Young of Old Scone: How did the Bus Services Act escape? It is a pretty major issue in rural communities and it got through all of that somewhere along the line.

Andrea Ledward: You will always find exceptions that get through. We do not have a single filter that says that every single piece of legislation, document and policy has to come through so we can check it, is the answer.

Sarah Severn: On the Bus Services Act, the Department for Transport is very alive to this issue and it does a lot of work around rural transport. It is planning to publish a rural connectivity strategy this year. This is the non-legislative bit and we might be able to give you some more information on that.

May I also pick up the question about how effectively we monitor government departments and annual reports? It is a good question. I do not think we see ourselves in the role of checking compliance right across government. However, we are looking at how the single departmental planning process might drive rural proofing a little harder.

We are open to ideas and we will be talking to government departments to ask, “How is it that you can demonstrate back to the public, to rural areas, that your policy work has properly addressed and is benefiting rural areas?” That is a constructive challenge that Defra is quite good at, and hopefully we will continue to improve these processes.

Baroness Young of Old Scone: How many government departments do we have these days?

Sarah Severn: I forget.
Baroness Young of Old Scone: It is not a big number. It does not seem beyond the wit of man that somebody in your empire could read through and at least check that they have mentioned the word “rural”.

Andrea Ledward: Do you mean every Bill and piece of legislation coming forward?

Baroness Young of Old Scone: No, just annual reports.

Sarah Severn: It is always very difficult. If you have mandated reporting requirements, people will produce a report that tells you they have done things, but whether that generates enough dynamism to make sure enough was done, I am not sure. Reporting can often be a tick-box exercise. It can be a useful stick, and certainly in talking to government departments we will be asking them to think end to end how to demonstrate—essentially, this is about public confidence—that level of transparency.

The Chairman: We hear what you say and we will perhaps come back to you with some further more detailed questions on this, but I know that Baroness Humphreys wants to expand it a little further.

Q8 Baroness Humphreys: May I declare my interests first? I am a member of Llanrwst Town Council. Llanrwst is a market town at the centre of a rural community in north Wales, where I chair the highways committee, which also has responsibilities for parking and footpaths. I am a Trustee of the Crafnant Trust, which has responsibility for a small reservoir above the Conwy Valley in north Wales.

In addition to rural proofing, what secondary measures are the Government taking to ensure that rural matters are fully considered in policy-making and implementation?

Sarah Severn: I might add the way we work with government, because we have laid out the set of steps that Clare Moriarty has championed and will be taking forward with government. This is part of what we call mainstreaming rural proofing. Part of the logic behind the Government’s response to the NERC Committee was that we think that the most powerful way to do this is to ensure that rural proofing is mainstreamed into departments.

We work on the lead government department model. As I said before, we work with BEIS where they lead and DCMS where they lead. It is as the policy process travels. We have a number of things that the Government are likely to consult on this year, we will have very good access at official level, and Lord Gardiner, the Secretary of State, will be consulted. That gives us a live, dynamic rolling process that will enable us to test with departments, technically by offering them support and evidence, statistics and data, or by doing a deep dive on behalf of Defra Ministers, which we can and do, or by encouraging them to go and find data to justify a policy.

That might be a bit generalised, but it is on top of what we have already said and I hope it is helpful.
The Chairman: We need to move on. Lord Curry.

Q9 Lord Curry of Kirkharle: I declare my interests. I have farmed in Northumberland all my life and I am partner in a business there. I Chair the Prince’s Countryside Fund, which Sarah mentioned earlier. I am a Director of Farming and Food Futures Ltd and a Trustee of the Clinton Devon Estates. I Chair Cawood Scientific Ltd and I am President of Community Action Northumberland.

To comment on the earlier question, as Baroness Young knows, I chaired the Better Regulation Executive for six years and I am fairly certain that there is no formal requirement for government policy to have an impact assessment that includes rural proofing.

Any discussion about rural issues and the rural economy and how one might stimulate the rural economy almost always ends in a debate about rural housing and the lack of affordable social rural housing. Despite constant government reviews of planning policy, we find that there is still no discipline around the process of delivering social housing in rural areas. One could claim that government policy has absolutely failed in this respect, and the constraints on developing rural communities and the rural economy are heavily based around the fact that there is an inadequate housing facility in rural areas. What is Defra doing to influence government policy around rural housing?

Andrea Ledward: Before I answer that, I want to make two final points on rural proofing in relation to your point. The Green Book guidance, which was updated last year on appraisal and evaluation in government, references rural issues. My understanding is that the better regulation framework guidance that is intended for departments on impact assessments on regulatory measures also references rural issues.

Lord Curry of Kirkharle: Is that from last year?

Andrea Ledward: That is my understanding, yes.

Lord Curry of Kirkharle: It would be helpful if we could have written evidence to that effect, please.

Andrea Ledward: We also published some rural-proofing guidance for policymakers and analysts and the Cabinet Office hosted a workshop to promote it. We can also share that.

The Chairman: The Cabinet Office.

Andrea Ledward: Recently the Cabinet Office hosted a workshop.

The Chairman: It is very good that the Cabinet Office is chairing a workshop on something that your department said the Cabinet Office should not be in charge of, but anyway. Sorry, I interrupted you.

Andrea Ledward: It is always good to use whatever levers we can. We like friends everywhere. We are not precious about needing to lead.

You asked about housing and specifically about affordable housing. In the recent housing White Paper that came out, MHCLG acknowledges that we
worked very closely with it to give it a strong rural narrative. We are also working very closely on the development of the National Planning Policy Framework, which we expect to see imminently, and we have been involved in very regular conversations about.

I know that last week our Secretary of State met with the Secretary of State from MHCLG to talk specifically about the forthcoming NPPF, 25-year Environment Plan alignment and, specifically, rural housing issues. The draft NPPF that we have seen has a new rural housing chapter and much more support for the rural economy, and we expect to see that coming out shortly.

The Government are also supporting community-led development. They have committed £60 million a year to the community housing fund. Rural areas have already benefited from the first year of allocation and the next phase of the fund will be open for bids very shortly. The Government have also been encouraging communities to take the lead in their own development through neighbourhood plans and have provided £23 million in funding for communities to do so.

I can go on to talk specifically about the right-to-buy policy or more specific policies if you would like me to. The 25-year Environment Plan talks specifically about revolving rural land banks as one of the policies that will be coming forward from there.

The Chairman: Thank you very much. I know we will have some further questions which we will write to you about in relation to housing.

Q10 Lord Carter of Coles: I would like to declare my interests. I farm in Hertfordshire where I also have properties—houses—which are let on a short and long-term basis. I am Chairman of an insurance group, which owns a subsidiary, which is engaged in rural insurance.

My question is about your relationship with ALBs and specifically the channelling of EU funds to them. How are the decisions to allocate the funds made?

Sarah Severn: Shall I take the Rural Development Programme for England first, for which Defra is responsible? Defra Ministers set the policy objectives for each of the three schemes in line with government economic, environmental and social priorities. We work very closely with the delivery bodies, which are the Rural Payments Agency, Natural England and the Forestry Commission, to ensure that that is an efficient and effective delivery of money to the ground. We also work closely with the other bodies that support delivery, principally the local enterprise partnerships because they provide advice to inform those funding decisions, particularly under the Growth Programme.

It is important to emphasise that there is very strong governance around those decisions. Clear criteria are published and we can provide the Committee with more detail on how that decision-making operates. These are competitive schemes, but there is an important public interest in getting best value from them.
We believe that the RDPE scheme has been very successful. It has extremely high targets on job creation in rural areas, for example, but that is only one of the performance measures that we apply, and we know that the take-up of funding is very high. Principally, we have been able to use it to help other government departments. For example, Ministers have committed £30 million to support local authority-led community broadband schemes because local authorities are crucial.

Clearly, we do not have an endless supply of money, but we are using those funds to help accelerate some of the things that are causing rural areas to lag behind. We believe that socio-economic support is a very important part of our rural strategy, and we are working with other government departments, but the RDPE fund is not the only fund. There are other EU Funds—the European Regional Development Fund and the European Social Fund—which also support rural businesses and communities. Defra works closely with MHCLG and the Department for Work and Pensions to co-ordinate the delivery of those funds. Essentially, it is business as usual and in the current delivery of funding we work very closely with these government departments.

**Lord Carter of Coles:** Could you add a few words about the criteria?

**Sarah Severn:** I do not run the scheme. That is the other RDPE team, so I do not have that information at my fingertips, but in the decision-making they will be looking for best value, good governance and high impact cost-benefit returns.

**Lord Carter of Coles:** I get the process, but what about the criteria?

**Sarah Severn:** We would be happy to send you the detail.

**The Chairman:** We would be very grateful. We are going to draw the session to a close, but I just want to end by saying thank you very much indeed, for the evidence that you have given today and for your clear willingness to write to us on some of the issues that we have raised and in response to any further questions we may send.

As our inquiry develops we may well ask you to pop back, because other issues will have emerged that we want to raise with you, and I am sure you would be happy to do that. On behalf of the entire Committee, thank you very much indeed.
Tuesday 10 July 2018

Examination of witnesses

Professor Janet Dwyer and Professor Jeremy Phillipson.

Q22  The Chairman: Thank you for coming. Because we are at the early stages of our deliberations, some of our colleagues already have prior commitments, so we are slightly limited in number, but that means that we can be even more intense in our questions.

You have in front of you a list of the interests of members of the Committee. In fact, when Lord Dannatt speaks, he will read out his interests because it is a requirement. Nobody else will, but do not even ask why that is. It does not matter for the time being. That is what will happen. We are taking a transcript of the session, and we will give you the opportunity to look at it and make any corrections if you so wish. The whole of these proceedings are being broadcast live on the parliamentary website.

Generally, to start with, we have already heard from a number of academics, and lots of writings of academics have been circulated among us. I have a pile this thick. You have read it all. You have also written quite a bit of it. Given the wide brief of this Committee, where should we focus our attention?

Professor Janet Dwyer: I will start.

The Chairman: Decide between yourselves who wants to go first.

Professor Janet Dwyer: There has been a previous exchange of emails.

The Chairman: Feel free to chip in and interrupt. It is very relaxed.

Professor Jeremy Phillipson: I hope you have read all those papers.
**The Chairman:** If you are quizzing me, wait till question 10 when I shall be challenging you in some detail about something you have written. The answer is yes.

**Professor Jeremy Phillipson:** I look forward to that.

**Professor Janet Dwyer:** Good morning, everybody. It is a pleasure to be here. It was a bit of a panic when my train was cancelled. Fortunately, I managed to find an alternative route into London.

As you probably know, my expertise is mainly in the agricultural rural economy field and a bit in rural social and cultural provision. I will probably field more of the questions that relate to rural quality of life, rural services and the links between agriculture and the wider rural economy.

My attention at the moment is focused on the uncertainty created by Brexit, in particular for the farming community but also for the upstream and downstream sectors related to that. Uncertainty coupled with a feeling that people need to be preparing already for a rough ride ahead, in financial terms, because of the mooted changes to agricultural support.

At the same time, the sustained period of austerity in public services will have disproportionately affected rural areas over the period since the financial crisis in 2008. That has had a gradual dampening effect on the rural economy, on rural service provision in particular, and on the rural quality of life. We know that the average population is older in the countryside than in towns.

**The Chairman:** When you said that everything since 2008 has had a disproportionate effect on rural areas, is that documented? Is there clear evidence of that?

**Professor Janet Dwyer:** I have not seen a report that has looked at it specifically. However, in some work I did for the Welsh Government recently I looked at the Wales Rural Observatory’s reports, many of which cover some of these issues. It is a question of piecing together what seems to be going on. I was certainly quite shocked to read something from the Joseph Rowntree Foundation suggesting that, today, 23% of the rural population in rural Wales is living in poverty. That is an effect of austerity. You could piece the case together; there is the information out there. That is of concern, because you may be dealing with populations with a higher proportion of older people whose need for service provision is perhaps higher than people in other situations.

There is also a tendency for younger families to be relatively low-income families, because jobs in rural areas on the whole still pay less well than jobs in comparative urban situations. You have a problem of hidden deprivation because of the additional costs of service provision to the same level in rural areas. It is a considerable challenge from the point of view of the responsibilities of local government.

On the challenge of uncertainty, I am also very concerned about the lack of advice and support to small and micro-businesses in rural areas. A lot of the support that is out there is focused largely on towns and cities.
There used to be support for agricultural advice. That has more or less fallen away. Businesses that can afford to will pay for advice, so the larger, perhaps more adaptable rural businesses will pay for professional advice. But there are many small businesses in more remote parts of rural Britain which probably do not have the same access to advice and support that is available to similar businesses in an urban setting. Advice and support is absolutely critical at this time because of the uncertainty that we are facing.

The Chairman: Before we move on to Professor Phillipson, a number of people we have spoken to and articles we have read stress the very point you made about the lack of advice and evidence to small and micro-businesses. Are there examples that you are aware of where it is being provided, provided well and without major cost?

Professor Janet Dwyer: I could cite the example of Agrisgôp in Wales, which is a service that is funded through Menter a Busnes, which is connected with Farming Connect based in Aberystwyth in west Wales. It was originally funded as a kind of continuation of advice for farmers and farm business management. Agrisgôp is increasingly focused on farmer-to-farmer learning and upskilling, where a facilitator helps a group of farmers with a common interest, which is often some kind of diversified enterprise, to come together to seek outside sources of expertise and to help them to develop their business plans in a group. It is some time since we evaluated that initiative. It is probably about six or seven years ago. The report was very positive. We felt that what was being done with relatively limited resource was very good value for money.

The Chairman: We will chase you for the full details. Professor Phillipson.

Professor Jeremy Phillipson: Over the years, rural economies have proved themselves to be very substantial and a growing and resilient part of our national economies. However, they have often been quite overlooked or almost an afterthought within major areas of economic and spatial policy development. It is quite rare for rural economies to feature in a positive way in discussions of economic performance or in government-led measures to support businesses. I am often struck by how rural stakeholders are often still expected to make a case as to why rural economies should be taken seriously.

My recommendation for the Committee would be to focus on how major areas of economic and spatial policy, whether at a national level or a local level, are embedding an appreciation of the opportunities and challenges of rural economies. Ensuring that policies are fit for purpose in serving all communities will depend on an inclusive response and them being relevant and accessible to rural communities. A current example is how rural needs are being embedded into the mechanisms and programmes relating to the UK Industrial Strategy. It is a big question going forward.

These economies are really substantial. Here in England, at least £250 billion of the national economy derives from our rural areas. But they seem to fall between a gap between rural development policies that are oriented more towards farming and the environment on the one hand and
enterprise and innovation policies on the other hand, which often appear quite urban-focused or that assume that rural areas have been dealt with by the other side.

I suggest that it would be helpful to look at what future models of policy development and resourcing can deliver a more visible and integrated approach to rural economies. It is quite a big question, but it relates to a whole set of policies that go far beyond what we might think of as being rural policy.

Q23 The Earl of Caithness: Could I ask the obvious question: what is the rural economy? How would you define it? Given what has been said recently, what evidence do you have that farming remains the backbone of the rural economy, or is the backbone of the rural economy businesses and farming more of a side issue now?

Professor Jeremy Phillipson: “What is the rural economy?” is a big question. There is a simple response: that it is all economic activities in rural areas and their associated communities, businesses’ services. It is true to say that England’s rural economies are now very broad. They cover all sectors of the economy, whether it is manufacturing, transport, professional and business services, as well as farming and forestry. It is a mixed economy; that is important to highlight.

As I have said, they make a very substantial contribution. England’s rural areas match the value of output from England’s ten leading cities\(^\text{11}\). They often outperform urban economies. Defra studies have repeatedly shown this in relation to employment rates, businesses per head and levels of self-employment. This is not to be sniffed at; if we are concerned about national prosperity, we need to deal seriously with rural economies. They are not distinctly separate. There is no such thing as a rural economy as its own entity. It is deeply interwoven with regional and global economies, and with urban economies, and how we harness those interactions is a particularly important issue.

I would also highlight that there is no such thing as a single rural economy. It is a very differentiated picture. Places have many different trajectories, different levels of capacity and different levels of potential. In the CRE we recently did a set of policy statements for each of the devolved nations on the big questions surrounding post-Brexit rural policy. This really started to bring out the differentiation of what rural means and what the issues are within rural economies.

There are very distinctive characteristics. It is not all about similarity with urban. There are distinctive challenges that rural economies face. This relates to their thinner labour markets, their constraints with regard to local markets and issues of sparsity in business networking. Rural economies have a lower average productivity than wider economies.

\(^{11}\) The witness subsequently clarified that he meant ‘outside London’.
There are some distinctive challenges that need to be addressed. Some of those are about the nature of the small-business nature of these economies; this is a home-based micro-business economy, which is very much one of the distinctive features of rural areas. There are distinctive issues that rural economies face. At the same time, there is growing convergence with the wider economy.

**Professor Janet Dwyer:** On the rural economy more generally, it is very much an issue of spatial differentiation. A rural economy in the London suburbs might still be rural, because you might be in areas that are surrounded by open land and agricultural land, but it is pretty well connected, so the infrastructure is probably quite good and the lifestyles of people are probably not so different from those living further in towards the city centres.

If you go to the middle of north Wales, it is a completely different picture. I did some work recently for the Welsh Government looking at the rural economy and the links with agriculture. There has been no detailed study of it for 16 years. A study done by consultants in the early 2000s looked at market towns and their linkages to the agricultural sector. They found in the most remote rural areas, 60% of businesses were somehow linked to agriculture, upstream or downstream. You have a much greater linkage the further away you get from urban poles.

History and culture are important. Agriculture might not directly support jobs, but agriculture will be part of a culture of the way in which a rural economy operates in some areas. That is writ large in some parts of the country because of their history. I live in rural Gloucestershire, and even though my county is dominated by aerospace and cybersecurity, in the rural areas food and drink and agricultural-related businesses are still a very important and distinctive part of the character of that rural economy. The same could be said for other parts of England, which might not show up in the statistics as being important for rural.

It is something that we have worked on. I am a member of the rural enterprise sub-group of the local enterprise partnership in Gloucestershire, and we have been trying to define what makes the agricultural element within our rural economy important. We think it is about very small businesses, micro-businesses, adding a lot of value at the local level and networking very effectively between themselves. I am not aware that anybody south of the border has done detailed work on this. I believe that Deb Roberts at the James Hutton Institute in Aberdeen has done some very detailed work looking at how this works in remote areas of Scotland. There is more self-reliance in economic activity in these very remote parts of the country.

**The Earl of Caithness:** I have a very quick follow-up question. Have the recent Defra papers focused too much on our agriculture? Given what you said about the rural economy, should not many more of Defra’s papers have taken a wider view?

**Professor Janet Dwyer:** I would have liked it if Defra’s paper had taken a wider view. From my perspective, it is the omission of food production
and the food policy angle, which is an important gap in the *Health and Harmony* paper. But I also believe that Defra has had a policy blind spot about the linkage between agriculture and rural vitality for quite a long time. That is to the detriment of the quality of life of people living in rural areas. Again, I would raise the issue of rural poverty in particular. Defra has been insufficiently attentive to rural poverty associated with small farms and with people who are struggling on low incomes in rural areas.

**Professor Jeremy Phillipson:** The *Health and Harmony* paper follows a useful focus. It looks very much at how we reward farmers and land managers for the whole host of vital services that they provide for society. The mechanisms for doing that are still to be defined.

I concur with Professor Dwyer that perhaps the greatest disappointment of the *Health and Harmony* paper is that it does not really address the wider rural affairs agenda. We have basically had two important policy statements, one on the 25-year Environment Plan, and the *Health and Harmony* paper, which focuses very much on farming and food issues. The whole swathe of agendas that we know are important for rural economies are dealt with almost as an annexe in the *Health and Harmony* paper, perhaps with the exception of the uplands; it has an important focus on the challenges facing the future of the uplands.

Even then, the uplands will depend on a wider perspective than just farming. We will need to think about affordable housing, transport, education and a whole host of service provision in the uplands, which are so important for underpinning the farming community. Your earlier question about farming as the backbone of the rural economy can be turned on its head; the rural economy is the backbone of farming. Off-farm employment for farm household members and farm diversification strategies are all important, and they all depend on a healthy rural economy. Farming’s progress and adjustment through the inevitable transition that is before it will depend on a healthy rural economy.

**Professor Janet Dwyer:** You could say that the subtext for the *Health and Harmony* paper was public money for public goods. It was trying to find a new rationale for whatever support might continue to the sector after we leave the common agricultural policy. So it does not really look at the future for farm businesses. It does not think about what that future should be. It probably does not give sufficient recognition to what Jeremy was saying about the very great diversity now in farm households in respect of how they earn their income, where in many cases they have become multiple asset managers. The agriculture production is part of the business, but it is not all of it. Obviously, you put walls between the different bits of your business so it looks as though you have a farm business, but many people are making a living from a range of different sources. That will not go away. That will continue to be an important part of rural areas.

We need to understand better the nature of the juggling act of successfully managing a range of enterprises, trying to meet the public obligation to protect the environment, trying to have a successful business that is producing food that the country wants to the quality they
want and trying to contribute to the rural economy by employing people and providing services at the local level. It is a great challenge, and one in which a young generation could see a great range of opportunities. It worries me sometimes that that is not sufficiently high on anybody’s political agenda.

The Chairman: That brings us on neatly to Lord Dannatt.

Q24 Lord Dannatt: In declaring my interests formally, I find my interests form a convenient backdrop to the question I will ask. To declare my interests, I am the manager of Hall Farm, Keswick, in Norfolk, which is a non-paid role, and I am Trustee of two areas of land on the same farm. The first area of land has been granted development approval and the second is subject to an option agreement. In both cases, the Member’s wife—that is my wife—is the financial beneficiary and there is no personal gain to the Member—that is me.

Interestingly enough, to me anyway, my question is about change. Those two bits of development are an interesting comment on change. One of the pieces of land for development will be a B1, B2, B8 development, which could bring up to a 1,000 jobs in part of rural south Norfolk, somewhere south of Norwich. The second piece of land is where a substation will be built to bring renewable electricity from a very large wind farm 100 kilometres off the north Norfolk coast in the North Sea into the national grid. It is about twice the amount of energy that Norwich uses typically.

I mention those two things because they are indicative of change in the rural area. In the context of change, which is becoming the new normal, what are the main trends of change in the rural economy? Which of those emerging trends should we take particular note of? Where is the main potential for growth?

Professor Jeremy Phillipson: Rural economies have always been subject to change, and at the same time they have been shown to be very adaptable and resilient to changes and pressures that they have faced.

I would point to a number of key trends. As I said earlier, there is an increasing convergence between the nature of urban and rural economies. This highlights the way in which rural economies are now affected by all areas of economic and industrial policy as a result of that convergence. Therefore, those policies need seriously to take on board the opportunities and needs of the rural. I would point to the increasing importance of urban-rural interdependencies—the flow of goods, services, people between our urban and rural areas. How we harness that flow is particularly important for growth.

As Janet said right at the outset, the Brexit effect is now introducing new dynamics in rural areas. We have done an analysis of the Government’s longitudinal small business survey. This is beginning to show that the dampening of expectations among businesses is being felt equally among rural and urban businesses. For example, many rural businesses have
now scaled back their plans relating to future employment levels, sales growth, development of new products and capital investment. The impact of Brexit on business planning is being shared equally across both urban and rural areas.

The Chairman: To help us with our thinking, Professor Dwyer pointed out earlier that although we do not have documentary evidence of it, it is pretty clear that rural areas have lost out rather more than urban areas since the crash of 2008. I think you are saying that the rural areas have pinched back more because of Brexit than the urban areas. Is there any evidence of that?

Professor Jeremy Phillipson: I will qualify that and say that rural and urban areas\(^\text{12}\) are pinching back their future plans.

The Chairman: I thought you were implying that the rural areas were more affected than the urban.

Professor Jeremy Phillipson: No, I was not implying that. There are particular issues that face rural business. We know, for example, that more rural firms import from the EU than export to the EU. A lot of the attention to Brexit adjustment relates to concerns about trade diversion issues. For the rural, we may need to look more at the import challenges and supply chain adjustment issues for many businesses because of that profile of rural businesses being more reliant on EU imports.

Your other question related to growth. It is important that we take a broad view about where growth opportunities lie within the rural economy. We also think about growth in very broad terms. It is not about jobs. It is also about sales. It is about exports. It is about profitability. We need a broad sense of what we understand by growth. We know that certain parts of the rural economy are growing at a faster rate. Certain sectors offer particular opportunities that relate to information and communication businesses, professional and business support and technical service businesses. Food manufacturing is a really important sector. The manufacturing sector is showing higher growth rates in sales. The creative industries in rural areas are a particular important source of growth.

There seems to be a lot of untapped growth potential in rural areas. The analysis that we have done of the longitudinal small business survey shows that rural firms are more export oriented than urban firms, but they also have more untapped export potential than urban firms. It is a real source of opportunity if we can support rural businesses by helping them with their export activities.

My final point is that growth potential is also locally specific. It is a question that we should ask of local authorities, local enterprise partnerships, or regional growth engines such as the northern powerhouse or the midlands engine. They need to be looking at and

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\(^{12}\) The witness subsequently clarified that he meant ‘at an aggregate level’
diagnosing in their own particular localities where the growth opportunities should lie in rural areas.

**Lord Dannatt:** What do you see as being the key driver for that growth in rural areas? Is it things like small businesses setting up in former farm buildings and the rents being quite low?

**Professor Janet Dwyer:** That can be important in certain areas. It depends a lot on infrastructure. Part of the key to this may lie in looking at infrastructure provision in different parts of rural UK, because that will determine where the opportunities are. It is one thing to say, “I could operate my business from anywhere as long as I have good broadband”. If you do not have good broadband, you cannot.

We had a contract four or five years ago to evaluate one of the local broadband contracts called Fasthshire, providing broadband in Hereford and Gloucestershire, looking at the role of BT and how it had worked with rollout. My colleague, Matt, sent me a note saying that the problem at the end is you are left with a huge diversity of quality provision, even across those two counties, varying from a few miles away from each other. You can be in one place with fantastic broadband. You can be five miles away up the top of a hill and there is nothing.

**The Chairman:** We would like to press you a bit further on that in a few minutes.

**Professor Janet Dwyer:** Yes.

**The Chairman:** Can I move us on? We talked about growth, and there is also the issue of barriers to growth, which Baroness Humphreys wants to ask about.

**Baroness Humphreys:** You have already spoken about the large number of SMEs in the rural economy. In rural north Wales where I live, there is more small enterprises rather than medium ones. What are the barriers that prevent rural businesses from growing? What should the Government’s top priorities be for supporting and promoting rural businesses and the rural economy?

**Professor Janet Dwyer:** There are barriers that are external and barriers which are internal, depending on the nature of the businesses that you are dealing with. Micro-businesses are often family businesses. To an extent, they will impose their own limitations on how far and how fast they want to grow. You think of companies such as Rachel’s Organic in west Wales, which grew to a certain level and in the end sold out to somebody else who took it away. It is still based somewhere there, but the money goes across the Atlantic, I understand. So there is some of that.

There is almost a spatial factor again. There are premises for very small start-ups, because there are farms with disused buildings that can be converted relatively cheaply, but there is not much in the middle layer. There are some very big businesses that can locate in a rural area, because for various reasons they are not dependant on being hooked into a close urban infrastructure. I live near Chipping Campden. There is a big
food technology company there, which employs more than 100 people and does very good, successful business. It does not need to be in an urban centre to operate effectively.

There is not much in between. That is the constraint for people who start small and want to grow. There is not the structural provision there, and there is probably not the quality of infrastructure. So as well as broadband, it is also about transport, the quality of rural roads, the time that it takes to reach places when you are in a rural location. Some businesses do not mind those things. Others find them a constraint. Interestingly, my colleague, Matt, said that the broadband study picked up the tendency now for some distribution networks to move out of urban areas and into the rural. Where it works effectively depends very much on the road infrastructure.

**Professor Jeremy Phillipson:** As part of our Rural Enterprise UK initiative we had the opportunity to do an urban rural analysis of the Government’s longitudinal small business survey, which I mentioned earlier. We have been very active in feeding that work into Defra and the department for business. This is a large scale survey of 17,000 businesses in the UK.

Our urban-rural analysis of that concurs with Janet’s suggestions. There are differences in obstacles between urban and rural firms. Rural businesses, because of their small micro-business size, look typically at the problems of regulation and the burden that presents for their businesses. They often point to the complexities and challenges of tax and NI issues, late payments, staff recruitment and skills issues, finance and the availability of premises to grow their businesses.

There is geographical variation, as Janet said. Up in the North-East where I am from, rural businesses appear to have a particular challenge in accessing finance. Down in the East Midlands, it seems to be more about skills and staff recruitment issues. There is a kind of geographical variation that needs to be picked up at a local level.

For me, the priorities are threefold. One relates to the infrastructure challenge that Janet alluded to—the housing, digital and transport issues. The second is supporting rural firms to recruit, retain and develop their skills, their staff, their apprentices. How are they able to key into some of the national apprenticeship schemes? We know that about a third of rural businesses that employ staff see staff recruitment as one of the major obstacles. We need to be creative and think about how we enable those skills and access to people within firms. There are ways and means to do that.

My final priority is how we create an enabling business environment for rural businesses. A lot of business support measures can almost implicitly disadvantage rural businesses because of their small size and dispersed

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13 Department for Business, Energy and Industrial Strategy

14 The witness corrected this to 15,500
distribution. How can we bring them into the business support services? Rural firms often complain that they do not think the support services are there for them. They are urban focused. They have the impression, even if it is just an impression, that the services are there for urban-based, higher-growth, larger businesses, and that is an issue that needs to be tackled.

Professor Janet Dwyer: I am aware of that being an issue, certainly with the local enterprise partnerships, because many of them operate to targets that are about creating the largest number of jobs as quickly as possible, which does not make you target micro-businesses generally, and certainly not micro-businesses in rural locations where the idea of suddenly growing very rapidly overnight is a much greater challenge than it might be in other settings.

The Chairman: Professor Phillipson, in your presentation to the March conference on the Industrial Strategy that you organised, you describe some of the differences between rural and urban businesses. You gave a list of things such as access to finance and so on, but the one thing you said in that speech was that innovation was higher among rural companies. Could you back that up, because that is quite important? If they are being innovative, presumably that is a positive that we need to spread the word about.

Professor Jeremy Phillipson: Gosh, you did read that very carefully. I am racking my brains as to what I said back then.

The Chairman: I could show you.

Professor Jeremy Phillipson: Do not worry, I will try to make it up on the spot.

Innovation is a really important issue. In certain aspects rural firms are more innovative than urban businesses, such as their innovation in new goods development for their firms. When we compared the urban and rural data, on a number of indicators of innovation, rural was explicitly more innovative than urban. In other aspects, it is less innovative, for example in the case of new to the market innovations, the more radical innovations among small businesses. In some respects, they are not as innovative. As I said, rural is behind the curve when it comes to the more radical innovations. Some of the issues that we need to look at that will

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15 The witness subsequently clarified that he meant ‘..in the most rural districts’.
help rural firms to innovate at a more radical level are staff development and leadership skills within rural businesses.

**The Chairman:** It seems slightly odd that on the one hand the owners, the bosses—

**Professor Jeremy Phillipson:** It is because innovation is a multi-faceted phenomenon.

**Professor Janet Dwyer:** It could be reflective of size here, because a lot of the innovation in rural businesses is probably in very small businesses and somebody has had a very clever business idea. Those people do not think about corporate management, bringing on staff and training them. You are running the business because it is your dream. You meet people all over rural England who at some point in their life have got out of the rat race, invested in something and tried to develop something novel and innovative. People will often go for a rural area, partly because of the quality of life from contact with the environment and partly because of the relative cost of premises and so forth. However, they reach a ceiling whereby, once the business is more successful than they can manage on their own, they do not have the people or have not invested in them and they do not really know where to go next.

**The Chairman:** That is very helpful. I am going to move us on, but we would love to hear from both of you on this point.

**Baroness Humphreys:** Before Baroness Mallalieu asks her question, is the urban rural analysis that you carried out published and available?

**Professor Jeremy Phillipson:** Yes. We have published a number of reports on that analysis, which we can make available.

**Baroness Mallalieu:** My question follows on from something that you said in answer to Baroness Humphreys about geographical variation. Is there a pattern to how rural businesses are distributed in relation to business types, how those businesses grow and, if they do not, why they do not? What mechanisms are there to encourage businesses to network in those circumstances?

**Professor Jeremy Phillipson:** There are a number of elements to your question. I do not want to repeat myself, but the geography of firms is such that, even in the most remote rural areas, we see the diverse composition of rural economies. That swathe of different types of industry sectors, which is apparent in the uplands as it is in the most accessible of localities. Of course, the land and farming-based businesses become more important in certain localities.

Rural businesses grow like any other business. When we looked at the survey, we found that similar proportions of rural and urban businesses expect growth. Rural businesses are not laggards in respect to growth. About half of them intend to grow in sales, and a much smaller percentage—about 14%—intend to grow in respect to jobs, but these percentages are similar between urban and rural businesses.
The dispersed geography of rural business presents problems and additional challenges for networking. This means that we need to think about how to encourage and support local business networks within our market towns, service centres, local business associations, business clubs—the whole host of opportunities for networking. We know that is particularly important for the smallest of rural businesses, the home-based micro-businesses that value the opportunity to talk to and engage with other businesses.

Having said that, rural businesses need to network beyond their localities. Many will have the most benefit from networking with businesses from similar sectors and supply chains. Therefore, initiatives from Local Enterprise Partnerships, future Local Industrial Strategies or national Sector Deals need to make sure that they are networking and reaching out to rural businesses.

One final example that you could look to is the role of the Rural Growth Networks, which were pilot initiatives set up about four or five years ago. A mixture of workspace, business premises, support in services and networking activities on those physical premises which have really shed light on a number of opportunities for linking infrastructure provision with these wider soft-networking opportunities. They have been valuable for home-based businesses that have needed that opportunity to grow out of the home, gain their confidence, improve their work/life balance and enter a more professional environment for their business. These rural growth hubs would be an interesting focus for the Committee.

Professor Janet Dwyer: What Jeremy has said is very good as an overall picture, and I will add a few qualitative comments.

If you look at what types of businesses you find in different places, you immediately see the impact of mass economic sectors on spatial development. The closer you are to coast and to high mountains, the more significant the tourism element in the rural economy, which is quite a strong element in many areas, albeit an element that is very dynamic. A lot of businesses start and a lot fail, so it is quite a difficult sector to succeed in over a long time.

Culture is very important, and linked to that is the issue of social capital. Where there are strong rural communities talking to each other a lot and social activities going on, there is potentially a unique selling point in respect of business start-ups and support, because if your social networks are strong, your business networks are likely to be, to an extent.

Changes are coming as we digitise as a nation. In the younger generation of rural entrepreneurs you see quite a lot of people who network online more than they network face to face, and that will be an important feature going forward. It could be very beneficial in some respects, and we probably have yet to discover where it adds value and where it might be an issue, because you are talking to people who are several hundred miles away, so when you really need some help, they may not be there.

It is different for different issues. Raising capital has traditionally been a big challenge for small businesses, but there are ways of doing that now
on the internet if you know how to do it. I have come across examples of where that has worked successfully. We could perhaps do more to promote that way of doing business as a way to overcome some of the challenges of rurality and develop some of the opportunities that it offers.

**Baroness Mallalieu:** Some places would appear to an outsider to be more successful than others in encouraging the development of smaller businesses. Could you point us in the direction of places that have struck you as having set about doing the job and producing the results?

Secondly—this is a slightly different supplementary question—there will obviously be enormous change. You indicated at the beginning that Brexit, austerity and so on were factors that have had heavy impacts. How resilient are the rural economies as opposed to the urban ones, and how able are they to deal with the changes that are about to happen? If they are less resilient, what sort of measures might be needed to help?

**Professor Jeremy Phillipson:** That is a tricky question. I would prefer to give a more considered response. Perhaps we could suggest some areas that you might look to.

**Baroness Mallalieu:** That would be very helpful.

**The Chairman:** Baroness Mallalieu has hit the nail on the head in many ways, because one of the things that will help us enormously is to look at areas that are almost similar, some of which are doing well and some are not. Let us see whether we can identify some.

**Professor Janet Dwyer:** We can look at different levels. My examples would probably be more farm-linked than the ones that Jeremy might come up with. It is about that combination of strong community linkages and where there are one or two actors who have been innovative, such as Clinton Devon Estates down in the South-West. There has been quite a lot of interesting activity in the South-West that would be worth delving into. It is a combination of a few leaders who are willing to take risks, good community spirit and good networking, and a buzz about a place that gives people confidence.

**The Chairman:** Please write to us on that, if you could. Taking the other point about the issue of resilience, you said more generally right at the beginning that the rural areas have done less well as a result of austerity than the urban areas. Does that automatically mean that they are less resilient, or have they learned from that and are now potentially more resilient?

**Professor Janet Dwyer:** It depends a little on your definition of resilience. There are people who hang on in there, but their quality of life is pretty terrible in certain circumstances. The work that I did in Wales made me really quite worried for communities in more remote parts of the UK where you have problems of ageing populations and major social needs that are simply not being addressed because the local government provision is insufficient to reach far enough into these areas.

That is a really serious issue that deserves more attention. It could be happening not just in the north part of Wales but in many parts of rural
England. You just need to look on a map and find the areas that are furthest away by car from urban centres. A lot of social provision in local authority areas is focused much more on where major centres of population are. People who live in more remote places really lose out in respect of their quality of life. That is where I would target my concerns about resilience. Those communities will really struggle. They will still be there, but they will be having a pretty hard time.

The Chairman: I will move us on, because Lord Colgrain wants to take us in a slightly different direction.

Q27 Lord Colgrain: What are your views about how land management interacts with the rural economy and how this relationship has changed over time? As an adjunct to that, what is your view on the direction of travel outlined in the Government’s Health and Harmony paper for a new land management system post Brexit?

Professor Janet Dwyer: We have had long-term trends in respect of land management and its relationship with the rural economy, in that if you went back before the last war, land management and rural economy were very closely interconnected. After the war, with the move towards more specialised, more food production-focused business in the land management sector, gradually those ties were weakened and farmers were encouraged to focus on producing a commodity product, which was taken out of the area to large major manufacturing companies into the urban consumption environment. The linkages with rural economy were weakened. They did not go, but the whole nature of the food chain was working in such a way that it was not retaining value in local areas. It was basically extractive, in many ways.

Since the mid-1980s, we have seen a move to a more diverse kind of picture. It is highly differentiated by location and by the sorts of agricultural product that people are engaged with. I am going to make terrible sweeping generalisations here, but there is probably more diversity in mixed farming areas and livestock farming areas because those businesses tend to be lower income or more diverse. The links with the local economy might be stronger than they might be if you are a large grain producer in eastern England. Having said that, there are very good examples even in eastern England, in the last period of the Rural Development Programme, where the grain sector innovated to provide jobs and to make links again with the local economy. We are moving back to a more integrated approach towards the role of land management in a wider economic landscape.

Lord Colgrain: What is the driver for that?

Professor Janet Dwyer: There are multiple drivers. There is the globalisation of the food economy, which means that commodity production in the UK is not globally competitive. The survival strategy for food producers in this country is to move upmarket and to talk about more diverse, more high-quality and more close-to-market styles of production. An exhortation about adding value as a successful strategy for the future is not always supported by particularly helpful government
policy. In other parts of Europe, a lot of policy efforts are focusing on trying to get farmers to work together more to enable them to have more power in the food-chain bargaining process, to return more of the value in the food chain back to the source of primary production.

There are lifestyle changes that make a difference, such as in the consumption of food and people looking for more local product, more variety, more choice and more freshness—all the things that lead one to seek out the local farm shop rather than Tesco. There are lifestyle changes on the supply side, which are to do with who is buying land and who wants to farm. There are people moving into rural areas who have significant capital who wish to have a more diverse product range.

If you get into the business of adding value, it takes you down a route of wanting to be more diverse in what you are doing because you are engaging with a customer and a customer rarely wants to buy just one thing; they want to buy half a dozen things. If you are selling directly, the more things you can offer—a bit of tourism, a bit of education, quality products, a nice eating experience—the whole thing works very well together.

A number of different things are leading to this re-engagement of farming with rural economies. It is not happening everywhere, but where it is happening it is very interesting and worth looking at.

Baroness O’Cathain: Has any work been done about the development of farmers’ markets? When I first moved to the part of England that I am in, there was never such a thing as a farmers’ market. Now, within 20 miles of my house, there must be at least five or six markets on a Saturday or midweek. They seem to do a lot of business. However—there is always a downside—some of the shops in the towns have had to close because they cannot compete.

What do people think about the trend in farmers’ markets? In our part of the world, they are very enthusiastic about them. In others, they say they are shifting stuff in from France into Chichester. That is not exactly what we need.

Professor Janet Dwyer: There are different kinds of local markets. Farmers’ markets have a specific definition that prevents them from doing exactly that and bringing in imports from outside, because they have to source all their products from within a limited mileage of where the market is held. Some of my colleagues in the CCRI have done work on farmers’ markets looking at their growth and development. I would be very happy to refer you to sources of those reports.

The Chairman: That would be very helpful. So I can place it on the record, the very first farmers’ market in the UK was in my former constituency of Bath. We will stay with you for a minute. I cut Professor Dwyer off earlier when she was waxing lyrical about broadband. I know you want to ask a question about digital connectivity more generally, Lady O’Cathain.

Q28 Baroness O’Cathain: How do you rate the Government’s efforts to
ensure that rural areas are not left behind with regard to digital infrastructure? I have asked questions in the House about this and have received an absolutely copper-bottomed promise that everything and everybody, even a sheep shearer, will be digitalised by 2020. I just do not believe it. I keep on saying to this Minister, “What about it?”, and he says, “Get away, Detta”. He does not want me to ask.

I will continue with this because it is the single thing that can transform the rural economy and—and I have mentioned this before—bring in the health issues that are disrupting the whole of the rural economy. People do not understand the power of it, how it really will transform the country and how it can be used for everybody in everything they do. We do not seem to be serious, frankly.

**Professor Janet Dwyer:** It is a legacy now with broadband because it has been going on for so long. The initial contract was too focused on cost and enabled the contractors to focus on lowest-cost provision. They soaked up their targets for the percentage of provision with the easiest things to do. That means you get a very differentiated pattern of availability of broadband. To an extent, the same thing applies with mobile.

**Baroness O’Cathain:** Yes, it does.

**Professor Janet Dwyer:** Nowadays, both are equally important to businesses. If you do not have the broadband, you use the mobile. If you do not have the mobile, you are stuffed, if you will excuse the phrase. Not enough thought has been given to the critical enabling role of broadband. It should not be seen as a business proposition to roll out provision; it should be seen as a right and something that we would expect. There should be no reason why, living in the middle of Exmoor, you cannot pick up a phone signal and look at your emails. It has become such a fundamental part of doing business that it is an issue that needs to be addressed.

It seems to me that because we went down that route, which proved to be inadequate for that particular approach, the catch-up mechanisms have not been entirely satisfactory. We looked at some of the funding trying to enable local communities to provide their own satellite-linked provision. There are inordinate amounts of barriers to people trying to do that as a small community group: need for access to capital, need for skilled advice, need for technical support and need for trusted consultants who really understand not only what the needs are now but what they will be in 10 years’ time. It becomes very difficult to do it in a very bottom-up way unless you have considerable amounts of finance.

**The Chairman:** Lord Gardiner, who is the rural champion, is very keen on those local solutions to not-spots and cites a number of examples where it has worked well. Without going through it now, we would be very grateful to have any documented stuff you have on the barriers to doing that, because that may well be part of the solution. We need to look at what the barriers are. We would be very grateful to receive it.
**Professor Janet Dwyer:** It strikes me that we might learn a bit by talking to some of the local actors in this area. I know Bob Watters quite well. He is the chair of the LEADER group for the Forest of Dean, an extremely effective group that has been doing a lot of very important work.

**The Chairman:** I will ask you a bit about that later.

**Professor Janet Dwyer:** He might know more about these barriers too.

**The Chairman:** Professor Phillipson, do you have anything you want to add?

**Professor Jeremy Phillipson:** It is one health warning. Digital is obviously really important. We know that it relates to improved business performance, leads to cost savings and efficiencies and is fundamental infrastructure. However, it is not a panacea. We cannot necessarily subsume all the rural challenges into an issue of broadband and digital. We need to think about the broad package of issues to do with housing, education and wider business development. It is a vital pillar, but it is not a silver bullet for the issues facing rural areas.

Once the infrastructure rolls out, there is a need to make the most of that infrastructure and see we can upskill businesses to take advantage of new smart technologies, whether is around web-based accounting systems, cloud computing, machine learning—all these new developments. It is like a constant moving target. I would emphasise how, as part of the skills agenda, small businesses can make the most of digital.

**The Chairman:** I know that we all want to pursue that in more detail with some of our other witnesses, not least because even in areas where there is high-speed and even super-fast broadband, the take-up rate is still below 40%. Unless we are upskilling people and showing them the benefits of it, it might be there but they still will not use it.

**Baroness O'Cathain:** I have a 30-seconds question. Very many people are retiring early nowadays. They are living in the countryside, each arm is as long as the other and they want to have something to do and to help. These are the sorts of people you ought to try to get together on a local basis. In my area, we are trying through the cathedral to reach people who have nothing to do. They just go to the betting shops. Well, I had better not say that. They are just not using the skills they have. If I meet somebody and say, “My IT’s gone again”, they say, “Right. I’ll come and fix it for you”. This is the point. It can be a huge advantage at all levels, including for people who are still fit and who really want to help. The skills are there but not being used.

**Professor Janet Dwyer:** It is very evident that what some people call the grey economy—people who are at a later stage in life—can be hugely important to both rural community cohesion and rural economic activity.

**The Chairman:** I can see a number of the grey community around the room, one of them being the Earl of Caithness.

Q29 **The Earl of Caithness:** I am not grey, just bald.
I have two questions for you. While you think about the first one, you can answer the second one. First, can you list the three government policies or decisions that have had the worst impact on the rural economy and the three that have had the best impact on the rural economy?

While you think on that, let us move on to rural proofing, in particular, Professor Phillipson, with regard to LEPs. The Lord Chairman mentioned your workshop on 20 March. I will also mention it, because there at least two of your speakers criticised LEPs as being out of touch and not suitable for the countryside. Indeed, a recent report from the CPRE says that 60% of their respondents thought that LEPs are having a negative impact on the countryside. When it comes to rural proofing, what should we do with regard to local government and LEPs? Why are they letting us down so badly, or appear to be letting us down so badly?

Professor Jeremy Phillipson: There are some big questions there. I would probably give LEPs a mixed report. If I was giving out a student assessment, it would be a bit of a mixed response. We have some good examples of LEPs engaging with the rural, and it would be worth the Committee exploring with them and learning from their approaches. The work done in the South-West by the South West Rural Productivity Commission and the role of the four LEPs in that area in engaging with that activity is one good example.

However, there are undoubtedly perceived weaknesses. There is evidence that there are variations in LEP rural performance and investment. In some areas, the rural is almost entirely absent or rather narrowly framed in terms of how the LEP might be engaging with the rural. That was the very strong message that came out of our workshop on the industrial strategy.

There is the need for an up-to-date review of how the LEPs have been engaging with their rural areas. If I was to frame that review, it would ask five questions. Should LEPs report on their rural proofing? How equipped and inclined are they to give a rural focus to their work and membership? Will their investment priorities militate against smaller investments in rural areas? How have LEPs used their existing suite of local growth money with respect to rural areas? Finally—this comes back to the point I made earlier—how are the LEPs drawing on the insights from previous experiments, such as the pilot rural growth networks that we had? Those experiments were intended to provide a number of key messages for how rural could be mainstreamed into the agendas of local enterprise partnerships. So I would say that there is a need for a review.

I would also say: do not focus just on the LEPs. We have major regional growth engines, such as the Northern Powerhouse and the Midlands Engine, which potentially suffer from some of the same criticisms as the LEPs. We have done some analysis of urban and rural businesses in those two growth engine regions which shows that urban and rural business perform to a similar level. So rural business is not a backwater in these areas. In fact, it has a lot to offer these engines, but the engines are
framed very much from a city-centric perspective, which is missing a trick for development.

**Professor Janet Dwyer:** In respect of government policies, with all these questions about whether certain institutions are good or bad for rural, we have to look at where they have come from and how long they have been in place. For me, institutional memory and social networks that go on for much longer than the institutions that bear certain names and responsibilities are far more important when looking at where bodies are or are not effective.

In your example of the South-West, all those people were previously very active with the RDA. There were good people there who had a strategic view about the economy of the South-West and how it could be developed. When the Regional Development Agency was dissolved and the LEPs were created, some of those people moved into the boards of the LEPs. They are still doing the same work, they still have the same strategic vision, and they are still potentially powerful and influential.

There are other LEPs that have been created almost out of nothing or have been created from local government in a context where local government has been stretched for a long time. Maybe they do not have the same vision or the same understanding of some of these strategic linkages. I am not saying that the Regional Development Agencies were necessarily the best thing since sliced bread, but continuity in vision and action is really important.

One of the real problems with rural policy in this country is that we keep chopping and changing the structures and the institutions. If they change every five years, you lose all that network, all that understanding and all that ability to act together, because partnership is key to making things work. One issue that I would cite in respect of things that government has done wrong is the way in which LEADER has been handled over the last decade. We started off with a mechanism that at the local level was about multi-sector action and multi-sector strategic planning for local economic development that was both right for that area and good for the environment and for social and community benefits at the same time.

Over the various iterations of LEADER since then, Wales has decided to take away the business element in what LEADER can do, England has restricted funding to capital and revenue is no longer available, all for reasons that are to do with misunderstandings of the concept of what LEADER is about. In effect, that has in some ways emasculated these local initiatives, which have been doing really good things with very small amounts of money over a long period. Some people become fed up and jump ship, and you lose that knowledge. Other people hang on in there but become increasingly constrained in what they are able to achieve as they become more knowledgeable about what the needs are. This lack of understanding of the LEADER concept and lack of commitment to that in the long term has been a mistake.
These sorts of activity-enabling policy take quite a long time to bed down and become effective. If you keep changing them every five years, you will never really get there. That is part of the problem.

I have already mentioned that austerity has been an issue. It is always difficult, and you may say, “Well, obviously if the national economy were doing better, we’d have a lot more money for local government”, but local government really struggles to fulfil its brief. When the OECD came in to do a study of rural England—I say this many times—David Freshwater, who did the report, said at the presentation, “I have never done one of these evaluations of rural policy before in a country that is as centralised as England”. That speaks volumes about what you can achieve at a local level.

I would also mention the absence of government champions for the rural within the wider political arena. We have neither a non-departmental public body nor a specialist commission. We have a rural advocate. I do not think that is sufficient to ensure that the rural is high enough on people’s agendas and thinking. The bodies with the less strategic capacity respond to targets like triggers. If you give a local enterprise partnership a target to create the largest number of jobs in the shortest space of time, they will not look at rural because that is not where they will find those jobs. They will look at the company that is in a big city that has the biggest, easiest potential to add another 100 jobs.

The Chairman: Professor Phillipson, do you have your list of three and three?

Professor Jeremy Phillipson: I am sorry. I was listening to Janet. Can I give you one really good example? I am sorry to concur with Janet. The future of LEADER is a huge issue for the next phase. I have always thought that LEADER reaches the parts that other mechanisms cannot reach. It is like a pint of Carlsberg. It allows local communities to assess their needs and develop tailored solutions. I have the pleasure of sitting on the Northern Uplands LEADER local action group and seeing how that group deploys its expertise to understand how a very small investment can make a difference within a local area. Looking at it from the outside, it might seem small money. One might wonder why we are investing in this type of business. It is the local LAGs who can really understand how that fits.

The Chairman: Okay, but presumably there are lessons that we can learn. I know that Professor Dwyer has done a study of some LEADER projects. There must be good and bad LEADER that we can learn from when we come to shared prosperity, alternatives and so on.

Professor Janet Dwyer: You could look beyond the UK for some of that learning.

The Chairman: Rather than take up time now, we would be very keen if you could give us some examples of successful and unsuccessful LEADER programmes and, indeed, some of the other growth project money. Although we do not quite know what will happen, there will presumably be something similar in place, we hope, and we need to learn from those
recommendations. I do not know whether the Earl of Caithness wishes to press you for your three top and bottom. You might give them time to reflect, Lord Caithness.

The Earl of Caithness: I would also like to know whether the witnesses think that something like the Countryside Agency ought to be reinstated.

The Chairman: There is no government-backed body promoting the rural economy. I know that Lord Gardiner would be offended by that, but I mean other than him.

Professor Janet Dwyer: I have to declare an interest here. At the weekend, I was at the celebration for the 50 years since the creation of the Countryside Commission, which I worked for six years. Some 130 people came back, and we all celebrated how wonderful it was back then, so I have an emotional attachment.

Looking dispassionately at what agencies can do if they have a specific remit, they are a very powerful way to achieve experimental, innovative, energetic and engaged policymaking at the local level. A national agency with specific remit and experimental power is absolutely essential. The experimental powers that the Countryside Commission had, which were carried forward into the Countryside Agency with the merger with the Rural Development Commission, are essential for this kind of enabling policy development. The national, on its own, is not enough; the local enabling is also absolutely critical.

The Chairman: I want to come on to that in a second, if I can. Can we move towards the Industrial Strategy? Lord Dannatt.

Q30 Lord Dannatt: We have mentioned the Industrial Strategy once or twice this morning already. What has its influence been on the rural economy? I suspect you might say that it has had quite an effect on the farming and food industry. What about its effect on the wider rural economy? Where are the gaps? What is missing?

Professor Jeremy Phillipson: The Industrial Strategy is still hot off the press to some extent. It is only a few months old. I would say that it remains a work in progress. It was positive that when we looked at the transition from the Green Paper, which scoped the needs of the industrial strategy, through to the final White Paper we saw increasing references to the rural in the final White Paper. We were very pleased to host a workshop on this, as we mentioned earlier. BEIS and Defra were both involved in that. That transition from the Green Paper to the White Paper is a good example of rural proofing. It showed cross-governmental working. It also drew on external evidence to strengthen the role of the rural in the Industrial Strategy. However, it is now entering its implementation phase, and filtering that strategic commitment to rural through to all the various mechanisms and themes that are developed within the Industrial Strategy will be key.

The workshop that we held involved many rural stakeholders as well as central government, and it identified a number of critical gaps or critical future needs that need to be taken on board. For those of you who have
read the Industrial Strategy, it includes a number of critical themes and some anchor challenges that it is looking to address. For every one of those, we need to be thinking about and assessing the rural dimension. Secondly, the communication of the Industrial Strategy needs to be looked at. A lot of rural stakeholders did not think it related to them, so there is a communication challenge. One of the anchor elements of the Industrial Strategy relates to its sector deals in the key sectors that the Government are looking at. Each one of those sector deals has a rural dimension, given that we have discussed the diversity of the rural economy. What does a sector deal for construction mean for the rural, given that we know that the construction sector in rural areas is lagging behind urban construction? There is a particular issue there for that sector council to deal with.

The Government’s Industrial Strategy also says quite a lot about low productivity sectors and does not necessarily see these as opportunities for growth. These are sectors such as accommodation, wholesale, retail and personal services, which are really important in rural areas, so we need to think about how they can be brought into the agenda in the future implementation of the industrial strategy.

One of the final two points is the valuable push in the Industrial Strategy to devolve resources to the local level through local industrial strategies. These will all be worked out in the coming months. Again, these local industrial strategies need to take their rural areas on board. These cannot be seen simply as metro deals in these local strategies.

The final point, which may be a more polemical point, comes back to the point about innovation. The Industrial Strategy has innovation at its core, taking forward the grand technologies that will transform the way that we work and live. Rural areas should be a much more prominent focus in that innovation push. These areas are facing some of the biggest challenges, mobility and ageing issues and great opportunities around the role of rural in clean growth strategies. These can be at the forefront of the Industrial Strategy’s innovation challenge. At the moment, they are rather invisible in the strategy. Bringing rural into the innovation is important.

Lord Dannatt: Interestingly enough, in all that you said, recognising there are diverse challenges there, the words “food and farming” did not cross your lips at any stage, which is why I contend that industrial strategy may most easily bore on to the food and farming industry.

Professor Jeremy Phillipson: It is in there.

Professor Janet Dwyer: It is in there, but it is not writ very large, I feel. The risk with the way these strategies are working is that they are all separate issues. When you live in the rural, the territory is your focus, in many ways. That is a simplification, but local actors who are concerned about rural economic vitality and rural quality of life will look across sectors and look at linking things together in a territory. I have done a fair bit of research work looking across Europe and looking at examples where there is a much stronger focus on territorial development, which is combining public sector and private sector activity and trying to look at
strategies for territories based on their specific characteristics and the strengths and weaknesses.

That has its limitations, but our tendency in policy is not to think enough about territory and not to think enough about the importance of linking things up at the local level. You see it again and again. Where there are good examples of things happening, it is because at the local level somebody is making those connections between sectors and is thinking, “This is not all about one particular sector development. It is actually about making those links between that sector and other actors in a local area”.

The public-private thing is very important. You can have all the strategies you want for the private sector, but if the public sector is crumbling you are missing a key part of making things viable in the long run. You need much better connection across those divides.

**The Chairman:** Who do you see driving this at a place-based level, whether it is for the various things that are within the Industrial Strategy, whether it is for the shared prosperity fund? Is it the LEP? Is it local councils? Is it something else?

**Professor Janet Dwyer:** There is an important role for something at the very local level, so a successor to LEADER could be very important, but also at a strategic level. I would not want to say that it needs to be the LEPs, but it needs to be at a higher level than the scale at which LEADER operates. When I worked in the public sector, county councils were very effective at taking strategic action related to economic development and the quality of services. I am not sure that they are still able to perform that function. The LEPs might have some of the strengths that they have now lost. Other people will argue that some planning and strategic work on economic development needs to happen at a level higher than individual counties because some sectors operate at that scale, so you need to be looking at a bigger scale.

It is difficult to come up with a prescription that will work everywhere. You need multiple levels. You need a local level that is very fleet of foot and has a very flexible approach to economic development and social and environmental benefit all wrapped into one. You need strategic thinking at at least a county level, if not a larger level, about how you link together developments in sectors with the public requirements. In many ways, the public sector provides the infrastructure on which the private sector depends. Those things need to be planned together. Some things need to be done at the national level because some levels of change—

**The Chairman:** You have just proposed the recreation of regional, but let us not go there. We must come to an end in a few minutes. Round us off nicely, Lord Colgrain.

**Q31 Lord Colgrain:** I am sure you have both thought about this on your way here. What recommendation would you like to see this Committee make to Government? We want to hobble you by saying that the recommendation would not require any new legislation or additional funding.
**Professor Janet Dwyer:** This is what I wrote down in my notebook on the train. We need to focus a bit on helping people through transition, whatever that transition turns out to be. I would therefore stress the points that Jeremy made earlier about skills, adaptability and enabling people to be in the best position they can to react to sudden changes in their economic trading and market prospects. There is an opportunity to think about what has been talked about in the *Health and Harmony* context of top-slicing a certain amount of the direct payments going to farmers under Pillar 1 of the Common Agricultural Policy.

At the moment, the *Health and Harmony* response is focusing very much on using that for productivity investment within agriculture. It might go a little wider. It might be used to help diverse land-based businesses to think more about resilience. It might go further. I do not know. You want to retain what you have that is good. I would say that you want to give LEADER groups some assurances about their continuing beyond the end of 2022. They have been told they will survive until 2022.

Looking at imaginative ways to develop access to credit to enable business development and investment is another issue. Using online facilities and maybe thinking about agency-type organisations that could operate at a local level working on those kinds of issues would be helpful. They are a few small suggestions. I am sure Jeremy has some.

**Professor Jeremy Phillipson:** They are very important suggestions. I would make one recommendation, and that is in recognition of the scale, the contribution and the challenges of rural economies. It is a requirement for a much more prominent strategic commitment to rural within the nation’s economic plans. My recommendation is for a coherent government-wide policy and strategy for rural economies that makes visible and embeds rural strengths and opportunities into all economic and spatial strategies. That would complement the Environment Plan and the *Health and Harmony* paper.

**The Chairman:** Who best writes this plan that you have in mind? Is it Defra, or some other government department?

**Professor Jeremy Phillipson:** It should be jointly owned by a number of departments.

**Professor Janet Dwyer:** Yes.

**The Chairman:** In practical terms, how is that done?

**Professor Jeremy Phillipson:** Through effective cross-government working.

**Professor Janet Dwyer:** It has happened in the past. You create some kind of a task force, and you draw on the resources of CLG, BEIS and Defra to work together.

**Professor Jeremy Phillipson:** The critical issue is for it not to be owned by one single department.

**The Chairman:** The Cabinet Office, for example, might take the lead in bringing people together, as another committee previously recommended,
I mention in passing to one of the members of the Committee that said that. I thank you both very much indeed. It has been a fascinating session. We have learned a great deal.

I am very conscious that we have asked you to tell us a bit more in writing subsequently. I am sure there are a couple of issues that we will think of subsequently. If you do not mind, we will write to you. I am sorry to put burdens on you, particularly at this time as you are looking forward to a bit of a break over the summer. I hope you have one. On behalf of the entire Committee, thank you very much indeed. It has been great to have you.
Federation of Master Builders, National Housing Federation and Rural Housing Alliance – Oral evidence (QQ 130-140)

Evidence Session No. 12  Heard in Public  Questions 130 - 140

Tuesday 6 November 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); Earl of Caithness; Lord Colgrain; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of Witnesses

Monica Burns, Chris Carr and Martin Collett.

Q130  The Chairman: Welcome, all three of you. Thank you very much indeed for joining us. You have before you a list of the declared interests of Members of the Committee. I should point out that the session is being broadcast live. Following it, there will be a written transcription of it and you will have an opportunity to look at that transcription before it is finally published to make any corrections. We are truly grateful you have come. You will leave feeling very frustrated that it has been a very short time and you did not have a chance to say everything you wanted to, so I will say right at the outset, if following the session there is anything you wish you had said and you did not, please do not hesitate to write to us and tell us.

The other thing is that we are interested in producing a report that has sensible recommendations to government for changes to help bring about improvements in the rural economy. While we are very interested to hear of problems that may exist, we would be equally interested, if not more so, to hear any solutions you might have or examples of good practice that can be shared with others. The questions will be relatively short and sharp. I would be grateful if we can have short and sharp answers so we can cover as much ground as we can in the limited time that we have of one hour. By way of a starter for 10, I will ask each of you in turn very quickly to say to what extent you feel the rural economy is affected by shortages of housing in rural areas.
Monica Burns: We feel that the rural economy is affected by the shortage of affordable housing. House prices are 26% higher in rural areas than in urban areas, which means they are unaffordable for a lot of local people. This affects especially younger people. Younger, economically active people find it difficult to live in rural communities and therefore have to leave, so you do not have the workforce there.

This then has a knock-on effect on services. The National Housing Federation produced a rural life monitor, which found that 81 post offices have closed since 2011 and seven pubs per week closed in the last five years. This is because they are not used by the local people. The incomers to the village are quite often second-home owners or holiday lets, and do not use the local service, so the movement of younger, economically active people out of a village has a big impact, yes.

Martin Collett: There is a direct link between the lack of affordable housing in rural areas and the economy. Perhaps a good example of that is if you look at the farming industry trying to get new entrants into farming, trying to do succession planning with older farmers retiring. In the countryside, there is an ageing population, with working-age households moving from the countryside. If you are looking at that issue, that problem, and thinking about how care and support, for example, are going to be provided to these older households, you need working-age households in the countryside to deliver that care in situ.

It is also worth mentioning that there is increasing potential in the countryside for better connectivity, whether that is broadband or other digital connectivity. At the moment, the countryside economy is being held back by poor connectivity. That is something that needs to improve.

The lack of affordable housing, given the impact it has on the skills and workforce in the countryside, is likely to impact broader government ambitions. If you look at clean energy growth, for example, the countryside is going to play a big role in that, and you need to attract working-age people with the right skills and experience, who can support those industries, to live in the countryside.

The Chairman: I am hoping that, as we progress, you will come up with some suggestions for solutions to those problems. Thank you for illustrating the problems, but I am keen for us to move to some positive proposals.

Chris Carr: Construction and housebuilding in particular are big employers in the rural industry. The small sites that are built on in rural areas tend to be from family or local companies. We employ local companies; we use local builders’ merchants. We have to remember that every pound spent on local housing—

The Chairman: Can you back that up with statistics? Do you have evidence of that?

Chris Carr: For example, we employ 170,000 people in the builders’ merchant trade alone. You will find that most of the builders’ merchants are used by the smaller builders rather than the national housebuilders, which have direct accounts with the manufacturers. You can look at that
alone, but it is easy to see, in your own village, how many commercial vehicles there are: plumbers, electricians and builders. You do not see that with many other industries. That is how we work that out. For every pound spend, £2.30 goes into the local economy. If money is made by the local developers, they tend to spend it locally as well, in that area. When we bring people into the villages, they also pay a certain amount of their wages every week to the shops, the hairdressers and the pubs, which we talked about.

Then we have the precepts, for the parishes, especially. They rely on that. They need an income from new homes to increase their precepts. The biggest thing for me that is brought up over and over again is the schools. We need to be able to not overwhelm schools but feed children into the schools. There is a difference: putting a 150 or 200-unit site on the edge of a village can be too overpowering for that village; if you keep it small and sustainable, the building industry and the houses we build have a massive impact on the economy.

Q131 Baroness Mallalieu: I would like to ask what difference you think the removal of the cap on local authority borrowing, which the Prime Minister announced, is likely to have on council house building in rural areas.

Monica Burns: At the moment, we are waiting to see. We think it is going to be varied. A lot of rural local authorities have transferred the stock to housing associations, and therefore do not have a development arm and do not have the skills, expertise and staffing to start developing. As the National Housing Federation, we are hoping that, if local authorities have stock in a village and decide that they want to build, they will partner with their local housing associations—for example, English Rural—to build.

At the moment, we are not sure how many local authorities are actually going to start building in rural communities. As you know, rural housing is more expensive to develop and the land is often very difficult to come by. If local authorities are under pressure to develop, they are more likely to develop in an urban area, where it is faster, cheaper and they can get more results straight away. We have great examples of rural housing associations already delivering in rural areas. We hope a partnership deal will be made between local authorities and housing associations.

Martin Collett: From our direct experience at the moment, it is causing an element of disruption, but quite a small disruption. Where small sites in particular have come forward in rural areas that were owned by local authorities, local authorities are considering their own ambitions around developing those. Those sites are no longer available to housing associations to take forward. I am not saying that necessarily creates a longer-term problem, because it allows us to focus our resources elsewhere and build additional houses. This is all about getting additional houses built, so it is welcome to us that local authorities can deliver more homes.

It is worth picking up on the point Monica made: out of 326 local authorities, only 160 are able to use the increase in borrowing capacity to
deliver more homes. We need to be realistic that it will take local authorities time to secure the skills, expertise and experience required to achieve any scale of delivery. In our own experience, operating in a rural context, one of the biggest problems we often face is local opposition. If it is a local authority that is looking to push forward a development, there is an element of politics at play that local opposition can use to leverage and campaign against homes being delivered. It is worth being mindful of that and monitoring the impact of that.

**The Chairman:** Can I be clear about the point you made earlier on in your remarks? You said a local authority in the past, where it owned land, would potentially make it available to a housing association for a development. Now you are suggesting they are stopping doing that while they reflect on whether they might want to develop it themselves. The implication of that is that local authorities on the whole were willing to make the land available. Can you expand a bit on that?

**Martin Collett:** That is correct. I will not name the local authorities where it is happening, but that is what we are experiencing. There is a programme approach in most local authority areas to delivering affordable rural housing. Different sites are being looked at and progressed at varying rates. Some of those sites are owned by local authorities, but in some local authority areas we have found those sites are now no longer available to us to take forward. We are being encouraged to focus on other sites and take those other sites forward, because the local authority itself is considering its ambition to borrow more and develop those sites for council homes.

**The Chairman:** You see that just as a temporary problem.

**Martin Collett:** It will disrupt our programme for a period of time. If the end result is that we all lever in more investment and deliver more homes, that is a good outcome, but there is an element of short-term disruption.

**Chris Carr:** Lifting the cap could be good, if it is an ambitious local authority. You have to be ambitious and business-like. As an example, Central Bedfordshire Council is very ambitious and delivers a lot of new homes on rural land, as well as its urban sites, because it has a drive to deliver the new homes. You are only as good as your officers and, especially, your elected members, in how ambitious they want to be to deliver homes. We have had years and years of them telling us it is easy to build houses and we make a fortune. They are going to find out soon that it is not as easy as they think to develop homes, even if it is on their own land.

I would like to see a lot of joint ventures. Local authorities do not have the skillset to deliver homes. The smaller builders and even some of the regional builders would partner with them, agree the land purchase price and even borrow finance off the local authorities. We struggle to get finance through the SME sector. Unless you turn over £5 million a year, the banks will not touch you. If you can do something with the local authority where you build on its land, use its finance and do a profit share
at the end, it would be a win-win situation for everybody. You have to have the local authority with that ambition and that drive.

**Baroness Mallalieu:** Can I ask you about community land trusts? What potential contribution might they make in supporting new affordable housing? What could be done to maximise that potential?

**Monica Burns:** Community land trusts have a role to play. We support them, and housing associations often work with them. They are usually very localised and small developments, but I am not saying that is insignificant; it can still make the difference to the viability of a village. Generally, a community land trust is formed where you have a potentially interested population with the time and energy to form a community land trust, which does not necessarily correspond to where the greatest housing need is. Although they have a role to play and we are supportive of them, they are part of the jigsaw, not the answer.

**Martin Collett:** I will use the word “disruption” again, because we have found that community land trusts created some disruption to our programme of delivery. Local rural communities now have a menu of options available to them about how they want to progress an affordable housing scheme in their village, community land trusts being one option and housing associations another option. While they consider the best route available to them, inevitably it has impacted our programme of delivery, particularly where community land trusts are being pushed forward as a better answer than housing associations can provide.

Community land trusts work well when they work in partnership with housing associations. It is important to recognise that delivering housing in rural areas is complex, the sites are often quite technical and consulting and engaging with a community that does not always look at the principle of affordable housing favourably takes time and patience. Housing associations have skills and expertise to offer community land trusts, and can offer them a degree of independence and separation from the project.

Ultimately, if it achieves additional homes, that is a good thing, and I think it would in the longer term, but I do not think it will deliver on the scale that housing associations have been able to, because it will not have access to the same finance that we do, and will not have the same ambitions on a broader scale that we do. That is not to say, at a local scale, on a local level, it is not a good solution for a community.

**Chris Carr:** I have to say I am not an expert on community land trusts. I am a housebuilder, so I would not want to waste your time by commenting on the policy side. I am sorry about that.

**The Chairman:** I know that Baroness Hodgson wants to ask you a specific question.

**Q132 Baroness Hodgson of Abinger:** The first bit of my question is for Chris. What are the main challenges that private builders face in delivering homes in rural locations? How might these challenges be addressed?
**Chris Carr:** The FMB did a recent builders’ survey, which stated that the top five constraints were lack of available and viable land, the planning system, lack of developer finance, shortage of skilled workers and the cost of the Section 106 contributions. Because most of our members build on a smaller scale, predominantly on rural land, those five constraints go forward.

As for the lack of available and viable land, we need to make sure each hamlet, each village and each market town takes its own percentage of housing. Previously, it has been easier for local authorities and members to allow a 200-unit site to be built on the side of one village, which causes more disruption to that village than anything else. We need to look at breaking those parcels down and, through the local plan, delivering smaller and more sustainable sites.

On the planning system, the issue is not policy; it is how it is interpreted by the members and officers. Planning policy has changed dramatically over the last five years and has been fairly proactive, but it is about how it is interpreted. We need to have a better understanding of new policy.

**The Chairman:** Can I be clear? It is important we have this on the record. You have just said, as I understand it, that broadly you have no problem with the planning system; your concern is with the interpretation by local council officials of that policy.

**Chris Carr:** Planning policy is far better than it has ever been, and I have been in the industry 35 years. It is literally about how it is interpreted by each local authority and its officers, who are usually guided by its members. If you have a proactive local authority that wants to deliver the numbers, that policy is used to good effect. If people want to restrict it and use it as a blocker, they will find different ways and interpretations. That is what I mean. You can see how each local authority gets rated on its delivery of new homes and how highly rated local authorities’ planning departments are.

**Lord Dannatt:** What are your issues with Section 106? Is there enough guidance on what proportion of a project should be allocated to 106 requirements?

**Chris Carr:** There is confusion between 106 and CIL. I have been with a local authority that does not have CIL; we only have 106. It is creeping in that they are overlapping each other. It has become apparent now. We had a meeting the other day with the highways department, which asked for a considerable amount of money for a highway scheme six miles from our site. I said, “Why do you want the money?” His answer was that everybody else in the council is asking for money. It just seems to be a developer cash cow. If that is the sort of thing we are coming against, that is where we have a problem with 106, not when they are genuine 106 contributions.

**Lord Dannatt:** You would like to see tighter guidelines on what is a genuine 106 contribution to a given project.

**Chris Carr:** Yes. That would help us with land purchase as well, when we definitely know the 106 contributions.
Baroness Hodgson of Abinger: Following on from that, Martin, I think you mentioned local opposition. If there was more emphasis on good, appropriate design, building in local materials, things that are going to fit in with what is already there, would that help?

Martin Collett: In our experience, yes, definitely. When we are developing at English Rural, we will throw open the village hall doors, and invite the community to come and look at the designs we are putting forward. If there is a design statement for the community, we look to incorporate that. Engaging and involving the community in the design of the product has a big impact on managing down the opposition to the homes that are delivered.

Monica Burns: Most of the rural housing associations have signed what we call the rural housing pledge, and that is to involve the community, right from the concept of establishing whether there is housing need to identifying the site. As Martin said, they help design the houses and the construction et cetera, so they are fully engaged in it. That definitely, definitely helps with the “anti” campaign.

The Chairman: Can you send us a copy of the pledge, please?

Monica Burns: I can do.

Chris Carr: Engagement is key to all development now. We find it is cheaper to engage with residents, parishes and planning committees than to deal with the officers by the time you pay for consultants. It is about working from the bottom upwards, properly. Engagement is not one meeting; it is true engagement: coming up with a concept, going back for the advice, coming back with a temporary scheme and seeing what they can add to it. Then you get buy-in from the residents. We did a rural site next to a golf course, and we had not one objection going to planning committee because everyone was engaged and bought into it. Six or seven people were really anti it at the beginning; four of them have ended up putting their names on the list to buy. It is because of that pure, true engagement, not just ticking the box, having one meeting and forgetting about it. In the long run, we find it far cheaper.

The Earl of Caithness: Can you explain a bit more about how serious the shortage of skilled workers is?

Chris Carr: It is an issue now. It was rated fourth in our membership survey, but I am thinking longer term. We think, within a year or two, that could go to the top. We should not be talking about Brexit, but the issue is that we are going to lose our workforce, and we will lose it to people in London. I am based in north-east Lincolnshire. They will move and migrate to London for the higher wages. Because we are in a low-cost area, we cannot bring people in to work on our trades.

It is a big issue. We are working with the FMB and the CITB, the Construction Industry Training Board, to work out ways to get more people involved, younger people, boys and girls, ex-service personnel, and bring in older trainees. If someone at 25 wants to be a tradesperson, we show them that they can aspire to become a housing developer; they do not just stick with the trade. We have sold the trade down the line far
too much as a trade of last resort. We have to say it is an ambitious trade to be in.

**The Chairman:** Since we have gone on to skills in the industry, can you comment on whether there is still a remaining problem with paying a CITB levy alongside the apprenticeship levy?

**Chris Carr:** I have to declare an interest in this, because I am on the CITB national council. It does not affect smaller builders, because they are not paying the national levy. We are too far below the line, so I do not think it affects us. It affects more of the national housebuilders and the big plc’s. As the smaller builders, by proportion, we are building 20% of new homes, but delivering over two-thirds of the apprentices. That is how the system works at the moment.

**The Chairman:** Not now, but it would be really helpful to the Committee if you could drop us a note about your thoughts on the whole skills area, CITB training, the apprenticeship scheme and how it applies to SME builders as opposed to the large builders, and so on. That would be very, very helpful.

**Baroness Young of Old Scone:** I wanted to explore a situation that is slightly different from the one you were describing where bottom-up engagement with local communities is really helpful, because I share that view. We are increasingly seeing brand new settlements in rural areas that are basically new towns being proposed, often on greenfield sites, often in excess of the genuine local need there, as a facility for a much, much wider hinterland. I wonder whether you have any comments on the usefulness of those proposals, and whether there is a way of getting local engagement with that sort of proposal when, in fact, it is not really addressing local issues.

**Martin Collett:** It is not the type of development that English Rural would be involved in, but in our daily life at English Rural, as we go about our business, we see a need for more homes, across all tenures. Trying to meet that demand is very challenging and is going to need some creative solutions. Those creative solutions may involve new settlements. The new settlements coming forward, as you describe them, will be part of that answer. It is about making sure that there is engagement so far as there can be engagement, and that the homes being delivered are the right homes and designed in the right way to mitigate any impact they are going to have. I do not deny that there will be an impact from their delivery.

**Q133 Lord Dannatt:** Can we talk about Homes England? I know it is relatively new; it was set up on 1 January this year. Can you give your assessment on how effective it is and how it can do better, in delivering houses in the rural area?

**Monica Burns:** Yes. We work really well with Homes England. They have rural specialities. They have one per region, which is really helpful. They are very informative and reactive, et cetera. One issue we have with Homes England is that we used to have rural housing targets. That worked well and was a really good incentive for rural development. We
have asked for those to be reinstated, but unfortunately that has not been agreed as yet. We would like the rural housing targets to be reinstated.

I am currently working with Homes England on a project about a revolving land bank, where we bring sites forward in rural communities and get them oven ready. Those are more difficult sites, in difficult areas. Homes England has been very supportive on that and we are making progress. On the whole, we have a very good relationship with Homes England. They are very receptive. But we would like the rural targets reinstated.

Lord Dannatt: Can I press you on that one? As far as affordable houses are concerned, would you like to see a target reintroduced on affordable housing?

Monica Burns: On affordable and social rent, yes. In rural areas, there is a need for all different tenures. There is a need for affordable rent, low-cost shared ownership, et cetera. We introduced the five-star plan with English Rural and the Rural Housing Alliance. That specifically says that all types of housing should be considered in all rural communities.

Lord Dannatt: Do you have a view on what proportion of a given development should be affordable?

Monica Burns: It varies from location to location. You do a housing needs survey when you go into a village, to decide what the housing need is, and then you assess the different levels of each housing that is needed in that village.

The Chairman: If you are going to assess what is needed in a particular area, what is the point of having targets?

Monica Burns: They encourage the local and national housing associations to develop in rural areas. As I said before, we quite often find that development is preferred in urban areas because it is easier, quicker and more cost effective. It is not as expensive. We like the rural targets to work towards.

The Chairman: Can I ask this, so it is on the record? When you said you have been proposing the reintroduction of targets and that has not been accepted, has it not been accepted by Homes England or by government?

Monica Burns: I am pretty sure it is Homes England. I do not think it has got as far as government. I think Homes England has said it is not relevant at the moment.

The Chairman: Have they said why?

Monica Burns: No.

Martin Collett: It is both. Consistently, in response to consultations on the NPPF or whatever it may be, we have made the point that it would be useful to have a rural target reintroduced. That point has been made to government departments as well. We have not had a response as to why they do not feel it is appropriate. Monica referenced the five-star plan for rural housing. That also contained within it an ambition for housing
associations to bid for a percentage of the affordable homes programme grant. We put 10%. We actually felt it should be higher, given that around 17% of the population live in a rural area, and a fair slice of the grant would seem proportionate to that. But we started with 10%, knowing that the investment from the affordable homes programme at the time we made that statement was around 8% or 9%. It has increased now to about 13% of the grant.

Through that, we are trying to change the dialogue with Homes England. Rather than saying we want a target, because we know they are not going to introduce a target, we say we will set a target ourselves. If we do not get the level of funding we think is fair, we want to understand why that is. Is it because the bids coming in for rural housing are more expensive? If so, do we need to explain to you that they are more expensive because they are smaller in scale, and there are challenges around meeting sustainable homes issues because they are off mains gas? We would challenge Homes England on why it is not investing sufficient grant.

The Chairman: Is it possible to make available to the Committee your correspondence from both organisations to Homes England on this and the responses you received?

Martin Collett: Yes. I am happy to share those with you.

Q134 Baroness Young of Old Scone: We have talked a bit about the NPPF. Do you think the recent changes have helped? Particularly, can you address the issue of land values and whether there should be something that allows a capture of land values that is different from the current one? Can you address the issue of the “unsustainable communities” definition and whether it is a real blockage to the development of rural housing? How do you feel about the new rules on viability? They were used in the past to reduce the amount of affordable housing produced.

Monica Burns: On the recent changes to the NPPF, the revised document was an improvement. We were much happier with the revised document when it came out. Viability was one of the areas we were very concerned about, because often a landowner or a developer could get out of doing the affordable element by saying he could not make the profit that he needed. Knowing they can do that and can recoup the profits elsewhere by not delivering the affordable—present company accepted—they sometimes overpay for land. The fact that the viability assessments are going to be done earlier and more openly we were pleased with, but we have to see how that pans out. We are not sure if it is going to be the whole solution at the moment.

The other area we were pleased with but still have a slight concern about is entry-level exception sites. The exception site policy for rural communities works really well as it is. We feel that the introduction of entry-level exception sites will muddy the water somewhat and is not necessary. There is enough scope within the existing planning policy to build all different types of housing, and the entry-level exception sites might end up forcing up land prices and leading to issues with landowners
saying they are normal exception sites. It is a bit of a mixed reaction at the moment.

**Baroness Young of Old Scone:** Do you have any thoughts on the definition of “unsustainable communities” being a blockage, how we might sort out inflated land values and who gets the uplift?

**Monica Burns:** Yes. One of the points the National Housing Federation is positioning on strongly at the moment is for the uplift in land value to be ploughed back in and contribute to affordable housing, in both rural and urban areas, because it is a significant amount and it could help provide a lot of much needed housing.

**Martin Collett:** Picking up on the unsustainable communities question, there is and will continue to be a blockage. Local planning authorities too often look at sustainability in a traditional sense. They do not look at changing culture and working patterns, connectivity and broadband. They do not consider that. Just because a community does not have a bus service once a week, it does not mean people are not communicating and working there in some way. It needs refreshing and updating to reflect what a modern village looks like. It looks at a village from perhaps 10, 20 or 30 years ago and considers sustainability in those terms, which are no longer suitable.

**Baroness Young of Old Scone:** How about capturing land value? Do you have any ideas on policies or mechanisms for that?

**Martin Collett:** The transparency in the NPPF is welcome. The viability assessment and the transparency that comes with it is very welcome, because that will shine a light on the negotiations and where land value is being overinflated to the detriment of delivering the greater good, whether affordable housing or whatever it may be. Clear strategic guidance from the local planning authority is also a useful tool. They need to play a role, when they are looking at the land supply, in managing what is going to be delivered on the land they are allocating and managing expectations of landowners, builders and housing associations about what they feel is reasonable and viable in terms of land purchase.

**Monica Burns:** I can send you the details of the National Housing Federation proposals for how we want to capture the increase in land value.

**The Chairman:** That would be very helpful. Since we have touched already on rural exception sites, can I turn to Lord Colgrain?

**Q135 Lord Colgrain:** How significant is the policy on rural exception sites for the delivery of affordable housing?

**Martin Collett:** It is very significant, particularly for delivering affordable rural homes, but it only works well when there is strategic leadership from the local planning authority. It does not work well when there is not. Too often, local planning authorities will see rural exception sites as windfall sites. When they happen, that is great, but they will not necessarily anticipate them happening. A really good example of leadership is Ashford Borough Council. They have gone around and engaged with all their
parishes. There are 38 parishes across their district, and 27 of them have rural exception site developments. That is because they have been proactive in engaging with those communities and seeing delivery via rural exception sites as part of a programme of affordable housing delivery. Of those 38 parishes, 12 have multiple sites. It has worked so well for them, they have gone back.

But there are risks to the rural exception sites, and we see them emerge through the NPPF. We have been talking about entry-level exception sites. It opens a door for landowners to think, “Okay, if I hang on to this, am I going to get a higher value for it if I deliver it by a different method, or will planning policy change again so I can get something else on it entirely?”

We also found that the voluntary right to buy has been an issue for exception sites coming forward. Landowners who are typically making land available at an increased rate on the current value are less inclined to do so if they think those homes could be sold, eventually end up on the market, and somebody is going to make a bit of money out of it. Why should they be generous in making that land available?

The Chairman: Martin, I hear exactly what you say in theoretical terms. Do we have evidence that this is happening in practice, on both the right to buy and the entry-level exception sites?

Martin Collett: In terms of the right to buy, yes. When the voluntary right-to-buy deal was being discussed some years ago, the Rural Services Network went out and did some research, and established how many landowners might be reluctant to make land available.

The Chairman: How long ago was this?

Martin Collett: This was three years ago, I would say.

The Chairman: Is there anything more up to date?

Martin Collett: To my knowledge, there is not anything more up to date than that at the moment. That is not to say the research cannot be carried out again, to give an indication of the current picture.

The Chairman: We would certainly be very grateful if we could have the data you already have, but I would encourage you to get new data to us, preferably as quickly as possible. Could I ask, Chris, whether you or your members actively go out to seek potential sites that could be a rural exception site? We have heard of local authorities, the proactive ones, doing so. Do your members do that?

Chris Carr: They do. They do not see them as rural exception sites. They just see them as sites at the end of the village. It gets brought to them that they are rural exceptions. Around one-fifth of all rural housing last year was on a rural exception site, so it works. Our members know the villages inside out and they know what can be developed. If it fits into that category, they will use that exceptions rule. It also works for community-led housing. I know Craven Council has a great enabler team that look at these sorts of sites for community housing. It has worked out quite well with sites that have stalled in the past as local authority sites,
which they have taken on through the community. They see it as bypassing the parish; it is led by the community, not the parish. There are fine examples out there to look at and to replicate.

**The Chairman:** Again, some examples would be very helpful to us.

**Lord Colgrain:** Martin, as a supplementary, you have covered part of this and maybe, Monica, you would be kind enough to answer it. Why is there so much variability in the delivery of rural exception sites between local planning authorities?

**Martin Collett:** It is a good question and I wish I knew the answer. It comes down to the strategic leadership from the local authority. Some local authorities have an ambition to achieve rural delivery as part of their overall housing delivery and others do not. Others see it as windfall, too difficult or too protracted, and do not feature it as part of their approach. It could do more if it was used more, but it is going to come down to local leadership from the local authority.

**Monica Burns:** I agree. I especially find it where a local authority might cover urban and rural areas. Then the development is generally concentrated within the urban, because as I explained before it is easier and quicker. The pressure at the moment is all about numbers, so the local authority is going to develop where it can most easily achieve that.

**Chris Carr:** As I said before, it is about how proactive and ambitious each local authority is. Policy can be used either way for anything.

Q136 **Baroness Pitkeathley:** We have talked a lot of about planning. Can we specifically focus on neighbourhood planning in rural housing areas? How can take-up be further encouraged through neighbourhood plans? I was particularly struck by what you said about buy-in and getting it at an early stage. Are neighbourhood plans significant in that?

**Martin Collett:** From our experience of neighbourhood plans, they can be positive, but they can have a negative impact as well. Some research carried out by the Rural Services Network identified that around 50% of neighbourhood plans were anti-development and were not necessarily looking to support it. None the less, when they work well, they do work well and you see an increase in housing supply as a result of that. In my experience, one of the driving forces behind including housing in neighbourhood plans is that the community gets a say in what is delivered.

It could probably go further than just what is being delivered, to think of the broader context of the neighbourhood plan and the ambitions within it: who is going to live in those houses who will contribute to the delivery of that plan? Allocations have a role to play as well. If neighbourhoods are able to give a steer to the type of skills, experience and households that they want to try to secure through housing, whether it is to keep the school alive or to secure personnel to work in the shop or pub, that will be a contributing factor to them wanting to deliver more homes.

I noted in the Budget last week that another £8.5 million has been made available to 500 parishes to encourage exactly that. For the first time, I
think, it mentions letting local communities have a direct influence over allocations. I was pleased to see that reference in the Budget because that will make a significant difference.

**Chris Carr:** I have to be honest; I have mixed views on neighbourhood planning. It can be used as a blocker, especially around the suburbs or outer areas of London, where neighbourhood plans are run by barristers, solicitors and accountants who either will have the knowledge to deliver them or can afford someone to deliver them for them as a blocker. We think a community-led plan is the way forward. It is a lesser policy. It does not have as much legal bite as a neighbourhood plan, but you could gain all the same data and information as you need on a neighbourhood plan, and feed that into the local plan. My local authority, North East Lincolnshire, did it and so did Central Bedfordshire. They had 13 community-led plans that fed into their local plan. That is proper engagement.

As for neighbourhood plans, I do not know how successful they are. When I asked about 18 months ago, they had sent out 2,500 but had only received 400 back. I hope that has improved. It is because they are just too complicated. If anyone has actually gone into them, you will have seen that you have to take into consideration mining rights and such things. If you go to a normal rural village, especially in the north—remember, when we talk about rural villages today, it is not just around London; we are talking in Cumbria, Northumberland and Lincolnshire, where I live—we have totally different attitudes to development in the countryside. Neighbourhood plans I struggle with, because they are far too complex for what they are actually meant to be used for.

**The Chairman:** I will place on record that I was the Minister responsible for neighbourhood plans, so I heard what you said about them with great interest. Far more referenda have successfully gone through than you suggested, but you are entitled to your views. We are going to pick up a number of the issues we have touched on already in relation to some of your earlier comments.

**Q137 Baroness Young of Old Scone:** I wanted to go back to look at the rural impact of exemption of small development sites, so those under 10 dwellings, from the requirement to include affordable housing contributions. How can we balance issues of small-site viability with the need for affordable housing?

**Monica Burns:** This is one of the most detrimental issues for developing rural housing. As you can imagine, most rural housing is on small sites. A village might require just half a dozen properties to make it viable again, to keep the school or the Post Office going, et cetera. If you do not have to provide the affordable accommodation, the impact is huge in that situation. It has a really big impact, and we are petitioning very strongly against it.

**Martin Collett:** In my experience, this policy is counterintuitive. We found, talking to smaller and medium-sized builders, that they were quite happy to deliver some affordable housing on small sites, because it
enabled them to cash flow the market properties. As a result, some of those smaller and medium-sized builders have been impacted by this policy. Overall, the policy has had a devastating impact on the delivery of affordable rural homes. Again, there are some statistics: around 66% of local authorities felt that they would deliver fewer affordable homes because of the policy.

The NPPF also missed an opportunity on this, in that it continued to allow designated rural areas to collect commuted sums where there was a development between six and 10. It is worth keeping in mind that a designated rural area is only about 20% of parishes across England and/or national parks. There is a misconception that the rural villages you see across England can go and collect a commuted sum from those larger developments, six to 10. They cannot, in theory. Most of them cannot, anyway.

**The Chairman:** I have a very small brain, so I apologise. It is probably dead obvious, but I do not understand the cash flow issue. Maybe Chris can explain why having affordable homes on a small site improves the cash flow for the small builder.

**Chris Carr:** With affordable housing, we do get paid for the housing. It may not be the full market value and we definitely have to give the land for free, but it encourages us to start building on site. We can get the roads and infrastructure in, and start using the funds we get from the affordable housing payment from the social housing providers to kick-start a site.

**The Chairman:** You get it in advance.

**Chris Carr:** No, it is as we go along. We hope to negotiate staged payments as we are going through. In the recession, it was how everything was being built. The only thing that was built for probably two or three years was the social housing on each development site. We talk a lot today about the affordable housing, but the biggest issue for us, which comes into this category, is that we do not build enough bungalows. At the moment, we are having too many two or three-bedroom properties blocked, because there is nowhere else for those people to move down into. We are repeatedly building three and four-bedroom detached houses, and we need to have a balance. We need to have more bungalows, more affordable homes and more starter homes, but something has to move so that the whole system can move, because there is a blockage at the moment with the family homes, where people are not moving out because there is nowhere to move into.

**Q138 The Earl of Caithness:** Moving back to right to buy, which you touched on, what has been the impact of right to buy on rural areas?

**Monica Burns:** Historically, it has been huge. Correct me if I am wrong; I think the percentage of affordable housing in urban areas is 20%, compared to 8% in rural. One of the factors affecting that has been the historical right to buy, where a lot of properties have been sold. The National Housing Federation, which I work for, was the architect of the voluntary right to buy, so I have an interest in this. It is voluntary and we
have made it clear that rural housing associations can be exempt from that if they choose, on a business level, not to sell their properties. As Martin pointed out, it has had an impact, in that sometimes landowners may be a bit more reluctant to sell because of the possibility of right to buy in future.

We are talking about ways round that, how you can get an agreement that these properties are going to be held in perpetuity and not sold. There is a lot of work to go on at the moment. There is a pilot running in the Midlands, and they are looking at one-to-one replacement and move-on accommodation. The one-to-one replacement is particularly difficult in rural areas, with the land shortage and availability. It is still being piloted. We need to look very carefully at that pilot and how it is going to work, in particular in rural areas.

The Earl of Caithness: You have said that it impacts on rural areas, but all you have said is that the number of affordable homes reduced. Is that the only impact right to buy has had?

Monica Burns: That has been the main impact, and it is a very big impact for local people who are living there and cannot afford to buy. The properties that were previously available for them to rent have been sold, so there is nowhere for them to live, and they might have to move out of their village. From a personal point of view, that is quite a big impact for those people.

The Earl of Caithness: Do you have any figures or statistics as to who now owns those homes through right to buy? There is still a family living there.

Monica Burns: It varies. It varies from community to community. Where I live up in Northumberland, the historical right to buy in Holy Island had a huge impact on the local community. Something like nine out of 10 properties are holiday lets. That is obviously not good for that local community. The impact has been pretty substantial.

The Earl of Caithness: Martin, you want to stop the right to buy. Why do you want to discriminate against rural owners?

Martin Collett: It is about securing balanced communities. We have to be realistic. The delivery of rural homes, affordable rural homes in particular, is not keeping pace with the loss of affordable rural homes. Monica mentioned the statistic: 20% affordable in urban and 8% in rural. Since 2012, the sale of right to buy has accelerated significantly and, for every eight homes sold, only one is replaced, in a rural community. Rural communities are haemorrhaging affordable rural homes. Nobody genuinely wants to prohibit or put barriers in front of home ownership, but we need to be honest and say that, if these homes are sold, they are not being replaced, and that is having a detrimental impact on that village in securing labour or maintaining a balanced community. We are not building enough homes in those villages to replace what is being lost.

If that balance changes, perhaps other solutions may be available that would enable home ownership. Who knows? As it stands at the moment, the volume of homes being lost through right to buy is having a
significant impact, because we are not building enough to replace them. I cannot see that position changing any time in the near future.

**The Chairman:** So it is on the record, can I ask one of you, probably Monica, to explain the rules around the voluntary right-to-buy deal with housing associations? Can there be flexibility within a housing association so it has right to buy for some of its properties and not for others or, having decided to allow it in one place, must it allow it everywhere?

**Monica Burns:** With respect, it would be really useful if I could send you the details of the voluntary right-to-buy deal. What you have outlined there is correct, but there are lots of intricacies here and I want to make sure I get it completely right.

**The Chairman:** I would be very grateful if you did, because it is not as simple as everybody seems to think it is. It would be very helpful to have it on the record from you, telling us your understanding of it, its impact and whether you would wish for some change, even, in the agreement made with government about the voluntary right-to-buy deal, which I know some housing associations may wish to do.

**Martin Collett:** To follow up with one comment on that, Monica mentioned the pilot project in the Midlands where they are testing the voluntary right to buy. There are some anxieties from rural housing associations that it is not being sufficiently tested from a rural point of view, particularly the portability element of that.

**The Chairman:** I am aware of it, but one thing that is important to understand is that, unless you say it, the fact we might know it does not help. If you tell us it, we can get it in the report. It would be very helpful to hear more about that.

**Q139 Baroness Pitkeathley:** We have mentioned second homes only in passing, in terms of using local services, but to what extent do second homes impact on the supply of housing? Particularly, could you look at the challenges of dealing with that in areas that are particular attractive to second-home owners? I do not need to give you examples, I am sure.

**Monica Burns:** The impact of second homes is very location-specific and it varies up and down the country. Cornwall is the one example everybody uses where it has had a devastating effect on communities. As you know, second homes can be used for just part of the year and do not add much to the economy. Some second-home owners do; they add variation and add to the economy, but a number do not. It is increasingly an issue. Council tax and business rate relief can have an impact, but I am not sure it is enough to stem the flow and stop the impact these second homes are having on the communities.

**Martin Collett:** To add to what Monica has said, it is about allowing local solutions to the problem, because second homes can have a significant impact in some areas. In other areas, where there is the right balance, they can bring in employment to support the economy. It is about getting that balance right. As I said in answer to the last question, we are simply not building enough new homes to maintain that balance, which is when
this becomes a problem. When it is a problem, it is right that local authorities have powers at their disposal to help tackle it, whether that is through council tax or planning restrictions about who can buy and live in homes. If it helps them achieve the balance that is right for the locality, that seems like a sensible thing.

**The Chairman:** I am interested in whether you have any view as to what those powers should be. For example, local authorities have powers to restrict the number of HMOs through a saturation policy. Do you, for example, think local authorities should have the power to restrict second homes through a saturation policy? Obviously, it would have to be done differently because, if it was a second home, you would have to find a taxation system or something to apply. Do you have thoughts on what the solution is?

**Monica Burns:** I would have thought, yes, a restriction of the number of second homes in a community is a very sensible way forward. One issue is that incomers into a village who buy properties often have higher incomes and higher deposits. That can artificially inflate the prices. It is a double whammy, taking over houses and inflating the cost of houses there.

**Chris Carr:** You are right in everything you said there. Inflation of house prices was the biggest worry. In rural areas, how are we going to stop it? What do you call a second home? Will they not just say their country home is their primary home and the London home is their secondary home? They will find ways. There is tax avoidance and tax evasion. They will find a way to keep that property, whether it is in a spouse’s name or a child’s name. That is the worrying bit. Like we said, we need to build more rural homes so this is not such an issue.

**The Chairman:** I accept entirely that it is difficult to find a way of doing it, although some levers currently exist. It is worth reflecting that in the Budget the Government have announced they are beginning to tackle the issue of second-home owners who register their second home as a business, claiming they let it, then do not let it, so they pay neither council tax nor businesses rate. That is going to be clamped down on, thank goodness, so there are measures. Thoughts on that would be extremely welcome. More generally, as we come to an end, this is your big opportunity for the positives. I would be very grateful if you could give us any thoughts on what you would like us to put in our report to government. What are your recommendations to government, particularly ones that do not require huge changes in primary legislation or vast sums of money? Save us writing our report and do it for us.

**Chris Carr:** We would like local authorities to convene their housing development forums. They have been set up in policy, not really adopted and accepted by local authorities, but they are where you get a consortium of the developers, the council officers, councillors and the third sector to work together and deliver local policy, for rural and urban delivery. Those people are working together in one room to find issues,
before we go forward for development, You especially find the third sector and charities that do housing, which around our area is fairly low cost, working together to deliver more new homes and have more delivery. North East Lincs has this forum. It has been used by the Planning Advisory Service as an exemplar of what could be done elsewhere. We would like to see more of that, to break down the barriers we have talked about today before they become issues.

**The Chairman:** That is very helpful indeed.

**Martin Collett:** I have one. It is very pragmatic and very simple: it is better rural proofing. We spoke about voluntary right to buy, right to buy, NPPF. In my opinion, these have not been sufficiently rural proofed. There were some recommendations from the NERC Committee around rural proofing, which do not seem to have been taken forward. My one ask would be this: okay, Defra has some guidelines for rural proofing but, in terms of being transparent, can government departments publish their approach to rural proofing and how the Defra guidelines are applied?

**The Chairman:** If you notice the entire Committee smiling at you, it is because you have said something we are very pleased to have heard you say.

**Monica Burns:** Martin and I discussed it before, and we would both go for the rural proofing. We think that will have a huge impact. I might just add that the Homes England rural targets would really be helpful as well.

**The Chairman:** So we have it on the record, when you were talking about them earlier, you were quizzed about whether they were social, affordable or general targets. Can you just amplify what your target proposal is?

**Monica Burns:** It is general.

**The Chairman:** You are not interested in there being a social—

**Monica Burns:** Sorry, it is for housing associations, so it would be the housing association target in the grant. It would be affordable or shared ownership. Again, as I say, it varies from village to village and community to community.

**Q140 Lord Dannatt:** The point Chris made about bungalows is really important in terms of unjamming the whole housing logjam, as are affordable bungalows. This could help the farming community when tenancies are ending and people have nowhere to go. This could be a minor point of strategic significance.

**Chris Carr:** It is true. People avoid bungalows because they use up too much room, but not if you get the right design. We have designed semi-detached bungalows that use the same footprint as a normal house. If you can get that, why is it not commercially viable to give them? There is a premium on bungalows. There is a massive demand for them. We just have to make them more accessible, even if you are talking about sometimes putting a dormer up in the roof purely for social care or for visitors, but having the downstairs ground floor as a bungalow type. For
me, it is the biggest issue, because we are just building a generation of three and four-bedroom detached houses. When we build houses for 200 or 300 years, we are just building a blockage. We need to sort that out now.

**Martin Collett:** On the bungalows, I was going to reference a development English Rural built in Essex, where the neighbourhood plan identified a desire from older households, owner-occupiers, to downsize, with no bungalows in the village. We provided some bungalows for market sale and we used the surplus to cross-subsidise the affordable units. There was no grant at all in this development. We solved two of the problems in the village by providing bungalows for older households.

**Baroness Hodgson of Abinger:** In your definition of bungalows, are you talking about a single-storey development?

**Chris Carr:** Predominantly, yes. We found that keeping the small footprint on the ground floor and going up into the roof area for a second bedroom for guests, or if you have carers later on, has worked out quite well. We predominantly keep the ground floor with a bedroom and en suite so they can live in that bit, but have the upstairs in case people visit. It makes it more adaptable and more accessible.

**The Chairman:** Thank you. That has been a fascinating session. We have all learned a great deal. We are enormously grateful to you for the contributions that you have made, but equally for the contributions you will continue to make, because in all cases there are a number of things you have agreed to send to us. As I said right at the beginning, if there is anything else as you reflect that you wish you had thought of to say or we simply did not give you enough time to say, please feel free to write to us. We will send you a copy of the draft transcript. You will be able to watch yourself or hear yourself on the radio on the parliamentary website, if you so wish. On behalf of the entire Committee, thank you, all three, very much indeed.
Federation of Small Businesses, Plunkett Foundation and Rural Business Group – Oral evidence (QQ 162-172)

Evidence Session No. 15  Heard in Public  Questions 162 - 172

Tuesday 13 November 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Anna Price, James Alcock and Ruby Peacock.

Q162  The Chairman: Welcome, all three of you. Thank you so much indeed for coming. As you are probably aware, we are being broadcast live on the parliamentary channel. We will be taking a transcription of the proceedings. You will get an opportunity to have a look at that and make any corrections afterwards. You have in front of you a list of the various declared interests of Members of the Committee. Finally, as you heard me saying to our other witnesses, you will be frustrated at the end of this session that there was not enough time to say all the things you wanted to say. Please feel free to contact us afterwards. Anything extra you want to write, we will look forward to receiving with great interest.

I just want to kick off and get us started with a basic opportunity for you to give a brief overview. Basically, we know that in rural areas about 10% of the rural economy is from agriculture; the rest is from small businesses of one sort or another. We know that in rural areas small businesses per head of the population are about the same as they are in urban areas, but the big difference is that they tend on average to be rather smaller businesses. Some people argue that, despite all that, agriculture is still the backbone that makes it all happen, provides the landscape that makes it attractive to live in a rural area and so on. What are your thoughts on the importance of rural areas for supporting businesses and, vice versa, businesses for supporting the rural economy?

James Alcock: Good morning. I shall talk specifically about community-owned businesses. The Plunkett Foundation has been supporting over 600
of these local community-owned businesses, which range from village shops and pubs through to initiatives such as farms, woodlands, fisheries and anything in between. In a sense, the community business is a smaller sector than what you have just described for the rural economy as a whole, but I do not think that implies that they are not an important sector and not making a vital contribution to the economy.

We have supported, as I said, 600 of these. Many more exist. We are currently working with 400 in the process of setting up. These are creating very important contributions to the local economy through the supply chain, so community shops alone will have 100 local suppliers per shop. They are creating employment for local people. These are often businesses that are the only business in that local community; a shop or a pub, for example, might be the only open business in that local community providing employment.

An important point on employment, while it is relatively small-scale—community shops alone provide 11,000 jobs— is about the opportunities it provides for volunteering and training. These are very often people who perhaps would not find employment in those local communities. They might be people who are vulnerable, older people or people who have parents and struggle to get a full-time job elsewhere. These are incredibly important businesses.

I leave you with a further fact before I hand over. These are incredibly sustainable businesses. Once they get started, they very rarely fail. The survival rate of these businesses is 95%, and that is a long-term survival rate. It is pretty impressive compared to other businesses, for which the Government report a 45% long-term survival rate.

**The Chairman:** Thank you. We will come back and ask you a bit more about that in a second.

**Ruby Peacock:** I am here from the Federation of Small Businesses. We represent small businesses and the self-employed. If we look at the basic statistics, about 24% of registered businesses are in rural areas. As you have already highlighted, the vast majority of those are not in agriculture; they are other types of businesses. They are hugely important in providing employment. About 13.3% of private sector employment is in small and micro rural businesses. Recognising the valuable role of the diverse nature of the economy is really important in driving economic growth and providing employment.

**Anna Price:** Good morning. I am new to all this so please forgive me if I do not speak as well as the other two. Our view is that, if you look at all successful rural communities, they are underpinned by enterprise in some form or another. Looking at community-based businesses, there is the exchange of money, goods and services, volunteering and everything like that. Communities are incredibly important, but it is about the enterprise

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16 The witness subsequently corrected this as follows “An important point on employment, while it is relatively small scale – community shops alone provide 1,100 jobs - is about the opportunities that it provides for volunteering and training of which 11,000 people actively volunteer.”
that sits underneath them. Going back to what Ruby said, there is a huge policy focus on the evidence of farming and agriculture. But we are finding with our small businesses that there is not as much assistance. Rural people tend to just get on and do it without assistance from anywhere else, and it is probably the same with community organisations. We do it out of necessity to help our families, starting at our kitchen tables and growing those businesses. It is the growth of the businesses that is sometimes held back by policy.

The Chairman: Sorry, you said they are held back by policy. What policy holds them back?

Anna Price: They are not necessarily held back; that is probably an unfortunate use of terms by me. They do not know where to go for help. These small businesses, like I say, just get on and do it. They fund themselves. They know that there might be funding available but, when they ask for help and funding, there is so much red tape or so much effort has to go into finding where to go for advice and help that they just give up and do it anyway. I imagine there are many more start-ups starting than continuing on with growth, and that might be for the fact that they simply do not know where to go for help, which is one of the reasons that we established the group in the first place.

The Chairman: Indeed, and I have enjoyed reading your magazine. Can we explore some of those points in a bit more detail?

Q163 Baroness Mallalieu: What are the barriers that prevent communities developing community-run businesses and what would your proposals be to remove some of those barriers?

James Alcock: Awareness of the community-owned model is still fairly low. A lot more could be done to raise awareness of community businesses and the potential for them to set up and thrive. But I do not think that that is the key barrier. As Anna said, there is at times a lack of support or a lack of awareness of where to get support, so that is another huge one. There is variance across the UK in how much support there is, what is available and who provides it. It would be very helpful to have much clearer UK-wide signposting as to where to go.

There is an issue about access to funding. I would say that, but it is a huge issue affecting the growth of community-owned businesses. We receive 500 new inquiries every year. This year it looks like we will receive towards 800, which is testament to the growth of and interest in this particular model. But only one in 12 of the inquiries that we have received historically has reached the trading stage. A lot more can be done to convert that.

A lot of the funding in existence, a great deal of which is government funding, is available through loan finance, which is incredibly important, but communities need mixed, blended funding packages, so grants are very important. What is overlooked is that rural businesses need less money to start up, and these funding packages, particularly the loan financing, are geared towards much bigger businesses that can afford to pay back.
The Chairman: Sorry, rural businesses require less money to set up. I noticed Anna nodding. Why is that?

James Alcock: A village shop, for example, might cost only £60,000 or £70,000 to set up in a portakabin on the village green, compared to something such as saving a pier, setting up a renewable energy scheme or setting up office accommodation in urban centres. That is where the majority of the government-funded loan finance tends to go—to these much bigger-scale community-owned projects—whereas the smaller-scale, tried and tested model, like a shop or a pub, often gets overlooked.

The Chairman: You were nodding, Anna.

Anna Price: With regard to really small businesses, microbusinesses that often start from home, people do not ask for much. Some businesses could start with a £5,000 grant; £5,000 to some of these small businesses is huge and it would enable them to undertake marketing and create awareness of what they are doing. But there is nowhere to go for that sort of small amount of finance.

The Chairman: Just to pursue this, we know that the number of people who do home-working in rural areas is significantly greater than the number of people who do home-working in urban areas. But home-working in a rural area is surely no more expensive or cheaper than home-working in an urban environment, not least because housing is often more expensive in rural areas anyway.

Anna Price: No, that is no different, but the challenges we face in setting up a business from home are. My business originally started from home. I work from home now but we also have an office. We are not playing on an equal playing field for access to broadband and such things, which we come back to time and time again.

The Chairman: We will come to those disadvantages but I am interested in the advantages and why there are more working at home notwithstanding those disadvantages. The fact is that there are more small businesses home-working but it is not because of the cost. I do not see it being less expensive.

Anna Price: It is because it is a necessity. People want to work from home but it is a necessity sometimes.

Baroness Mallalieu: I wonder if I can come back to the community enterprises. You have told us that there is a high rate of sustainability of those businesses, but what are the things that give a rural community the capacity and ability to develop a successful community enterprise? What are the things that you could look at to say, “This will be a runner and that one will not”?

James Alcock: There are many ingredients to that. First, there has to be demonstration of need from that local community. Secondly, there needs to be a level of skill to form a committee and to make sure it happens. Thirdly, there needs to be genuine community ownership. Occasionally, there are examples where community businesses are given a lot of money
in one go to make this happen, and that does not always mean that the community goes with it. It is done on their behalf as opposed to them taking ownership of it. Having to go through that hard graft to raise the funding, some of it through their own networks, is a very important part of that journey. Once they are trading, it is about continuing to return to what the community needs. These businesses are rarely what they say they are. If it is a shop, it very often has a café, a post office and a meeting space or visiting health services. It is about ensuring that it is genuinely meeting local needs, and particularly taking care of the people who are potentially vulnerable in that local community.

**The Chairman:** I want to move on to the support that is needed and so on.

**Q164 The Earl of Caithness:** First, could you tell us a little about your relationship with central and local government? How do you find that? Where could improvements be made? Secondly, could you expand a little on what you have said about the support that businesses are getting from central government? James, you mentioned clearer signposting. What does that mean in practice? There are two parts to the question for you.

**James Alcock:** Starting with your first question about relationships, we currently have no direct relationship with government. In the past, we used to have strategic partnerships where there would be common goals. We would even be funded for our expenses to travel to these meetings. I am pleased to see we are today, so thank you very much for that. But, today, Plunkett is not supported in any of these relationships. We are members of coalitions such as the Rural Coalition and the Communities Partnership Board, which is affiliated to MHCLG. But in those meetings we are one voice among many others. The Communities Partnership Board, for example, is not exclusively rural. The Rural Coalition is not exclusively community based. It can be difficult getting our views across.

We have good contacts within government departments, particularly Defra and the Ministry of Housing, Communities and Local Government, so we can certainly secure meetings with key staff. They are very interested in the rural perspective but that does not necessarily lead to action from those meetings. An example I would use is around the localism agenda, to which we continually feed in to say how it could be strengthened, particularly the asset of community value tool. But it is very difficult for us. It feels like a one-way relationship. We are giving advice and support to them but it does not come back the other way.

**Ruby Peacock:** We have a very good relationship with central government and many of our members have a very good relationship with local government. That is not to say that there is not more they could do and more they could focus on in addressing the specific challenges that rural businesses face. We would like to see more of a focus on local roads. Nine in 10 of our businesses say that that is the most important thing for their business. We would like to see more focus on local transport. Our rural businesses often highlight that the transport infrastructure is not good enough and is deteriorating. The third is broadband. An ongoing
complaint from many of our members is about access to superfast broadband. Mobile coverage remains a real problem. Access to finance is often more difficult in rural areas, particularly once you get out of London and the south-east.

**The Chairman:** May I pursue you on that? You said something that many Members of the Committee would find slightly surprising. You said that many of your members—that is, small businesses—have good relationships with their local council. Can you just confirm that that is what you said?

**Ruby Peacock:** Yes, that is what I said. FSB is a federated structure so we have elected members in local areas, lots of whom have very good relationships with their LEPs. Obviously, there is a variation in quality of LEPs and local councils, but across the board I would say that we have a good relationship, and they would too.

**Anna Price:** Of the businesses we have engaged with over the last four years, some have good success in engaging with local government. Again, it is via the LEP so it depends on the quality. It is also via organisations such as the FSB. It is about networking and being engaged with good organisations. It is about the infrastructure that is there. If you can tap into that, you have access to these people. It is about who can introduce you to whom and how willing you are as a business owner to take that on. Individuals who start from scratch and do not have those networks in place already, or do not access those networks, find it difficult to know where to start. One of the reasons that we chose to set up the group was to try to be that signpost, to be a single point of access for rural businesses specifically, to enable us to point them in the right direction. While LEPs should be able to do that, there is no specific focus on rural, because some of the LEPs are so large that they cover urban, city and rural areas, and rural is not one of their focus areas.

One or two LEPs are exceptions to the rule. But, having engaged with all of them via Defra and sat at a LEP round table, our view was that we perhaps were not welcome there, that they did not want to engage with an organisation such as ours that was specifically helping them to access rural business, because they think they can do it already. But that does not necessarily play out in how it works practically.

**The Earl of Caithness:** I am very interested in the contradictory views on LEPs. We have heard very diverse evidence on LEPs. Would you favour the LEPs being given a duty to have a rural aspect to them?

**Anna Price:** Yes, I will come back to this right at the end when you ask me about what you can do to help rural businesses. There needs to be a focus on rural across the LEPs. I believe that the Industrial Strategy Council also needs representation from rural on it because there does not appear to be any mention of it. The industrial strategy is so fitting across everything that rural businesses want to do and want to achieve. It is not just about farming and agriculture. We have tech businesses; we have professional services businesses. All the different business sectors can be found rurally, but there seems to be this notion that we are all a bit
backwards and that we are not up to the job. That simply is not the case. There needs to be a focus on rural across the board.

Q165 Lord Curry of Kirkharle: We have heard varying views expressed about access to skills for rural businesses. Some have expressed a concern that this is proving difficult. As businesses grow, they clearly need to expand their skills base. What is your experience of that?

Ruby Peacock: We recently did some work that looked at skills shortages. We found that a third of small businesses that had tried to hire in the last 12 months could not find a staff member because they could not find someone with the right skills. We found that that was particularly problematic in skilled trades, so things such as construction had even greater numbers of vacancies that they could not fill because they could not find the right access to skills.

The other thing that we found in that report was about digital skills. A fifth of our small business members found that they did not have digital skills in their staff, which was holding them back from becoming more digital and thinking about using different digital technology. There are two aspects to addressing that. One is looking at the role of technical education, and the second is looking at how we can encourage digital skills and support small businesses to provide that training to their staff.

Anna Price: With regard to skills and young people, transport becomes a real issue. I spoke to one of our members yesterday who said that they have a great uptake for apprenticeships in butchery and they cannot put on enough events for people interested in the food-to-fork journey. Once you have placed those young people in apprenticeships in very rural areas, however, if they do not drive and there is no public transport, how do they get there? There is a suggestion that some of the money left over from the levy might be distributed for transporting young people to their places of work, to enable young people to work in rural areas, which is nigh-on impossible if they do not have a car.

Lord Curry of Kirkharle: It is a recruitment issue with some businesses and you suggest that, assuming broadband is available, having digital training would be helpful. Could digital training help in the recruitment process and in avoiding some of the need for transport, if that digital access was available at a local level?

Ruby Peacock: It definitely could. It depends on what type of business you are. If you are a small shop, being able to allow people to home-work will not help; you need to keep that shop open and you need someone there. If you are a tech business or a consultancy, access to broadband and the ability for people to home-work so that they do not need to travel as far would definitely help in providing access to staff.

Lord Curry of Kirkharle: The solution to the transport issue is what I am trying to tease out. What would you recommend if you were suggesting that we address that issue?

Anna Price: I have an example of apprenticeships in the south of Devon. They have 30 kids, twice a month, going down to look at their
apprenticeship schemes and what they can offer. Like I say, once you place those individuals, it is about getting them there, which requires money. The transport infrastructure simply is not there, so somehow we have to transport the young people to their places of work; otherwise they are not going to take up these positions. Whether it is transport or grants, I do not know what the answer is, unfortunately.

**The Chairman:** Let us move a bit further on the apprenticeship scheme.

**Q166 Lord Carter of Coles:** What sense are you getting from your members about how the apprenticeship scheme is working and how the funding is flowing through? What changes do you think could be made to make it better, particularly around the levy?

**Ruby Peacock:** The vast majority of our members—and I assume this is across the board for everyone here—do not pay the apprenticeship levy because they do not have a staff bill of over £3 million per year. However, when the levy was introduced there was also an introduction of co-funding for apprenticeships in small businesses. It is and has been a concern of FSB that that additional cost has dampened appetite for apprenticeships in small businesses and that they are worried about the cost of employment more generally rising, so that adds an additional barrier before they think about taking it up. We were very pleased to see in the Budget that the Government reduced the co-investment level from 10% to 5%, and we hope that that will start driving more small businesses to think about apprenticeships.

The other thing that we have looked at is the role of large businesses and sharing their levy funding within their supply chain. Not only is that about providing financial support for training, but we think it is a really good opportunity for large businesses with big HR departments and with big training departments to help the small businesses in their supply chain think about what skills they might need and how they could plan skills and training within their business, and to provide some additional HR support to help them. Again, we were pleased to see that the Government have increased the amount you can transfer up to 25% alongside, earlier this summer, increasing the number of businesses that it can be transferred to.

There are still ongoing issues in the apprenticeship system, one of which is the availability of the right provision in the right area. Anna talked a little about transport, and that is something that we hear as well. It is a particular issue for young people when they are thinking about going to do that. Whether it is a local authority-based fund or a government-based fund that provides support for 16 to 18 year-olds to travel, there is also a kind of issue around the administrative burden, and lots of our members find it quite difficult to engage with the system. As we move to the digital apprenticeship system, it is an opportunity for the Government to simplify that route for small businesses so that it is easier for them when they are going through the apprenticeship process.

**Lord Carter of Coles:** Do your members think the apprenticeship scheme is relevant to them or is it very much to the side? To the point
that was made earlier, do they know it is there and are they aware of it?

Ruby Peacock: Most small businesses are aware that apprenticeships are there. It depends on which sector as to how important they think that is for their business. There are a number of sectors where the apprenticeship system has been running for years and years, and is a very ingrained part of how they invest in training. There are steps to be taken in other sectors to think about how they might use the apprenticeship system to develop training.

Q167 Baroness Rock: Anna, you have touched on the Government’s industrial strategy. I just wondered if you and your colleagues could elaborate a bit on what opportunities you see with the industrial strategy and plans for the local industrial strategies for rural businesses. Secondly, how you feel that the local industrial strategies will address the productivity gap between urban and rural businesses.

James Alcock: It was disappointing that rural was not really differentiated in the strategy. Community businesses were not mentioned at all. The opportunity would be to put community businesses back in. From our perspective and from our members’ perspective, the opportunity is to ensure that rural economies are given fair access to the funding and support coming out of this. To an extent, rural will always struggle to keep up with urban in terms of access to these things, so it feels as if there should be a separate line within the strategy or a separate amount of funding, to allow communities at a local level or a regional level to use that support to plug gaps where other larger regional or national activity is taking place.

Anna Price: We talk about places within the industrial strategy. There is an argument that rural could be classed as a place in its own right—how that would be administered, I am not quite sure—to give it the focus it needs to have. Productivity could increase drastically, I believe, within rural businesses, there was awareness and people were encouraged to get involved, to know that there was help out there and that they were not alone, because running a rural business can be quite a lonely place. It is about joining people together and it is creating community. It is about creating business community, not simply communities of people. It all works together, so it is really important that rural is given the prominence it probably deserves.

Ruby Peacock: We welcomed, within the whole industrial strategy, the focus on technical education, the focus on leadership and management skills, which are really important for driving productivity in small businesses, and the support for innovation. One thing that we would like to see is the recognition of new-to-firm innovation, so not necessarily a new product, but a new product or a new system for that firm. It is particularly important to recognise that type of innovation and its role in driving productivity across the whole of the country.

We also welcomed the local industrial strategy. It is important to have a role for local decision-makers, but also people within the local economy, to drive the best things for them to help with growth. It is really
important for LEPs to work with their small business champion when deciding that, but also to really understand the make-up of businesses within their community and make sure they are not just focusing on media businesses or start-ups, but thinking about self-employment, how many small businesses there are, where they are based and their sectoral make-up.

Q168 Lord Colgrain: Ruby, this is a question really for you, and you already touched on part of it. Your written submission mentioned forthcoming research on the role that employment plays in the rural economy and deprived areas. What can you tell us about that research and its findings?

Ruby Peacock: As a pre-warning, we are still in the process of analysing the results, so you are only going to get the top line and nothing particularly detailed. We are happy, once we have got to the point that it is further on, to provide additional details to the Committee.

One thing we found is that employment in microbusinesses is more important in rural areas than it is in urban areas. We also know that small businesses are disproportionately better at hiring people who are disadvantaged in the labour market. Whether they are carers or people with disabilities, they are more likely to be employed in a small business than they are in a larger business.

In terms of other bits we have been looking at, we have done a piece of research looking at deprived communities and what support they might need to help those businesses grow. Quite interestingly, we were expecting to see a lot of difference between, say, rural, coastal and semi-urban areas. We did not see that. It did not come out in the research. Lots of the problems that are faced by those businesses are quite common problems. There are particular local issues, but you do not see so much of a pattern that you can say, “This is what rural businesses wanted and this is what coastal businesses wanted”.

The one thing that came out was that access to finance is a real problem in rural areas. There is a reliance on overdrafts and invoice financing rather than looking at loans, even, but also alternative sources of finance.

The Chairman: Did you get to a point where you knew why there is a problem with access to finance? Some previous witnesses have said that it is quite simply down to the fact that there have been bank branch closures, predominantly in rural areas.

Ruby Peacock: Access to bank branches is a particular issue for some of our members. You also find that the alternative finance market is not as strong once you go outside of London and the south-east. Although lots of them are running online, they do not have the same access to that advice and support that they might need in terms of accessing that finance. It is probably a combination of both. We are seeing bank branches close, but it is also about where the market is.

The Chairman: That is very helpful. There is one other question on the preliminary findings. We have had some quite mixed evidence as to whether small businesses in rural areas are more likely or less likely to
seek to grow compared to those in urban areas. The preponderance of evidence suggests that, somehow or other, rural businesses are less likely to be enthusiastic to grow in the current climate. Is that borne out by what you found?

Ruby Peacock: When we have asked businesses about ambition, we have not seen a differentiation based on where they are based.

Baroness Hodgson of Abinger: You have already touched on some of this. What impact does poor infrastructure—digital, connectivity, mobile coverage, roads and transport—have on rural businesses? Because you have already touched on that, I shall ask for your views on the universal service obligation. What could encourage more take-up of digital connectivity?

Ruby Peacock: In terms of the different types of infrastructure and the impact, our members will always talk about local roads. You begin and end every journey on a local road before you go on to any form of major road, and there is not enough focus in government funding on addressing the local roads network. We would like to see a bit of a change in terms of the balance, so less of the proportion going on the strategic road network and more of it going on the local roads network.

Transport infrastructure is also a problem. It is particularly talked about regarding the ability to get young workers, so ensuring that there are bus routes to traditional places where you might be working, rather than just protecting all bus routes.

On broadband, 94% of our businesses say that it is essential for them to run their business. It provides huge opportunities for rural businesses. It gives the ability to access markets, people and advice you would not be able to get otherwise, but there is a significant problem with access.

We often hear from our members not just about ensuring that there is broadband across the piece, but that there is sometimes a bit too much focus on download speeds, which is what consumers want. They want to be able to stream Netflix or other providers. Most businesses are much more reliant on upload speeds. It is about the ability for them to upload documents, upload pictures and that sort of thing. As the Government continue to set new and ambitious USOs—because, even if we have not reached the USOs so far, we will need to think in the future about improving and continuing to strive to be one of the most digitally connected countries—we need to ensure that upload speeds are ambitiously set, as well as the focus on download speeds.

James Alcock: I can only concur with what you have just said. On USOs, it is vital for these community businesses to thrive and survive. They need digital connectivity. Increasingly, they will be relied on to take on additional services as the nearest market towns are losing banks, other services, community shops and pubs. Other hubs will have to take on some of those, which will depend on digital connectivity.

With my own hat on rather than Plunkett’s, there is an issue and a need for skills training. It is not just about connectivity; it is about how to use
that. From my own experience in my household, the biggest argument is how to use the remote control and how to switch from Netflix to BBC. I am not even 40 yet, so I cannot imagine how older people struggle with technology.

**Baroness Hodgson of Abinger:** You make a very good point. It can be very complicated.

**Anna Price:** At times, it is about awareness of what is available. It is about making sure people know where to go to ask for help, specifically businesses. If you do not have great broadband, what do you do? A lot of more medium-sized rural businesses will invest in it themselves, rather than seek grant funding or whatever. They will just go and do what they need to do to get access.

There are lots of different innovative ways that people are going about that. I do not know about everybody else, but we are seeing an increase in satellite broadband at the moment, rather than fibre network. People are finding that a simpler route than trying to access fibre networks at the moment.

**The Chairman:** You have all mentioned the fact that, generally, broadband availability is inadequate in rural areas. You have also mentioned the issue of the shortage of skills for very many people, as and when it becomes available. Is there any sense that people are not aware of what the benefits of having it would be if they got it? Is there simply a shortage of an understanding of what broadband and good communication could bring them? Is everybody aware of that and just waiting desperately for it?

**Ruby Peacock:** In terms of broadband, they probably are aware and almost all businesses will be online in some way. However, they are not necessarily aware of or thinking about new digital technologies and how they might help, whether that is cloud computing, even on the simple basis of looking at using Dropbox or file sharing. We still have not communicated well enough to all businesses about the benefits those wider things would be bring, but the internet as a thing and broadband as a thing are recognised as something that pretty much universally is wanted.

**Lord Carter of Coles:** On planning and really how it affects your members, in July we got the revised *National Planning Policy Framework* out. Do you get the sense that planning retards the growth of your members’ activities?

**James Alcock:** This is one that I struggle to answer on Plunkett’s behalf, other than to say there is a huge need for more affordable housing. While the legislation is becoming more supportive of that in rural communities and more flexible, it is yet to be realised. For rural communities to be sustainable, we need a mix of housing, transport and services to enable them to thrive. Any further pushing in that direction that could be done would be very much welcomed.

**Lord Carter of Coles:** Apart from housing, on small offices and
workshops, what sense do you get from your members?

**Ruby Peacock:** We hear from a number of our members that they really struggle to access space to work, particularly those who are setting up as a home-working business and then looking for office space. They are probably not looking for very much office space. They want co-working space. Occasionally, we also hear from members that they worry about change of use and what that will mean. They tend to find that housing brings higher rental values, and they worry about losing shop spaces and office spaces to housing.

**Anna Price:** I went out and spoke to one of my members specifically about this. She brought it up as an issue when we were at Downing Street. She said that there is a lack of small industrial units. She makes yurts in Devon. It is a very nice business. She said that they want to grow their business. She has a huge opportunity to grow this into a multimillion-pound business, but nobody wants her building yurts in their buildings. All she needs is a barn conversion. Change of use takes a long time to go through, under planning regulations. She is not particularly noisy. There is an element of noise. It is the industrial units, as well as the office space, that are lacking.

**The Chairman:** We now have the knotty issue of Brexit.

Q171 **Baroness Young of Old Scone:** There is existing European funding for rural communities and the UK shared prosperity fund is going to take over from that. What needs to be done, to make sure rural economies and rural businesses can benefit from the shared prosperity fund? Are there any risks of what have now become traditional sources of funding ceasing to exist for rural enterprises?

**Ruby Peacock:** In terms of the UK shared prosperity fund, we would like to maintain a specific direction for business support. That has been key. In the overall design, at the moment, the areas of disadvantage or areas of deprivation that are recognised are quite large. They could be brought down to a smaller area, so that the majority of LEPs would have a couple of areas within them and a specific target to address those challenges.

There is an opportunity within that about access to finance. We mentioned access to finance being more difficult in rural affairs. You could use some of that funding to provide specific funds in disadvantaged and rural areas, so small grant funding or small loan applications for businesses more generally.

**The Chairman:** Who would finance that?

**Ruby Peacock:** It could use what would have been European funding, replacing the UK shared prosperity fund and creating within it a small loan system that you could put LEPs in charge of, so they are able to offer small government loans to businesses in those areas that traditionally struggle with access to finance.

**The Chairman:** Can I just pursue that, before I bring in James to give his answer? On the issue of access to finance, which is a really important issue, we already know, and you have referred to it, that the shortage of
and the closing of banks creates part of the problem. You then also said that alternative funding streams tend to be less available outside London, certainly in rural areas. Given all that, where should this alternative replacement system you are talking about reside? Is this within the LEPs? Is it done at a local authority level? Is it some new system? Could it be done by the Post Office network? How is it going to operate?

**Ruby Peacock:** In terms of particularly business support but also the stuff around access to finance, moving away from the LEP system that is only just starting to be embedded is not useful. Once you remove that, you get to a point at which businesses do not know again who they are supposed to go and speak to, so let us maintain that network. It could sit at the LEP level with a role for the British Business Bank, using existing systems.

**The Chairman:** That is very helpful.

**James Alcock:** In recent years, our members have not accessed European funding very much at all, with the exception of LEADER funds, which are very patchy. We see this potentially as an opportunity for rural communities to access more funding than they do at the moment. Our ask or recommendation would be that the level of EU funds currently going to communities are at least maintained, but ideally grown.

Regarding LEPs or whoever looks after this funding, the concern would be that it really needs to be a universal fund across the UK, so not being patchy, as we sometimes see with LEPs at the moment. We have some LEPs that are very good at rural and some that are less so. I do not really have a view on who manages it, as long as it is available UK-wide.

**Anna Price:** I would agree that the patchiness of the accessibility via the LEPs is troubling to small businesses, I suppose. The British Business Bank might be a single point of access for it, rather than leaving it to the interpretation of the LEPs as to whether they go rural. There needs to be some kind of specific relevance to rural. We accessed a British Business Bank loan at the end of last year to set up the Rural Business Group. I know that that works, but we have done it via a City-based provider. Whether it is the British Business Bank or otherwise, I do not know, but there needs to be awareness of where to go and access the money.

**The Earl of Caithness:** Could I just pick up a point with Ruby? You have talked a lot about what your membership thinks, in a very generic way. Is that consistent throughout the country or do you see big divisions between those in the north, the south-east and the west?

**Ruby Peacock:** We find that there are a lot of common issues faced by all our members. There are at times specific issues that you will find in particular areas. What we hear from members in rural communities tends to be far more about local transport, broadband and access to skills than you might hear across the whole of the country. There are specific issues, but there are some cross-cutting challenges faced by all small businesses.

**Q172 The Chairman:** This is your great moment. We will be writing a report, making recommendations to government with measures that we think will
help improve the situation for the rural economy. If our recommendations are going to be accepted, it is more likely that they are going to be accepted if they do not cost a lot of money or require major changes to legislation, but even so they might. Here is your opportunity to say to us what you think should be in our recommendations. James, what recommendations would you hope we might include in our report?

**James Alcock:** I have four, if I am allowed four.

**The Chairman:** You are, if they are fairly quick.

**James Alcock:** They are fairly quick.

**The Chairman:** You can always write to us in more detail about each of them.

**James Alcock:** I will do my best to rattle through. The first is about rebalancing funds that are already available through government. For example, Big Society Capital manages huge amounts of funds, but at the moment that is very focused on urban communities and, as I said before, the larger-scale projects. It would be great to see that area of work being rural proofed, ensuring that some of that support is made available to rural communities.

The second is support for infrastructure bodies, including our three and organisations such as ACRE, Locality and Co-ops UK that are supporting rural community businesses across the UK. The success and the growth of those organisations will depend on there being some core support for organisations such as ours.

Thirdly, I would recommend strengthening the Localism Act, particularly around ACV legislation. The six-month period of time that communities have to purchase an asset is very often not long enough, particularly for community pubs. There could be flexibility given to those that have a real chance to purchase those assets, but potentially also funds to enable them to do compulsory purchase orders, in order to achieve a very fast sale.

Lastly, as I said, it goes back to funding. I know you said “if funding is not available”, but I am afraid nothing in life is free. There needs to be a rural fund. There has not been anything supporting rural community businesses or other wider commercial businesses in rural communities since Village SOS, which was Big Lottery funded. There is no such funding available at the moment.

**The Chairman:** Can I pursue you on the community asset proposal that you make? If you extend the six-month period, let us say to 12 months, do you not then put the asset owner at a huge disadvantage, to the point at which they would lose out anyway, regardless of whether the community purchased? The six months was brought in as a balance between the two competing things. You are suggesting changing that.

**James Alcock:** There needs to be a balance, even with what I am suggesting. I do not mean a blanket extension to every community; it is for those that have demonstrated that they have a community behind them and that they have the potential to raise the finance. They might
just need an extra two or three months to raise the required funding. I do not mean for every community, but just a special case for those that have greater potential.

**The Chairman:** Ruby, what do you want us to put in?

**Ruby Peacock:** I have three things that will help on different areas. The first one is to provide funding support for 16 to 18-year-old apprentices in rural areas. That support would just be for transport, in recognition of the greater cost for them.

**The Chairman:** Sorry to interrupt. You could make the dosh available, but if there is not anything to spend it on it is not going to happen anyway. How are you envisaging this money being used?

**Ruby Peacock:** I am envisioning this money being used for 16 to 18 year-olds who already have an apprenticeship in rural areas. The funding is just there to provide additional support for their transport costs.

**The Chairman:** They might need additional funds for transport but, if there is no bus for them to get on, there is not much point in giving them the money.

**Ruby Peacock:** It would need to go hand in hand with a greater local transport network, but there is at times the ability to get a bus or to get public transport.

**The Chairman:** I accept that entirely, where they exist. Anyway, go on.

**Ruby Peacock:** The second one would be a greater focus in government spending on the local road network. That is not necessarily about additional funding; that is about changing where that funding is focused. The third one is for the Government to look for ambitious download speeds as they create new USOs and continue to focus on business needs, as well as consumer needs, within the digital age.

**The Chairman:** You meant upload speeds, I think.

**Ruby Peacock:** Sorry, I got confused.

**The Chairman:** I just want it to be correct on the record.

**Ruby Peacock:** I did, yes.

**Anna Price:** Mine is quite simple really. I had transport down as one of mine, for the 16 to 18 year-old apprentices. Whether they use taxicabs or other things, the money needs to be able to get them to work. That is one of the recommendations that I would make. I would also like to see rural made a place within the industrial strategy and given the prominence that it deserves across the board, within central government, local government and with the LEPs.

**The Chairman:** Thank you, all three of you. It was a fascinating time. As I said at the beginning, if, on reflection, there are things you wish you had said or we had given you the opportunity to say, please feel free to write to us. We would love to hear from you. We will send you a transcription of the session, so if there are any changes you want to make
to that please also let us know. On behalf of the entire Committee, thank you, all three, very much indeed.
FirstGroup plc, Bus Users UK and Campaign for Better Transport - Oral evidence (QQ 198 – 208)

Transcript to be found under Bus Users UK
Welcome, all three of you. Thank you very much indeed for coming. Can I just give you advance notice that this session is being broadcast on the parliamentary channel? We will be producing a transcript following the meeting, and you will get an opportunity to have a look at it and make any corrections you wish to. Much more importantly, can I apologise that the length of this session is very brief? There is a lot we want to cover, so it follows that I would be very grateful if you could give short, sharp answers to questions, but particularly focusing on things where it will help the Committee to produce a report that can make recommendations to government, rather than just list some of the problems that exist, although clearly we want to hear about those as well. Can I also say that you have in front of you a list of the declarations of interest of all Members of the Committee? You may wish to take note of that.

Because of the shortness of time, you will inevitably leave feeling disappointed and frustrated that there are things you wish you had said and you have not been given the opportunity to do so. Right at the beginning, can I give an invitation to all three of you, if there are things you wish you had said, or additional points you want to make, to please feel free to write to us afterwards? We would be very grateful. It would be very helpful to us.
Can I just kick off by asking a very broad, general question? We know that in the rural economy farming, agriculture, fishing, forestry and so on play an important role, but it is only about 10% of the rural economy. Nevertheless, some people have argued that it is the backbone of the rural economy. I would be interested in your thoughts and how much you feel farming, agriculture and so on contribute to the rural economy.

Minette Batters: I think all three of us would stand behind the fact that we underpin the largest manufacturing sector in the UK, a role that has not been looked into in particular detail in the past. You have to look at the connectivity within the allied trade—the vets, the other associated industries that are all underpinned by a strong agricultural sector. When you consider that 72% of the UK is farmed, that becomes an incredibly important structure. You also have to look at the structure of food supply and food sales within the UK. Agriculture is effectively a price taker. If we take fruit and vegetables or milk as an example, you have not seen any price movement in 20 years. GVA is not a fair interpretation of the wider role that agriculture plays in supporting the whole of the economy. Agriculture very much underpins the largest manufacturing sector.

George Dunn: I would agree with all Minette has to say there. Let us bear in mind as well that the agricultural sector is providing 60% of the food we consume in the country, so feeding our workforce, both rural and urban. As Minette says, it is contributing to the food processing sector. We would not have a food processing sector if it was not for farmers in this country. That is £113 billion, I think, on the NFU’s figures.

Let us bear in mind particularly that the younger, progressive farmers who are coming into the industry these days are contributing to the rural economy in ways that older farmers may not have done in the past. They are more plural in their economic existence. They are doing more things in the rural economy. They are farmers in their hearts, which is why they are in the countryside doing what they are doing, but they are contributing more widely to the rural economy at the same time. If you look at the multiplier effect of expenditure, farmers tend to spend more of their money within their local communities, which has a massive impact on those areas.

Sue Pritchard: I agree with both of those remarks. I just want to make two additional ones arising out of the work we have been doing so far in the commission. First, there is enormous diversity around the UK in the rural economy and in rural communities. To try to give a simple picture of how that looks from one perspective is inadequate. We need a much richer understanding of what that really means in localities and communities around the country.

Secondly, I do not think we have very good metrics or measures for many things that people really value and care about in rural communities. When we talk about the rural economy, we tend to focus on very specific, frankly very blunt, measures of what matters to people. In our work around the UK, it is very clear that people really care about and value those things for which we do not have even good language, let alone good metrics. I will just use a metaphor. If we are looking at an ecosystem, we
tend to focus on the big things. We focus on the big trees in the forest. We are very poor at noticing or understanding the smaller things that are, none the less, critical to a flourishing ecosystem.

We did not understand until recently the role of mycelium in the soil, for example, tiny things without which that ecosystem cannot flourish. I am very anxious when we just focus on the raw numbers of the contribution of the food and farming sector in the rural economy, because that feels to me to be a blunt and inadequate instrument for understanding the whole picture.

**The Chairman:** As a Committee, we are already well aware of your first point about the importance of not assuming there is a one-size-fits-all solution to where they may be problems in the rural economy, and the importance, therefore, of place-based solutions. We accept that very strongly. I think we also accept there is a problem in relation to some of the data, some of the information and some of the understanding of the linkages. It would help us if you could expand, very briefly, with some examples of areas where you feel more information is needed that would be helpful in the future.

**Sue Pritchard:** In our report, we have a section that we call “more than money”. It is highlighting a piece of work we are intending to go on to do. Like you, we agree that the metrics are not there. We cannot report on them if they are not there, but we are arguing that that work absolutely needs to be done. The work we are going to do over the next few months is to map the resources that flow through rural economies. An enormous amount of money flows through rural communities that is, frankly, invisible to us. It is not just public money. It is also private money, private resources, NGO money, which contributes to a flourishing rural community.

That other dimension that we were perhaps just touching on is what we are calling the hidden resource. It is sometimes called social capital, but even social capital is inadequate to describe what is really going on. It is more about the social processes, the flows of activity, how trust, reciprocity and mutuality are built in rural communities. It is that that makes rural economies important, lovely places to live, places where people want to live. We are very poor at understanding or valuing that for all that it means. Our next phase of work is going to do some more on that to unpick those dimensions, working with research colleagues around the UK and trying to shine a brighter light on what that means and how we might choose to amplify and enhance it, rather than risk undermining and damaging it.

**The Chairman:** We look forward very much indeed to seeing the outcome of this work.

**Q152 Baroness Pitkeathley:** You mentioned public money. Do you agree with the Government’s public money for public goods approach? What is your view on the direction of travel outlined in the *Health and Harmony* paper and the Agriculture Bill?
George Dunn: You highlight one particular aspect of the Government’s policy, which is public money for public goods, but there is a wider framework within which the policy is taking place. Within the ag Bill, for example, we are really pleased to see the stuff on supply chains. That is really important, in terms of getting those working more fairly and ensuring that more of the return from the marketplace goes to the primary producer. That is really good news. The marketing standards points are really good for us, but we want to see those applied equally to traded goods, so goods that we import from abroad, as to domestically produced goods. The productivity measures within the Bill are good in terms of bringing the standard of infrastructure on farms up to a better level. We support the public payments for public goods element, because the marketplace will not deliver stuff that the market will not pay for, at the end of the day.

There are also things beyond that, which we need to understand. What is our trading status going to be in a few months’ time? That is still very much up for grabs. What is going to be our access to labour? What is that going to look like, given what the Migration Advisory Committee has said about agriculture? There are elements of the Government’s policy that we like and elements of it that give us concerns and worry. Part of the problem is that the ag Bill is going through at such a speed at the moment that we do not really have enough time to give it proper scrutiny.

Minette Batters: I would agree with a lot, if not all, of what George has said. One of the concerns we have is that, with a relatively small to medium-sized Bill, with 36 clauses and 28 powers, it only has three duties. Although there is a lot of admirable stuff on the supply chain and enabling legislation in there, a lot of which we have lobbied for, we know how powerless, effectively, secondary legislation is. It is very telling that it only has the three duties. We would like to see much more to say “a future Secretary of State shall intervene”, market failure being a good example, and the ability for the Bill to pause, to vary and, importantly, to reverse, as we look at public money for public goods. We are going to continually have to impact assess how this is looking on the ground. We will be the first country in the world to go to 100% public money for public goods and we are the third cheapest producer of food in the world. If we compare ourselves to the US farm Bill, it looks like we are farming on different planets.

There is a real need for us to look at the progress this makes. The fundamental point that George refers to is who our trading partners will be. As we sit here today, we have no idea whether we will have a future relationship with the European Union, or whether we will have a closer relationship with the US. Future policy must reflect all that.

Baroness Pitkeathley: Could I ask you to take that a bit further on and speculate about how you imagine rural economies are going to look in 10 years’ time? What will agriculture’s place be in the rural economy, looking forward?

Sue Pritchard: There are a number of different scenarios that might play out from where we are at the moment. Relating back to your last
question, the absence of a really strong and compelling vision for farming, at the centre of some of the UK’s and indeed the planet’s global challenges, is disappointing. There was more opportunity to put farming and agriculture centre stage in helping to tackle climate change, to help the UK become more secure in our food production and to make sure the UK takes its responsibilities for contributing to the challenge of feeding our own people and the world with healthy, sustainable, secure food supplies.

The absence of a strong, compelling vision that helps us to tackle those challenges is a little worrying and, therefore, makes me somewhat anxious that, under some scenarios, the future for the countryside could look really rather bleak. As you will know from my CV, I am a farmer in Wales, but I am from the Welsh valleys. I am from the mining communities in Wales. The impact of rapid and un-thought-through social and economic change in those communities is still being felt today, 30 years on. The country is still paying the cost of that in inadequate economic performance, in health, in well-being and so on. That kind of scenario for our rural economies makes me very nervous.

If I could relate it quickly to your question about public money for public goods, we have come to the view in the commission that that has become a somewhat stagnant argument, with economists dancing on heads of pins between the Treasury and other groups: “What is a public good and which one should we support?” That is wasting time when we have little time. Instead, I have taken inspiration from the framework the Treasury has adopted, which is the public value framework, and the extent to which we are much clearer about how we align public resources to get public value and to support that which the public values.

That is a framework adopted across government. I think it would be fair to say it has not progressed very quickly under the current circumstances, but I am much more excited by the potential in that framework to say, “Let us look at everything we are investing, what outcomes we want to create, what challenges we need to face in 10, 15, 20 years’ time”. We know what they are and we need to make really rapid and urgent progress now towards those.

**The Earl of Caithness:** George, this is a question for you particularly. As farming itself is not a public good in the Agriculture Bill, are you, as tenant farmers, going to be disadvantaged compared to the owner-occupier?

**George Dunn:** Yes, we have raised a specific concern about access to the new framework of support from the public purse as we go forward. Previously, we have had the basic payment scheme, going to the active farmer in situ, with agri-environment and productivity schemes on the side. Now we are going to a situation where we will have payments for public goods and the productivity stuff as the main way in which the Government are going to assist. We have many tenancy agreements up and down the country where the tenant farmer is required to be in agriculture only, so cannot produce public goods, or needs to get the consent of their landlord before they invest in fixed equipment on the
holding. That is not always forthcoming, because the landlord might want to undermine the security of tenure the tenant has in order to secure that.

We have certainly tabled some amendments to the ag Bill that would correct for that. Yesterday, Defra had a meeting with interests within the tenanted sector, looking at a consultation next year on some of this stuff, but we absolutely need to make sure the tenant farmer has access to these things, going forward.

The Chairman: That is very helpful. Thank you very much.

Q153 Lord Curry of Kirkharle: I am interested in your view of the LEPs. We have had varying opinions expressed as to the extent to which LEPs are currently interested in the rural space, and agriculture in particular, and bring them within their strategies. Your view on the current role of the LEPs and the extent to which they are interested in agriculture would be good. Also, in the brave new world we are moving into, what role do you think the LEPs should play?

George Dunn: I have been with the Tenant Farmers Association for 22 years and I have to say I find the LEPs largely invisible in terms of the work I do, with the probably notable exception of the south-west and Lincolnshire. They tend to be more urban focused, peri-urban focused. They lack rural strategy, rural thinking. They lack rural expertise. They lack concern for the rural areas. Where are they? I am afraid that is my assessment.

The Chairman: What thoughts would you have about finding ways of ensuring the LEPs take these issues more seriously?

George Dunn: They should be required to have a rural strategy. They are meant to be urban and rural, and they focus more on urban because that is where the easy wins are. The rural space is more difficult for them to have an influence over. Each one needs to come forward with a rural strategy.

The Chairman: Is that view shared by the others?

Minette Batters: Yes. Actually, we find the LEPs in the north-east are working well too, but George is absolutely right that it is not universal. To a certain extent, it is more by default than design as to the agricultural representation you get on the LEP. That has been a major challenge and needs addressing, going forwards. There has also been a challenge with underspend. We need to make sure it is less bureaucratic, less burdensome and, most importantly, accessible to all, which it has not been in the past. We cannot forget LAGs in all this. Again, there has been a prioritisation by where you live, location. It needs to be a simpler, more accessible process that is far more accessible to all. Where it is working well, it is working exceptionally well. In the south-west, we hear very good things about the LEP down there and we, as a union, have active involvement, but it is not the same picture right across the country.

Sue Pritchard: I would perhaps want to contribute two further points, and absolutely share the view of my colleagues here. We have taken
representations from the CPRE and indeed noted Amyas Morse’s comments on the effectiveness of LEPs. There are two particular things that can be done to improve their performance very rapidly. One is to make sure they represent more effectively the populations they serve. At the moment, they represent a very, very narrow demographic. The second is to reflect on their democratic accountabilities, the importance of transparency and openness. There are some serious issues about the volume of public money directed through institutions that lack transparency, lack accountability and often act in an unaligned way with other democratic local bodies.

**Lord Curry of Kirkharle:** There is a serious risk or opportunity to have a funding process that includes bidding, whether it is the prosperity fund or whatever. It is relatively easy for the LEPs to go for large-scale projects that can demonstrate really good economic return. How do we ensure that rural gets its share of that, if that is the likely pattern of support and one element of support in the future?

**Minette Batters:** Within the new policy that sits over the Bill, there is a real need to look at productivity on-farm, infrastructure, investment, which has not been happening for many years, and to have a budget that is committed to helping farming businesses cope with less direct support. That is a real opportunity to focus on the productivity of the industry. Indeed, that funding would be and is aligned at the moment to looking at that, and to diversification.

**George Dunn:** It is really important that, as I said, the LEPs are required to have a strategy for how they are going to hit those rural parts of their interest, so that they come forward themselves with schemes that are informed by what their local areas need in terms of funding. Not all areas will be the same. We think they need to be given the responsibility to go out and talk to the rural counterparts, and to come forward with a strategy that fits with their local need.

**The Chairman:** Is there any document put together by any of you or other bodies that shows us how investment in agriculture could significantly improve productivity, so you can make the case to LEPs, or is it just obvious?

**Minette Batters:** We have done quite an extensive piece of work looking at productivity. I am very happy to let you have that.

**The Chairman:** That would be really important, to pick up Lord Curry’s point.

**Baroness Rock:** Mr Dunn, you raised earlier concerns around access to workers. I wondered if you and your colleagues could just elaborate on the challenges the farming and agricultural communities are facing with access to workers, but also access to skills.

**George Dunn:** Minette will be in a better place to respond, but I will just say this. In the wider economy, we are almost in a full employment situation. The number of vacancies and the number of people who are on jobseeker’s allowance tend to jump around that equality. We are also in a
situation where UK-born workers have a cultural dislike of working in the sorts of industries we have to offer, in horticulture or the food processing sectors, and we rely a lot upon migrant labour for that. I take issue with the Migration Advisory Committee’s view that we have somehow been helped, assisted or received special treatment because we have access to this labour. It is simply not available from anywhere else. No one has a sizeable interest in coming into those sectors. The worry is that we will see our processing sectors shrink and the industry that supports them—agriculture—shrink as a result of that.

The pilot seasonal agricultural workers scheme is a good start, in terms of getting us into a better place for seasonal workers. It falls a long way short of what we need. I am sure Minette will say something more about that, but we need to think about the labour need for the processing sector as well. This is not all about skills, as MAC would suggest. It is about need, and we need these workers. When you see a worker in a field, cutting leeks with a knife, I think that is pretty skilled. I would not like to be let loose with a knife in the middle of a field of leeks. I would have no digits left at the end of the day. We need to change the way we talk about these things. We need these workers. It is not just about the high skills that MAC is talking about.

Minette Batters: I would absolutely agree with that. We welcome the commitment to trial a pilot for 2,500 seasonal workers, but our fruit, veg and flower industry is reliant on 80,000 seasonal workers. The UK has always been the preferred destination, out of the whole of Europe, to come to because it is deemed to be well paid. They are well looked after, well housed. Facilities have been good. We have held that status for many years.

We split this into two tranches. Seasonal is one thing and that sector is on red alert right now. The thought of no deal is really life threatening to the whole sector. Looking at the permanent sector, a vast proportion of our herdsmen, for instance, have come from the EU. We are predominantly foreign-owned processing, so anywhere between 55% and 90% of people working in our processing industry are from the European Union. We look at our meat official veterinarians, and 95% of those are currently from the European Union. You look at the length of time it takes to become a vet and the massive challenge we have now in fulfilling a British veterinary workforce that is fit for purpose and can deal with wider SPS regulations going forward, and it is huge.

There is an absolute critical need for people. We, like George, feel very strongly that this should not be deemed to be low and high skilled. It is about a skillset. It is very divisive, indeed, to use that language. How do you empower a future UK workforce if you keep demonising these jobs as being low skilled? The fundamental fact, though, is that we have the lowest rate of unemployment since 1975, currently at 4%. Even if we wanted to, there are simply not enough people in the UK to do those jobs. We are in the same position as care, hospitality and the NHS.

Lord Colgrain: This is something we are all very conscious of. How can more young people be encouraged to enter the farming, agricultural and
horticultural sectors?

**George Dunn:** I hope that I have encouraging news. As I say, I have been with the TFA for 22 years. You could not get anybody interested in coming into agriculture 20 years ago because of the image it had, the low returns and the news stories about issues within the industry. I have to say that, now, I am inundated in our show stands, in the events that we have, with young people who are interested in coming into agriculture. The concern for us is that they all want to be businesspeople in their own right. They all want to be farmers themselves. They all want to be principals in their own businesses. They all want to be their own bosses. We do not have a massive amount of people who want to come and fill the jobs Minette was talking about or become employed within agriculture.

The enthusiasm for the industry is great and is at the highest level for a very long time, largely because of the work the industry has done itself. The NFU has done a lot to raise the profile of UK agriculture as a place to enjoy economic existence. The trick we have not yet found is how to switch the enthusiasm for being a businessperson in your own right to being employed within the sector. I have a daughter who is currently in New Zealand, having some experience in farming. She would love to have her own farm, but I am encouraging her to think about employment within the sector, because she will farm a bigger unit more productively, with more holidays, with higher pay than she ever would by running her own smallholding. We just need to find a way of moving this enthusiasm for being businesspeople to being employees within the sector.

**Sue Pritchard:** I wonder if I might contribute something too from my colleague Matthew Taylor’s review on the future of work. There are lot of similarities with bigger global challenges around what work will look like now and in the future across the farming and rural sectors. Young people are telling us they want more autonomy, they want to work with purpose, they want to feel a sense of affiliation and comradeship with their colleagues and they want some meaning in the work they do. Sometimes that gets expressed as wanting to run my own business, but it does not have to be like that.

There is a challenge for all of us to describe the enormous variety of opportunities that might become available in the future in food, farming and indeed in the broader rural economy. There will be exciting STEM careers where people are running their drones from the kitchen and farming that way. It might also be through broader diversification, through things such as care farming. At home, we work with children and young people who are at risk of exclusion from school. They come to us for what gets rather grandly called alternative access to the curriculum.

For many of the big social challenges that we face—loneliness; isolation; lack of community cohesion; a real variety of jobs for everyone, not just people who want to do high-tech STEM-style careers—there are opportunities in rural economies and in perhaps what we might call the restoration economy of the future, when we are looking to amplify ecosystem services and do the kind of work we know will need to be done
to improve our ecosystems. Telling stories of the enormous variety of work that is available in food, farming and rural economies is really important to provide an attractor for young people, who are saying those are the sorts of things they want and need.

Minette Batters: There is a fundamental issue around education in food in general, understanding the food system and valuing food, which helps with diet and raises the big issue of the obesity crisis we have, but also understanding the huge variety of jobs on offer within the food industry, which are not and should not all be linked to the ownership or tenure of land. One in eight people is working in the food and farming sector, so it is an incredibly important sector. At the moment, we feel they are getting there by default and not by design. That, fundamentally, needs to change.

George Dunn: There is a key recommendation for government here. If the wishes of the Migration Advisory Committee are implemented by government policy, we need the Government to step up to the plate and work with our industry to change the culture within UK nationals, so that they look at the jobs that we in the industry are offering. This is not just something the industry should be left to do by itself. The Government and the industry need to work together. The Government must ensure they are putting good resource into this stream of work.

The Chairman: How does government change what you described as a cultural dislike?

George Dunn: If the Government have understood that there is no current stomach among UK-born workers to work in the sectors that have been traditionally using migrant labour to date, and they are going to cut off our access to migrant labour overnight, surely the Government have a responsibility to work with us to ensure we can address that.

The Chairman: That may be true. My question was not that. It was how they would go about doing it.

George Dunn: It is as Minette said: through education, through promotion, through providing opportunities for people to try this stuff, through providing funding for colleges to ensure they have access to the work experiences we have. There is a broad range of tools we can use—softer, rather than legislative, but certainly, within the area of productivity under the ag Bill, it is something the Government should be looking at.

Q155 Lord Carter of Coles: Can I take us to the industrial strategy? I am keen to get your views on what you see as the opportunities for farming and agriculture arising from that, and, probably above all, how it should be implemented, or how you expect it to be implemented.

Minette Batters: I am privileged enough to sit on the Food and Drink Sector Council. The industrial strategy has a big part to play within the whole food agenda. If I can make the comment and the comparison to the past with the Automotive Council, which was co-chaired by Vince Cable in the coalition Government, I have made the point to Michael Gove that it is short-sighted that there is not a co-chair within the Food and
Drink Sector Council. Across the food and farming sector, and particularly for rural Britain, we are missing a real political ambassador to make the case. So many times, these things fall between government departments.

I fear the biggest challenge for the industrial strategy is making sure we have a political ambassador who really looks at the wider concept and makes sure this works for rural Britain as a whole. At the moment, the Secretary of State is very much the Secretary of State for the environment; David Rutley is a great appointment as a Food Minister, but I feel the largest manufacturing sector has been bereft of not having that ambassador.

We know the industrial strategy is sitting in the hands of BEIS and Defra. My watch point with all this is that it does not fall between those two government departments. If we are going to be farming without the same amount of reliance on a European workforce, we will have to invest in new technologies and massively change the way we farm and invest in our processing. It is not going to happen overnight. When you look at the price domination we have in this industry, you have to ask the question of where that investment is going to come from. The industrial strategy is the obvious place to make that future investment.

**George Dunn:** I would agree with everything Minette said. This is one small part of the picture. We need to get the basics right as well. It is okay looking at new technologies, innovation and R&D, which is absolutely vital. I agree that that has been missing for a long time and we need to push ahead with it, but a generation of infrastructural investment is required on farms up and down the country, which we have not been able to make because of relatively low profitability over many years. We need to get the basics right as well and not have ourselves cut off at the knees because of the access to labour issues, so we move together on these issues, rather than saying, “We need to look at only technology, only R&D, only future blue-sky thinking”.

**Sue Pritchard:** There is a lot to like in the industrial strategy—the importance of taking whole-system approaches, a regenerative circular economy—but we share colleagues’ view that there is not an ambitious whole-system strategy for agriculture in the industrial strategy. That is a gap. It would have to take into account climate change, sustainability, health and welfare, because it is vital to the public interest. Those industries that do not pay attention to those wider concerns often pay the price later down the line, and Minette mentioned the car sector.

In terms of investment in innovation, we would counsel that the challenge fund does not fall into the trap of previous investment strategies and invest in big bricks-and-mortar interventions, which feel very far from everyday farmers’ concerns. We are very taken with what we have seen and heard about farmer-to-farmer-led innovation, supported by good knowledge, good science, good development from the institutions. That plurality of provision seems to be where the opportunities may lie.

**The Chairman:** Could I ask Baroness Mallalieu to pick up that point you are making? I know she was interested in looking at innovation,
technology and investment. Perhaps now would be a good time to do it.

Baroness Mallalieu: I wondered what each of you feels about the development of AI—not the old AI in farming, new AI. I wonder how you see it.

Sue Pritchard: It is that time of year.

The Chairman: Done by the 95% of vets who are not British, yes.

Baroness Mallalieu: What do you see as the opportunities and what threats are likely to arise as it develops, in so far as we can foresee what is going to happen? It is coming over the horizon pretty quickly.

Minette Batters: We see enormous opportunity. We talk as an industry about our high standards of animal welfare, environmental protection and food safety, but the fact is that we cannot effectively tell anybody about them. We are totally reliant on a paper-based system. Embracing new technologies and really allowing farmers to have ownership of their data is going to be of paramount importance. We have things such as the livestock information programme, which will deliver full multispecies electronic identification. Indeed, that platform is already in place, and that will give us the opportunity to showcase our standards.

There are some challenges in all that, particularly around broadband and digital connection. I was out in Africa a couple of years ago and it was incomparable to the UK. As rural Britain, we are massively held back by the lack of connectivity. Although it feels like one part of the industry is moving at a pace to embrace the new technologies and digitisation, we still feel very held back right across rural Britain in our lack of connectivity. You wonder, with these new tools coming in, whether farmers in particular are going to be held back.

Looking at knowledge transfer benchmarking and how we upskill our industry, again, it is totally reliant on connectivity. There is a lot of opportunity. There is a real opportunity in the data revolution for us to be driving an agricultural revolution in standards of production, and the use of medicines and crop protection tools, but we need it to work. Without the connectivity, we will be held back.

George Dunn: On data, technology, artificial intelligence, it is vitally important that we grab hold of all that for the farming and food sectors so we do things faster and better, but let us not try to recreate everything we do. We need to value the skills that are there within the human beings as well. We have stockmen who understand their stock really well. We do not need cameras to tell us when a sheep is feeling unwell. A stockperson can go out to look at that sheep and say, “Yes, it is not well”. So long as it passes the test of allowing us to do things better and faster, that is great, but let us not just try to recreate stuff we can do through humans with good skillsets.

Sue Pritchard: I have a couple of additional points. The Agriculture Bill talks about open and transparent supply chain data. That is really important. Who has access to the information, how that information is generated, what is measured and how it is measured is all really
important. We would be very concerned if that data become consolidated through a small number of, say, proprietary systems that only people with lots of capital could access. Making sure that data is open, transparent and accessible is a similar challenge to the challenges we face around who owns, controls and channels information and intelligence across sectors. That is particularly important.

That perhaps links into another point we have made, which is what we should be starting to measure. When we come to putting the numbers around the environment land management schemes, for example, what are we going to measure and how are we going to measure it? What measurements count and are material to the challenges at hand? How will we measure soil health, for example? What are good ways of measuring that in order to get material and beneficial outcomes? There is a lot of currently underdeveloped conversation around these big challenges that need more work.

**The Chairman:** Can I just stop you, Sue? I know Baroness Young wants to pick this up in a second with you in a bit more detail. Before we move there, can we pick up the point on connectivity that both George and Minette raised as part of the answer earlier?

**Q156 Baroness Rock:** You have touched on the issues around digital connectivity and mobile coverage. I wondered if you could elaborate a bit more on the impact of poor infrastructure, which would also include roads and transport, on farming and the agricultural sectors. Also, what are your views on the universal service obligation and its impact on farms and farmers?

**George Dunn:** We can rehearse the arguments about mobile connectivity and broadband connectivity until all the cows come home, because we know there are issues, but they do our farmers a disservice. If you look at Making Tax Digital, which is the new thing coming out for VAT in April, because we have had poor connectivity in rural areas for donkey’s years, some of our older farmers have not got a hold of the technology. They have not had the time, the energy or the resource to engage with it, because it has been so poor. Now they are being forced to do stuff in a digital way where they have not had the experience of doing that. While connectivity may have improved to a certain extent to allow people to have access to that, we have allowed a generation to not have the skillset, because they have not had access to it to date. We are forcing people to go down a digital route when they are disenfranchised from using that digital route, which is a great problem for us.

Clearly, there are other infrastructural issues. I remember in the past the arguments about bus services when communities did not need a bus; they needed other things. They probably needed a village hall more than they needed a bus. Talking to local people about what their needs are, in terms of infrastructure, is better than simply imposing solutions from the top.

**Minette Batters:** We would absolutely agree with that. Running a diversified business myself, being able to have access to broadband is
absolutely paramount for any diversification and indeed for any B&B now. If you do not have access to broadband, you are penalised. The survey work we did showed that 98% of farmers had a mobile phone, but only 16% reported that they could receive a reliable mobile signal, and only 9% had access to superfast broadband. George makes the point, very rightly, that there is a need to upskill farmers so they can use it, but even if they are upskilled they are still massively held back by access.

Sue Pritchard: I am in that category of people where I have to go and stand on a hill in order to get a signal. We could send pigeons more quickly than we can get broadband at our farm, so I absolutely echo those views. I want to add a counternarrative, which it is important to be aware of. Improving digital connectivity for towns and for rural communities may well have unintended consequences. Being able to get access to Amazon and all sorts of other internet shopping will have an impact for rural shops and rural services, so it is not without its potential consequences. As George said, that has to be managed and developed at a local, indeed hyperlocal, level, where communities themselves can determine what works most effectively. One suggestion has been to make those white-van drivers work harder for their money and offer lifts between places. That might be a little off the wall, but there may be counterintuitive responses to some of the unintended consequences that can be creatively thought through.

Q157 Baroness Young of Old Scone: Could I ask Sue particularly about the Food, Farming and Countryside Commission? I should say that I sit on it, so I know the answer, but the rest of you do not. You have already covered quite a number of the things the commission has been working on so far. Is there anything else that you want to highlight from the early findings of the commission that would be helpful for the Committee?

Sue Pritchard: We are half way through, as you know, and we have set out our direction of travel in the progress report and highlighted those areas for further work. With that proviso in mind, there are perhaps a couple of things I might want to emphasise here. We suggest it is high time that we do some serious and focused work on how land is used across the UK, a land-use framework, and explore what kind of arrangements need to come into place for that to happen. It was perhaps one of the most overwhelming comments we heard from across our inquiries that it is high time. It is a very difficult conversation. It is a conversation that has become very heated in parts of the UK between, for example, environmentalists and farmers in the Uplands around things such as rewilding. The complexity of those questions is not going to go away. We need a managed, thoughtful, deliberative framework to manage and mediate those conversations, so we have that as a piece of further work.

We also talk a lot about the relationship between food farming and the public’s health—that is another point of intersection that is often poorly understood—the relationship between what we grow and how we grow it, what we eat and how we eat it, and the impact that has on broader health and well-being. There are enormous gains to be made from a better
systemic understanding of the contribution food farming can make, and indeed rural communities, through the well-being benefits of being in nature for all of us, not just children and young people. Those are the two that I would pick out additional to the other comments I have made today, unless there is anything in particular you would want me to add.

**Lord Curry of Kirkharle:** I cannot predict what you might conclude in terms of recommendations on that. What might this focus on health and your desire to embrace health within policy design mean, in terms of recommendations for government or the industry?

**Sue Pritchard:** Let us give an example. One thing we all have to face up to is that farming will need to change. It will need to change, not just because of Brexit but because of the big climate change challenges coming over the hill. We also have this huge public health challenge. As a country, we are becoming more obese. The effects of diet-related ill health are enormous. They are costly to the public purse but they are costly to people’s lives, health and well-being. It is possible, it seems to me, to make a more deliberative and thoughtful choice about encouraging farmers and growers to produce more healthy, sustainable food and to use instruments such as the social value Act to procure healthy, sustainable food for the public plate, but to have a rapid effect elsewhere to reverse the impacts of diet-related ill health.

They are big and complex questions, and we are half way through our inquiry. Many incredibly bright people are pondering these, so I would not want to give the impression that we have some silver bullet solutions we are going to magically produce in six months’ time. By virtue of the fact that the commission brings together people who reflect all the different parts of that system, we are able to have better-quality, more innovative, more creative conversations about how we can work more effectively together to create better outcomes from our public spending but also other money that comes into the system. I realise that can sound a little waffley, and it is not intended to do that, but it is to recognise that this is a huge issue. It is a huge and significant issue, but we have to start by creating the right conditions for more innovative and creative conversations about it.

**The Chairman:** I think we would all look forward to hearing a few more details of what you come forward with on that, but we are going to have to move on. Time is getting tight. We are going to look at planning issues for a minute.

**Q158 The Earl of Caithness:** I would like to hear your thoughts on the planning system and the revised National Planning Policy Framework. Do you think it is working well for landowners and tenant farmers, and helping you to diversify enough?

**George Dunn:** Like the broadband issue, I think we can all wax eloquent about the planning system, how dreadful it is and how problematical it is to get things done. We need a planning system that ensures the decisions made in our rural areas are good for rural areas, rural economies and the rural environment. The point I would make, and I am sure Minette would
have other points about the owner-occupier sector within agriculture, is that for the tenanted sector there is a bit of a two-edged sword with the planning system. The easier you make planning, the easier it is for a landlord to get a notice to quit on a tenant to use that for an alternative use.

One of our concerns with the permitted development rights issue, for example, is that, if a landlord wanted to change the use of a building into a residential use, he could secure that away from a tenancy, serving a notice to quit under the statutory provisions of the legislation. We have managed to convince the Government for that particular aspect to not allow landlords to use permitted development rights unless they have the consent of the tenant who has been there or just previously there on that holding.

The concern for us is this. While we need an active and well-organised planning system that gets things done quickly, we need to be mindful of the fact that, the easier that it is for landlords to get consent, the more undermining that could be for tenant farming businesses at the same time. We need to have protection in the planning system for the tenanted sector at the same time as we free it up a little more to allow people to diversify.

*Minette Batters:* The permitted development changes are fine if you have on-farm infrastructure available to be converted. There is a challenge where a family wants to provide more housing and new building. That is where the challenges arise with the people coming to work on the farm or people within the existing family who want to live there. There is a real challenge in putting up new buildings, and that is where we would like to see greater flexibility.

*The Earl of Caithness:* Given the importance of natural capital, in the NERC report last year a bit of evidence we got showed that landscape should be taken into account in planning. Do you think that farming and agriculture should come fully within the planning ambit?

*Minette Batters:* That is a big question. There is a need, going forwards, when you look at the commitment to build houses and take away land for other uses, to look at food policy and indeed energy policies to see where the balance lies. There is a case for our grade 1 agricultural land. It would be sacrilege to do other things with it, but looking at your end statement—“Please do not give us too many legislative changes”—it is all part of a wider policy, and indeed the ambition as to what we choose to use land for going forwards. I would say that food production for an island nation home to 66 million people remains of critical importance.

*George Dunn:* For our most treasured landscapes, the AONBs, SSSIs, national parks et cetera, there is a considerable amount of regulation already, in terms of the agricultural industry. I think even farmers outside of those would say they are subject to a lot of restrictions when they are trying to put up buildings in areas. Also, there is the neighbourhood question, in terms of smells and noises et cetera, which is becoming ever more important. Adding a further level of regulation is not necessary at
this time. There is already a high level of regulation. When you look at the
capacity farmers have to build this stuff, there is an issue there. Let us
not forget that some of the landscape changes we see come from the
unintended consequences of other government policies. Look at the
feed-in tariff for renewable energy, the amount of maize that has been
grown over the country to feed anaerobic digesters, which is in the wrong
place for soils, in the wrong place for landscape, in the wrong place for
lots of things. There are other things we need to think about, in terms of
how we impact on our landscape, than just the planning system.

Q159 Baroness Mallalieu: What measures do each of you think would make it
easier for farmers, including tenants, to diversify, not just for economic
reasons but also for community benefit? What would be proposals that
would help?

George Dunn: One issue for the tenanted sector particularly, which is
obviously my parochial interest today, is this. Given the restrictions that
tenants are often under within tenancy agreements, they should have the
ability to serve a notice on their landlord to say they want to do
something outwith the scope of their tenancy agreement for public goods
purposes or for diversification purposes, so long as the landlord has the
opportunity to make a reasonable objection. We want to stop landlords
making unreasonable objections to tenants’ desire to do stuff. If the
tenant in a National Trust property wanted to put up an NCP car park, fair
enough, the National Trust should be able to say, “No, because it is not in
keeping with our interests”. But if they want to use the three spare
bedrooms in the farmhouse for bed-and-breakfast accommodation, which
would fit quite well without impacting the landscape or the landlord’s
reversionary interest, why should the tenant be precluded from doing
that? Sadly, we see landlords using the leverage they have to stop
tenants doing that stuff. We would want the legislation to be changed—
sorry, Lord Chairman—to say the tenants have the right to serve notice
asking for these consents, but landlords can reasonably refuse.

Sue Pritchard: At a macro level, this illustrates the fact that we do not
have an overarching strategy for use of land in the public interest. Those
questions often get mediated around people’s private concerns and there
are big public interest questions implicit in some of the questions you are
raising here. That is why we recommend the land-use framework. We
recognise the complexity and difficulty of these conversations, but, none
the less, they need to be had. They need to be appropriately,
thoughtfully, intelligently mediated, with good evidence.

Then there are a variety of creative responses that communities can
develop for themselves in their local contexts. For example, we have seen
lovely examples of agri-villages, where the need for affordable housing,
sustainable housing, access to good-quality work can all be brought
together under a particular development scheme. The Prince’s
Countryside Fund talks about the value of allowing farmers to build a
home to which they can retire on their land, so they can think about how
they can hand on their business, and their children can come in and
diversify the business with all the creativity and energy they often have,
but the farmer is not having to leave the place to which they are so deeply attached.

There are creative and innovative possibilities. A top-down, bottom-up strategy is needed here: a land-use framework that has the public interest at its heart and understands the public value of land in different parts of the UK, and then the opportunity to generate creative strategies appropriate to local contexts, local conditions and people’s needs at a very local level.

**The Chairman:** Baroness Hodgson has the exciting topic of Brexit.

**Q160 Baroness Hodgson of Abinger:** We have touched on this before, but what do you anticipate will be the impact of leaving the EU, including the withdrawal of direct payments, on farm profitability?

**Minette Batters:** Do you want us to start with trade first? What are you focused on?

**Baroness Hodgson of Abinger:** What are your views, really?

**Minette Batters:** Okay. At the moment we are all hoping for the best and planning for the worst. In a no-deal scenario, the impacts would be extreme. Agriculture, and rural Britain on the back of that, is the most impacted sector. We know we would lose access to the European market for six months. We know the Government have said they would lower, if not completely eliminate, the tariff wall for food to ensure food can continue to flow into the UK from the EU. You have a situation there with tariffs being lowered. You have a situation where fertiliser, animal medicines, chemicals and all the critical inputs that we would still be buying, because that is the main place of production, would have tariffs on them. You are carved out of the marketplace and you have to wait for six months until you go back, and when you go back you face the highest tariff wall. The prospects of no deal are truly, truly catastrophic.

It is yet to be defined what our future economic relationship would be. We, as a union, supported the Chequers agreement as a foundation for discussion. We were very pleased to see that agri-food had been brought back in. There are so many questions around standards of production, standards of imports and future labour requirements. My main worry with the Agriculture Bill is the speed with which it is going through the House, and indeed the opportunity to change it without having the first idea of who we are trading with, or if that relationship with the EU is going to continue. In short, free and frictionless trade will determine what the future agricultural policy and the landscape look like. Until we have that defined, we feel it would be quite dangerous to put too much priority into any policy area, because if we crash out we will struggle to even keep the lights on.

**The Chairman:** Can I be clear on what you are saying? Are you suggesting that, until we know more about the outcome of the current negotiations, deliberation on the Agriculture Bill should be suspended?

**Minette Batters:** I personally think it should. It is going through far too quickly at the moment. It will be in the House of Lords before Christmas.
and yet we do not, at this moment, here today, know even if we are achieving a deal with the EU. It seems to us at the NFU that it is travelling at too great a speed.

**George Dunn:** I think there was a bit of a non sequitur in this question. You asked about the impact of leaving the EU, including the removal of direct payments. Leaving the EU does not necessarily mean we have to remove direct payments. It is the Government’s policy to remove direct payments because they will have control over the policy going forward. As Minette has been saying, we need to move at a pace where we are able to take into consideration the manner of our leaving. I think Brexit will be a bump in the road, but it is yet to be determined how high and how long that bump is. It could be a significant hurdle for a long period that takes a long time for us to adjust to. We just need to move at a pace that allows things to work well, rather than deciding policy now for something we do not yet know.

To this day, I do not understand why, under our negotiations with the EU, we do not simply default to our membership of the European Economic Area for the next two years, for our implementation period, and then use the next two years to decide what we want to be like at the end of what we thought was going to be the implementation period ending in December 2020. That would give us more time to consider the issues we have been talking about and I still do not understand why we are not using that as an option for the way ahead. The question is unanswerable, in the sense that the manner of our leaving will determine what impact that will have.

**Sue Pritchard:** It means thinking about the kind of farming and the system of farming we want in the future. The direct payments language is often unhelpful and leads us to think about those big, strategic questions rather reductively. We would not, for example, talk about the energy system we need for the future with reference to how we are going to subsidise, in this case, the French Government for Hinkley C. We would not talk about our housing system in terms of how we are going to subsidise Persimmon Homes, or perhaps we should have done. But we end up having a conversation about direct payments to farmers that precludes us from talking about the kind of farming and food system we want for the UK that will enable us to meet the many challenges we face that have already been mentioned here today: climate change; a healthy, affordable, secure and sustainable food system; the health and well-being of our population.

All of those are really big questions and we have an opportunity to talk more about what that really means, but it will not be helped, as my colleagues have said, by a speedy transition without having time to understand the intended, unintended and unforeseen consequences of the choices we are making right now.

**Baroness Hodgson of Abinger:** What should be done to ensure that the replacement for LEADER will cover all rural areas with fair and appropriate levels of funding?
George Dunn: That is the productivity element of the ag Bill that we have been talking about. We just need to explore it in a little more depth. The Government’s intention is that those elements will mop up that area of work. We already know that the schedule that the Welsh Government have put in for productivity is better than the one that the English Government are planning to use, so there is a real debate to be had over whether that productivity section is fit for purpose.

Minette Batters: There is a fundamental thing here that the Committee needs to take ownership of, which is that 16% of farms with the direct payment are currently unprofitable and, without the direct payment, 42% of farming businesses in England become unprofitable. The question that has to be asked is: what is going to replace that? When you do not have a duty in the Bill on the supply chain for a future Secretary of State to intervene with market failure and make sure that the supply chain functions fairly, where is that going to come from? Is it going to come from the market? We are looking at only the same budget. We have all made a case on the same budget. What happens to 42% of farms that become unprofitable going forward without the direct payment?

George Dunn: It is important to bear in mind that we sometimes talk about Pillar 1 being bad and Pillar 2 being good in terms of funding. Pillar 1 money through BPS is paid to individuals who day in and day out are doing the right thing by the environment, animal welfare, et cetera. To remove that would put them in a precarious position in terms of being able to deliver some of those public goods. We just need to bear that in mind as well.

Baroness Young of Old Scone: I just want to go back to this business of the transition period and leaving the EU. It seems to me that there is going to be some considerable time before the clarity exists about future deals with the EU in terms of trading arrangements, and with the US and other states across the world. At the moment you have two guarantees: that you will be protected by the transition period that goes up to 2024, which is longer than most; and that the money that is in the system will be protected on a same-cash basis. Is that enough or is there something else that could happen to get that transition to be protected?

George Dunn: What we have read so far is that the money will be in the pot until 2022. How that is spent is going to change over time, and that is the concern for us: how that is spent and delivered into ensuring that farm businesses remain profitable going forward. As for the transition period, as I said in my answer to the Brexit question, we do not know whether it will take seven years to come out of the issues that we are going to face with Brexit. It might take 17 years. It might take 27 years. We need to make sure that the policy going forward moves at a pace with the changes that we see as we encounter life outside the European Union.

Sue Pritchard: The point we have made in our report is that this is not the only money. The £3 billion in CAP, while significant—really significant for those farmers who are currently reliant on it—is not the only money in the rural economy. We have highlighted a number of different places where money is spent to do the work that farmers might otherwise be
able to do and choose to do in the future. When we talk about farming as a system, we also talk about how we need to invest in that system in order to get the outcomes that we need to help us meet the grand challenges that face us over the next 10, 15, 20 years, and then talk about how best that money and those contracts are allocated to get those big outcomes that we need. Starting from those big questions is just as important as making sure that the transition enables people who are directly affected by those decisions to make those different choices going forward.

Q161 The Chairman: Thank you very much. Before we bring it to an end, here is your one opportunity to influence the Committee’s recommendations by proposing to us which recommendations you might yourself hope we will include. But, of course, if we are going to persuade government to do it, it would be helpful if they were recommendations that did not require vast sums of money and did not require huge changes to legislation. Here is your chance. Minette, what do you want us to put in our report?

Minette Batters: I am probably going to be a bit naughty here.

The Chairman: Please do; that is what we want.

Minette Batters: This Committee will be having many other conversations but, as we stand here today, looking at what is needed as the ag Bill progresses into the House of Lords, we have to make sure in order to achieve what we need to achieve for rural Britain, that this is an agricultural Bill for agricultural purposes. At the moment, the Government or a future Government have the flexibility in it to do up Nelson’s Column if they so wish.

A fundamental foundation going forwards is to make sure that the standards we produce to are reflected within that legislation. If we do not get the standards piece right for food imported into this country, it is going to have a far greater impact than any Budget ever will if we are flooded with cheap imports. Those are not the answers that you wanted. I also think the multiannual budget is hugely important. But you are all very powerful at this moment in time. I apologise for making those points.

The Chairman: No, abuse the position at will, but I will do it in return. Some other witnesses have suggested to us that, notwithstanding Defra promoting like mad the concept of rural proofing and its importance, it has been argued by some that the Agriculture Bill itself has not been thoroughly rurally proofed. What is your view?

Minette Batters: To a certain extent, I would agree with that. It is an agricultural Bill and should be for agricultural purposes. Although there is much enabling legislation within it, the policy statement that came out when it was introduced failed to mention farming and food. Indeed, if you did not know, you would have presumed it was the “Environment Bill” that was being announced. If we are truly committed to investing in rural Britain, this Agriculture Bill has to be fully connected to agriculture, to land use and to people who are predominantly providing the market goods. Otherwise, there is a complete opportunity for it to be indeed
invested by Gatwick Airport or Heathrow to plant hedges, and why would they not? We want to make sure that we retain our place as food producers, custodians of the land and carers for the environment. The Agriculture Bill should have the opportunity to set that very important legislation.

George Dunn: The main recommendation must be integration. For such a time as this when we are making such a massive constitutional change to our position in the world, we need to be able to lift all parts of the blanket covering our systems and look at everything in a systems approach. I get really annoyed when I hear that there was nothing about agricultural tenancies in the Agriculture Bill because the business managers did not think they would have the time and the energy to get a Bill of that size through both Houses. Why are we looking at the RPA being the arbiter for the relationships between producers and first processors? It is because BEIS will not let the GCA do that. Why can we not look at tax policy in relation to agricultural tenancies? It is because that is a Treasury domain. Although we talk about joined-up government, it simply does not exist. For such a time as this, we need to lift the blanket over everything and we have to look at what we need to do.

Secondly, as I said, we need to move at a pace that makes sure we change as we see how things change as we leave the European Union. It is of concern. We are all learning. Every day is a school day for us in this Brexit scenario, but it was alarming to hear the Brexit Secretary say that he only just discovered the importance of the Dover-Calais route. If that is where we are two years down the line, it is a pathetic indictment upon the negotiations that we have had to date with the European Union. We need to move at a pace that really appreciates where we have got to.

The Chairman: Can I ask you to do the Committee a very big favour? We are a Committee that can cover all government departments. The joining-up issue is clearly very important. I know the Committee would be enormously grateful to all of you for any additional comments you want to make in writing. In particular, if you could write a briefing, making the points you just made in more detail about the lack of joining up and how it could be done better, that would be helpful.

George Dunn: I will do that.

Sue Pritchard: There are two points that go to the heart of that question you just raised. The first is a very practical one and the second is a more expansive one. First, we have mechanisms available to us that enable us to join up more effectively at a local level. The Public Services (Social Value) Act is one of those mechanisms. Effectively using the Public Services (Social Value) Act can be really transformative, and we have seen examples as we have travelled the UK of local authorities that have been bold, brave, creative and innovative, and have used that to really transform the outcomes through procurement for their local communities. That is the first point.

The second is the point that I have probably made already, which is that we need to map the money. The public value framework is a mechanism
that speaks in a very practical way to the important point that George makes about understanding the system of government, and aligning all the mechanisms of government to create outcomes that add value for the public's experience but that are also things that the public themselves value. I would encourage your Lordships to have a good look at that, and to understand how it can be used more effectively and expanded. It is perhaps underdeveloped as it stands at the moment because it does not take into account all the other resources that contribute to or indeed deplete public value if they are not used and aligned effectively. I would say this: map the money and follow the money.

Finally, an enormous amount of that resource is most effectively applied, in order to implement policy frameworks, at a local level. We call for, in our report, an enhancement of local democracy, of re-enfranchising rural communities in ways that they have perhaps missed out on in the last 10 or 20 years as we have focused on the regional tier. That is really important. We have talked about LEPs earlier, but where change happens is on the ground in people’s everyday lived experiences, and local democracy needs to have the resources, the duties, the responsibilities, the accountabilities and the opportunities to make that happen.

The Chairman: I am very grateful for that and I am grateful for all the others. Again, to set homework following this, where some of us have a problem with some of the things you have said in that report about the importance of localism—and we do not disagree with the importance of place-based solutions—is that in some localities there is insufficient leadership and skills to enable them to work and do the sort of thing you are talking about. Any comments on that—not now—would be gratefully received in writing afterwards.

On behalf of the entire Committee, I thank all three of you for a very informative, useful and helpful session. Please feel free to write to us with further comments. You have been set your homework. We look forward to receiving it and marking it in due course. Thank you, all three, very much indeed.
David Fursdon and Rural Services Network – Oral evidence (QQ 83 – 94)

Evidence Session No. 8 Heard in Public Questions 83 - 94

Tuesday 16 October 2018

Watch the meeting

Members present: Lord Foster of Bath (Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Mallalieu; Baroness Pitkeathley; Baroness Young of Old Scone.

Examination of witnesses

Graham Biggs and David Fursdon.

Q83 The Chairman: Graham, welcome back, and, David, welcome for the first time. Thank you both very much indeed for giving up your time to come before the Committee.

You have in front of you a list of the declared interests of members of the Committee. Proceedings are being televised and recorded, and there will be a transcript at the end, which you will have an opportunity to correct, if you find any issues with it. As Graham heard me say to the previous witnesses, we are very tight for time. If there are things you wished you had time to say but it was not possible, anything in writing you send us following this session will be very welcome. We may have a few specific questions on which we will ask you to respond.

I want to get under way quickly, so we will rattle through a bit. As a general opener, do you think that government and various public bodies take enough notice of the rural economy?

Graham Biggs: No.

The Chairman: That is very good. Do you want to expand on that briefly?

Graham Biggs: Yes. I am supportive of the answers from your previous witnesses.

The Chairman: It is really important that, although you may have heard what they said and you may have been nodding in agreement, if you do not tell us on record that you agree with them and say what you agree
with, we do not have it as evidence for our Committee. Feel free to
repeat.

**Graham Biggs:** There is no such thing as the rural economy. In each
county and in each LEP area, there are many economies that happen to
operate in rural areas. Indeed, where I come from in Shropshire, the
economies that operate in the north of Shropshire are very different from
those in the south. To the extent that the Government listen on rural
economies, they do not listen with a fine enough grain to pick up those
differences and nuances.

A lot of business activity in rural areas appears to go unseen by
policymakers. There are many sole traders and many businesses that
employ very few, if any, employees. SMEs are a massive proportion of the
rural economy. Rural family businesses are a massive part of the rural
economy, and they would certainly cite issues such as digital connectivity,
poor infrastructure and retail being ignored in the industrial strategy.
There are issues with pubs, skills and training, all things that impact
massively rural family businesses, which appear to get no sort of traction
at all in government thinking.

**David Fursdon:** You may think it strange to hear me say this, but, to be
honest, it is quite difficult for government, because there are so many
different strands fed from different departments of state that it is very
difficult for one person to have an overview. Rural needs should be
important to all those who have influence on what happens in rural areas,
whether they realise it or not. That to me would be the challenge for
government and for anyone else.

**The Chairman:** In the light of what you have both said, do you think that
there needs to be, as there was in the past, a body representing rural
communities and economies to government, and being a statutory
consultee?

**David Fursdon:** That is easier said than done, because of the answer I
have just given. There is such huge variation, some of it quite local, that I
do not think that it would be very easy for bodies such as those that used
to exist to differentiate the needs of one area and another on the ground.
If they do not have influence, and are not able to make a difference, it is
quite difficult for them. It is a nice idea, but I am not sure whether it is
practical.

**Graham Biggs:** I agree that it is tremendously difficult, but rural policy
has been much the worse since the demise of the Commission for Rural
Communities. The position of a rural advocate doing independent analysis
and research, advocating what comes out of those documents directly to
government, is sorely missed.

I take the point about there being so much local difference across the
whole subject. Local government should be able to represent local
differences, and I believe that it has a firm role so to do; it is
democratically elected so to do, in my opinion, but it will reflect only the
position as it sees it in its own locality, whereas a body such as the
Commission for Rural Communities can seek to bring things together and
have its voice heard. Being heard and being listened to are not necessarily the same thing.

**The Chairman:** We will pursue that slightly through the tack of rural proofing.

Q84  **Lord Curry of Kirkharle:** Through a lot of our evidence sessions, we have had references to exactly Graham’s comment, that the Commission for Rural Communities was a body that fulfilled a very important role. One of the roles was, obviously, the rural proofing of government policy. Now it has gone, and Defra has committed itself to fulfil that function. How well do you think that the Government are doing it now, and could they do it better?

**Graham Biggs:** Rural proofing is a busted flush, quite frankly. I do not think it works. It is not introduced into policy considerations early enough. Rural proofing that simply looks at the end product and says, “Gosh, that played out differently in rural areas from urban”, or whatever it is, comes far too late in the process. Rural proofing needs to happen right from initial consideration of what a policy or piece of legislation will do, and actually consider its impact in rural areas, and, if it is different, ask whether that difference is acceptable or whether the policy needs some sort of tweak to make it as beneficial, if it is beneficial, in rural areas as in urban areas.

**David Fursdon:** The Commission for Rural Communities did a lot of good work, but nowadays one has to think so much out of the box about the future of rural areas that you need huge resources and skills. To do it in one organisation is not easy, just as it is not easy to do it in one department. I am thinking, for example, of the South West Rural Productivity Commission, which I was involved with, where there are digital solutions, apps, smart technology and agritech for agriculture—a whole lot of interactive things that we need to think about.

For a lot of the time that I have been involved in rural affairs, one of the difficulties is that we have been trying to hold on to post offices, shops and communities, and sometimes we are pushing water uphill. Public habits have changed. Although we may look fondly at those communities, and I am involved in some of them where I live, I wonder whether we have to look a bit more radically at how we deal with rural areas to service them. Is that possible? The most important thing that came up in our commission was digital connectivity. It sits half way between DCMS and Defra, and the trouble is that everybody can always blame everybody else if it does not happen.

Rural proofing is definitely one of the most important things we need to do, but how we do it is probably different from how we have done it in the past. We must be radical in finding solutions for the future. The same is true of the environment. I cannot remember whether the Commission for Rural Communities did a lot of environmental work, but we will have to if we are to preserve the environment and have sustainable agriculture. It is new models for a new world.

**Lord Curry of Kirkharle:** I have a final supplementary question for you, Graham. Can you identify a government policy that either disadvantaged
or advantaged rural communities?

**Graham Biggs:** The National Planning Policy Framework and the decision on not making an on-site contribution towards affordable housing for sites with fewer than 10 homes has had a major detrimental impact. They were the major source of development in rural areas and were developed without public subsidy. There was always the fallback position that, if a developer could demonstrate that a particular development simply would not be sustainable while making an affordable housing contribution, the requirement could be set aside. With those sorts of safeguards, that policy change was immensely detrimental to affordable housing.

The other thing I would cite in the case of housing is some of the definitions. There is a product called affordable rent that is not affordable; it simply is not. The only rent that is affordable for many people in rural areas is social rent, yet that is almost at the end of the queue of policy responses.

**The Chairman:** David, you talked earlier about the need to look more radically at how we service rural communities, so we will pick up some of those issues.

**Q85 Baroness Pitkeathley:** What do you see as the main barriers to improving rural services? You mentioned looking in a different way at services. What should the Government be doing to address that or encouraging others to do it? Could you give some specific examples of how barriers have been overcome?

**David Fursdon:** I will answer your second question first. Last week, I was talking to the man who runs the post office in Ashburton, Devon. He had developed a system whereby he had a 1% or 2% charge on users of the ATM in the post office for getting cash out, which went to a series of charities and helped to run community things in the village, half of which were fixed and half voted for by the village. I am not quite sure how the details worked, so forgive me for that. He was a particularly entrepreneurial person, but that is an example of how you can draw out local money for reinvestment in a community and for activities in a village.

My take on services is that a lot of them are dependent on individuals to lead and drive the answers for communities on service provision. Some places have better leaders than others, and some leaders could do with more help, training and structure than they have at the moment. Templates to help them would probably be a good idea. It is very difficult in a small community, when sometimes competition is engendered by community provision, if somebody is still trying to run a business for themselves and their family at the same time.

We will have to be cleverer about local transport. Whizzing down every lane in England with great regularity are vans delivering online orders for goods and services, while nobody finds it very easy to get about if they do not have a car. Perhaps that means joining up with an Uber equivalent of some sort. That is what I meant by different solutions. For communities, we need to think about what is going to happen with electric cars, apart from the fact that it would be highly dangerous in the lanes if an electric
car came sneaking up on you. There are various sorts of transport solutions, including driverless cars. Some things will not change, such as schools, health and old age. Those are the ones we will have to do something about.

I was on the Affordable Rural Housing Commission many years ago, and I remember Defra coming up with some evidence that even if you doubled the size of a village it would not double the number of people going to the village shop. Habits have changed, and people shop at supermarkets and online. Just because they are in a village does not mean they are different from the rest of the population. To put an artificial compulsion on people to support services that they do not naturally use any more is a challenge for us all.

Q86 Baroness Pitkeathley: Graham, if you want to give us your views, could you also mention the fair funding review and how you think that has or has not delivered a fair deal for rural areas?

Graham Biggs: It has not delivered anything yet, because it has not yet reported, and the jury is still out. We are hopeful, and we certainly see signs at the Ministry of Housing, Communities and Local Government, and indeed among colleagues across local government, that there are some rural issues that need to be grasped, such as the cost of providing services in rural areas.

For services that the public rely on and that are funded from public money, a major problem at the moment, and over the last few years, has been the austerity cuts and the fact that, historically, rural areas have been majorly underfunded in comparison with urban areas. Urban authorities receive some 40% more per head of population than their rural counterparts. I am certainly not arguing that it should be a tenet of public policy that everybody gets the same per head, which would be nonsense, but the gap is too big. Combined with the elderly population in rural areas, and the increase in that elderly population, particularly those who are 85 plus, when social care is needed, arrangements for those individuals are far more expensive and probably more complicated.

We are seeing a situation where so much of the budgets of county councils and unitary authorities has to go into meeting their statutory duties that, although there are other things they know that they ought to do, they simply do not have the resource. That is why some of the publicly subsidised bus services have gone. I agree absolutely with David: we certainly cannot imagine a situation where 32-seater buses are going up and down the lanes all the time, but the resource to help communities to help themselves has gone, in large measure because it is a discretionary cost.

The fair funding review must first of all grapple with adult social care funding; then, to repeat what Margaret Clark said at the end of her session, we need fair distribution of whatever resources the country can make available to fund local government services. We are looking for nothing more than that: a simple and fair distribution that is sufficiently open and transparent that it can be seen to be fair.
Q87 Baroness Pitkeathley: Could you comment briefly on the role of town and parish councils? How effective do you think they are, and could their role be enhanced in some way?

Graham Biggs: They are immensely variable, of course. There can be no question but that the larger parish and town councils, certainly those serving market towns or larger villages, have in large measure taken on services that hitherto were provided by district or county councils, such as public conveniences, leisure recreation grounds, children’s play areas, et cetera. Those with size and capacity have responded extremely well to the challenge. There are others in more remote places where £1 on the rates would raise £100 or so. It is simply not reasonable to expect those areas to pass on those sorts of costs to a very much smaller community through a very much smaller tax base.

Could they be incentivised? There were certainly government incentives some years ago to develop websites and regular newsletters for parishes. Perhaps there could be some sort of small incentive scheme for parishes to take on more of a role—perhaps those that are not engaged in things such as neighbourhood planning or community-led housing—to understand the opportunities for their area. That might be something that would work, but it will always be enormously variable.

The Earl of Caithness: Would you support the idea that rural policies for local government should be made statutory, so that they are not cut in future as they have been?

Graham Biggs: I do not think that it is right that every single thing that local government does is a statutory duty, otherwise it is no more than an arm of government. It needs some discretionary powers so that it can respond to the uniqueness of its area. For things where the country wants local government to deliver a service, there should be a minimum standard, and that minimum standard should be funded from national taxation.

The Chairman: I have not forgotten digital infrastructure, but while we are on communities, would you like to ask a question, Alastair?

Q88 Lord Colgrain: You have already answered this in part, but what more should the Government do to encourage and support communities looking to bring back or retain access to services and local amenities such as banks, post offices and pubs?

Graham Biggs: I do not think there is any possibility of bringing back banks, et cetera, if I am honest; the world has moved on. Those banks closed because people were not using them. It is that sort of world. It creates significant difficulties for some individual people and businesses. Indeed, a recent report by Which? suggested that older people—and of course there are more of them in rural areas—suffer the most from closures of banks, et cetera.

As past presenters to you have said, I believe that support needs to come from the locality, driven by the locality for the benefit of the locality. There is a real risk, if we are not there already, of overreliance on volunteers, because the same people end up volunteering for everything.
The time will come when they are no longer willing or able to do that, and one wonders where the next generation and the breadth of volunteers will come from.

My experience is that people volunteer to do what they enjoy and believe in; they do not volunteer to carry out the business infrastructure, the red tape, chasing the next grant application, or the initial dialogue with neighbouring villages. There should be some sort of support, perhaps through ACRE or community development officers, as certainly used to exist in local authorities as recently as 10 years ago, for people working in the community to try to help it to achieve its ambitions. Those are the sorts of things that are necessary.

David Fursdon: A hierarchy of hubs will develop to provide some of these services. There is evidence of one or two of those, as we saw in the South West Rural Productivity Commission. If we can get a number of things to coalesce in one area, whether it be local services or a local enterprise, focusing on them as the first port of call for digital upgrades or shared back-office services for a number of companies and businesses, and even for administrative functions and health services, we will probably see a sort of hub and spoke development.

To answer your question, I suspect that no one will be able to afford to provide those services in all the places where they used to be. It would require some thought about how they evolve, and it will not be the same in every place. That would then feed into local plans and perhaps lead to the equivalent of a tiny local enterprise zone, where there may be concessions on business rates or whatever, to encourage the zones to have a function and life of their own. It would be unusual to have a number of those services surviving in what I would call interim-sized villages.

Lord Colgrain: We have heard talk about volunteer exhaustion and have questioned whether a new generation is coming through. Do you think that there is capacity in the voluntary sector to continue to improve and expand rural services, or is that just wishful thinking?

David Fursdon: I echo Graham’s comment; people volunteer for what they want to volunteer for. Look at the number of people who volunteer for the National Trust, for example. I chair our parish meeting, and I struggle to get people to do things. There is volunteer fatigue. There is a limit to how far volunteers can step in to fill the gaps. What I was suggesting as a hub is that there might be sufficient commercial activity to make it less necessary to have volunteers staffing and servicing some of those central functions. We are a bit short of volunteers, especially as the rural population gets older.

The Chairman: Thank you for that. I am going to move us on to digital infrastructure.

Baroness Mallalieu: That is one of the things where we have heard that, as a top priority, people want to see improvement in rural areas, and it is clearly one reason why the rural economy is held back in many places. Is enough being done to ensure that rural areas are not being left behind in the Government’s strategy to extend full fibre broadband and, indeed, to
create 5G? What more could or should be done about it?

**David Fursdon:** As I said, it showed up as the No. 1 priority for almost every person who gave evidence to our commission, right across the piece. The feeling that people expressed was that, in the same way as, in the past, electricity or a telephone line was essential for all settlements, so is the provision of digital infrastructure. The more that there is a requirement to fill in tax returns online, and tax is going digital next April, and whatever forms you may need to fill in in future if you are farming in rural areas, the more you need it.

One frustration that we came across was that people said they did not know what was happening; there was no sight of what was happening. Were they going to get some provision in due course, and when would that be? How would it happen, and, if it did not happen, could they do it themselves? If so, how did they do it themselves, and where was the nearest connection point? That was the frustration: there did not seem to be a clear line of sight to get from where they were with inadequate services to a situation where they were provided with them. Those were the feelings that were expressed, which may answer some of your questions.

**Graham Biggs:** I would not disagree with that. It has been shown at other places, too. I find it almost incredible that we are talking about a Universal Service Obligation of 10 megabits per second by 2020. That will almost certainly be outdated before it even comes in. The chance that you will set a Universal Service Obligation in 2020 but immediately move it again because it is out of date is unlikely, so it will be the USO for five or six years thereafter, and rural areas will fall behind.

Inevitably, rural areas will fall behind. The marketplace will dictate the pace of change in urban areas, where there is commercial reason for so doing. If there is no sensible payback period outside areas that are urban in the main, although I do not want to give the impression that all urban areas have fabulous connectivity, because some parts of them do not, their infrastructure will grow and grow as markets and technology grow. Rural areas are starting so far behind that, every time they catch up a bit, they are immediately put further behind by the latest batch of technology.

**Baroness Mallalieu:** What should the Government be doing? What should be happening?

**Graham Biggs:** They need to determine a realistic minimum speed for broadband, and the same is true for mobile connectivity, which for the foreseeable future will enable business, commerce and people’s individual lives, tele-health and all those sorts of things, to function properly, at a reasonable speed and reasonably reliably. When they put funding in, therefore, they need a worst first concept; they need to look at the worst areas and try to bring those up, rather than making those with reasonable access better while the worst areas fall further behind.

The other thing we need to reflect on in the advances that have been made in broadband is that, in rural areas, much of the funding has come from local government. In urban areas, local government has not had to
put money into broadband. There is almost a rural penalty for the broadband speeds that have been achieved, even now.

**The Chairman:** We will move on to the exciting topic of LEPs.

Q90  **Baroness Young of Old Scone:** How would you describe the way LEPs are dealing with rural issues and rural economies? Do you think the review the Government published has done enough to address any deficit?

**Graham Biggs:** It is patchy. Some LEPs are clearly taking fairly seriously the needs of their rural areas, while others are not.

**Baroness Young of Old Scone:** What are the distinguishing characteristics? Why are good LEPs good and bad LEPs not good?

**Graham Biggs:** In large part, it will be driven by the characteristics of the area in which they are operating. In the south-west, which is largely rural, a LEP naturally has to take account of its rural areas, because it is a major part of the economies of those areas. Those that are based on major urban areas but have peripheral rural areas seem to regard them as peripheral, while they chase, perhaps driven by government targets, the bigger bangs for the buck and bigger infrastructure projects.

In truth, a relatively small amount of resource committed to rural areas in each LEP with a rural area and a strategy for rural areas that LEPs would work to would be significantly advantageous.

**David Fursdon:** One of the principles that lay behind the establishment of the Commission that I did across four LEP areas was that there was sufficient possible uplift in productivity available in rural areas across that space that, aggregated together, could rival some of the bigger projects that the LEP had previously invested in. By doing a knot of small things well, one could end up moving the dial almost as far, if not as far, as by doing aerospace, or whatever else. It is about making LEPs aware of the possibilities available in rural areas to do things better and more effectively.

Another thing is that the leadership of LEPs has tended to be industry and urban based. When people volunteer to go on bodies, it is normally because they feel that they will be able to change things, to contribute and make a difference. It is a sort of vicious circle; rural people were not volunteering to go on to LEPs in quite the numbers that they might have done, which would have raised their profile.

The review, as I understand it, has been about leadership, governance and accountability. It is rural-urban blind; it applies to both. I do not think it has put a particular focus on rural, so I would not expect it necessarily to have made a difference. I was encouraged that the group I was on was set up by four LEPs and came together to share their common challenges and find some solutions to those challenges.

**Baroness Young of Old Scone:** That is a good experience, and very welcome. Do you think that the clumping of LEPs, which is happening around a variety of things in different parts of the country, has risks for the rural economy, as bigger and glossier urban projects are brought
together? I am thinking particularly of the Oxford-Cambridge arc, which is uniquely blind to the rural economy. Do you have any thoughts on some of the clump-ups of LEPs that are moving in the wrong direction, as opposed to yours, which is obviously moving in the right one?

David Fursdon: That is much more a question for Graham. All I would say is that there was quite a lot of interest in our review from other LEPs with a strong rural hinterland, because there were a lot of common themes with which other people could identify. In the same way, if we could get the rural LEPs to coalesce in the way you have just talked about with the Oxford-Cambridge arc, a rural group could lobby in a particular direction and share the same outlook. It might be possible.

Graham Biggs: I agree with that, but I fall back on what I said earlier. If there was a requirement for LEPs that cover part of a rural area to have a strategy saying what their aspiration was for that area and what they would do to achieve it, how they would allocate resource and rural proof it afterwards, the configuration would almost not matter.

Baroness Young of Old Scone: Is there any discussion that you are aware of that the shared prosperity fund will be disbursed through LEPs in future, rather than in any other way?

Graham Biggs: There is so little known about the Shared Prosperity Fund that any and every rumour or possibility is out there.

Baroness Young of Old Scone: Would it be a good or bad thing if it happened?

Graham Biggs: Again, it depends on the requirements. For me, the first thing for the Shared Prosperity Fund is to make sure that the allocation between the different home countries—not counties but countries—is fair. We do not want another Barnett formula to drive that allocation. We need a bespoke rural programme.

Margaret Clark, at the end of her evidence to you, talked about the need for a rural strategy. I support that absolutely. There ought to be a strategy for rural areas and, therefore, a requirement for funding packages supporting such a strategy. I firmly believe in local delivery, and if local means LEPs, that is fine, but they have to deliver against those overarching objectives and their own local strategies. We can get too fixated on the mechanisms of government and not enough on the outcomes, and how local delivery can actually support those things.

The Chairman: I am sorry, but I am going to push us on. Lord Carter will ask a question on housing.

Lord Carter of Coles: Graham, you touched on the planning issue earlier, when you talked about lifting the restriction on providing social houses on sites of under 10 homes. David, with your experience, do you have some views on that, and are those views similar?

David Fursdon: Yes, they are similar. The smaller sites have been a source of affordable housing in the past, and it is a pity that they will not be in future. I agree with Graham’s comments.

Lord Carter of Coles: Do either of you have any sense of how many
units will be forgone by this change? Is there a number we can put on it, or is it a general sense? Perhaps you could write to us if you have something on that.

**Graham Biggs:** The statistic I have seen is that 80% of rural delivery came from sites such as those. I cannot tell you what 100% was; I cannot do the maths, but it was the largest proportion.

**Lord Carter of Coles:** Do you think that the NPPF will deliver for rural communities? What are its strengths and weaknesses?

**David Fursdon:** The NPPF seems to be a framework with some rules and penalties around it, but, as is so often the case, a lot of planning is done at a more local level, so it is really a question of the development of plans, who is involved in that development and what they say. We have talked about how LEPs may or may not focus on rural. There is a question as to how much local planning authorities focus on rural, if they are to have a workable plan. My experience of neighbourhood planning is that it is quite contentious because of the different views that people have about the evolution of rural areas.

The NPPF and the changes in it are probably not going to make a lot of difference. I think people had hoped that there might be a different answer on the affordable housing question that we have just mentioned. The question is how the plans are developed, and that is more of a local authority thing.

**Lord Carter of Coles:** Do you think that the local planning process is fit for purpose? Is it working for rural communities?

**David Fursdon:** There is a resource issue that makes planning very difficult all over the place. We are at a stage where some imaginative and thoughtful planning needs to take place, and I do not know whether anyone has the time to do it. There is real pressure on resources. The difficult challenges thrown up by a number of the things we have been talking about in this Committee require some difficult planning decisions to be taken, probably rushing through deadlines in eight weeks, and all that sort of thing. The penalties now if you do not have your plan drawn up in time are fairly severe, so that is the challenge. We do not yet have the overall picture quite right for the interaction of communities and development, housing and the environment, which is a complicated mix.

**Lord Carter of Coles:** Where would the resources be needed?

**David Fursdon:** In my experience, it would be in local authority planning departments, where they struggle to fill the slots they have for plans; even if they have the money to pay for them, they cannot find enough people who are able to do it, because too often people are drawn to the private sector, where the rewards are greater.

**Graham Biggs:** Yes, it is both in development control—the planning application processing side of planning departments—and in the local plan-making sections. Authorities that were challenged by the five-year supply seem to have been in quasi-public inquiry year after year, moving us nowhere.
The overarching principles that the NPPF establishes are useful. There is a section on priorities for rural housing. That is all very welcome, but then there are policies that either are or can be interpreted as putting a stranglehold around the way you implement them. If you believe in local action to support local needs, as I do, and if you believe in local democracy, as I do, and as you would expect, let local planning authorities have more flexibility to produce a framework that meets the needs of their area. At the end of the day, there is a ballot box. If the electorate are unhappy with the decisions the authority takes, they have an answer, but every time authorities are constrained by what the NPPF says, they go down a route that may be completely inappropriate for their area.

Baroness Young of Old Scone: Does that not militate against rural communities? The greater voting numbers in the urban areas, where there is an urban settlement with rural fringes, just mean that the rural voice does not actually get heard at the ballot box, I am afraid.

Graham Biggs: In authorities that are largely urban with a small rural area, that has always been the case, but in authorities that are predominantly rural the vast majority of councillors come from constituencies that have rural areas in them. If the local authority has local discretion, that has to be better than somebody sitting above it trying to impose things, because a national framework cannot reflect local distinguishing features.

Q92 Lord Colgrain: Rural crime is an issue that, sadly, affects practically everybody in rural communities. What real impact does it have on the rural economy? Can you give some examples of what is being done to tackle it?

Graham Biggs: Like Sarah Lee, who gave evidence to you earlier, I too sit on the executive of the National Rural Crime Network. The network undertook the 2018 national rural crime survey, which reported a couple of months ago. To cite a few things that Sarah will send you in more detail, the summary of that report says that crime is a huge issue for rural communities, along with fear of crime. Police forces covering rural areas get much less money than their urban counterparts. Rural areas face certain unique challenges, but residents and businesses in rural areas feel that they do not count, that their views are not listened to and politicians and the police do not care. There are serious problems with underreporting of crime. Substantial issues were mentioned around fly-tipping, which the public feel are untackled. So it goes on.

My colleague, Sarah Lee, will send you more detail of the summary of the crime network survey, but whether it is across business, individuals or communities, instances of crime are really starting to have an impact. Some of it is serious and organised, and comes from urban areas, but not all of it by any stretch of the imagination. The economic impact is mainly from theft of agricultural implements, machinery and so on, and the general concerns of business about anti-social behaviour and the like.

David Fursdon: We need some technological solutions, if possible. I do not disagree with anything that has been said, but we have the resource
that we have at the moment, and it is unlikely that we will get a lot more. Everybody wants to see Bobbies out there and a response when they report a crime or want to talk to somebody. We have to find a technological way to provide that without having people everywhere on the ground, if that is not going to happen. That requires police forces somehow to work out how best to deal with those things, perhaps through a central call centre, so that we can provide advice and reassurance to people who are facing some of these issues. At the moment, in the worst places, there is nothing; there is no resource and no alternative, so nothing happens, and people get very frustrated.

The Chairman: I am really sorry, but time is pressing, so I am going to move to the interesting subject of Brexit.

The Earl of Caithness: Before we touch on Brexit, Graham, could you write to us in a bit more detail about how your rural strategy for rural areas would work and how far down you want to push local decision-making? What powers would need to be involved, and how would it work in practice? If you could write to us, it would be helpful.

Graham Biggs: I would be glad to.

Q93 The Earl of Caithness: Looking forward to all the excitement ahead of us, do you think that Defra is on the right track and has the right policies for farming and the rural economies?

David Fursdon: The Agriculture Bill is interesting. It has some good stuff on supply chain and contracts, which is useful, and it has good ambition on public money for public goods. It has provided some certainty on transition, which some businesses welcome, but there is a lot that is not said. To some extent, I suppose that it is a structure; a lot of the detail is still to come, and the detail will be what matters.

There is still uncertainty around trade and standards for imported food and products, as opposed to our own. It is not clear yet whether food security, or producing our own food, is important or not. There are plenty of things that we still need to be able to answer that question. For me, as far as the Bill goes it is fine, but it does not answer some of the other questions, which we may not yet have answers to.

Graham Biggs: First, it is not our thing; we are about rural services as opposed to agriculture and food production. My perception is that it does not actually say much about rural economies except in the context of agriculture, or at least landscape management. It says nothing at all, and nor does anybody else, about the future of rural communities. That is where the big gap is at the moment. We are talking about lots of implications of Brexit, and having to convert European law into UK law and all those sorts of things, but where is there any focus in any department anywhere on rural communities? I fall back on the strategy that is needed.

The Earl of Caithness: David, do you think that the production of food should be a national imperative?

David Fursdon: Yes. We need to be able to produce food. With an uncertain climate and with all sorts of uncertain things going on in the
world, the ability to feed ourselves is very important. We are never going
to feed ourselves on pineapples, so basic food production and the ability
to grow food is very important. As I said, the Bill is silent on that; it does
not say whether we should set targets for how much we produce. That is
one of the things that is not there that I would like to see.

Q94 The Chairman: We will be writing the report over time, and it will
contain a number of recommendations to government. What
recommendations would you like us to put in our report?

David Fursdon: I have a couple. I expect that everybody is saying the
same thing to you. There is an awful lot about public goods, but I do not
think we are anywhere near yet on payment for public goods. There is a
real danger that we will move away from a rural economy where a large
part of the underpinning is the agricultural sector, and that sector’s
existing funding will be replaced by funding that is available only in some
areas, because that is where the public goods can be provided. I suspect
the danger is that there will be areas of the countryside where that will
not be easy to do. We need to focus, and I hope we may be able to do
that, on something for all the people who will face change as they come
out of agriculture. It could be done, but we need to be better at it than we
are at the moment. Some of the natural capital stuff is great, but we have
not yet got it to a state where it represents an income for a number of
people.

We are not very good at resolving disputed areas in this sphere and we
need to get better at doing that—for example, on the use of nitrogen. Its
key use for farmers is in growing rye grass mixtures, but it may be
applied in quantities that are not cost-effective and in ways that are
sometimes damaging to the environment. That is one way, but there are
advocates of not having nitrogen at all. There are all sorts of ways those
things could come together and be resolved.

Neonicotinoids are another such area. If we are not going to be able to do
one thing, what are we going to do, and is there some sort of consensus
about what is sustainable and acceptable? In those sorts of disputes, at
the moment people on separate mountaintops lob boulders from one
mountaintop to the other. I am sure that there are ways, through the use
of sensible science, evidence and cool heads, to find solutions to things
that at the moment seem fairly intractable.

Graham Biggs: You will not be surprised to hear that my
recommendation is for a rural strategy that is ambitious in setting
challenges for rural England a decade from now and comprehensive in
addressing all the things you have asked questions about, and other
things that are essential to rural prosperity, well-being and quality of life.
It needs to be current and future proofed, resourced and supported
across government and, at a practical level, capable of delivery in large
part locally.

The Chairman: Maybe that will be our report. It would be great. I said at
the beginning that time was very tight. If there are things that either of
you still want to write to us about, we would be very grateful to hear from
you. A couple of colleagues have asked you to write to us about specific
points, and we look forward to that. On behalf of the entire Committee, I thank you for giving up your time and being here today. Thank you both very much indeed.
The Chairman: Minister, good morning. I hope you enjoyed our deliberations in the earlier session. Thank you very much indeed for coming today. In front of you, you have a set of the declarations of interests of members of the Committee. We are being covered on the parliamentary internet. After this session, we will be sending out the minutes of it and there will be an opportunity for any corrections that you wish to make. If there is not enough time to cover all the points that you would like to have told us, please feel free afterwards to write to us with any further thoughts, which we would very much welcome.

You heard in our earlier deliberation that, as a Committee, we are somewhat concerned that the Government do not appear to have an overarching rural policy or strategies to go with that. I just wonder whether you believe that there would be benefit to the Government having such a policy and what your thoughts are on it.

Jake Berry MP: My Lords, thank you for the opportunity to appear here today. It does not fill one with confidence to hear your previous witness say, "I am looking forward to going to the dentist". I know we are quite pushed for time and I want to leave the maximum amount of time for questions. I do not feel that it is right that the Government would seek to create some sort of false dichotomy between the rural economy and our economy in general.
If I think about the largely rural constituency I represent, the businesses in our rural areas are facing similar challenges to businesses elsewhere in the country. They tend to be small to medium enterprises. They tend to be family owned. I hope that, through the Government’s Industrial Strategy and particularly the local industrial strategy, which I know we will get on to—we can tackle those common challenges faced by businesses regardless of where they find themselves. That is the first important thing to say. We should not seek to separate the rural businesses as facing different challenges; they face common challenges.

As part of our wider cross-governmental and cross-departmental work on the creation of the industrial strategy, some element of rural proofing for those policies is welcomed. My own Department has undertaken significant work in this area. In our existing government policies, for example the coastal communities policy, which I also administer on behalf of my Department, we recognise that place can create unique challenges for businesses. We recognise it in terms of our coast and we should seek to recognise it through the local industrial strategies.

**The Chairman:** So I can be clear, you are saying you would welcome rural proofing of, for instance, the local industrial strategies.

**Jake Berry MP:** We welcome it. We already do it, and I hope to get the opportunity in questioning to tell you about the work we have undertaken in this regard, and the work we hope to undertake as we develop local industrial strategies. It is worth while and that should be acknowledged across government. It is acknowledged in the Industrial Strategy, which, for the first time, is a movement beyond silos to look at a cross-governmental approach to developing business. I just hope that rural proofing will not lead us to develop a dichotomy where we treat rural businesses in a different way from all other businesses, because growth of business should be at the heart of everything we seek to do in our Industrial Strategy.

Q266 **Baroness Mallalieu:** Given the disadvantages that rural businesses often face with infrastructure and transport—this is the question I asked Lord Henley earlier—surely some special consideration needs to be given to rural businesses.

**Jake Berry MP:** Rural businesses face significant challenges, particularly around infrastructure, and the biggest challenge facing rural businesses today is that of digital infrastructure. You will be aware of the work that has taken place, from the coalition Government through to the current Government, to ensure that we roll out digital infrastructure to our rural areas, particularly because we are seeing anecdotal evidence that hi-tech businesses, which are reliant on digital infrastructure, are choosing to locate to the countryside. I would say that that is because it is quite a nice place to live. That is not something we particularly measure, but I think it happens to be right.

We should concentrate on tackling those infrastructure challenges, particularly with the local Industrial Strategy. It is worth noting that, while I very much welcome the idea that they should be developed
locally, all that development will be in partnership. The LEP will have its role to play in developing the LIS. That is right, because we expect LEPs to have a granular understanding of the face of their economy in a way that no government department or Minister can. The local authority is part of that LEP partnership and, again, we would expect local authorities, as planning authorities that are often involved in planning infrastructure and looking at rural transport, to play their part in developing the LIS so that rural businesses can thrive.

There is certainly a role for government, and every LIS will ultimately be signed off jointly by my department and the business department. My experience of the ones we are looking at so far is that we carefully look at them to make sure that the LIS represents all parts of the business community that the LEP represents, ensuring that all parts are properly accounted for and there is a growth strategy.

Q267 Baroness Mallalieu: What other new initiatives are you undertaking to support local economic growth and sustainability in rural areas, if any?

Jake Berry MP: There are quite a lot. One thing government should surely concentrate on is the town deals, which were announced in the Industrial Strategy. We are piloting this in Grimsby. We made a commitment to do one in Grimsby as a pilot. We should all, across government, be watching that with great interest. We have put significant money, infrastructure and support into the Grimsby town deal. For rural areas, town deals may not be quite the antidote but may be the city deal for the rural area. In smaller rural market towns or even smaller cities such as Gloucester, we are developing a form of overarching government policy for how to grow market towns, small cities and their rural hinterland.

We could look at the Government’s devolution framework, which we have committed to coming out with shortly, and which will set a roadmap for devolution for all other areas of England, as developing the rural economy. Almost exclusively so far, devolution has been around city regions. There is an opportunity for much more devolution in rural areas. The one large rural devolution deal that the Government have done already is the deal in Cornwall. We are starting to see that, when you give local councils and actors the powers to drive their own economic growth, they tend to do a better job of it than anyone can in central government.

Town deals is one to watch. The devolution framework will have a large rural portion to it. The Government continue with their coastal communities fund and, of course, many areas of our coast are rural. We are in the latest round of that. An announcement on round 5 will be made in the spring, and that will see £40 million invested in our coastal communities.

Of particular importance to rural areas is the strength of the high street. I regard it as a great privilege to have had the opportunity to work with Sir John Timpson, one of this country’s best known and longest serving retailers, who is working with me and my department to guide our high street policy. I am sure your Lordships will be aware that, in the most
recent Budget, there was a £675 million Future High Streets Fund, which is about enabling high streets to grow, to have a permanent part in our economy and to thrive. For rural areas, the high street is often of great import to a much wider economy because, if you live in an urban area, you may have several high streets to choose from and you may even be able to go to a city. For rural areas, ensuring that we keep that commercial hub in the county town, the market town or even in the village is of huge importance to the wider economy.

**Baroness Young of Old Scone:** I think it is true to say that the local authorities and LEPs that are substantially rural take quite a strong interest in the rural parts of their patch. Are the Government anticipating doing anything for rural areas that are part of predominantly non-rural local authorities and LEPs, in which those rural areas get rather rolled over?

**Jake Berry MP:** We have sought to address this in the Government’s LEP review. I heard in the earlier evidence session some discussion about the dominance of larger businesses on LEP boards. We have sought to break that down. We have set a challenge to LEPs to say, “Your board should be reflective of the economy you represent”. We have specifically targeted them with taking on SMEs. Once they are more representative of their economy, including even large urban areas such as Manchester, which will have significant rural businesses, they need to be aware of their presence. There is an opportunity in the local industrial strategy for the Government to review it, to ensure it is rural proofed to some extent—and the good work of this Committee is making sure the Government have this at the forefront of their mind—and to press back on the LEPs and the local authorities to say, “Please demonstrate how your local industrial strategy properly takes account of the entire business community that you represent”.

**The Chairman:** The Committee will be very encouraged to hear that.

**Lord Carter of Coles:** Good morning, Minister. Can I take us to housing? We have heard a lot of evidence, in two particular areas, on how your Department reflects the needs of the rural community in housing. The first is social housing and the question of the 10-unit threshold for affordable housing. We have had some very negative feedback, albeit anecdotal, on the effects of that. The second is the effect of the Voluntary Right to Buy. Again, there has been some rather negative feedback on that, particularly with regard to rural landowners making land available.

**Jake Berry MP:** In respect of the 10-unit addition you referred to, you have had some evidence to your Committee thus far that points out the ability of local authorities to vary that down as appropriate, to a minimum of five before there is a developer contribution. In addition, the Government now have the Housing Infrastructure Fund, which is free for rural areas to bid into and can look at replacing those developer contributions with a direct government grant from Homes England. The Housing Infrastructure Fund is predicated on the idea that, rather than build the houses and then worry about where the infrastructure comes
from, whether that looks like roads, school places, GP surgeries or any of the things that Members of the House of Commons, as many of you will be aware, have in their MPs’ advice surgery, the Government support the infrastructure before the development comes along. It feels to me that that fund is best placed to deal with many of the challenges around developer contributions in rural areas. I hope that answers the question.

In relation to Voluntary Right to Buy, there is a discretion not to sell certain homes. If I think about places such as national parks and areas that have fewer than 3,000 inhabitants per hectare, given the huge challenges for providing affordable homes in those areas, it seems to me quite right that there is an exemption that the housing association can use to ensure that its affordable housing stock is not, over a long or even a short period, mined out. We have heard quite a lot about Cumbria so I will carry on with that tradition. People who live in a national park, in the Lake District for example, should not see their entire stock of affordable housing, as owned by housing associations, mined out. But there is an expectation that that housing association would give those tenants the portable discount so they can preserve their Voluntary Right to Buy, which can be moved on to another housing association’s stock or, indeed, stock from that housing association.

The Chairman: Sorry, can I ask for clarification? If a major housing association owns lots of properties in urban areas but has a few in particular rural areas, and it agrees to right to buy under the voluntary arrangement, are you saying that the housing association that has introduced a right-to-buy scheme under the voluntary scheme can exclude from right-to-buy sales any property it chooses?

Jake Berry MP: No, under the voluntary agreement between the Government and the National Housing Federation on the extension of right to buy, housing associations have the discretion not to sell certain homes, and this generally means properties in national parks and areas of outstanding natural beauty.

The Chairman: It generally means that.

Jake Berry MP: Yes.

The Chairman: Could they, therefore, choose to not allow right-to-buy properties in some small village where they happen to have two or three properties?

Jake Berry MP: I would guess that this would fall into the exemption, which they have the discretion to use, of places with fewer than 3,000 inhabitants per hectare.

The Chairman: So in any small village they could exempt the right to buy. Okay, that is very helpful. Since you have raised the issue of 3,000, why does the department not collect data about housebuilding in such small conurbations, below 3,000?

Jake Berry MP: I do not know necessarily that we do not collect the data. I am sorry; I would have to write to you about that. The point is that, where the Government’s measurement shows fewer than 3,000
residents per hectare, there is this exemption, which, at the discretion of housing associations, can be used under the Voluntary Right to Buy. I am not sure about the department collecting data in those areas. I am not aware that the data collection is different, but if it is I will write to you.

**The Chairman:** To save time, you could write to us. For clarity, we know that the 10-new-build rule, as you rightly pointed out, can be reduced to five in certain circumstances. That is normally in a designated rural area. Are you saying that it can be more generally applied down to five if local authorities choose to do so?

**Jake Berry MP:** It would be ultimately determined by local authorities, but it is an acknowledgement that in rural communities there is a different approach. It comes back to the point we started with about how government policies can be properly rural proofed. There is an acknowledgement in the Government's approach that there may be different challenges in smaller villages, where there will be a significant land constraint, which will be a clog on development more widely.

**The Chairman:** Our understanding was that the designated rural area meant an AONB. You appear to be suggesting that that definition could be taken more widely by a local authority if it wished to do so. Can you just confirm whether that is the case?

**Jake Berry MP:** I believe it is the case, but I would prefer to write back to the Committee to confirm it.

**The Chairman:** We look forward to hearing from you.

**Baroness Young of Old Scone:** Should we give the Minister the opportunity to reflect on the 3,000 residents per hectare? The maximum permitted density at the moment is 50 houses per hectare. If you can cram 3,000 folk into them, the Government are doing rather better than we thought, or worse, depending on how you look at overcrowding.

**Lord Curry of Kirkharle:** It is about the geographic area that that density is spread over. We need clarity on that.

**Jake Berry MP:** I can cover that in my letter.

**Q269 Lord Colgrain:** Should there be a greater range of affordable housing providers in rural areas? For example, would it make sense to empower landowners through taxation or other incentives to develop and manage affordable housing on their land?

**Jake Berry MP:** Yes, it would make sense and I agree with you that there should be a greater diversity of affordable housing models in rural areas. I suspect this is something that should be driven locally in partnerships between local authorities and registered social landlords.

**Lord Colgrain:** You said it should be.

**Jake Berry MP:** I believe it should, yes, because it is hard for the Government on a central basis to understand the particular challenges in a small village in Wiltshire and we would expect the local authority to have a better understanding of that. Therefore, we would hope that the
local authority would, in partnership with registered social landlords or housing associations, look at differing provisions of social housing.

**Lord Colgrain:** If it was through taxation, that would have to be national rather than local, presumably.

**Jake Berry MP:** We would not necessarily have our mind closed to that, although taxation may not be the right route. It may be the sort of thing that Homes England could support, but I would guess that we would need to look at each on an individual basis.

**The Chairman:** So we can be clear, in my understanding, and perhaps you can confirm whether I am correct, at the current time only local authorities and registered housing associations can be landlords for affordable housing. Is that correct?

**Jake Berry MP:** Yes.

**The Chairman:** You are saying, as Minister, you believe that range should be widened so that, for example, landowners might themselves take on responsibility for managing affordable housing.

**Jake Berry MP:** No, I do not believe I am saying that. I am saying that we should see a diverse approach in which landowners, in partnership with local authorities and housing associations, come forward with novel schemes, such as community land trusts. I have visited the community land trust in Rock in Cornwall, where 20 families have built their own homes. That is an area with an acute affordability crisis. Lots of people go from London, as people probably know, and have their holidays there. The St Minver CLT in Rock developed those properties in partnership with the landowner, a registered social provider and the council. That is why I believe there is an opportunity to look at new and novel ways of providing social housing where there are acute challenges around affordability.

**The Chairman:** There are some issues about taxation policy in relation to achieving that.

**Q270 Lord Curry of Kirkharle:** Good morning, Minister. We are exploring whether the taxation system is inhibiting the release of sites. We are keen to explore whether landowners are reluctant to release small sites for affordable development and whether taxation is an obstacle to that. You may not have an answer to that, but would you welcome us exploring whether that might be an obstacle?

**Jake Berry MP:** I would be surprised if the Committee did not explore that, because if it is identified by you as an obstacle you should absolutely bring it to the attention of government. You may not be able to answer but, to enable me to explore the question more fully, I wonder what specific elements of taxation you regard as a challenge.

**Lord Curry of Kirkharle:** It is potentially the impact of capital gains tax, which through the release of land could lead to tax implications for a landowner or landowners jointly working with partners on the release of land.
**Jake Berry MP:** I am not aware of capital gains tax on land in a rural area attaching in a different way for the purpose of development. It often does for the purpose of inheritance and retirement, but for the purpose of development I am not sure if it attaches in a different way from in any other part of our country.

**Lord Curry of Kirkharle:** We can explore whether there is merit in that.

**Jake Berry MP:** There is certainly merit in exploring it, but I am just not aware that it is a specific rural issue.

**The Chairman:** It is in specific rural areas where, for instance, there are rural exception sites. Landowners may wish to come forward to release land to ensure the provision of affordable housing. In those specific parcels of land where we are very keen to see it happen, if taxation is providing a barrier to it happening, I imagine you would welcome us finding a way round that.

**Jake Berry MP:** No, not necessarily. It is reasonable where people release land for development, whether it be at agricultural value, at development value or anywhere between the two, that taxation is applied in an even-handed way across our country, regardless of where that land may be.

**The Chairman:** You are saying that designated rural exception sites should be treated exceptionally in relation to the houses that can be put up on them, but not in relation to taxation.

**Jake Berry MP:** It is why I pushed about the specific rural challenge. I would wait to see the outcome of the Committee’s investigation and findings but, on the evidence as presented to me today, I cannot see a reason that they should be treated differently for the purpose of taxation, particularly capital gains tax.

**Baroness Pitkeathley:** Minister, when it comes to important community activities, such as developing neighbourhood plans and exercising community rights, the Committee has heard evidence that there is a lot of variation in the resources and abilities that rural areas have to do this. How can your department help those areas that have less capacity to develop those ideas and abilities for communities to empower themselves?

**Jake Berry MP:** The Government’s neighbourhood planning process, which sits alongside the local authority’s local plan, is of the greatest value in our rural communities, because rural authorities tend to be larger. It seems to me quite right that, on a micro level, whether it be a parish council or a residents’ association in a small village, people should have the ability and the freedom to drive the planning process in their area. It is often a good way of getting villages to accept new development, which can be challenging in some cases. It is often a good way of enabling affordable housing to be built in villages, subject of course to a democratic local referendum against the neighbourhood plan. The Government make grants available up to £9,000 per neighbourhood plan with the ability for an additional payment if it is a particularly
complicated neighbourhood plan. I can tell you, in my own experience, I have seen this in action, and the grant was used to pay a highly skilled planning expert to come and advise the community on how they could best facilitate development. The particularly attractive part of it for rural areas is the ability to come up with local design standards, which enables people to protect or encourage the local vernacular when seeing development in their area. That dual approach of the Government providing financial support and local people being in control through the democratic protection of a referendum lends itself particularly well to rural communities.

Baroness Pitkeathley: Can I press you on that? When your local community engaged the planning expert, what was the infrastructure? Where did that engagement come from?

Jake Berry MP: It was a very specific case, but the local community came together with the desire to drive planning within the village of Edenfield in Lancashire. They went to the local authority and agreed with the local authority the boundary of their neighbourhood plan. They then applied to government for grant funding, which they received. They then engaged a local planning firm in Ramsbottom, which is the nearest market town to the village of Edenfield, to be very specific, and the local planning consultant helped them organise the meeting in the village hall, at which they brought local people together. They looked at the red line boundary of the development area they were considering, and the planning expert curated the conversations among the village community about where they would like to see development take place and what type of development they would like to see take place.

Baroness Pitkeathley: Would there be any funding available to go back to an earlier stage and enable the people in the local community to come together to make that decision?

Jake Berry MP: It is my view that the start of this process is people meeting in a village hall or maybe even in the village pub. They can meet anywhere they like and say, “This is something we would like to undertake”. It does not necessarily require funding because the natural next step is to go and speak to the local authority, which will help and support them, through both the application to government for the funding, up to £8,000, and setting the red line boundary of their plan. I would suggest that that does not require money; it just requires will.

Q272 Lord Dannatt: The conversation is moving towards the concept of community rights. What other measures is the Ministry [MHCLG] considering to promote the take-up of community rights?

Jake Berry MP: We currently are working with schemes such as Pub is The Hub, looking at diversification of rural pubs to ensure that they are a permanent part of our village and community landscape. Since we launched community rights we have seen over 4,307 assets listed, many of which have been pubs, but there have been village halls and others. The Government continue to work with partners to promote their community rights fund, together with the £135,000 community enabler
fund, which enables groups to bring forward assets that they would like to see listed as community assets of value.

**Lord Dannatt:** Has there been widespread take-up of applications to that fund?

**Jake Berry MP:** We are currently working with 20 groups on their journey to take forward assets to be listed as community assets of value and we are working with an organisation called Locality, which has a website among other things. They are identifying eligible groups and helping to support them into the fund.

**Lord Dannatt:** It is a beginning, but an awful lot more could be done.

**Jake Berry MP:** Absolutely, yes.

**The Chairman:** In terms of the community assets, you said 4,000-plus have been listed and you are talking about 40, which is just 1%, that you are working with, or presumably Locality and others are working with.

**Jake Berry MP:** There are 20 new applications to that specific fund to bring forward new community assets of value.

**The Chairman:** That is very helpful, but is the department giving any consideration to amending the rules around community assets? For example, people have suggested to us that, having got a community asset, it does not mean to say they can necessarily take it on. It goes out to competitive tender and they need time to get funding together and then put in a bid. It has been argued that a longer period should be given to the people who have listed the community asset.

**Jake Berry MP:** The Government are always listening. They are always considering these issues.

**The Chairman:** Are you considering that particular issue?

**Jake Berry MP:** We have actively commissioned an organisation called Power to Change. We have a £140,000 joint-funded project with them currently.

**The Chairman:** You should know that we met with them last week.

**Jake Berry MP:** We are looking at what works. Following the conclusion of that, we will continue to keep the community assets of value under review.

**The Chairman:** There is one other issue. We are having some difficulty with what measures are in place to promote and make these things happen in those areas where there are not, as you describe, people who come together with a desire to do something. There are many parts of the country where people are not coming together with a desire to do it because there is not necessarily leadership in that area. What is being done by the Government to develop leadership in that type of community?

**Jake Berry MP:** There is no law we can pass here in the Palace of Westminster that will make people come forward in their communities and be community leaders. We have the £135,000 community enabler fund,
which is encouraging people to come forward with bids, which I have referred to. It does not reflect my experience of rural communities to say that they do not come together. I am not necessarily saying, my Lord, that you are suggesting that, but we need to ensure that we continue to work with localities where people come forward. The desire is there, but maybe the information is not.

**The Chairman:** In our conversations with Locality and Power to Change, both organisations acknowledged that there are parts of the country where there is not this leadership. We would be interested in whether the Government recognise that, which you can perhaps write to us about.

**Jake Berry MP:** I do not need to write to you about it. Both those organisations are currently in partnership with government. If they believe that that is the case—I am not aware of them having communicated that to government at the moment, although with Power to Change the review is ongoing—we will look at it, but we are certainly not aware of it at this stage.

**The Chairman:** If you were made aware of it, would the Government be willing to consider measures to help promote leadership within those areas?

**Jake Berry MP:** Absolutely.

**The Chairman:** That is very helpful indeed. Thank you very much.

Q273 **The Earl of Caithness:** Minister, have you read the Raynsford Review of Planning?

**Jake Berry MP:** No.

**The Earl of Caithness:** Could you tell me when your Department is likely to read it and reply to it?

**Jake Berry MP:** I am not the Housing Minister. I am the Local Growth Minister. It may well be that my colleague Kit Malthouse, as the Housing and Planning Minister, has both read it and will respond to it shortly. To the specific question of whether I have read it, I must admit the answer is no.

**The Earl of Caithness:** Could you write to us as to when the Government will reply to it, because it is quite critical?

**Jake Berry MP:** Either I will, or I will ask the Housing and Planning Minister to respond accordingly.

**The Earl of Caithness:** Thank you. Turning to the Shared Prosperity Fund, how will this work in rural areas?

**Jake Berry MP:** The Shared Prosperity Fund is currently under development internally across government, and we have a commitment to consult on it shortly. I am not able to go into real detail about how it will work today, because we are not currently out for consultation. There is an obligation on us to work with the devolved Administrations before that consultation takes place.
I can say, based on the Ministerial Statement that was laid before the House earlier this year, that it seems clear to me that LEPs will be the preferred investment partner of government, and the local industrial strategies they are currently working on seem to be the natural blueprint against which the Shared Prosperity Fund would look to invest.

The Earl of Caithness: Minister, what you have said fills me and a lot of people who have given us evidence with a great deal of gloom at the thought of that. Would you envisage there being a specific fund for rural areas, particularly the remoter rural areas?

Jake Berry MP: As I said, we are currently developing the policy, so I am unable to say whether there will be a specific fund at this point.

The Earl of Caithness: Would you be against it?

Jake Berry MP: I would have to have a careful look at the evidence as we develop the policy, so it is impossible for me to say without that evidence before me.

Q274 Lord Curry of Kirkharle: Both you and the previous witness, Lord Henley, have acknowledged that over recent decades rural areas have suffered by neglect. I am sure that was not deliberate, but the fact that government policies have not delivered economic growth in rural areas for whatever reason is just a fact of life. We would want to be reassured that, going forward, that issue is going to be addressed. We know that, under current funding regimes, whether EU or national government regimes, it is much easier to deliver improved return and improved productivity by focusing on larger bids within largely urban areas.

To anticipate the rate amount of return for the same amount of effort in stimulating the rural economy is unrealistic. It will require more resource; it will require more administration, but in our view it is essential that the economic growth in rural areas takes place in order to sustain rural communities, rural life and the countryside as we enjoy it and love it. Without some acknowledgement that a proportion of the Shared Prosperity Fund has been allocated to rural areas, we would have deep concerns.

Jake Berry MP: I understand that those are concerns you would hold. They are not concerns I would share, because LEPs are responsible for designing their own local industrial strategy. They have a granular understanding of their local economy in a way that no Government can. The onus very much should be upon them, in partnership with local authorities, and with the Government being the overseer of the local industrial strategy, to seek to develop the rural economy. It is my view that there is huge untapped potential for both productivity and growth more generally in our rural economy.

The great productivity challenge in the rural economy is that there is no real way of measuring it. On a national basis, it is very hard to measure the productivity of my good friend—and that of his family—who is a local sheep farmer but also does a milk round, has a business repairing Land...
Rovers and an egg business, and sells meat direct from the farm gate. That is the sort of area that we would look for LEPs to develop.

It would be astonishing if, for example, the North Yorkshire LEP did not have rural productivity and agriculture absolutely at its heart. That is what not just the Government and the local authority but the LEP will be looking for. That is why I believe the LIS is an appropriate place to develop the rural economy rather than it being centrally dictated from Whitehall.

The Chairman: We come back to you saying that the LEP has a granular understanding. Many of us would argue that the phrase ought to be that it should have, but does not necessarily have. You rather indicated at the beginning that you are not convinced every LEP has that granular understanding, one that takes into the account the needs of the rural areas within it.

Jake Berry MP: It is fair to say that all LEPs do not currently have that granular understanding. That is the reason for the Government’s LEP review. That is why we have challenged them to make sure they increase diversity, particularly from the SME sector, on their board.

Quite a good example of a LEP that has a granular understanding of its economy is the Cheshire and Warrington LEP, which seeks in its current strategic economic plan, SEP, and I hope in its local industrial strategy, to develop the rural economy.

Cheshire and Warrington is the only part of the north of England that has productivity and GVA values comparable to the south of England. I believe a great part of that comes from the strength of its local rural businesses. The Tatton Estate, which is based just outside Knutsford, has a large film business and is very much involved with the cluster and growth of media in Greater Manchester. I hope that, where LEPs really understand their economy, they can drive it and its rurality.

The Chairman: Our shared vision is that all LEPs reach that same level.

Jake Berry MP: We are hoping to get there.

Baroness Young of Old Scone: I have two linked questions. Are you planning to have rural performance indicators for LEPs and, if so, what might they be? Let me take one example of where the texture of economic development is different in the countryside and the rural areas from the urban ones.

We heard evidence that, quite often, the provision of SME accommodation in the countryside is neglected because it is not very attractive for LEPs or, indeed, for local authorities. It is a high risk proposition. It has high costs. It is probably not as commercially viable, but it is crucial if we are going to see SMEs, particularly of the sort that have outgrown their back-bedroom and are moving to the next stage. To some extent, the social returns of that need to be taken into account. It may well be that the people developing these businesses are the ones who are keeping the local school going, who provide the population who want to access
transport services and who drive the need for improved digital connectivity.

We need a different sort of subsidy as part of the Shared Prosperity Fund to mirror the provision that LEADER, and to a lesser extent EAFRD, had for infrastructure in social settings and communities, rather than just for individual economic enterprises. It is an enabling proposition. How would we know whether the LEPs were doing a good job by that? How are you going to measure that performance? Does that mean that there needs to be a separate sector of the Shared Prosperity Fund that will not have the same performance measure of just total productivity?

**Jake Berry MP:** To deal with those questions in turn, we regulate and monitor LEPs constantly, but that is formalised through the annual conversation. We are currently working on what new elements we should install into the annual conversation following the LEP review. As an example of something new that will be in there, we have tasked every LEP to ensure that 50% of its board is made up of men and 50% women. That is a performance issue that the Government will take up with LEPs if they fail to ensure that they add diversity to their boards.

We will be measuring LEPs on their performance against their own local industrial strategies. We have given them an additional £200,000 to develop the local industrial strategies in 2018, so we need to ensure that rurality and the growth of rural businesses are baked into that industrial strategy.

On provision for accommodation for SMEs, we have seen quite a lot of this, all over the country, during previous rounds of growth fund money. Specifically, both in Lancashire and in Yorkshire, we have seen SME hubs being created by LEPs. The Government continue to support the business hubs of LEPs, which provide support to SMEs, giving them access to information, technology and advice, to help those back bedroom businesses go from start-up to scale-up. I envisage that LEPs will continue to do that under the UK Shared Prosperity Fund.

**Baroness Young of Old Scone:** Do you anticipate that the revised KPIs for LEPs will play to something other than just maximising their delivery of productivity, wherever that falls?

**Jake Berry MP:** We have been clear that the UK Shared Prosperity Fund is about creating growth everywhere and creating inclusive growth. For that priority, which we have set out in the Written Statement to Parliament, to be delivered upon, it is clear that LEPs must move beyond trying to create growth solely in urban areas. Otherwise, we as a Government and they as LEPs will not be able to deliver on that desire to create growth everywhere and ensure it is inclusive.

**The Chairman:** A number of colleagues have been in positions like the one you currently occupy. Indeed, I have, and I know only too well that the nature of government is such that Ministers cannot always achieve the things that they would personally like to achieve. Is there any one thing that you think it would be great for government to do to help
develop the rural economy that it is not currently doing?

**Jake Berry MP:** The biggest challenge facing businesses in the rural economy, in my own direct experience, is the continued challenge they have accessing digital infrastructure. As a Government, as we move beyond 4G to 5G, which does not sit within my Department so I can say this freely, we should, through the 5G pathway and challenger areas, look specifically at targeting the rural economy to ensure that it can reach its full potential. I go back to my earlier comment. There is huge untapped potential in the rural economy.

In a situation where you can do your VAT return only online, which, for many, means they have to take an entire day away from their business, trying to load up their VAT return over a phone line rather do it remotely, digitally or over a fibre line, the Government should act to ensure people can properly access all the opportunities.

**The Chairman:** Do you think the Government should delay by one year its introduction?

**Jake Berry MP:** That would ultimately be a decision for that Department.

**The Chairman:** I was asking for your view. Since you said a minute ago you could talk freely because other things were not in your Department, you can talk freely on this.

**Jake Berry MP:** This is a trap.

**The Chairman:** It is not a trap at all.

**Jake Berry MP:** You have been sat on this side of the table, my Lord, and you will understand that that is a decision for that specific Department. There is a role for my Department and the business department to work with DCMS to ensure that digital infrastructure continues, in the way that we have seen to an extraordinary extent since 2010, to be rolled out to our rural areas as a priority. The time period for doing that should remain a priority for the Government.

**The Chairman:** That is very helpful.

**Q277 The Earl of Caithness:** To what extent do you think the rural economy can be more productive? If it is contributing over £250 billion now, what do you think it could contribute?

**Jake Berry MP:** There are two real areas of opportunity. The first thing is, through the hardwiring of digital connectivity throughout our rural economy, to take businesses that are currently located in urban areas and move them out to rural areas. Space is particularly at a premium in cities and there is an opportunity, if businesses want to expand, to look at moving out of the city to get larger premises and frankly a much nicer working environment, where it will be easier to recruit the brightest and the best because it is just a nice place to live, work and raise a family. That is intrinsically linked to digital infrastructure and that is why I identify it as one of my top priorities.
Secondly, through the sector deal in food and drink, there is a real opportunity to develop the food and drink industry of this country and, in a post-Brexit world, to take some of the products that we produce to the rest of the world, rather than just the European Union. To do that, we would need to develop the industry.

**The Chairman:** Minister, thank you very much indeed for your very full, detailed and helpful answers. We are enormously grateful. You have been set a number of bits of homework and we look forward to receiving them as soon as you are able. As I said at the beginning, we will send you a transcript of the proceedings. Please feel free, if there are any factual corrections, to let us have them. Thank you very much for coming.

**Jake Berry MP:** Thank you all very much.
Secretary of State, Minister, thank you both for coming. I know that you have had a rushed trip straight out of Cabinet, Secretary of State, so apologies if we go straight on.

You have in front of you a list of declared interests of members of the Committee. Following this hearing, there will be an opportunity to submit any factual corrections to the report that we will send you of this session. Obviously, if there are any issues that you wish you had referred to or mentioned, but did not get the opportunity to do so, we would love to hear from you both in writing after the session.

Secretary of State, Minister, the Committee on the whole is quite optimistic about the rural economy. There are a lot of good things going on. Nevertheless, we have heard evidence from a number of witnesses that rural areas have been disadvantaged by government policy in areas such as service provision, digital connectivity, housing and transport. How would you react to those concerns?
Michael Gove MP: They are very fair challenges. The Committee is right that there are reasons to be optimistic about the rural economy. Even though 13% of the working population work in rural areas, they are responsible for nearly 16% of gross value-added GDP. There are a number of ways in which the rural economy punches above its weight. However, at the same time, you are quite right to say that there are a number of factors holding back even faster growth and a higher quality of life for people in rural areas.

Broadband and digital connectivity is one of the biggest areas where collectively we need to do better. You are also right that transport provision is patchy. There are some specific problems with housing, particularly affordable housing provision. There are also some challenges related specifically to education and skills. As you know better than anyone, they are multilayered. Some relate to ensuring that people see a future in the rural economy and some to raising the level of ambition in schools and colleges in rural areas.

The Chairman: We will have an opportunity to pick up some of those issues in a bit more detail, but, more generally, do you think there is a need to have an overarching rural strategy, with a long-term vision for rural communities and the rural economy? Do we need a rural economy strategy, almost like an industrial strategy?

Michael Gove MP: It is an open question, and both of us have given some consideration to it. On the one hand, one of the joys and glories of the rural economy is its diversity. In geographical terms, there are some parts of rural Britain that will need a very different set of solutions and interventions to help them to become more productive and improve the quality of life.

Similarly, you were quite right to reference the industrial strategy. There are aspects of that where there is an overlap, including our forthcoming work on a food and drink sector deal. Notwithstanding everything, food and drink is both our biggest manufacturing industry and a very significant employer in rural areas. The question in both our minds is the extent to which it depends on the effective co-ordination of initiatives that are already in place, some of which we will touch on, and to what extent creating that kind of strategy would provide the degree of focus and additional drive that might be required. Is it duplicating efforts and adding to bureaucracy, or is it giving it real political heft? It is an open argument.

Lord Gardiner of Kimble: I consider this in terms of the advantage of the countryside and rural communities being in the mainstream of national life. I have given a lot of thought to whether we should have the entirety as a separate stronghold of rural. However, I am constantly taken back to the question of whether we can serve rural communities better if they are seen as an absolute part of the national landscape, providing so many things for the nation. That is four-square where they should be. To take it to an extreme, instead of there being a rural exchequer we have
an economic policy that is driven by prosperity and opportunities for all. There is a very strong record of starting up businesses in rural communities.

I have given it a lot of thought and I constantly come back to thinking that rural communities are best served by all government departments thinking rural. We as rural champions have a role to fulfil. I know that there is an argument about whether rural-proofing is better in the Cabinet Office, or Defra, or wherever it may be. I definitely think that there needs to be a government body that champions the countryside and rural communities, but it is better unfolded if Health, Education, BEIS or whatever are constantly thinking rural.

The Chairman: If you and the Secretary of State agree that there is a need for a rural strategy, that would obviously cut across all government departments. Where it actually lies can be debated, but responsibility for delivery would be with all departments. However, unless you have that separate rural strategy, the distinctiveness would be lost. If we end up with rural and urban being treated in exactly the same way, the distinctiveness that is so important to rural areas, and the benefit that that brings to the economy of the whole country, would surely be lost.

Michael Gove MP: I very much take that point. All government departments whose activities impinge directly on rural life and the rural economy have a senior official who is responsible for working with Defra to ensure that policies are rural-proofed.

Taking an area such as education, some policy considerations are already in place. The base funding for smaller schools, no matter where they are—they are overwhelmingly in rural areas—was introduced and has been maintained to ensure that we do not have a one-size-fits-all approach to school funding. We recognise the specific needs of rural schools and smaller rural communities. That is just one example. I know that we will touch on others, some of which are perhaps less well developed.

Q299 Baroness Mallalieu: You talked about immediate problems. Do either of you have a vision of the sort of rural economy that you want to see in 20 years’ time?

Michael Gove MP: Yes, I do. The best reference point for that is two speeches I gave recently, one to the Oxford Farming Conference and one to the Country Land and Business Association—the CLA as it now is. Inevitably, both of them had a farming focus. If one is thinking 20 years’ hence, we need to make sure that Britain retains its leading position in agriculture and food overall. There are some technological changes, which Britain is pioneering, and other factors, including the impact of climate change, which mean that Britain will be playing an even bigger role in feeding the world.

It is not just agriculture and food production; we are thinking about activities, such as traditional sport and tourism, which are integral to the
success of the rural economy. People very often choose to live in rural areas, or want to continue to live in them, because of the quality of life, strength of community and so on. We want to think about how we can ensure that the ties that bind are maintained. In the recent Budget, we were able to prise a small but significant amount from the Treasury to invest in village halls. All these things are interconnected.

We live in the most beautiful country in the world. These are precious assets, and our 25-year environment plan is not just designed to safeguard biodiversity in the abstract; it is also designed to recognise that the natural inheritance of our countryside is precious and we need to pass it on to the next generation as a living, working environment.

Q300 Baroness Young of Old Scone: I am aware that a while ago your department wrote round other government departments about rural proofing. I assume that implies that you were anxious about it. Is that another argument for the need for a strategic approach to what the countryside is for in the future to make sure that other government departments understand the vision, rather than having to infer it from a series of policy initiatives?

Michael Gove MP: That is another open question. We all know that there is a constant flow of paper and electronic messages within government. How do you ensure that you send a clear signal amidst all the noise? Certainly under this Prime Minister the importance of the countryside, the environment, food and farming have a higher profile than in the past. That is due to the personal leadership and support that she gives our department. The recent write-round was just a nudge and a reminder. There are examples of policy areas where we work with other government departments relating specifically to our vision.

To take another example, we have announced that Henry Dimbleby, the leading non-executive director at Defra and a food entrepreneur, will be leading a food strategy. He will be working with the Treasury, DHSC, BEIS and others to make sure that all the policy areas that matter so much are united. As I stressed, food and farming are not the only drivers of success, employment and improved quality of life in rural areas, but they are essential to it. That strategy is designed to ensure that we have a properly joined-up approach across government and that, for example, DHSC decisions, taken for the best of reasons, do not have a negative impact on the capacity of our food and drink industry to continue to grow sustainably.

The Chairman: That requires effective rural proofing, which you have already alluded to on about three occasions. Let us explore it in a bit more detail.

Q301 Baroness Hodgson of Abinger: Was the Agriculture Bill rural-proofed? If so, what rural-proofing activities were undertaken in its development?
**Michael Gove MP:** It was and continues to be. The Agriculture Bill has laid us open to some criticism. I can understand that, but it is ever so slightly off the mark. It is a framework Bill that sets out to make sure that we have the means necessary to replace the Common Agricultural Policy with new methods of agricultural support.

Even as we did that, we were not just designing a set of levers without thinking about where they would lead when they were pulled. We thought, and are thinking, very hard about the impact of changing methods of support on, for example, upland and hill farmers. Generally, but not universally, they face the biggest economic challenges and are most reliant on continuing support. They are also integral to rural life in agriculturally less-favoured areas.

Therefore, as we were designing the Bill and developing the environmental land management schemes and other schemes that flowed from it, we were thinking hard, setting questions and demanding of ourselves and our partners in the Treasury that we model the impact of these changes on individual farm businesses and rural areas more generally. Lord Gardiner may want to say more.

**Lord Gardiner of Kimble:** Beyond agriculture, there is a rural chapter in the *Health and Harmony* consultation paper. We had over 44,000 responses and there were at least 17 formal consultation events as well as many others. All of that has helped to get the message across and get feedback. A lot of this is going to be developing over the years as we ask a lot of the land, the countryside and their communities about how we produce food with a high provenance for home and for export abroad, as well as enhancing the environment. If we do not enhance the environment, food production—

**The Chairman:** I apologise for interrupting. The question you were both asked was: “Was the Agriculture Bill rural proofed?” You have both said, “Yes, and it continues to be”. Are you able to provide the Committee with a set of rural-proofing guidelines that your department has issued and set out how, in each of those steps, the Agriculture Bill met those criteria and requirements?

**Michael Gove MP:** We do something much more intensively. Checklists are incredibly useful in a way. Say, for the sake of argument, that we, or another government department, was going to make a change to bus policy, which is very important. One would expect the Department for Transport to undertake just such an exercise. But when you have something as big as the Agriculture Bill, it is a far more intensive process of interrogation. A simple checklist of the kind that would be appropriate for other government departments and policies would simply not do the job in this case.

The safety check required for using a relatively straightforward piece of machinery is very different from the series of continuing checks you
require with a much more sophisticated one. For good or ill, the Agriculture Bill is a much more sophisticated piece of machinery.

Baroness Hodgson of Abinger: So what criteria did you use? How did you go about it?

Michael Gove MP: Through constant reference to all the interest groups and the sector that would be involved, constant questioning of officials during the process of policy development, constant contact with Members of Parliament and other representatives of rural areas. It is ongoing. It would be wrong to say that a Bill like this, which creates a framework, has been rural-proofed at any given point.

The distinction that I drew in response to the Chairman’s question is important. In a way, rural proofing is something for us to lead on, but it is more a way of making sure that other government departments live up to their responsibilities in policies that are not as significant and all-encompassing in their approach.

There are urban and peri-urban farms, but, by definition, an Agriculture Bill is rural through and through. If it is going to be serious—thanks to our great team of officials, it has been—the process of policy development has to be a constant exercise in rural proofing.

Lord Gardiner of Kimble: The very considerable consultation identified broadband and affordable housing. There is a cross-referencing with the rural and looking, through the Agriculture Bill, at the adverse issues that people in the countryside are wrestling with; I know that the Committee is going to come on to that. That, too, came out of the consultation again and again.

I see this as a continuum rather than, “Here’s this Bill in front of Parliament. We’ve done the rural proofing. Tick”, particularly with this exercise, which is in line with the 25-year Environment Plan and how you produce very good-quality food. I do not see this as something where I can safely say to the Committee, “I’ve done it. I’ve rural-proofed it”, and no more. This has to be about the entrenchment of rural proofing in Whitehall: “Yes, this needs to be improved”. We will come on to that. Rural proofing needs to be absolutely at the heart of and in the mainstream of all departments, so that they think about distinctiveness and diversity and we end up in 20 years with flourishing rural communities—and I mean rural communities, rather than suburban or urban ones.

The Chairman: But Minister, how would you react to the fact that, for example, the Rural Coalition were very clear that the Agriculture Bill was narrow and lacked recognition of the wider rural economy, and that the Chairman of the Efra Select Committee said categorically that the Agriculture Bill has not been rural-proofed, full stop?

Michael Gove MP: I think the Rural Coalition probably misunderstood the purpose of the Bill; I alluded to this earlier. It is perfectly possible to see that the Agriculture Bill, as a matter of policy, should have many
more provisions in it that deal with the huge variety of areas related to agriculture. That is entirely legitimate, but the nature of the Bill was specifically to ensure that we created a framework to replace the Common Agricultural Policy.

There are one or two additional things in it; the red meat levy and so on. The amendment that deals with the red meat levy was part of the conversation that we had with rural communities on the Scottish and Welsh borders in order to improve its operation. It would be a mistake, and a very understandable one—I mean no criticism—to think that the Bill was not rural-proofed because it did not do everything that could be done to safeguard and enhance the rural economy.

**Lord Gardiner of Kimble:** I have regular meetings with Margaret Clark and the Rural Coalition, and I attend its meetings as often as possible. I understand its position, but I do not think it has been engaged enough in the discussions on the Agriculture Bill to enable it to see the breadth and range of the meetings that we have held. However, I am in very close communication with the Rural Coalition and have a high regard for it.

**The Chairman:** Just before we move on, I know that Baroness Hodgson has some thoughts about the future and making it more effective.

**Q302 Baroness Hodgson of Abinger:** Does Defra have rural-proofing guidelines and does it follow them in developing policy? Or is policy developed within Defra automatically assumed to be good for the rural economy and rural communities?

**Michael Gove MP:** It is not automatically assumed to be good. By definition, the process of trying to deliver effective policy sometimes involves the active consideration of ideas from inside and outside which, once we have subjected them to rigorous scrutiny, we realise would be bad for rural areas.

Let me give another example. One area we are responsible for is air quality; we are the lead department on that. Obviously, when it comes to improving our air quality, we need to work with other government departments, because air quality is poorest in urban areas, and that is driven partly by road transport.

However, a broad national air-quality strategy has a distinct impact on rural communities when it comes to ammonia emissions. We have thought very carefully about how to support farmers with improved slurry management, which involves not just potentially tighter regulation in the future but active financial support.

In the process of developing the air-quality strategy, even though it was not primarily a rural document, we rural-proofed it, saying that if we were going to have these standards and expectations, which we need for human health, we cannot just say to farmers, “You have to face higher standards”, without playing our part in providing the money and resources necessary to meet those goals. That would be an example of a
policy, which is not a bad one, where the rural dimension was front and centre of our mind because it was developed in Defra.

**The Chairman:** We will pick that up in a minute, but first I will bring in Earl of Caithness.

**Q303 The Earl of Caithness:** You have both mentioned other departments. The evidence we have received shows that rural proofing is not effective, accountable or transparent to other departments. When are you going to bring in tougher guidelines and enforcement?

**Michael Gove MP:** There are 14 other departments—I mentioned them earlier—which have rural-proofing leads. Looking at some of the work we have done recently, for example the future telecoms infrastructure review at DCMS, and its emphasis on what it calls an “outside in” approach, this deals with some of the real digital connectivity problems that exist, which the Chairman alluded to earlier, and it is an example of upping the game. Again, I would not say that the situation was perfect, but there are increased examples of other government departments responding to that challenge—I can touch on some more if you like.

**Lord Gardiner of Kimble:** In 2017, we agreed rural-proofing guidance with the Cabinet Office. We need to look at that; we know there are ways we can make it better and we recognise that more needs to be done. A lot of this passes across my desk and I am engaged in it directly, whether through the ministerial task force or whatever. Defra works with all sorts of departments, whether on planning, housing, digital or industrial strategy, and it is all part of our own locus in promoting rurality when a major national project or initiative is going on. Rural areas have a direct say and a voice. However, we clearly need to look at the rural-proofing guidance and make that better.

Responding to the noble Baroness, Lady Hodgson, and the committee, one of the issues that came out of a previous enquiry was about rural research and the panel we established. I looked at the names on the panel and there are some very senior people—rural academics and people with economic backgrounds. We are testing this; they meet at least three times a year. It is important that we hear from not only stakeholders but people who can advise us on making things more effective. We are making progress, but it is not good enough progress. That is why we want to look at the rural-proofing guidance to make it even better, and more practical and useable.

**The Earl of Caithness:** You mentioned research, Minister. Yesterday you published a long list of rural research projects and priorities, which are quite interesting. To what extent was that work already being done by other academic researchers? How will you fund that research when you...

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17 The Committee was subsequently notified by Defra that the correct date of publication was 16 January 2019
have given no money towards it?

**Lord Gardiner of Kimble:** As I say, we have started up the academic panel of members and we have a number of outstanding professors. Their role is to work with us on the economic advisory panel, which we already have in place. The resources are not infinite, and they are tight, but we are lucky to have a range of very significant people helping us, as well as the energies of our own department, so that we can work both with our own policy development and indeed have a rural component to all the other initiatives across Government.

**Michael Gove MP:** We have also taken into the department individuals from outside who have expertise in these areas. As well as the government special advisers, performing their traditional functions, we have a cadre of policy advisers, many of whom have direct experience in the issues that most affect the rural economy and the environment. I can write to the committee with details of what these very distinguished people—people such as Chris Salmon, Ben Caldecott, Ruth Davis and others—do to help us.

**The Chairman:** That is the third time that we have been told that the list of people who are drawing up the proposed research is very distinguished. We accept that. The question from the noble Earl, Lord Caithness, was about the list of research that you want doing, which you published yesterday¹⁸. We have already heard from people that some of that research has already been done by others and we have also questioned you about where the funding for that research will come from. It would be helpful to have answers.

**Michael Gove MP:** There are two things. First, the funding comes from Defra, but there is Research Council funding as well. Secondly, one might say that research has already been done in a particular area—let us take soil quality, for the sake of argument, where an enormous amount of research has been done, for more than 100 years, at institutes such as Rothamsted—but we can continue this. The process of scientific discovery or testing policy necessarily involves continual research, working on what has been done before and standing on the shoulders of giants.

**Q304 The Earl of Caithness:** There is a lot more that I would like to ask you about that, Secretary of State, but if you could write to us and give us more detail, that would be helpful.

Finally, can you give a brief update on the current state of the food and drink manufacturing sector deal? Do you think that such deals are appropriate for other, non-agricultural businesses in rural areas?

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¹⁸ The Committee was subsequently notified by Defra that the correct date of publication was 16 January 2019
Michael Gove MP: They very well might be. The Food and Drink Sector Council and BEIS are developing with us the final elements of the food and drink sector deal. I cannot say at this stage when it will be announced, but I am meeting the sector council next Monday to finalise work on it.

Some of the other sector deals impinge on sectors of the economy that have a direct impact on the rural workforce, but we are, of course, always open to a case being made. By its very nature, a sector deal needs to be a partnership between government and businesses in that sector. Sector deals do not really work if the Government say, “You’re the next recipient of our attention”; they work when the groups come to Government together and say, “Look, we want to develop something. We’re prepared to put some initiatives on the table. Are you?”

The Earl of Caithness: Do I take it from your answer that we will get an announcement next week that you have done the deal?

Michael Gove MP: No, the announcement will not come next week. I am afraid it will come a little later.

Michael Gove MP: I cannot pre-empt what we will do on Monday and what will be said subsequently by the Chancellor and the Business Secretary, but they are both supportive.

The Chairman: But we are moving to “soon” rather than “in due course”?

Michael Gove MP: Yes.

The Chairman: Good.

Lord Carter of Coles: Good morning, Secretary of State, and Minister. Some have criticised Defra for paying too little attention to rural affairs and focusing too much on agriculture and the environment. What would you say about that?

Michael Gove MP: The Government’s increased focus overall on agriculture and food production in comparison to some past Governments is a reflection of our determination to make sure that the single biggest employer in the rural economy is future-proofed.

Previous Governments have had an admirable focus on the environment, but the particular focus that we are giving to landscape, habitats, biodiversity and so on is a way of delivering something that is not just important in itself for this country; as we touched on earlier, it is also important in everything from sports to tourism, which also help the rural economy.

One of the themes of the speech that I gave to the CLA is that we see ourselves as an economic department and that it is our economic mission to ensure not just that the rural economy provides rewarding jobs for individuals but that individual communities that have seen some traditional employment go have resilience. The farming workforce has
inevitably diminished dramatically as a result of mechanisation over our adult lifetimes, and that is likely to continue further.

I do not want to overstate it, but there is a growth in other aspects of foods. We need only look at the wonderful way in which the Countryside Alliance has championed everything from local butchers to local gastropubs and the way certain parts of the country have managed to combine high-quality food production and a reputation for it with hospitality, tourism and great restaurants. I could, for example, mention the amazing work that has been done on Exmoor, one of the most beautiful parts of England, by people such as Robin Wight who have come from a non-traditional rural background but who have fallen in love with that part of the country and are managing to combine respect for its traditions with a way of marketing more effectively the produce that is there and giving that very special part of the world a strong economic future.

**Q306 Baroness Young of Old Scone:** We are seeing increasing competition for land: urban development, increasing suburbanisation, whatever emerges from CAP reform, energy, public access and conservation. We are an island; we are not making any more. How do you operate systems to seek balance in the way we use land for the future?

**Michael Gove MP:** It is a huge question and it has an impact on all the areas that you mentioned, particularly, in our mind, related questions about climate change and housing provision. We recently brought into the department the Council for Sustainable Business, which is a coalition of people from a variety of different businesses, some urban, some rural. We were thinking about some of these questions and we brought it together to examine how housing provision might be guaranteed in the future at the same time as having environmental and landscape enhancement.

We are all aware that one of the Government’s ambitions is not only to improve transport links but to develop housing on the arc between Oxford, Milton Keynes and Cambridge. Done badly, it could be environmentally very harmful. Done well, there is the opportunity for us to develop new settlements that are models for carbon emissions, travel, quality of life and mental health. There is also an opportunity for us to restore some landscape of potentially high environmental value that has not received the attention and investment that it deserves. We are working with the Department for Transport, MHCLG and the Treasury on that. That is an example of how we are thinking hard about it. I do not run away from the fact that this is a problem across the developed world. If we were in the Netherlands or France we would have slightly different but similar conversations.

Another thing I could mention is that we are very lucky—thanks, as it happens, to a distinguished Liberal statesman and a reforming Labour Government—that national parks were created in the 1940s, as well as appropriate protection for areas of real aesthetic and scientific
importance. Julian Glover is leading a review of national parks and other designated areas to ensure that if we need to change the way they work or improve the level of protection given to some of our most precious landscapes we can do so.

This issue is incredibly close to John’s heart.

**Lord Gardiner of Kimble:** On the national parks and AONBs, this is a positive for how we move forward. This is about an advance and how, with Julian Glover’s review, we continue to entrench the fact that we cherish not only these places but, going beyond that, the countryside more generally.

On the net gain, we know that we have to have more houses in the countryside and elsewhere, but how do we do it so that it is not environmentally adverse? These are some of the great challenges. We ask a lot of the land and we want a lot from it, but for agricultural production we need to find ways to enhance soil health and soil quality. It is all part of what we need to be working on collaboratively with stakeholders and academic research: how do we do things better?

Indeed, how do we take advantage of new technology? How does new technology mean that we have a less harmful impact on the soil, on the land? There are some very exciting investments, obviously, with centres of excellence in agriculture and the environment, and government investment. If you go to Harper Adams [University], frankly you think you are on a film set with Q or something like that because of all the advances in technology that it is bringing forward. That will eventually make a positive difference to producing food and enhancing the environment.

**Baroness Hodgson of Abinger:** In considering development, will you consider aesthetics, not just the environment: what it will look like, whether it blends in, and whether it will detract from the attractiveness of what is already there? Will you use vernacular styles? Will you use fabrics and materials that have already been used? Will the layout be such that it is user-friendly, not just fields with as many boxes put into them as can be crammed in?

**Michael Gove MP:** I do not know whether it is legitimate to say so, but I am falling in love. I completely, passionately agree with what you say, and so does the Prime Minister. That is why, in the face of some criticism, she has set up an advisory body, working out of MHCLG, to look at precisely these questions. Professor Roger Scruton, whose *The Aesthetics of Architecture* is one of the best books on the subject, is leading it.

I know that it is not to everyone’s taste, but I am a huge fan of the work that the Prince of Wales has done in Poundbury and elsewhere. It is not appropriate everywhere, but I am a fan of it. More than that, we specifically suggested that a very distinguished landscape architect, Kim Wilkie, sit on that team, and we are actively involved.
I will say one other thing: as we develop new urban environments, there is also the case for developing some attractive buildings, such as Huf houses, which are system-built and a different type of architecture. The critical thing to do is to think about fitting in with the existing environment and using, exactly as you say, aesthetic judgments as part of what is important.

Q308 Baroness Young of Old Scone: Going back to balancing land uses, Scotland has a land use strategy, Northern Ireland has a land use strategy, Wales has a land use strategy. We used to have regional spatial plans in England, but we do not really have a framework for these balances at the moment. Should we have a spatial strategy for England?

Michael Gove MP: One thing that we are doing in the environment Bill is working on the provision in the 25-Year Environment Plan to do just that and to think spatially. In particular, from my point of view, it is important to think spatially using some of the natural capital tools that have been developed by the Natural Capital Committee, by people such as Dieter Helm and others. But yes, the point of the environment Bill will be to do just that, among other things.

Baroness Young of Old Scone: But the environment Bill covers only the natural environment and the environment in its strictest sense. It does not cover the rural economy, housing and all the other land uses that are currently competing.

Michael Gove MP: A critical thing is that the Bill will, we hope, provide mapping and other tools that will be the vehicle by which some of these other concerns can be appropriately met. The Bill is in development at the moment, but that is a very fair challenge.

Q309 Baroness Pitkeathley: One of the issues that has been brought to us a lot from our witnesses and in written submissions is the feeling that there has been a loss of the rural voice in influencing policy developments, housing and other developments in rural areas. What more can be done to ensure that rural interests and concerns are taken fully into account when new developments, either housing or other developments, are proposed?

Michael Gove MP: It is an interesting question. The difficulty is pointing to a time when we knew that rural interests were really effectively championed in government in the way all of us would want. We can and should do better, but I cannot think of a particular point, looking back at past Governments, when one can say that those were the moments when institutions really understood and ensured an appropriate weight for the interest of the countryside.

If one looks back at the interwar literature about the problems farming faced as a result of a variety of factors and the flight from the land, or at the writings of James Lees-Milne and the others who helped to create the
National Trust, there was a sense that the rural voice was being muted or lost. That has been consistent throughout this century.

Things are changing now and we need to do more. We need to recognise that a multiplicity of organisations speak for different parts of rural life. They do not always coincide, but if one thinks of everything from members of the National Trust, who value the countryside and rural areas as, in many cases, a place to visit rather than to live, and of organisations such as the Rural Coalition that speak up for registered interests, we have to balance them all.

As an example I will take two people who do not always agree but for whom I have a lot of time. Chris Packham has managed to focus attention on wildlife in a way that few broadcasters, apart from people such as Sir David Attenborough of course, have done. That has been powerful. But also think of people such as Tim Bonner of the Countryside Alliance. His leadership has done amazing things. They do not always agree—there are one or two difficult issues where they make slightly different points—but the fact that such passion is excited by these issues is a good thing.

**Lord Gardiner of Kimble:** A rural economy functions well with rural infrastructure. I go back to the village hub. I will, for example, see Paula Vennells of the Post Office very regularly, given my role as Rural Affairs Minister, because it is essential; some 3,000 shops in the Post Office network are the last shop in the village or community. This has been valued and recognised by the Treasury, and money has been given to it.

It is all about where you have the dynamics in your village or community, whether the pub is the hub, the village shop, the post office, the school or the village hall. In the de minimis, £3 million is going to help village halls. I am going to Suffolk on Friday to a village hall as part of Village Halls Week. In every village it is about the dynamic of getting the infrastructure. In each place there might be a different hub that helps the village and that sense of community.

That then goes to things such as loneliness and mental health. I say this slightly standing back: these are all things that we are seeking to do much more comprehensively, which, dare I say, I did not notice with government in another life when I was in the Countryside Alliance. There is a very strong consciousness that we always need to do better, but a lot of work is going on for so many different strands, such as rural loneliness. I have the ability to convene with the loneliness ambassador for the Prime Minister, rural organisations from the Rural Coalition to the Church of England, all with different dynamics, and the National Association of Local Councils, with 10,000 councils and 100,000 councillors. How do they act as ambassadors? I have all these discussions as Rural Affairs Minister.

To me, this is directly essential to the dynamic of a small or medium-sized business wanting to start up in a rural community. Will you come with your family if there is no a vibrant rural community, of whatever size? In my work on rural affairs I attach great importance to how we encourage
that vibrancy in each community. What messages do we want to send? On business rates, how do we accommodate, through the Treasury and the arrangements that we have, shops and petrol stations in rural communities? They are part of why you can attract people to set up businesses. The economic indices of the countryside are that employment is higher and the size of medium-sized businesses is larger.\textsuperscript{19}

There are all sorts of things that, at the very beginning of this, were about positivity. Yes, we need to address the negatives, but there are enormously positive things about setting up a business in a rural community. We need to entrench that.

**The Chairman:** When we have heard organisation after organisation sit where you are sitting and tell us that they believe the rural voice has been lost, I find it difficult to hear what you are saying: that it is all very positive and happy.

Do both of you believe that we need to find a way to give rural areas, however diverse in the multitudinous different areas they are working in, a more powerful voice than they have at the moment? Yes or no.

**Michael Gove MP:** Yes, I would love rural communities to have a more powerful voice. The only thing I would say is that, by definition, if one were to lead the organisations that appeared in front of you, they would always want a stronger voice, quite legitimately—that is their purpose.

My earlier point, and John’s point, was that to say that it has been lost implies that it was once strong. My view is that it has not been as strong as it should be for a long time, and that it needs to be stronger.

**The Chairman:** Okay. That is very helpful indeed.

Q310 **Lord Colgrain:** I would like to ask about new housing development. Some have suggested that there should be reforms to land valuation to enable rural communities to benefit from the uplift in land value created by the granting of planning permission. Does Defra support such an approach? If so, how might it be implemented to ensure fair returns for landowners and rural communities alike?

**Michael Gove MP:** I am open minded. My view is that if you give developers a degree of certainty in the planning process, you can also capture a higher proportion of the land value uplift and ensure that is spent appropriately and shared with the community. The experience of the community infrastructure levy so far has been mixed, but one can do more simultaneously to make the process of planning more certain and to extract that value. I would not begin to say that I was any sort of expert

\textsuperscript{19} The witness subsequently corrected this statement as follows: “The economic indices of the countryside are that employment is higher and the proportion of small businesses is larger.”
on designing exactly how that mechanism would work, but I do think there is a lot of merit in it.

**Lord Gardiner of Kimble:** There are a number of things that we have sought to do with other departments, such as permitted development rights. When I met the NFU recently, I said I would be very interested in hearing feedback over the coming months on how the increase from three to five for the redevelopment of agricultural buildings is unfolding, not only for farmers but for rural communities.

Again, we get to this critical mass on the importance of being “well designed”—to use the vernacular. Most of the rural housing associations I see are very conscious of design, because that is how the parish council will actively approve a bid. They want to see buildings filled by local people who want to remain in the community. There are a number of strands that we are seeking to do on affordable housing in rural areas, obviously working with the appropriate departments.

My work was to ensure that there was a very strong rural narrative in the housing White Paper, precisely because we think there is a distinction to be made relating to existing villages and hamlets, where a suitable number of sensitively designed houses are an asset to the village, rather than a detraction. If you have a falling school roll, my view is that rural housing association development is precisely what a parish council should be thinking of doing.

**Q311 Lord Curry of Kirkharle:** Good morning. I was delighted when you included a section on the trading relationships between farmers and the rest of the food chain—processes and manufacturers—in the Agriculture Bill. This has been a concern for a long time, particularly since the establishment of the Groceries Code Adjudicator. We as a Committee are disappointed to hear that BEIS has been unhelpful in considering whether it could accommodate this aspect of the Bill. It is important that there is some authority, whatever is devised to help with trading relationships. Can you help us to understand those discussions?

**Michael Gove MP:** Yes. BEIS as a department sometimes faces a tension, whoever is its Secretary of State. On the one hand, it has the responsibility to foster and encourage business growth, which Greg Clark does brilliantly, and it needs to have regard for the regulatory functions of some of the bodies it is responsible for, such as the CMA.

The responsibility of the Groceries Code Adjudicator is, as the Committee well knows, to deal with the major buyers and their power in the marketplace. It deals with the top 10 supermarkets, or whatever might replace them. However, as you quite rightly point out, there are many other questions about fairness in the food chain, and the proportion of the value of food that the primary producer, the farmer, takes has diminished over time. We want to gather and secure transparency of information, but we also want to support farmers in making sure that they get a fairer price for their produce.
I understand some of the arguments about why this is not about the Groceries Code Adjudicator and why other interventions might be necessary. We are working with BEIS and others to work out the right interventions. This is not the only answer, but the power of farmers is enhanced when they work together through collaboration and co-operatives. This is not appropriate everywhere, but we want to encourage a greater degree of collaboration and co-operation. It is a different geography of course, but one reason why farmers do better in the Netherlands, for example, is because there is a more sophisticated development of precisely that work.

**The Chairman:** Although you are looking in more detail at the way this will work, do you believe fundamentally that the Rural Payments Agency is the right body to do it?

**Michael Gove MP:** Yes.

**The Chairman:** Why has that changed? That was not the department’s original view.

**Michael Gove MP:** There are two things I would say. First, there is a lot of change going on, not just in Defra but generally. We are conducting a review of all Defra’s arm’s-length bodies, and there will be change in the future. The creation of the new office for environmental protection means that there will be change. In the meantime, my view is that the RPA has good leadership at the moment and we do not want to have too many plates spinning at once.

**Lord Curry of Kirkharle:** It would be remiss of me if I did not express a concern about that. If I were to speak to farming community leaders, I think they would say that their confidence in the Groceries Code Adjudicator would be significantly greater than that in the RPA at this time.

**Michael Gove MP:** I understand that.

**Lord Curry of Kirkharle:** The transition which the RPA is going to have to manage will be an important, huge challenge, without having the Groceries Code Adjudicator to manage as well. Handling this function will require specialist skills to be introduced in the RPA. I am sure you know that.

**Michael Gove MP:** Yes, I think that is very fair. One of the reasons for the Groceries Code Adjudicator’s success is the focus it brings, and that we are not overstretched. I will say another thing about the RPA, for the record. Some people have not yet received their payments, but this year we have had a consistent improvement in the delivery of payments. Some of the problems we had with environmental and countryside stewardship in the past, which related to a splitter function between Natural England and the RPA, are now being addressed. But I know exactly what you mean.

**The Chairman:** I think we all understand what you mean, Secretary of
Baroness Mallalieu: May I ask about Local Enterprise Partnerships? We have heard a mass of evidence that they are failing rural economies. There are one or two honourable exceptions, but it is felt that this is partly because of the people who sit on them, and in some cases because they think they can get better results by concentrating on urban areas, so that is what they do. First, what are you doing together with local government to try to improve the way they work? Secondly, should they be demonstrating annually that they have been rural proofed? Thirdly, what can you do to address this clear imbalance in their attention at the moment?

Michael Gove MP: I do not disagree. I think you are absolutely right. Well-led Local Enterprise Partnerships do fantastic work, but the quality is patchy. It is also the case that, because they are built round manifestly different geographies, the voice of civic and business leaders in urban areas can sometimes predominate.

Particularly because of the opportunity provided by the potential for the Shared Prosperity Fund for the future, we are looking to make sure that Local Enterprise Partnerships more accurately reflect the need to help the parts of the geographical area they cover that have been underserved in the past to do better—this is certainly high on the agenda of James Brokenshire. Lord Gardiner has had a number of conversations recently with LEPs that cover rural areas.

Lord Gardiner of Kimble: What has been said amplifies my experience with a delegation of what I would call rurally minded LEP chairmen, who came to see me about their concerns, which were all examples of areas in their own LEPs. They identified that they should be supporting all parts of their geographies, rather than just the citadels of urban areas.

The review reflects the fact that we absolutely need to ensure that all LEPs recognise all parts of their geography. Again, on the rural proofing of this, it is an example of where it is mixed. Lord Henley, and indeed the Minister for the northern powerhouse, said in his evidence that it is mixed and that we need to address this. That needs to be done.

Baroness Mallalieu: There is concern that the Shared Prosperity Fund will be doled out by the LEPs.

Lord Gardiner of Kimble: I would say immediately that Defra is playing an important role in the discussions and consultation that there will be on the UK Shared Prosperity Fund, as rural must have a voice. That is the purpose of what officials and I are doing in the department: to ensure that the UK Shared Prosperity Fund is shared.

Michael Gove MP: It was very striking that the excellent new Member of Parliament for Caithness, Sutherland and Easter Ross made the point in the House of Commons yesterday while questioning the Prime Minister that, when the Shared Prosperity Fund comes in, the Scottish
Government must not use it to concentrate on the central belt. As Lord Gardiner said, it needs to be shared properly across all of Scotland.

Q313 **Baroness Young of Old Scone:** Secretary of State, may I ask about the comparative roles of LEPs and local authorities? It seems to me that we are seeing more and more being channelled through the LEPs. The convening power of local authorities to bring together everything that happens in the rural parts of their settings, and to produce a more strategic view forward, is being rather overshadowed by everything being seen as going through the nice shiny new LEPs.

**Michael Gove MP:** That is a fair point. A lot depends on where you are. Some local authorities are very well led and their voices resonate, across the board. Kent is an example, although it is manifestly not an exclusively rural area: it is a large authority and has urban as well as rural areas.

More recently, in conversations I have had, I have seen that Northumberland has also managed to punch above its weight over the last year. A lot depends on local leadership, but you are absolutely right that there is sometimes the potential for less good local authority leadership but a strong LEP providing greater dynamism and convening power.

**Lord Gardiner of Kimble:** Given that this is a partnership of local government and business, and given the indices of the number of businesses in rural areas, I would in turn say that it is really important that local business, rural-based business, also has a very strong dynamic in this. If we are to turn this around from all angles and say that there is better recognition of all the geography of the LEP, it works all ways. I will encourage and work on businesses to play their part in pushing the LEP to understand that rural is a key component.

**The Chairman:** If you agree in principle—we can debate the details—that government should have a rural economy strategy, do you accept that the majority of LEPs that have an element of rurality in their area should themselves have a rural economy strategy?

**Michael Gove MP:** I am open minded.

**Lord Gardiner of Kimble:** I saw a number from Cumbria, Gloucestershire, Swindon & Wiltshire, and North Yorkshire. They are all LEPs with the rural deeply entrenched in their mind set. The people I saw said, “We are here actively, because we think that the rural component of our LEP has a great deal to offer”. I would instinctively say that I am absolutely clear that rural should not be forgotten. Even in the semi-urban LEPs there are still rural components that should not be forgotten.

**The Chairman:** But you would accept that there are many LEPs in the category that you describe that are currently failing the rural component of their area?

**Lord Gardiner of Kimble:** That is why the review absolutely identifies a mixed picture. We need to make it consistent.
The Chairman: One further point on LEPs before we move on.

Q314 Baroness Humphreys: Given the failure that we have heard about, of a number of LEPs that have failed to pay attention to rural economies within their geographic area, what assurance is there that skills advisory panels will take account of the skills needs of rural economies?

Michael Gove MP: That is a very good question. The Government overall have increased their focus on vocational and technical education since the tenure of the Education Secretary between 2010 and 2014. The skills advisory panels are one element of that. The focus that Damian Hinds and Anne Milton are giving to this is significant. Damian himself represents a rural seat. There are challenges. It is an open question, and we will be playing our part.

As I mentioned earlier, I would hold out the DfE as having had one of the most successful and rural-proofing policies over the years. Work is going on, including with Lord Curry, looking at what the future pipeline of skills will be in the rural economy, in food and drink and in farming.

The Chairman: I know that Lord Curry would like to comment.

Q315 Lord Curry of Kirkharle: We often talk about skills in terms of attracting young people and making sure that there is an attractive career option; you and I have discussed this before. However, there is a need to upskill existing businessmen in the rural economy, particularly in the farming community, particularly in the light of the challenges we face. The LEPs might have a clear role in helping to do that. Might that be something for the Government to sponsor?

Michael Gove MP: They might do, but there are other organisations. I am teaching my grandmother to suck eggs, but the Prince’s Countryside Fund does a brilliant job in bringing together some smaller farmers and spreading knowledge and understanding of the business challenges that they will face in the years ahead. Farming in the future will require even more science and economics to be delivered.

I am sure members of the Committee were listening to “Desert Island Discs” on Sunday. James Rebanks was on and talked, as he writes, incredibly movingly about what he learned from his father and grandfather. He can tell the mother and father of any of his individual sheep. If you lose that you lose something beautiful.

However, at the same time as valuing the skills that cannot be learned in any book or passed on in any seminar room, we have to recognise that, for lots of farm businesses, there needs to be a greater degree of sophistication in economic thinking.

The Chairman: Lord Curry’s question was: do you believe that the Government should sponsor the provision of this upskilling by the LEPs? You can be open-minded, as you are on so many issues, or you might have a view. Do you believe it is something that the Government should
push the LEPs to do, yes or no?

**Lord Gardiner of Kimble:** There are some very good examples, and I have a list here. For instance, in Swindon & Wiltshire, which was one of the LEPs that came and saw me, £8.2 million has been approved for a new agricultural technology centre. Gloucestershire has invested £1 million in Hartpury College’s Tech to Plate initiative. Cumbria has funded development in sheep husbandry. The point goes back to the fact that there are rurally minded LEPs where there is already a range of examples of very good investment through agricultural colleges and agritech. We need to think more fully about praising them and working to get others to recognise that they ought to have a rural component.

There are some very good examples of local growth, such as Askham Bryan College’s agritech and agri-engineering facilities, where the recognition of skills and upskilling in the agricultural, forestry and horticultural sectors are very well seized.

**The Chairman:** We are all in favour of local decision-making and not having the heavy hand of central government on bodies that are going to work out what is best for their local area. But in your own words you have just said that some LEPs are not doing the things they “ought” to be doing. If, over time, they continue not to do it, is it not somebody’s job to make sure that they do?

**Michael Gove MP:** Yes.

**The Chairman:** Thank you. Who?

**Michael Gove MP:** The Government.

**The Chairman:** Any particular department?

**Michael Gove MP:** In the style of “All power to the Soviets!”, all power to Defra.

**The Chairman:** Very good. That is very helpful. We move on.

**Lord Colgrain:** What lessons have been learned from the operation of the LEADER programme, with regard to rural funding applications? How will these lessons be taken forward through the introduction of the Shared Prosperity Fund?

**Michael Gove MP:** I will defer to John here, but while the current rural development programme has sponsored fewer projects overall than LEADER, these have generated significantly more jobs. Again, a lot depends on what criteria or metric one uses, but they have definitely shown success in generating new jobs in a variety of areas.

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20 The witness subsequently corrected his statement as follows: “...but while the current LEADER programme has to date sponsored fewer projects overall than the previous one, these have generated significantly more jobs.”
Lord Gardiner of Kimble: In the current phase of the LEADER project, from 2014 to 2022, the number of jobs created—4,124—has exceeded the original forecast. From that point of view it has been a great success, and we need to ensure that future arrangements are locally driven. There are examples of small sums that have helped many businesses to prosper.

Again, I am sure the Committee already has them, but there are a whole range of very strong examples of small and medium-sized enterprises having LEADER funding and creating secure jobs and a wide provision, both in farm forestry or tourism. There are whole ranges in which the LEADER projects have hit the right target for job creation and have therefore strengthened communities. In a sense, we need to ensure that the lessons from the best examples are brought into any new arrangements.

Lord Colgrain: Do you think that the LEADER programme will be reflected in some form or another?

Lord Gardiner of Kimble: Yes. If UK shared prosperity is what is on the tin, in my view our job in Defra, with the probity of proofing across government, is clearly to get down to the small and medium-sized businesses as well as the large. That is the seed corn of the economy, particularly the rural economy, where there is a very strong emphasis on small and medium-sized business. That is why LEADER can bear down in those local opportunities and bear fruit.

The Chairman: I may have misheard, but I think you said that you "hope" it would be reflected in the Shared Prosperity Funding allocations.

Lord Gardiner of Kimble: I look to it to be reflected. When I say "hope"—

The Chairman: As the Committee and anybody watching will have noticed, we have very deliberately not spent all our time going on about Brexit, for perhaps obvious reasons. However, the Shared Prosperity Fund is rather critical in that regard, and one would assume that considerations about how the money will be allocated, including whether or not LEADER-style projects will be funded and what proportion of the fund will go to those, would be in an advanced state by now.

Lord Gardiner of Kimble: That was a looseness of language on my part, Lord Chairman.

The Chairman: Fine.

Lord Gardiner of Kimble: Clearly, the UK Shared Prosperity Fund is about exactly what Lord Colgrain has described in relation to the LEADER projects. We will consult on these matters and we certainly want a rural

21 The witness subsequently corrected these dates as follows: “from 2014 to 2020…”
input on that consultation. I apologise for the lack of crispness in my language.

*Michael Gove MP:* I would only add—people will understand this is close to my heart—that we will make sure that there is an appropriate coastal component as well.

Q317 **Lord Colgrain:** I have an ancillary question for the Secretary of State. Could you define natural capital for us? How do you see this being monetised?

*Michael Gove MP:* Natural capital has never been better defined than by Professor Dieter Helm, and his work has a diffusion line in the work of Tony Juniper. Natural capital is the economic and other benefits that we accrue as a direct result of maintaining a store of biodiversity and natural richness around us. Natural capital can be the quality, resilience and fertility of soil, and it can also be the health benefit that accrues from making sure that people have access to green space and room for exercise and contemplation.

Economists have developed a variety of tools to try to capture the value of particular aspects of natural capital. Natural capital accounting has helped us in framing the MHCLG approach to planning policy, for example.

*Lord Colgrain:* I am not sure you have quite answered the question about how it is going to be monetised.

*Michael Gove MP:* There are different ways in which that could happen. One of the things we are exploring at the moment is how water companies can adequately reward farmers and land owners who take appropriate steps to ensure that things such as soil run-off are mitigated. Farmers can be rewarded for good practice, and this contributes to the water company not needing to invest later on.

There are different ways to save in that area. The maintenance of natural capital by that farmer accrues not only from steps taken to manage his or her field better but from the direct tangible value in the water company’s accounts as a result of it not having to do the work later.

**The Chairman:** Secretary of State, you have already drawn attention to an area of particular concern, which is digital connectivity in rural areas. Can we move on to that?

Q318 **Baroness Rock:** Secretary of State, the Committee has heard that poor digital connectivity has been a key barrier for rural businesses and communities. We have heard that the situation is improving, and you said that one of the most important things that this Government can do is to crack on with the delivery of superfast broadband to rural areas.

Could you give us more insight into how Defra is working with DCMS to ensure that hard-to-reach areas are prioritised for both the full fibre rollout and the 5G mobile connections?
Michael Gove MP: In the first instance, there has been close personal contact between me and first Matt Hancock and now Jeremy Wright to emphasise the critical importance of this. There is a formal ministerial digital implementation taskforce, which provides us with an opportunity to meet with DCMS Ministers, Ofcom and others to ensure that this is prioritised.

One of the fruits of that was the Future Telecoms Infrastructure Review, published in July last year, which set out how we are going to deliver full fibre to 50 million premises by 2025. A key principle, which I alluded to earlier, is "outside in". The 10% of hardest-to-reach premises in the country, which are obviously overwhelmingly in rural areas and which would not necessarily get full fibre commercially, are prioritised for government funding. The Government, in the last Budget, announced £200 million for the Rural Gigabit Connectivity Programme. There has been a step change, but there is more to do.

The Chairman: We discussed earlier my problem in getting broadband, but pushing on that would be somewhat unfair.

Michael Gove MP: You know that various effigies are sometimes burned at bonfire night, including of prominent politicians, but I had to laugh out loud, which was probably very unfair, when I saw that one of the recent effigies that was burned at a rural bonfire night was a BT Openreach van.

Baroness Young of Old Scone: May I press you, Secretary of State, on the 5G network auction? Are there any signs of recidivism?

Michael Gove MP: No. There is a cross-government 5G co-ordination group on which we sit. Our ambition remains exactly as before. We want to provide 5G access to almost the entire population by 2027.

Q319 Baroness Mallalieu: I would like to ask you about rural crime. The NFU's figures are alarming. They estimate that the cost of rural crime increased by 13.4%, about £5 million, in 2016-17 alone. What conversations is Defra having to try to better understand the cost of rural crime and its impact on local economies?

Michael Gove MP: The cost of rural crime is significant and there are different forms of rural crime, which cause pain, upset and significant economic cost to people living in rural areas. One of them is waste crime, or fly-tipping. That is why I commissioned a team to look specifically at the problem of waste crime as part of a waste and resources strategy, led by one of our non-executive directors, a very successful businesswoman, Lizzie Noel, who worked with the former Dyfed-Powys Police and Crime Commissioner, Christopher Salmon. They made a series of recommendations for a joint waste crime unit, giving the Home Office and the police the necessary tools to take this more seriously.

22 The witness subsequently corrected this figure “..to 15 million..”
We know that some of the people involved in collecting domestic waste and fly-tipping have links to organised crime, so it is not simply a matter of dealing with it in order to improve the quality of life for rural dwellers, although that is critical; it is also a route in to some very nasty characters. I can share that report with the Committee.

There are other challenges as well, from opportunistic theft on the one hand to hare coursing on the other. We have been talking to Police and Crime Commissioners to develop a better understanding of the resources they need to deal with that level of criminality.

There are also crimes of ignorance that we need to tackle, such as sheep worrying. While people should enjoy the countryside, they sometimes do stupid things in rural areas through lack of awareness. This is about making sure that the public understand their responsibilities as well as about resourcing the police.

**Baroness Mallalieu:** On fly tipping, briefly, are you giving any thought to the fairness and correctness of making the unfortunate people who have had the stuff tipped on their land pay to clear it up?

**Michael Gove MP:** Yes, we are.

**Lord Gardiner of Kimble:** In recognition that two-thirds of fly tipping involves household waste of some kind, the new fixed penalty notice that came in on, I think, 7 January is designed to ensure that the householder has some responsibility for the people who are tipping their waste and to make that connection. We all know this. On the farm that I part own with my cousin, there is no week when something has not been put in a ditch or the corner of a field. Somewhere along the line, either a fly tipper or an individual householder has decided to drop that.

We need to change that culture. That is why work on the resources, waste and litter strategy is in hand. It needs a change in the mind set of really irresponsible people who think that they can give their household waste to someone and not need to worry about it. There needs to be a follow-through of responsibility.

**The Chairman:** A change in culture is obviously very important, but having police officers to carry out the work they need to do is crucial. We could discuss the whole issue of police funding, but that is not particularly relevant.

My question is simple. Do you believe that the funding per head for policing should be the same in a predominantly urban area as it is in a predominantly rural one? If not, why not?

**Michael Gove MP:** This is a particularly sensitive area for me in constituency terms. My constituency has rural elements, but by definition it also has major settlements—Camberley and others. It is part of Surrey, which has had unique problems in this; it is the local authority that has to raise the most from its council-tax payers in order to pay for its police. It
receives the lowest level of grant. Surrey contains some very beautiful rural areas, including my constituency, but there are unique circumstances that relate to its proximity to Heathrow, Gatwick and London, so it is a crime hub.

It is very difficult to have a one-size-fits-all approach to police funding. However, we have to recognise that there are some specific challenges facing rural crime, which have to be factored in when we are considering effective funding of rural police forces.

The Chairman: Those factors include the significantly greater distances that have to be travelled and the lack of availability of professionals to deal with people with mental health problems who are arrested. I ask again: broadly speaking, accepting all the changes and differences in different areas, do you think that a predominantly urban area and a predominantly rural one should, roughly speaking, have the same funding per head for their policing?

Michael Gove MP: I am going to dodge that question, because I do not want to get into trouble with the Home Secretary.

The Chairman: Minister, do you have a view?

Lord Gardiner of Kimble: I could not possibly go beyond my Secretary of State.

The Chairman: You do not want to get into trouble with the Secretary of State. Just as a matter of common justice, you must have a view on this. You probably do not even know what the figures are. As it happens, I do. I merely ask whether you think it is right that there should be a degree of equality. That would apply to other service provision, such as support for public transport. I could have asked you about each and every one of them.

Michael Gove MP: You can probably infer what I might think from the fact that at the Department for Education I wanted to move to uniform per-pupil funding. I will say no more than that.

Baroness Humphreys: Your initial responses were about typical rural crimes, but we have heard in our sessions about the increase in different crimes such as county lines. Can you say something about that? How do you think the police, who are used to dealing with fly tipping and other rural crimes, can be equipped to combat the supply of drugs coming in to our rural areas?

The Chairman: Secretary of State, bearing in mind the time—I know you need to be away—could we have fairly short, snappy answers? I want to bring in a couple more.

Michael Gove MP: The point is very well made. Like fly tipping, county lines are an example of an activity, emanating mainly from urban areas, the impact of which has been disproportionately felt in rural areas. We are
also well aware that drug use in some rural areas has reached a devastating level. Coastal communities have also suffered.

Q322 The Earl of Caithness: I have two quick questions. How many churches currently host mobile connections, and what do you expect that number to be in a year’s time?

My second question relates to Lord Colgrain’s question about payment post Brexit. The CAP has been to the great benefit of rural farmers, in that they know what is happening for a seven-year period. When they come under HM Treasury it will be much more like an annual period. Do you, like me, think that could have disadvantages to the rural economy?

Michael Gove MP: I do not know the figure on churches. The initiative was led by Lord Gardiner. That is not to say that he knows, but it would not have happened without him. We will come back to the Committee on that. Once we know what the baseline is and we have talked to our contacts at diocesan level, we will come back with an ambition.

On the second point, yes, I do think there are powerful arguments for a multi-annual financial framework for farming.

Q323 The Chairman: Thank you very much. We have ended all our hearings by asking our witnesses what they would like to see appear in our report. I am well aware that Secretaries of State and Ministers sometimes want to achieve things, but the weight of pressure from other departments, or whatever, means that they cannot do so. What would each of you like to see in our report as one or more recommendations on how we can best help to give even more support and boost to the rural economy?

Michael Gove MP: I suggest that there is a joint Defra-HMT Minister who can ensure that the concerns of Defra are heard at the heart of the Treasury and that the Treasury is even more generous in its support.

Lord Gardiner of Kimble: Your reports are always very important for the department, and I would like this one to be a true reflection of the positivity, as well as the challenges, to enable us to take forward across departments that we need to do better, and that rural proofing needs to be entrenched in the mainstream. I look forward to hearing more from the Committee on those areas.

The Chairman: Thank you both very much. If you think of any other recommendations that you would like to see, or anything else that you wish you had had the opportunity to say but did not, please feel free to write to us. There are one or two things that you said you will write on, and we look forward to receiving those. So that you can get away promptly, to yet more meetings, I thank you both very much indeed. It has been a very helpful session.
HM Government – Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs (Defra) and Lord Gardiner of Kimble, Parliamentary Under Secretary of State for Rural Affairs and Biosecurity, (Defra) – Oral evidence (QQ297-323)

Transcript to be found under HM Government – Lord Gardiner of Kimble, Parliamentary Under Secretary of State for Rural Affairs and Biosecurity, Defra and Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs (Defra)
The Chairman: Good morning. Thank you very much indeed for coming. We really appreciate having some time with you. For the record, you have in front of you a list of the declarations of interests of members of the Committee, which may be of interest to you.

The proceedings are being covered on the parliamentary intranet. You will get a copy of the transcript afterwards and, of course, if you wish to make any factual changes to that transcript, we will look forward to having them. Finally, Minister, inevitably we do not have enough time in these sessions so, if there are things that you wish you had said and we did not give you the chance to say them, we would love to hear from you in writing following this session.

Can I just begin by asking: what is your view and that of the department about the success or otherwise of the rural economy in comparison with the urban economy?

Lord Henley: My Lord Chairman, thank you very much indeed for inviting me here. I appreciate that there is probably not much time and I will try to be as brief as possible. I hope you will let me go in good time because
I am going from this on to a dentist. We will see how we get on, but my colleague Jake Berry is coming along afterwards.

On the rural economy as opposed to the urban economy, if you look at the statistics, it is not as good as in other parts of the country. One always has to take these statistics with a pinch of salt because one does not quite know how they are made, but median earnings in rural areas, I am told, are £21,400 compared with £22,900 in urban areas excluding London. Housing affordability is worse in the rural areas. Rural people have to commute further. Again, I take those figures with a pinch of salt because a lot of people in rural areas are commuting into urban areas and, no doubt, another problem that you are addressing is the issue of dormitory villages.

Then there is the demographic problem that is facing the entire country of an ageing population, which is marginally worse in the rural areas. Productivity is worse in the SME sector, and the SME sector is bigger in rural areas than in urban areas. Very big businesses tend to be urban.

**The Chairman:** Despite all those issues that you raise, what is your view about the contribution that rural areas make to the overall national economy?

**Lord Henley:** It is absolutely vital, given all the businesses we have there. I will not run through a whole host of statistics, but a great many industries, whether it is agriculture, tourism or food, and a great many SMEs are based in rural areas.

**The Chairman:** Since you have mentioned food, can I raise an issue about the relationship between your Department and Defra, and tease out how well you get on? The Agriculture Bill, which is wending its way through Parliament at the moment, makes quite extensive provision for the regulations for the relationship between farmers and first producers, and leading on to processors. I know that Defra was very keen for that whole area to be regulated by the Groceries Code Adjudicator, whereas your Department seems to be unwilling to accede to that. As a result, Defra is now looking at the Rural Payments Agency to do it, which many, including the Tenant Farmers Association, believe to be the inappropriate body. Can you tell us why your Department is blocking something that Defra wants to do?

**Lord Henley:** I am not sure that “blocking” is the right word. We think that the Groceries Code Adjudicator is performing her function and doing very well. I do not think that the RPA is the right body to do it. You have to be careful not to think too much about Defra and BEIS. It goes back to the old, rather siloed view of government that many of us remember. Some of us who were in government many years ago—I see the Earl of Caithness here—remember how departments hardly ever spoke to other departments. This was the message we were trying to put out with our Industrial Strategy last year: “Here we are. This is an Industrial Strategy. We are the department for Industrial Strategy but this does not belong to us; this belongs to the whole of government”. This is our one-year-on Industrial Strategy document.
When we put that out, we were making clear that the Industrial Strategy was a strategy for Defra, the Department for Transport, the Department for Education and all the others that have an interest, whether in training, mobility or whatever in rural areas. I continue to believe that. As you know, the Industrial Strategy talked about creating various sector deals. We will have a food and drink sector deal in due course and that will be conducted in negotiation with both us and Defra—hence the Environment Secretary.

The Chairman: That is very helpful and we will come on to the issue of the strategy in a few minutes. But it does not answer my basic question. At the moment, as we understand it, there is an impasse between Defra and your Department on this particular issue of who is to regulate that chain. Your answer so far has been that you do not want to think of it that way. Nevertheless, we are in a situation, are we not, where one department wants one thing and another department is saying no? Is that correct or incorrect?

Lord Henley: My Lord Chairman, I would like to write to you in greater detail on that. That would probably be the best way of dealing with it.

The Chairman: Okay, I am very happy to receive that.

Q255 Lord Curry of Kirkharle: Good morning, Minister. Following on from your comments, it would appear that there is a lack of cross-departmental focus on rural issues. If the conditions in the rural economy reflect what you have said—that it is lagging behind—that would be evidence that it has not had quite enough attention. Would you therefore welcome a cross-government document focusing on rural, and looking in particular at whether we should have a rural strategy?

Lord Henley: I do not actually think it is necessary. That, to some extent, puts rural in a corner. The message we want to get out with our Industrial Strategy is that it crosses the whole of government, and I think government works much better in that way. I will give an example. As you know, we now have an office, represented by officials behind me, called the Cities and Local Growth Unit that reports to both BEIS and MHCLG, just as we have in other areas.

The Industrial Strategy covers all departments. Its areas of focus are based on what we call the “five foundations”. We want to look at productivity, ideas, people, infrastructure and environment, and place. Place allows us to look at rural areas. I imagine that you will want to come on to this, but in our local industrial strategies we would hope that the LEPs and others would look at rural needs. In my own part of the world, Cumbria, which Lord Curry knows very well and which has a highly rural economy, the Cumbria LEP, as it develops its local industrial strategy in conjunction with us, and I hope in discussion with officials in Defra and local authorities in that county, will want to look at the particularly rural problems in parts of Cumbria. The same would be true in Northumberland.

Lord Curry of Kirkharle: We have heard from many who have given evidence that, after the Commission for Rural Communities was
abolished, despite Defra’s assurances that it would pick up that responsibility, the focus has been lost and there is not really a rural voice or evidence that rural issues are being taken seriously. Our fear is, taking the food and drink strategy as an example, that some of the opportunities in rural areas will be lost. As you know, the issues are interrelated. There are many interdependencies within rural areas, including transport, and a rural food and drink industrial strategy is unlikely to address some of those other issues. I suppose I am challenging your assumption that a rural strategy is not necessary. Would it not give greater focus to other departments?

**Lord Henley:** I would challenge your assertion that Defra does not act as a rural voice, but you will be hearing from Defra in due course. I have also served in Defra in my time and I know, from when I was in it, that it does act as a rural voice. But BEIS is also a rural voice as it looks at the whole country, and that is the message that we want to get out in our Industrial Strategy. As you look at the development, I hope, of the food and drink sector deal, it will have relevance to rural areas. Even the nuclear sector deal, which I was talking about at Question Time in the Lords yesterday, is highly relevant to West Cumberland, which is my part of the world. It might be an old mining area but it also has rural relevance.

**Q256 Lord Carter of Coles:** Minister, good morning. You touched on the place-based approach. Will you give us a little more detail on how BEIS is going to do this in practice? How will it get equitable funding for the Industrial Strategy so that the ambitious plans can be realised?

**Lord Henley:** Obviously we do not see place in isolation, but we identified it as a vital pillar for productivity and one that we want people to address. That is why we want it to be addressed in those local industrial strategies in every area.

We will no doubt be talking about the LEPs a bit more in due course. It should be up to the LEPs, and particularly those LEPs that have a strong rural base, to identify their particular issues and challenges but also their strengths. The point about a local industrial strategy, if I can move away from rural issues and take Manchester, is that it looks at the strengths that Manchester has, say, in life sciences, with all the extraordinary universities and the life sciences and pharma industries based there. That is something Manchester will focus on. I am sure that the rural ones, again, will look to their particular challenges.

When it comes to funding, there are the sector deals that we have been talking about. As each one develops, we will look at it. There is the money that the LEPs will have, which they can make a good deal of. All the LEPs are getting additional money to help focus on their local industrial strategy and, from that, they can put it into appropriate things.

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23 The witness subsequently clarified that the additional money amounted to £200,000 in 2018-19
Lord Carter of Coles: So you see it all through the LEPs, really.

Lord Henley: It is largely through the LEPs. The LEPs are the delivery vehicle for us in that area.

The Chairman: If that is the case, are you confident that all the LEPs, many of which are neither rural nor urban but are mixed, are taking full account of rural needs within their planning?

Lord Henley: You will be talking to my colleague, Jake Berry, later on about LEPs. I understand that there have been concerns about the possibly variable nature of some of our LEPs. Because of those concerns, as you know, we had a review of the LEPs, which Jake chaired last year. It has produced a report, *Strengthened Local Enterprise Partnerships*, which you will no doubt be talking to him about in due course.

As you know from that, we want the LEPs to be business dominated, but they still have a very strong local authority presence on them. I think that they will be the right vehicle to help deliver that. With that local background on them, whether it is business or elected local authority, they should be able to look at their concerns—certainly far better than Jake or I can, sitting in Whitehall.

The Chairman: But the majority of the business representation on a LEP will come from large businesses, which are predominantly not the ones operating in the rural area of that LEP.

Lord Henley: I would dispute that. Going back to my own county, I do not have at the tips of my fingers the current or suggested membership of businesses on the LEP, but there will be small businesses and businesses from rural areas. The point is that they will know better what is going on in Cumbria than I as a Minister, or any other Minister, sitting in Whitehall. They should be able to identify the strategies for that.

Baroness Pitkeathley: We have had a lot of evidence, Minister, about the patchy nature of the performance of the LEPs, which you, indeed, have acknowledged with the need for the review and so on. You have said that you think that they are the right body. Where they are not delivering, how could they be encouraged to deliver and how perhaps could the representation on them from rural areas be changed and strengthened?

Lord Henley: If we go back to the beginning of the LEPs, the idea was that they should all be very much bottom up rather than top down. We do want to see changes to them. For example, we want to get rid of quite a lot of the overlaps between LEPs. If you take overlaps as an issue, right from the start of this review of them, we felt that it was not for us to say, “You will do this; you will do that.” This particular area of overlap should go there”. We asked, “Can you sort it out among yourselves?” Obviously government can apply a degree of pressure or encouragement, and we will do so, but we will leave it to them.

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24 The witness subsequently added the following correction: “except in areas where there are Metro Mayors – in which case the local industrial strategies will be led by Mayoral Combined Authorities.”
Similarly, and this requires an act of faith, I think that one should leave it to them once they have made sure that they have the appropriate people on their board, along with the local authority representation, to address the issues that are relevant to them. Again, I do not know what those specific problems are and I am the person who would probably get it wrong.

**Baroness Pitkeathley**: How would they ensure that they have the right people? You have said that they need the right people. How do we ensure that they have the right people?

**Lord Henley**: We made it clear in our review that they should try to increase the diversity on their boards. As you know, we want to increase female representation on LEPs, some of which are, you might suggest, back in the era of the Ark. Anyway, we are making progress there. Government can encourage, but I do not want to be top down and say, “You will do this; you will do that”. I am sure that Jake would agree with me on that. We want to encourage that diversity and I think, through that diversity, they should consider the diversity of the businesses they represent as well as the individuals, to make sure that they represent their area in a proper manner.

**Q258 Lord Carter of Coles**: Perhaps you can help me here. This is a really stand-back policy, is it? Are you saying that where LEPs are failing—and we hear many are, particularly in regard to the rural economy—they are going to be left to sort it out and we hope it will turn out well? Is that the policy?

**Lord Henley**: No, it is not stand back. It is encouraging them to do things without us directing them in a manner that I think would be overcentralised. In the end, we have means—we have the purse strings, after all, in the long run—by which we can encourage LEPs to behave in the right manner. But I do not think one should be in the business of directing them as to how to do it or suggesting, “You will have X, Y and Z on your LEP”. We, after all, do not appoint the chairman or anything like that. The chairman is appointed locally, and that is how it should be.

But, because of those concerns, which we identified some time ago—\(^{25}\) in the modern Industrial Strategy—we conducted that review, which has now been completed, and then produced suggestions in *Strengthened Local Enterprise Partnerships*, which Jake Berry will be talking to you about later on.

**Q259 The Chairman**: Given that, as you rightly say, you hold the purse strings, if it can be demonstrated that a particular LEP does not have representation on its board that truly reflects the rural areas contained within the LEP area, would your department or the Government more generally be prepared to take action to ensure that there is a change in

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\(^{25}\) The witness subsequently wished to add the following reference: “ in the modern Industrial Strategy”
membership of the board to properly reflect those rural areas?

Lord Henley: Again, you are suggesting that we take a rather Stalinist approach. One would start off with a series of conversations. “Are you going in the right direction? What can we do to help? You realise you ought to be representing the whole of your area”, and so on.

The Chairman: Apologies for interrupting, but you said right at the beginning that the rural area is not performing as well as the urban area in its contribution to the national economy. You gave a number of reasons as to why that might be. If that is the case, surely it is incumbent on government to see that the body responsible for the delivery of the most significant development in an area, the Industrial Strategy, has the right representation on it, to ensure that all parts of the LEP area can benefit from the opportunities that the Industrial Strategy brings and from the challenges it places upon them.

Lord Henley: The LEPs are responsible for dealing with public money. There are all the appropriate safeguards in place. There is an annual performance review for every LEP, as with any other public body of that sort. Obviously, we will take an interest. But it is right that the LEP should be the one that chooses its membership and looks to get things right. The concerns about the LEPs’ performance is why we had the review. That is why we have suggested some changes. But we want the LEPs themselves to get those changes under way and to make progress in that manner.

Q260 Baroness Young of Old Scone: Correct me if I am incorrect, Minister, but my understanding is that the Shared Prosperity Fund is likely to be a creature of the LEPs and the LEPs will be responsible for handing it out, but that the current level of local industrial strategy preparation is likely to result in more of the urban areas being covered by local industrial strategies than rural areas. Therefore, the rural areas might be at the tail end of the queue when it comes to getting their fair share and their distinctive needs met. It is okay to say that LEPs should focus on their whole area, but we are identifying from our evidence that things in the rural areas are very different from the urban areas and, therefore, a distinctive and different approach needs to take place.

Lord Henley: I am not going to talk about the Shared Prosperity Fund at this stage because discussions are still going on as to how that should look, post Brexit and post other matters.

Regarding the local industrial strategies, as you know, we started with two distinctly non-rural areas in the form of the West Midlands and Manchester, and they are more or less in place. There are then another four—I have a list somewhere, but probably so do you—on their way. We look to have all the other areas come forward with local industrial strategies in the coming year or so—so rural areas will be covered and, again, it is for those LEPs to lead on that and to identify their particular rural problems. But they are not far behind.

Unfortunately, I have mislaid the list. I think it is annex C. We have announced them for Manchester and the West Midlands. Then there is the Oxford-Cambridge arc, the south Midlands, and the Buckinghamshire and
Thames Valley LEP\textsuperscript{26}. The second wave includes more rural ones: Cheshire and Warrington, Heart of the South West, Leicester and Leicestershire, the North East LEP and the West of England Combined Authority. Then all the remaining LEPs and their combined authorities will be pursuing their industrial strategies.

**Baroness Young of Old Scone:** Perhaps I can pick up the Oxford-Cambridge arc, in which I should declare an interest because I live and work in it. There are some considerable rural areas in the Oxford-Cambridge arc, but you would not know that from the approach of the LEP. We have a uniquely unelected body where the proportion of local authority members to business members is much smaller, focused entirely on the white heat of technology and considerable concrete infrastructure in the urban areas, and giving the local rural areas, which are important but nevertheless seen as entirely subsidiary to the white heat of technology, a rather poor deal. We are seeing that in other parts of the country as well. I do not know whether you might comment on how we can trust the LEPs in those circumstances.

**Lord Henley:** I note what you say, and it is the Cambridgeshire and Peterborough Combined Authority and the Oxfordshire\textsuperscript{27} LEP for that particular arc. There is, as you know, local authority representation on the LEPs as well as business representation. I would hope that they will look at rural issues and I hope that you, Lady Young, will make it clear. Perhaps you could make suggestions to them.

**The Chairman:** Minister, I think the Committee would find the answer you have just given slightly worrying: that you “would hope” that the LEP will take account of the rural areas.

**Q261 The Earl of Caithness:** Minister, am I right in thinking that local industrial strategies will be led by the LEPs but worked out in co-development with government and your approval?

**Lord Henley:** They will be led by the LEP, but the local authorities will have an interest, as will government, as they develop the Oxford-Cambridge arc. In any area—Lord Caithness’s or wherever—it will be tripartite, so there will be government involvement in that local industrial strategy, just as there has been government involvement in Greater Manchester and the West Midlands, the first two that have begun.

**The Earl of Caithness:** How many people do you have in your department who will check that those policies have been rural proofed?

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\textsuperscript{26} The witness subsequently corrected this statement as follows: “Then there is the Oxford-Cambridge arc, the South East Midlands, Oxfordshire, and the Buckinghamshire and Thames Valley LEPs, along with Cambridgeshire and Peterborough Combined Authority.”

\textsuperscript{27} The witness subsequently amended his statement as follows: “I note what you say, and it is the Cambridgeshire and Peterborough Combined Authority and the Oxfordshire, the South East Midlands, and the Buckinghamshire and Thames Valley LEPs...”
Lord Henley: How many people do I have in the business department? That I cannot say, but I am more than happy to write and give the precise figure as to how many in the department are involved, or will be involved, as those are developed.

The Earl of Caithness: If you are co-developing these with LEPs, rural proofing is going to be an essential ingredient in making sure that those policies work for everybody. This is what you told us at the beginning: the Industrial Strategy belongs to the whole of government and therefore belongs to everybody. Unless those local industrial strategies are properly rural proofed by the local authorities, by the LEPs and by you, they are not going to work, Minister.

Lord Henley: The idea behind the local industrial strategy is that there should be collaboration between all the parts. The LEP might be leading it but all the other local partners—the local authorities and even, for example, Oxfordshire, Cambridgeshire and Peterborough—are involved, and that is quite a number. In Cumbria, it is quite a number. There will be the local authorities, but we hope that all others will be involved and that, in that way, rural considerations or, for that matter, any other considerations should be taken to the heart of the plan. I would have to let you know as to how many people in the department will be involved in each individual plan to check that it is rural proofed. It needs to be not only rural proofed but proofed in every other way. That plan, as I said, will be a collaboration between central government, local government, the LEP and others.

The Earl of Caithness: But we have had evidence that local government does not rural proof issues. We have evidence that the Agriculture Bill has not been rural proofed. This is a huge issue that you are going to have to address.

Lord Henley: Right at the beginning, you asked me about rural proofing and I said, in talking about our Industrial Strategy more generally, that it does not see the need for what you might call a specific rural strategy. It is about looking at the whole country and place is part of that. Within any given area, we hope that places will consider their individual needs—which, in central Manchester, might not involve rural proofing, but in Cumbria they might.

Baroness Mallalieu: Can I go back to productivity, which you admitted at the beginning is less good in rural areas than in urban ones? I wonder how it could possibly be expected that rural areas could equal urban ones in relation to the Industrial Strategy when the crucial infrastructure, not just digital and mobile but transport et cetera, is lagging in their areas compared to the urban areas. What can you suggest is the solution to that? There seems to be a tremendous waste of productivity or ability to produce in rural areas because of those defects. How are you going to make up for that defect?

Lord Henley: We identified productivity as one of the major problems facing the entire UK economy and that was one of the reasons behind the Industrial Strategy. I have to say that I find measuring productivity one of
the most difficult of all matters. Knowing how accurate our figures are, or anyone else’s figures for that matter, is always difficult because one does not quite know what one is measuring. At a guess, we reckon that our productivity in the UK is worse than that of most other countries. We also reckon that our urban productivity is slightly better than our rural productivity. We also reckon that our rural productivity is less good than rural productivity in other countries. But, again, I would suggest taking a pinch of salt with all statistics in this area.

Our Industrial Strategy, which identifies problems of UK productivity, should seek to address productivity in all areas. By its very nature, productivity in SMEs tends to be less good than productivity in bigger firms. SMEs are more likely to exist in rural areas. That might be one of the reasons why productivity in rural areas is less good. You tend not to have your major, big companies in rural areas—or, if you do, they cease to be rural areas. All I am saying is that we think it is worse because, in particular, it is worse in SMEs. We hope that the Industrial Strategy, which is truly cross-government in how it addresses these issues, will get people to look at this. I go back to the individual areas addressing the issues in their area, rural or otherwise.

Q263 The Chairman: I want to pick up this concern, which I think is shared by all members of the Committee, that you are identifying that productivity is lower in SMEs, that SMEs are more likely and more numerous in rural areas, which may account for the lower productivity in rural areas, and yet, at the same time, you are almost adamantly opposing the concept of rural proofing for the LEPs’ local industrial strategies at a time when government nationally agrees that there should be rural proofing of its policies. We are not arguing that it does it particularly well, but there is nevertheless an agreement that it should be done. I am in difficulty, as I suspect the Committee will be, as to why you are adamantly sticking to this: it should happen but you are not going to make it happen; you hope it would happen but you are not going to make it happen. In the light of the conversations we have just had, would there not be some merit in the department at least looking again at whether rural proofing of local industrial strategies should take place?

Lord Henley: I go back to what I was saying about SMEs having lower productivity. That is just always a fact. Quite often, particularly when you get down to microbusinesses, that is how someone wants to run their particular business and we should accept that. It is the nature of the business. Not everyone has to improve.

The Chairman: But, as Baroness Mallalieu pointed out, it may be to do with the difficulties, for instance connectivity and transport issues, in rural areas, that create that problem. Only by doing rural proofing will you be able to identify what those problems are to help small businesses in rural areas.

Lord Henley: We accept that there are problems in rural areas. Connectivity, whether it is for mobile phones or broadband, is less good than it was, and that is something we want to address. Work is being
done by DCMS and SMEs to address that and, I hope, to get it up somewhere near what it is in urban areas. The same is more generally true of transport issues. One is always going to have problems with smaller schools in rural areas. That is just the very nature of them. We accept that and we hope that in particular rural areas organisations such as LEPs can look to them.

The Chairman: I would very much like a clear answer to my question. Is the department prepared to consider, at least, whether there should be rural proofing of local industrial strategies? Is the answer yes or no?

Lord Henley: We are not opposing it in any way. I am just not saying that it is necessary. It is a matter for each area to look to itself. That is the idea behind place. That is the idea behind the Industrial Strategy, which, as I said, should be cross-government. We have made great steps forward, as I said right at the beginning, in the way the Government think and work, in being less siloed between departments. In the business department, we do not just think of business as being chimneystacks sticking up. We have moved on and the LEPs are a sign of that.

Now, there may be weaknesses in the LEPs. That is why we address them in that review that Jake will tell you more about. We are making progress.

Baroness Young of Old Scone: We are confused. There are local industrial strategies and strategic economic plans. Can somebody tell us how these two processes are intended to interact?

Lord Henley: The local industrial strategies are agreed locally, with the LEP in the lead, and with government. There is a level of collaboration that we have not had before. It means that both central government and the local places behind that local industrial strategy will be accountable for the delivery of their agreements. At the same time, that joint agreement means that those places’ ambitions in the local industrial strategy should be hardwired into what we do centrally.

They will be grounded, I hope, in the evidence that comes from the local area and informed on how current and future local growth is going to happen, and therefore how any funding from the taxpayer in the end is going to be spent. I hope that they will end up being genuinely strategic documents, designed to look at productivity as a whole. The strategic economic plans were largely focused on job creation. These will be focused more, as I said, on getting productivity moving.

Baroness Young of Old Scone: But they will both still operate together.

Lord Henley: They will both still be there. An official from the department, Joe Manning from our Cities and Local Growth Unit, gave evidence on this, but the local industrial strategies will be there to enable all places to raise productivity to their full potential.

Baroness Young of Old Scone: Will there be refreshment of the strategic economic plans or are they done and gone?

Lord Henley: As I understand it, the local industrial strategy is what we are looking at now.
The Chairman: Minister, we are very conscious that you have a dental appointment. We would hate you to miss it. We hope it goes well. Thank you very much for sharing your thoughts with us. There are a couple of bits of homework that you have agreed to do. We look forward to receiving that. On behalf of the entire Committee, thank you very much for the time you have had with us this morning. Thank you.

Lord Henley: Thank you very much.
Leicestershire Rural Partnership, North East Local Enterprise Partnership and Swindon and Wiltshire Local Enterprise Partnership – Oral evidence (QQ 160 – 113)

Evidence Session No. 10  Heard in Public  Questions 106 - 113

Tuesday 23 October 2018

Watch the meeting

Members present: Baroness Pitkeathley (Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Richard Baker, John Mortimer and Councillor Louise Richardson.

Q106 **The Chairman:** May I welcome you to the Committee this morning, Mr Mortimer and Councillor Richardson? You sat in on some of the previous session, so you know the style. We will be taking turns to ask you questions, but I must remind you that you have before you a list of the interests of the members of the Committee. The meeting is being broadcast via the parliamentary website. A transcript will be taken and published on the website. You will have the opportunity to make corrections to that and, indeed, to add another written submission to us if you have not had time to tell us everything you would want to.

You will know from the previous session that we are under quite tight time constraints. We have a lot of questions to ask you and limited time in which to do it, so please forgive me if I move the discussion on or you feel that you have been curtailed in anything you want to say. As I say, you will also have the opportunity to come back to us.

Mr Baker, you are bang on time. Welcome. I will just repeat what I said to colleagues here for the record. You have a list of interests in front of you. The session is being recorded for the parliamentary website. Congratulations in making it in the nick of time. As I have said to your colleagues, I apologise that we may have to move the discussion on, because we have a lot to get through in a relatively short time. Do not
feel that everybody has to answer everything. If you feel a colleague has said it all, you do not need to come in.

I start by asking what your relationship with central government departments and relevant public bodies is. I particularly want to ask about the LEP meetings with Defra: what is discussed and what comes out of those meetings?

**John Mortimer:** The prime relationship between Local Enterprise Partnerships and government has, of course, been through BEIS and MHCLG, but relationships exist with other funding departments such as the Department for Education, the Department for Work and Pensions and the Department for Transport.

Defra itself, shortly after Local Enterprise Partnerships were established, set up its own Local Enterprise Partnership round table, and it invites Local Enterprise Partnerships to send representatives to that. It meets currently perhaps a couple of times a year. It is a little while since I attended that, although I did so religiously in the first few years of it.

The experience there has been largely that it is a very useful forum for Defra to talk to Local Enterprise Partnerships about the range of its policies covering the whole of the rural agenda. There has probably been an impression that it has been a bit of a one-way transfer of information and has not yet served sufficiently as a forum for Local Enterprise Partnerships to pass back up to Defra the breadth of the issues that they are facing in their rural economies.

Also this year, the LEP Network, which is the overarching group of the 38 Local Enterprise Partnerships in England, requested and has now formed with Defra a regular joint meeting. The thrust of that is currently about talking to Defra about how we can ensure that rural issues are properly represented in local industrial strategies as those are beginning to be developed.

The relationships are there. The relationship in particular with Defra has some way to go. Those relationships build when there are direct responsibilities for Local Enterprise Partnerships to deliver funding programmes. We have not yet had direct responsibility for delivering rural funding programmes.

**Councillor Louise Richardson:** I chair the Leicestershire Rural Partnership, and one of our support officers regularly attends the quarterly meetings with the LEP and Defra. They have also presented on the role of the Leicestershire Rural Partnership and how it links to the LEP. We work in joint partnership with the LEP in Leicestershire. It is a useful and up-to-date source of information on a range of rural concerns and topics. It is a useful tool to find out about specific funding opportunities, policy initiatives and consultations. They provide a good opportunity for robust debate. It is both useful and informative to know the Government’s and the LEP’s perspective on things.
Richard Baker: I know you are pressed for time, so I will not repeat what has been said, but I would agree with that general perspective. I would add that we work quite closely with Defra agencies in a number of respects. In the north-east, we are working quite closely with the Environment Agency and the University of Durham on the development of a water innovation hub. This is about looking at business growth opportunities linked to global water challenges through local assets. We also have a relationship with both Natural England and the Environment Agency as we develop our regional evidence base. Each year we produce a report which is called The state of the region, which is an annual digest of data and evidence about the North East economy. In those reports, alongside our core evidence, we pick a theme each year. Last year, we talked about international relationships of the north-east. Next April, we will be publishing a report looking at place competitiveness. Within that, there is an important story for us about the role of the different types of areas we have in the north-east in helping the region to become more competitive. It is useful to work with the agencies there to get their data and bring it into our evidence base.

The Chairman: One thing that witnesses have put to us is the need for getting greater attention for rural areas. Is there a need for a single independent body to represent rural communities to government or to be statutorily consulted on rural issues? What are your views on that?

Councillor Louise Richardson: It is a good idea. The fact is that some organisations out there would probably say they are doing that already, for example the RCCs. But it is about using the good evidence to identify the needs and requirements of rural areas, and to recognise that, whereas they should all be treated equally, they are different. That should be taken into account too.

The Chairman: Should there be a single body?

Richard Baker: It depends on its role. There is definitely an issue as I said earlier, with co-ordinated information and information exchange between different parts of, in our case, the North East economic development community. We have, as with other areas, a number of rural platforms that we work with. We work with the North East Farming and Rural Affairs Network, the Environmental Leadership Group and a range of other partners on individual projects. We know that there are some competing interests even within rural communities. Whether such a body could reflect that diversity, I am not sure, but work on evidence, development and better communications would be helpful.

John Mortimer: I agree with Richard’s point about whether single bodies can adequately represent the significant diversity of interest that there is around the rural economy, which in itself is hugely diverse. If you look at the sectors that are contained within the rural economy, you will find that they are pretty much the same sectors that exist elsewhere in the economy, with some obvious exceptions, such as fisheries and agriculture. But all businesses in the rural sector experience problems of being dispersed, of isolation, of communication, et cetera. There is a
whole range of interests there, ranging from the industrial to the particularly rural issues of villages, sustainability, post offices and schools. It is probably for government to hear that diversity of opinion from those bodies that already exist to transmit it.

At the moment, the understanding is that Defra’s role is to act as the link with other departments to ensure that, when other departments are shaping policy, they take full account of the needs of the dispersed economy. There are plenty of bodies out there and, at the moment, I rather feel we might benefit from focus and consolidation of where the voice is heard from.

Q107 The Earl of Caithness: Mr Mortimer, you said that LEPs have discussions with a lot of government departments. How do you rate their concern for rural areas? Can it be improved?

John Mortimer: There is a temptation for everybody involved in economic development and economic planning to look at the big, concentrated sectors, the challenging sectors of the future. That is a framework that the Government have set out quite clearly in their industrial strategy.

For those of us with rural interests, the challenge is to make sure that we consider our whole economies. When we are speaking to other departments, whether it is about skills, education at all levels, or transport, it is important they recognise that the rurality presents its own problems in all those areas.

The Earl of Caithness: I understand that. What is their response to you on that?

John Mortimer: There is a challenge in making them focus on the needs of the dispersed economy.

Richard Baker: Our approach within the north-east to the development of working rural areas is mainstreamed across the whole of the plan. We have a strategic economic plan. It is governed by the board of the local enterprise partnership and we have set specific objectives on improving the levels of employment and the quality of employment, and then closing gaps in the north-east’s performance in areas such as productivity and economic inclusion.

To do that, we look at the whole economy. There is a very clear statement in the early stages of the introductory narrative of the SEP about the fact that there are assets in the whole economy. As John said earlier, there are manufacturing assets in the rural economy, as well as energy assets, land assets and tourism assets. We work through our programmes to try to support growth in all those areas.

Going back to the very first question, though, the sponsor departments for us are the Department for Business, Energy and Industrial Strategy and the Ministry of Housing, Communities and Local Government. In the context of the industrial strategy, as we start to prepare ourselves to develop the north-east local industrial strategy, we have asked them
about that alignment in government. Building things such as the environment plan and the clean growth plan into the industrial strategy needs that policy co-ordination at a national level.

**Lord Curry of Kirkharle:** There is a sense that, because BEIS is responsible for economic policy, as far as the rural economy is concerned Defra tends to shy from engaging in the economic aspects of the rural space. I am interested in what KPIs you would use, Richard, to demonstrate that you are addressing economic issues in the rural economy.

**Richard Baker:** As I said, we have a very clear and, I hope, well-articulated framework of targets around the strategic economic plan. That has been signed off by the board. Part of our role is to look at these and work out how we can deliver these through all parts of the region. For example, we have invested £6 million of our local growth deal allocation into a rural growth network programme, which is seeking to develop opportunities for rural businesses through infrastructure and business growth support. That has been aligned with the LEADER programmes in rural areas.

We have identified two locations through our enterprise zones programme, in Alnwick and Berwick, where there are enterprise zone propositions that can drive some of those targets. We have been working with government, through DfE, on a careers programme to improve the careers activity. We recognise that there were a number of barriers to rural schools in getting involved in that, so a specific group was formed to seek to break down the barriers to participation in the mainstream programme. We do some rural programmes, such as the rural growth network, which are targeting particular issues, and then we do some activity that tries to bring rural partners into mainstream programmes.

In terms of the overall KPIs, though, it is that top line of targets that we are driving towards, and that frames the programmes on innovation, business growth and skills, which we are articulating quite clearly.

**Councillor Louise Richardson:** I sit on the ESIF board, as the chair of Leicestershire Rural Partnership, to promote rurality. We also have a special allocation of funding that is set aside for rural social inclusion. Since 2013, we have had 350 projects supported, 15% being in the rural economy.

**Q108 Baroness Young of Old Scone:** There have been various reviews of LEPs. One said that the performance of LEPs was patchy, particularly being urban-centric. There has also been a question raised about the membership of LEPs and the drive to get increased transparency and accountability. At the moment, there is no requirement to have rural representation on LEPs; is that correct? What sort of mechanisms could we put in place to make sure that there are people on the LEP who know about rural issues and areas?

**John Mortimer:** I understand it is correct that there is not a requirement, but the desirability of that has been raised by and through
Defra. The reason I am involved with Local Enterprise Partnerships is that, when they were formed in 2011, I took the view that it was up to people in the rural sector to get engaged and to make sure that the rural voice was heard. In the time between 2011 and 2016, we succeeded in establishing rural reference groups in each of the Local Enterprise Partnerships in the south-west of England. Every local enterprise partnership there has a clear meeting point for the views of the rural sector to come together and to be fed to the LEP board. Councillor Richardson in Leicestershire is a very good example of one of those bodies.

Should there be a requirement? The challenge there would be that, in the current LEP review, the Government are saying that local enterprise partnership boards should have a maximum of 20 directors. Within that, there are a lot of sectors and special interest groups that might wish to be represented. With our rural reference group—and other LEPs do this—we insist that it is chaired by a member of the local enterprise partnership board, and I hope that would be the most appropriate member. But it is really important that there are mechanisms for the rural voice to come together and be recognised and heard by the LEP boards. Equally, it is important that it is seen that there is such a mechanism. Many LEPs do much more for their rural economy than is directly and readily apparent. For instance, investment in highways infrastructure is as beneficial for the rural economy as it is for the urban-based economies. It is a very broad sector, and lots of decisions contribute to its well-being, or not.

Baroness Young of Old Scone: Could I ask about what I call super-LEPs? Particularly around high-growth areas, we are seeing a clumping together of LEPs into bodies that one could say, if LEPs locally are being regarded as somewhat unaccountable, were doubly unaccountable. Is that really a problem and what should we do about it?

Richard Baker: I noticed in the questions that two specific initiatives were mentioned: the northern powerhouse and the North of Tyne devolution deal. For us, there is also the Borderlands Partnership, which is being developed by a group of partners both sides of the England/Scotland border and is a very rural geography. Our approach to each of those is to support them. We are very focused on the partnership component of our title. We are a local partnership.

As for how our partners work to support the various priorities within the strategic economic plan, people do it in different ways. The North of Tyne colleagues have secured an opportunity to create a mayor and to create new forms of investment. Within that North of Tyne deal, there is a specific rural priority and an aspiration to be a rural exemplar within devolution deals. As a further example, in the context of the Borderlands Partnership we will work from the North East LEP energy programme into, to support the energy programme that is in the borderlands deal.

The northern powerhouse is slightly different. It is an evolving initiative. It has two very specific delivery mechanisms at the moment relating to Transport for the North and the Department for International Trade
northern powerhouse team. The latter works with LEPs and local authorities across the north to develop inward investment propositions. Over the summer, the creation of the NP11 structure, which is the 11 LEPs in the north coming together to promote the north and to work on business-facing activity, was announced. The chairs of the 11 LEPs are working through what that looks like in practice, and that will evolve over the next year or so. Some of the pieces of existing work that will play into that include a northern LEPs innovation initiative, which I chair and which brings the 11 LEP innovation leads together.

To give you an example from our work on innovation, one of the things we have done across the northern LEPs is to co-ordinate with the universities of the north our input into the science and innovation audit process, which BEIS has commissioned with their innovation agencies. One of those was on the bio-economy, where we all supported the University of York to develop a science and innovation on the bio-economy across the north. We hope that over time this will evolve into initiatives that will deliver into rural areas. The northern powerhouse is an evolving brand and a set of institutions.

**Baroness Young of Old Scone:** If I am living in a little village somewhere in the patch and I feel that we are not getting enough jobs created for our local young people, how do I get that view expressed through to that rather large and unelected process?

**Richard Baker:** It is being built on local pillars. The NP11 is being built on local LEPs. If you were to look at our LEP, for example, we have an employment and skills board, which works very closely with schools and colleges across our area. Other LEPs have similar structures in the north. This is part of the conversation that the NP11 chairs are having: “What would you do sensibly at the scale of the north? Where does it make sense?” I am absolutely certain that local schools and inclusion is one of the things that will be transacted locally, because it makes sense at that level. The larger-scale things might be focused in areas where you need to respond at larger scale - to global supply chains or the scale of inward investment opportunities.

**John Mortimer:** We should not forget that the clue is in the title, Local Enterprise Partnerships, and that the creation of Local Enterprise Partnerships was part of the current governing party’s view that localism was an important political objective. Therefore, Local Enterprise Partnerships should deliver at a local level, and they need to be of a size appropriate to understand local issues. You will be aware, Baroness Young, that the Local Enterprise Partnership review is still being undertaken, and one of the elements of that is around geography. We have 38 Local Enterprise Partnerships at the moment, and the Government, in their review message to Local Enterprise Partnerships, said that they want to see the overlapping nature of some Local Enterprise Partnerships resolved and overlaps removed, and asked that geography is looked at.
Leicestershire Rural Partnership, North East Local Enterprise Partnership and Swindon and Wiltshire Local Enterprise Partnership – Oral evidence (QQ 160 – 113)

I agree with the implication of your question that, if LEPs become super-LEPs and become larger in a drive for greater efficiency or an ease of communication with government—for sure, there is a challenge for government in dealing with 38 local enterprise partnership policies—it will be more difficult for local issues to be recognised. For a champion of our rural economy in Swindon and Wiltshire, the larger a LEP becomes, the more difficult it will be to ensure that the voice of the dispersed economy is properly heard.

**Councillor Louise Richardson:** Among the recommendations coming out of the review, one of the biggest challenges for the Leicester and Leicestershire LEP will be setting up a new legal personality, as it does not have legal status. But they have considered their existing geography and they have concluded that Leicester and Leicestershire is a robust and sensible geography for planning economic growth. There is a need for cross-border relationships and collaborative working. We have gone out to Rutland, on our eastern border, to welcome opportunities as they arise.

**Q109 Lord Curry of Kirkharle:** For all of us, growing the rural economy is really important, and you have already referred to this a number of times. It appears that there is often some confusion over where the responsibility lies, to what extent it is the LEP’s responsibility, what the role the town and parish councils play and how we can work together to ensure that we get the maximum value out of the resources that are available.

I am recently keen to explore how we stimulate growth specifically in the rural space, because it is often much easier to allocate resources in industrial areas or in large towns and cities, to get maximum benefit from that investment. It is harder work in a dispersed rural economy, which might mean a number of initiatives and often confusion as to where responsibility lies. I am keen to explore that with you first, and then to look at the growth deals specifically on the back of that.

**John Mortimer:** The importance of rural growth certainly is not lost on my Local Enterprise Partnership, and all Local Enterprise Partnerships will understand their demographic quite well. A couple of years ago, we commissioned a study so that we understood the size of the economy that happens in the rural areas. That is the starting base: if we do not understand that, how can we tell whether it is growing? A very useful statistic for the dispersed economy is that 43% of the GVA of Swindon and Wiltshire is generated in rural areas, so that is worth about £7.5 billion a year out of our total GVA of £18 billion. That just emphasises that, if we want our economy to grow overall, we need to also have solutions for how we grow the rural economy.

Top of that agenda—I guess it is top of the rural agenda all over the country—is to ensure first-class connectivity. Initially, that was a campaign around broadband and superfast broadband, which has now given way to ultrafast broadband and 100-plus megabits per second, and increasingly around digital connectivity. If you can give rural businesses
world-class, first-class connectivity, they have the ability to trade in a
world environment. For the price of a couple of miles of dual carriageway,
one can deliver a great deal of benefit in terms of digital connectivity.

The other really important issue is our approach to planning and
development control in areas that are regarded as being rural. The rural
economy needs to have the space and the scope to develop and grow.
That means building new and appropriate premises in order that we can
provide top-quality jobs in our dispersed economy.

Those factors of connectivity—I would not rule out the importance of
connectivity through the traditional road network as well—and the
opportunities to build and grow business in rural areas are really
important. We suffer, and other LEPs will have the same problem, from a
bit of a skills gap, certainly in the skills we need to develop 21st century
businesses in the rural areas, because that issue compounds to the
availability of housing, transport to work, et cetera. We are looking at
these as key measures. We need to continue looking at them and to
encourage government, across all its departments, to address the needs
of the dispersed rural economy as much the needs of the concentrated
urban-centric economy.

Lord Curry of Kirkharle: In the south-west, you have a large rural area
in any case, and you would be negligent if you did not focus on the rural
area, but other regions have much more dominant urban populations.
What lessons should they learn from your experience in the south-west?

John Mortimer: Now that the Government have confirmed the role of
Local Enterprise Partnerships in growing the economy, rural areas would
benefit from absolute clarity from the Government that they expect
Local Enterprise Partnerships to look after the whole of their economies.
Therefore, if you have a rural economy, and some Local Enterprise
Partnerships do not, it should be clear that it is a duty to look after the
interests of rural areas and to help their economy grow. It is a clear
responsibility of government to make sure that that is understood.

Richard Baker: I recognise that Lord Curry will know much more about
the north-east rural economy than I do. What I have brought with me of
interest is quite a significant slide deck of data about the north-east rural
economy.

Lord Curry of Kirkharle: What about relationships, as I mentioned, with
local stakeholders? How is that working?

Richard Baker: Do you mean in the north-east in particular?

Lord Curry of Kirkharle: Yes.

Richard Baker: Our board, as are other LEPs, is constructed of a
combination of business, local government and education stakeholders.
We have the leaders of both Northumberland and Durham Councils on our
board. The chief executive officer of Northumbrian Water is our vice-chair,
so we have key rural partners at board level.

Lord Curry of Kirkharle: Does that trickle down into parishes?
Richard Baker: Then there is this network of rural partners that we work with.

On the priorities in the strategic economic plan that guides our work, you will see from this data that there are opportunities and challenges in different parts of the rural economy in the north-east. Some of it is industrial, and if you were to look at the key sectors, there is energy and manufacturing. We focus activity on supporting key sectors.

Key parts of the rural economy are connected through commuting into cities, so the connectivity story is really important.

Then there are more dispersed and wilderness and farming areas where there are challenges around connectivity, housing and access to services. Our partners in local authorities in particular are working on things such as broadband connectivity. The transport team is looking at how you connect the transport system to opportunities. As I said, the rural growth network is looking to target specific resources at towns and villages. There is a range of responses to different rural opportunities and challenges around the region that we try to build into the plan.

Q110 Baroness Mallalieu: We have already heard from others that there is difficulty in attracting people to serve on the boards of LEPs from smaller businesses. They are much more likely to be people who can give the time from a larger one. How do we rectify that, if it is a problem?

Richard Baker: All LEPs work very closely with the business representative organisations, such as the Federation of Small Businesses and the CBI. We have regular contact with the North East England Chamber of Commerce. Some people will not want to be actively involved in governance activity but will want to engage in different ways. We have sub-boards looking at particular components of our programme, such as an innovation board and a business growth board. Then we target the activities as appropriate.

One of the key priorities in the strategic economic plan is to drive innovation in small businesses or to open up innovation opportunity for small businesses. Each year, we run Venture Fest North East, which is a large innovation festival targeted at the most innovative SMEs. It will happen on 14 November this year and we get 600 to 700 SMEs coming along to look for networks and opportunities. There are multiple ways of working with business organisations through formal structures, through networks and partnerships or through particular events, and we try to target as appropriate.

The Chairman: Could you cover the town and parish councils in Leicestershire and how you get involved with those?

Councillor Louise Richardson: We have regular networks with town and parish councils at the county council. They link in with districts very closely. From the county council aspect, we have information sharing. In terms of my remit, we take that up to the LEPs and through LRP.
I just wanted to follow on about the challenges to growth. Post Brexit, one of the most important things is fairer funding. We are the lowest-funded county, as Leicestershire. The NFU has estimated that £40 million to £50 million will be lost from the Leicester economy through the loss of direct payments from European funding, which is a lot. The UK shared prosperity fund has to look at that to help support the rural economy.

I agree on the digital infrastructure. We still have some areas that are not even on fast broadband, so mobile is also essential. As for housing, we have a projection that by 2037 there will be an increase of 119% in 75-plus and a decline in the 35-to-64 group. The 45-to-54 group declines by 18.3%. Housing has to be affordable but also built to accommodate the ageing population. We did a recent survey of businesses, and the top concerns were regulation and red tape, broadband speed, political uncertainty, energy costs, and skills shortages when it comes to finding the right people for the right jobs.

**John Mortimer:** May I respond to Baroness Mallalieu’s question? Our local enterprise partnership insists that there is an SME representative on the board. One of the key aspects of the LEP review that is being undertaken right now is the drive to improve the diversity of LEP boards. For my money, that improvement in diversity is not just restricted to gender or to race but should also reflect the diversity of the business community. In our LEP, we have a very high preponderance of micro and small businesses. We have some internationally famous businesses and it is important that we maintain that diversity.

**Q111 Lord Carter of Coles:** Could I take us to local industrial strategies and how you get these beyond the larger towns and cities and get engaged out there? We have talked about rural proofing and whether they should be rural proofed, but how do you make sure that the rural economy has its say and its share of the proceeds?

**Richard Baker:** We are right at the beginning of thinking our way through the local industrial strategy proposition. We will be in the wave of six that were announced recently.

The board of the North East LEP has been very keen to maintain the primacy of the strategic economic plan as the region’s agreed and shared document. That gives us a facility to make sure that, however the local industrial strategy document and process develops, we retain this focus on having skills, employability and economic assets and infrastructure in focus as these are in the strategic economic plan. That means that we will be focusing our local industrial strategy on our industrial growth and on issues to do with productivity such as innovation.

This picks up the productivity target in our SEP. If you look at our performance over the last five years on our six targets, the one we are dipping on is productivity. That is a also a national challenge, so it is a particular and shared focus nationally and regionally. Using the local industrial strategy, we will work with government to identify how our key
sectors can improve their contribution to UK performance and to look at how our combination of assets can do more. On innovation, I should point out that one of the innovation assets we call out in our Strategic Economic plan is natural assets. I take you back to the comment I made about water and the work with the Environment Agency and others. We are also doing a piece of work at the moment around forestry as a possible area for innovation growth.

We will also do a region-wide productivity review. It will not be sectorally specific. The invitation to tender for partners to work with us on that is out at the moment. The plan is to look across the five foundations of productivity in the industrial strategy and our own six programmes, which are very heavily aligned, to identify opportunities to promote productivity, skills, inclusion, place and so forth. In that process, we would be looking across the region and across all geographies.

Lord Carter of Coles: Are you getting the help you need to do this?

Richard Baker: It is early days. We have a joint working group with BEIS, which has agreed a work programme. We have a timeline to do a three-stage productivity review, which will include an evidence piece, some engagement with partners in the region, and then some policy development. To enable us to do this mapping, we really need government to co-ordinate the sector deal teams and other parts of government to work with us around our assets and opportunities. That conversation has started, so we will see where it takes us.

John Mortimer: I agree with the implication of your question that it is vital that the needs of the rural economy are properly reflected, either in local industrial strategies or, as Richard says, in the continuing strategic economic plans. We would see these two documents as working together. Exactly where the needs of the rural economy will end up in all that, I do not know. The Swindon and Wiltshire Local Enterprise Partnership has not yet been called in by government to the process of developing a local industrial strategy, but we are doing all our groundwork. For instance, we have developed a skills strategy, a digital policy, a rail policy and an energy policy, and we are using the South West Rural Productivity Commission as a reference document in this.

For instance, there is no doubt that, in our industrial strategy, digital connectivity will feature very strongly, and the needs of the rural part of our economy will not be forgotten there. I am particularly attracted to the statement on page 13 of the Government’s industrial strategy, which sets out the Government’s vision for the world’s most innovative economy, good jobs and greater earning power, a major upgrade to the UK’s infrastructure, the best place to start and grow a business, and prosperous communities across the UK. Then it says, “To achieve this, we must ensure every part of our country realises its full potential”. For me, that means that the rural parts of our country must be equally enabled to achieve their full potential.
As I said earlier, clarity on that point from government, whether that comes from Defra or other departments, would help us all as we develop our local industrial strategies and review our strategic economic plans.

**Baroness Young of Old Scone:** Do you think government is not convinced of that at the moment?

**John Mortimer:** The main industrial strategy clearly focuses on some emerging issues: the ageing society, AI and sector deals. When I speak to officials as we get towards putting our local industrial strategy together, I say, “You do expect this to address the entirety of our economy, do you not?” They say, yes, they do, but there still could be greater clarity on that point. You have had my CV, so you know that I currently am engaged, from an employment point of view, in the rural sector. I feel it is really important that that clarity is given to the role of Local Enterprise Partnerships to promote it.

**Councillor Louise Richardson:** We recognise the importance of our rural areas to the economy. Our market towns contribute £1 billion. We are home to iconic rural brands such as stilton and Melton Mowbray pies. Prior to the inclusion of our LEP in the second wave to produce the list, they produced a prospectus setting out 28 growth opportunities. Some of these are the development of next-generation digital connectivity and a high-quality incubator and grow-on space. We will consult widely.

In the LRP, we have done a rural evidence base project, which will go back to the LEP, but they are also setting up an evidence base group. A senior member of the LRP sits on that; she is an officer at the county council. She will feed back to the LRP and we will feed back to the LEP on that.

**Lord Carter of Coles:** Mr Mortimer, what were the main findings from the South West Rural Productivity Commission, as briefly as you can?

**John Mortimer:** There were 58 of them. The productivity commission really grew out of the feeling that we needed to address specifically that issue of productivity. The south-west has been used for many years to working together on these sorts of issues. From the early days, in 2002, when Lord Curry produced his report on the future of food and farming, we have worked closely together.

The notion was put together to support a commission. It looked at 10 key areas: rural identity and sectors, small and scale-up businesses, workforce and skills, Brexit, transport and accessibility, broadband and mobile connectivity, housing and planning, natural and cultural heritage, geography, science, technology and energy, and innovation. It came up with recommendations across all those.

Four of the contributing LEPs then decided that when it came to implementing we needed to focus on things that we could do something about, so we are currently working to produce a connectivity plan to look at the food and drink sectors and rural tourism, those last two being quite traditional interpretations of rural sector business.
The Chairman: If there is anything else you want to add about that response to Lord Carter’s question, you can write to us.

Q112 Lord Colgrain: I have two questions, please, both related to funding. What impact will the loss of EU structural funds have on rural economies and on the role of LEPs?

Richard Baker: At the moment, if you look at the public funding that is going into the north-east economy through the strategic economic plan, the main source of revenue funding is through the European structural funds. We get about €560 million going into the north-east over this current programme. How that translates into the UK shared prosperity fund, which was mentioned earlier, is one of the key things that we need to see land out of the post-Brexit policy development process.

We work with partners from across the region in a group called the North East Brexit Group, which brings together business organisations, the four universities, the local authorities and the voluntary sector. We have worked, sector by sector, through what the implications are of Brexit. We had a round table with rural partners a month or so ago, and this issue of funding is not only a European structural funds issue. The universities will talk about the importance of things such as the Horizon 2020 programmes and wider research programmes. There are funds related to the CAP for rural partners, and a range of other things that are important to follow through on.

It is not just about the funding, though; it is about the structures which support those programmes, such as the collaborations around science and research. The learning that has come through the LEADER programme has been really important in designing interventions. There are a wide range of things to think about.

John Mortimer: First, there should not necessarily be an assumption that that funding will be lost when the European structural and investment programmes disappear. Current understanding is that similar sums of money will be placed into the UK shared prosperity fund, and the current direction of travel and discussion is that LEPs need to be fit and ready to deal with delivery of the UK shared prosperity fund.

The challenge for rural is that rural funding that has come from Europe in particular, and most funding into rural has come from Europe, has effectively been ring-fenced because it has come from the EAFRD, the European agriculture, food and rural development fund—or something like that anyway. It has come with a ring-fence around it and the jury is out about whether rural socioeconomic money will continue to be ring-fenced. But discussions are taking place with Defra about how we can deal with that rural issue when we move into a single pot fund.

There is a strong chance that there will not be ring-fencing. In many respects, if there is no ring-fencing it will remove the culture where we can only get funding for what we need from those special pots that have “rural” attached to them. There is a lot of funding available from regional
Leicestershire Rural Partnership, North East Local Enterprise Partnership and Swindon and Wiltshire Local Enterprise Partnership – Oral evidence (QQ 160 – 113)

development fund moneys. A lot of funding has been available through the local growth fund that has been spent in rural areas.

The challenge for rural, if there is not going to be ring-fencing, will be how rural puts its case for funding to and from the UK shared prosperity fund. For that, we will need strong collaborative working and strong bodies that can make the voice heard as we feed into the allocation programmes.

Councillor Louise Richardson: The EU structural funds have been really important in our area in support of businesses and individuals. We have been fortunate to run two LEADER programmes in different areas of the county, as well as the EAFRD. We are the only LEP area with a specific ESIF pot for rural inclusion, so it will have a big impact and we are hopeful that the UK shared prosperity fund will support in the same way.

Lord Colgrain: This was going to be my second question: what principles should underpin the UK shared prosperity fund and how might funding from the SPF be best allocated? All three of you have touched on that and I know the Chair is very conscious of time. Could you each very quickly see if you can give an answer?

Richard Baker: Through this Brexit group, we have done a significant piece of work looking at the past 30 years of programmes, and you can see some key themes out of that. One is that there are long investment cycles of perhaps seven or 10 years. The fact that it is a single fund that we can bring together around challenges rather than individual, siloed programmes is important.

John Mortimer: Currently, there are three ways in which this money has been disbursed. One is centrally through Defra, with focused programmes around farm and forestry productivity. The other is through growth fund money, which has focused on food and drink, tourism and other business development. The third has been through LEADER.

Each of those mechanisms has its strength. Defra leading specific programmes around improving productivity in agriculture and forestry is good. LEADER is really good because it is local and that has been one of its real strengths. When the UK shared prosperity fund comes out, the Government must not forget that revenue money is needed to support the delivery of it and to assist those businesses bidding into it to prepare their submissions, et cetera. That is the real benefit that LEADER has had. Europe has allowed what is called a management and administration percentage from the fund in order that it can be properly delivered at a local level.

Lord Curry of Kirkharle: If, as you have outlined, John, the world we are moving into will not have specifically dedicated rural funds, and the rural areas need to bid for funds that are available either nationally or regionally, that assumes that rural areas will be able to compete and will have the skills and the capacity to do that. You have established these rural consultative groups within your LEP and in the south-west generally. Is that a route through which other LEPs could help stimulate interest
from rural areas? Would you recommend that other LEPs adopted that approach?

**John Mortimer:** I would strongly recommend it, because of the local knowledge that can be drawn in that way, but also because of the visibility of that process. Doing and being seen to do the right thing by rural are equally important. So far, your questions indicate that some would suggest that LEPs have not yet quite done enough for rural. I do not think that is the case, but we need to demonstrate much more. That is why the visibility of rural representative groups would help enormously.

**The Chairman:** You have the last word on the shared prosperity fund, briefly.

**Councillor Louise Richardson:** I will try to be quick. First, we would like to see a ring-fenced allocation to local areas based on assessed need, which should be long term so that future planning can be put in place. We would like a local area to be able to prioritise the funding based on identified need. We would like the ability to make funding decisions without going back to government, et cetera. We would also like to see that the application process is made as simple as possible. We tend to be risk averse and perhaps we need to just balance that.

Q113 **The Chairman:** The last question, which you know we are asking all our witnesses, is this. What recommendation would you like to see in this Committee’s report? Very briefly, can I have one recommendation from each of you? Remember that these recommendations should not require new legislation or additional funding.

**Councillor Louise Richardson:** Mine would be simplified funding regimes, with devolution of funding to the local areas, and the broadband and digital programmes.

**John Mortimer:** I agree, and I would add the importance of clarity from government about the need for Local Enterprise Partnerships to deliver for the whole of their economy, in particular and including their rural economy.

**Richard Baker:** One of the themes today has been the point about engagement. There is a local engagement issue but it is also about making sure that, at a national level, the engagement works so that the rural agenda is reflected in the sponsorship role for LEPs.

**The Chairman:** Thank you, and thank you for your brevity and clarity on those. Do not forget what I said earlier: if there is anything else you wish you had said to the Committee, we will be pleased to hear from you. In the meantime, on behalf of the Committee, can I thank you very much for coming to us today and many congratulations for arriving in the nick of time? Thank you.
Local Government Association, Cornwall Council and National Association of Local Councils – Oral evidence (QQ 95-105)

Transcript to be found under Cornwall Council
Locality, Power to Change and The Prince’s Countryside Fund – Oral evidence (QQ 222-240)

Evidence Session No. 20 Heard in Public Questions 222 - 240

Tuesday 4 December 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Ailbhe McNabola, Nick Plumb and Claire Saunders.

Q222 **The Chairman:** Good morning, all three. Thank you so much indeed for coming. Can I just remind you that in front of you is a piece of paper with a list of declared interests of various members of the Committee, which may be of interest? Secondly, I point out that we are being broadcast on the parliamentary internet and rather a lot of people watch us, too, I have discovered, which is interesting. Thirdly, this one-hour session is nowhere near long enough; you will feel frustrated that you have not said everything you wanted to. After the session, please write to us with anything you wished you had said or we did not give you an opportunity to mention. Finally, there will be a transcript of the proceedings, which we will send you a copy of in draft form, so if you need to make any factual corrections to it, please feel free to do so.

As we have discussed with all three of you, we would like to spend the first half an hour just giving you an opportunity to share your thinking about how we can best promote and support place-based rural economic solutions in individual locations, and, in particular, how we can support community engagement and capacity-building where it is not working by itself. That is the broad theme, but we also want specific examples of work you have done, ideas of things that you think the Committee should be recommending and so on. In no particular order, Claire, would you like to kick us off and give a bit of a tour de force, tour de raison or whatever you want to call it?
**Claire Saunders:** The Prince’s Countryside Fund has helped with about 250 different grant projects over the last eight years. We have a multiplicity of different kinds of projects that we have run. The recent work that we have done was a piece of research called Recharging Rural, which had 3,000 responses from across rural UK and 550 examples of different ways that communities have tackled the issues they were facing. Of those, the most common was physical spaces or physical hubs. These seem to be the core way that communities can come together and express pride in their community, and they seem to be an essential starting point for many communities to go from there. There were lots of other types of projects, mainly to overcome loneliness and isolation.

From that, we see these things developing from a single issue, often, such as a school being closed; it is the community coming together and then starting to build from that point. It is about community engagement and community stakeholding. Indeed, when we start with our grants project, we ask that projects are at a point where communities have shares in their community shops, for example, so that you can see that that community has come together before you even start.

From there, it is about building confidence, and people step up and find that, once they can do one thing as a community, they feel really empowered to do other things. They might begin with a school closure, for instance, that they are trying to stop; they might then move on to a shop that becomes an oil-buying co-operative—apple pressing or whatever—for the community; and then they get on to really big schemes, like housing. It is about that initial bringing the community together and often giving seed funding for people to do things that they never expected that they could do, to kick them off.

**The Chairman:** Just before we move on, are there any examples where you have not had a bid from anybody, but you have identified an area or place where you believe it would be really good to get the community going and you have done something to get them going? We would all accept that that initial starting point happens in some places but not in others.

**Claire Saunders:** I would point to our Prince’s Farm Resilience Programme, which is about bringing small family farms together in clusters, to work with them in workshops to get their businesses up and running. These are folk who have not engaged, generally, and potentially they are not quite sure that they need help with their business initially. They are hard-to-reach groups. The way that we work with them is, first, promoting what we do in every single shape or form. Whether that is newspapers, doctors’ surgeries, everybody in the community is working to give that encouragement for people to join. Secondly, it is about facilitators on the ground, who know local people, understand local clusters and gravitational pulls, for example, so they can really get under the skin of those communities. That is very helpful.

**The Chairman:** Are these local people you provide or whom you identify and support?
Claire Saunders: We identify and support. We pay them, which can be quite important. We tried to work with volunteers with this scheme, but it tended to be a bit too ambitious for that. There is a fine line between volunteering and needing to pay people to get results, so that has really been helpful. Accessibility was the other thing: accessibility of language and accessibility of time, so that people could get there after they had finished work or if they had children, and really opening it up from that point of view.

Baroness Rock: Why do you find the family farms particularly difficult? You said that they were hard to reach. Can you give us reasons why those particular people are so difficult?

Claire Saunders: There are a number of reasons. Practically, people are often single on the farm; they are so busy, out milking or whatever, that they cannot get there in time and it is very hard to put somebody in place. Secondly, there is a feeling that business development might not be for them. It is not something that larger schemes have tended, in the past, to attract; they have been looking for, perhaps, the top echelons of farming. We have tried to step in there and make sure that everybody has a chance to understand their business.

Nick Plumb: I work at an organisation called Locality. We are a national membership network, supporting community organisations to be strong and successful. We operate across England. Roughly 30% of our membership, about 150 organisations, is based in rural settings. This discussion, focused on place-based economic solutions, is really important. Locality members across the country are at the very heart of those sorts of approaches. The involvement of the social sector, the community organisations and the voluntary sector is also really important in economic policy discussions and, all too often, is forgotten, so I really appreciate that.

To pick up on some of the points that Claire made, I echo the point on physical spaces being so vital. Central to the model of Locality members is often that they own an asset. That might be a community centre, an old swimming pool, an old pub that has been converted into something more than that, which provides them with a base to build upon. That is not only as a base for people in the local place to come together, but also as a way of leveraging in further funding from outside bodies and sustaining their work.

To pick up on that model and explain how we believe that is important, I want to speak a bit about some of the government-led schemes that we have been involved with in recent years. There was a Community Economic Development programme run by DCLG, which was a really good model. It looked at place-based economic solutions but really provided that sort of community-led approach, coming out of central government but working with local people from the bottom up. The Community Economic Development programme has now finished.

The Chairman: Can I just stop you, because I confess my total ignorance: I did not know about the Community Economic Development
programmes. When did they start and when did they finish?

**Nick Plumb:** The Community Economic Development programmes ran through 2015 and 2016\(^{28}\). They were, as I say, out of DCLG, as it was then called, and focused on the role of local economic actors in building economic resilience in a place. We worked with 20\(^{29}\) different areas across England, some in rural settings, some in urban settings. Locality administered the funding and provided support to those places, but really building on the needs of the local place.

Just to think back to some of the principles that should support these sorts of capacity-building programmes, first and foremost, they have to be community-led. The Community Economic Development programme is an example of that. Local people should be involved in their design and then the carrying out of those programmes.

The focus on being asset-based is also really important, recognising the physical and human assets that already exist in a place, whether that is a public building that can be harnessed or the skills that people possess. Too often it is about solving a problem rather than recognising the strengths that already exist in a place.

The idea that funding has to be patient and long term is really important. Whilst there are many benefits of things like the Community Economic Development programme and the Place Based Social Action programme that we are involved in currently, which is out of DCMS and focuses on very similar community-led approaches, often they are quite piecemeal and last for a couple of years rather than involving a more long-term approach.

One of the key points is building the infrastructure to make sure that these programmes are sustainable. This is again where I come back to the focus on assets, whether they are public land or buildings, ensuring that communities have a stake. Capitalising communities so that they can be sustainable for the long term is key.

**Baroness Mallalieu:** Can you give us an example of one of the projects that you have done?

**Nick Plumb:** Yes, absolutely. I can give you an example of one of our members, which is the Carlile Institute in Meltham, in Kirklees. This is an example of a community asset transfer, where a local authority may no longer be able to manage a building it has. The Carlile Institute is an old town hall and the council was going through a process of deciding whether the thing should be sold off to either private developers or elsewhere. There was a local community group that came together and said, “We think we are able to run this in a way that is beneficial to the community”. Kirklees Council recognised the benefit for the local place that this would have—it is a small town—and so they took over the town

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\(^{28}\) The Witness subsequently corrected this date to “..ran through 2015 to 2017.”

\(^{29}\) The Witness subsequently corrected this to “..79 different areas across England ..”
hall and it now acts as a local economic hub. It has a post office; it hosts other businesses; it provides community services and hosts other small community organisations that are run out of that.

Having that local economic hub is key. Often, Locality members operate in places where the private sector is non-existent, and they may be the only economic actor which provides economic stimulus and local economic multipliers to kick-start an area.

Lord Dannatt: You used the word “piecemeal”. Do you think these initiatives would be more successful if there was a single point of co-ordination? You have mentioned two government departments already; should one take the lead?

Nick Plumb: I recognise the reason that they have come out of different departments. The Place Based Social Action project has come out of the Office for Civil Society and DCMS, and is much more focused on social action and volunteering. Your point about a single point of co-ordination is key, because for many of our members the key relationship they have is with local government as opposed to central government. I have described some interesting central government schemes, because this is the setting we are in. But for us, the key change that needs to be made is at the local government level, resetting some of those relationships so that local government works in a way that supports the community, lets go slightly and recognises the power of community—but also that community organisations and people in those communities are ready to step up and take on some of that.

Baroness Young of Old Scone: Has inserting LEPs into that mix been helpful or not?

Nick Plumb: Our key takeaway from LEPs is that often it has been very hard for community organisations to engage with LEPs, often because of the focus on economy that, as I have said, too often forgets the social sector. Our members feed back that it is very hard to engage with them. The key area in which that is especially relevant is in the EU structural funds, which are set to be replaced by the UK Shared Prosperity Fund, which we are still awaiting consultation on. The feedback we have had from members, through consultation exercises across the country, is that EU structural funds have been incredibly difficult to engage with due to the scale of contracts, the scale of grants, et cetera.

The Earl of Caithness: I was going to pick up on the LEPs point, as Barbara did, but do you think the LEPs ought to become the first point of contact for communities in that area? Following up Lord Dannatt’s point, if you want somewhere more central as a focus, should that be the job of the LEPs?

Nick Plumb: I would argue that local government is, at the moment, a much more manageable level. It is less regional, more local and easier for community organisations to engage with. Locality has done lots of work on localism and we believe that power should be devolved even further than that, if it is done in the right way. At the moment, local
government—and there are countless examples of incredibly supportive local government across the country—feels like the right level for us.

**The Chairman:** I know the answer, but it is always helpful to have things put on the record by our witnesses. How long has Locality been running?

**Nick Plumb:** Locality, as it currently is, has been running since 2011. It was the result of a merger of two organisations, the Development Trusts Association and the British Association of Settlements and Social Action Centres. The settlement movement has been around for more than 100 years and the development trusts came about more recently.

**The Chairman:** In the time since Locality was established, have you tracked all of the different one-off projects from different government departments that you have engaged with?

**Nick Plumb:** I am sure we have, as an organisation.

**The Chairman:** Could we formally ask you to write to us and just provide us with a list of all of the schemes you have engaged with? We are very conscious of your phrase that funding has to be “patient and long term”. It would be very interesting to compare and contrast that statement with the number of projects, their length, the sums of money and so on.

**Q223 Lord Dannatt:** On the Community Economic Development programme that you mentioned, if I heard you correctly, you talked about it being funded in 2016 and 2017

**Nick Plumb:** Yes.

**Lord Dannatt:** Is that ongoing?

**Nick Plumb:** No.

**Lord Dannatt:** Why not?

**Nick Plumb:** Again, I could write to you on that. This is before my time, but I can look into that and get back to you.

**The Chairman:** If it was a good idea; it seems a shame that it is not continuing. Presumably, you are doing an evaluation of the projects from that funding in which you were engaged.

**Nick Plumb:** Is your question on Community Economic Development specifically?

**The Chairman:** Yes.

**Nick Plumb:** Absolutely. Evaluations take place at the end of a project and we can share those.

**The Chairman:** We would obviously be interested to have that. Could I ask you to just reflect, Nick, when we come back around again in a minute, on the other point you did not really pick up on, which is the

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30 The Witness corrected his earlier reference to "from 2015 to 2017", so this statement has been updated accordingly.
issue of going out into those areas where nobody has come up with a bright idea, nobody wants to engage in anything and nothing happens? Have you been out to engage with them?

Ailbhe, off you go.

Ailbhe McNabola: Thank you for inviting me today. I work for Power to Change. In case people are not familiar with it, we are an independent trust, established in 2015 for 10 years, as a spend-down endowment by the Lottery Fund. We have £150 million to invest in England in community businesses and that is anywhere—urban and rural. We have surveyed the sector and tried to estimate how many community businesses there are in the country. We estimate there are around 8,000 community businesses in England, and it is roughly a 70%-30% split between urban and rural. That is quite encouraging from a rural economy perspective, because with roughly 17% of the population in rural areas, that is quite a high number of community businesses.

Q224 Lord Colgrain: Could you give us a definition of a community business?

Ailbhe McNabola: A community business is established by and run by the community in a very defined local area—so at neighbourhood level, serving a very tight community and investing all the profits back into that area. It has a lot in common with social enterprise, but is very geographic and neighbourhood-focused, and run by the community rather than by an individual.

Lord Colgrain: Do you have a size cut-off? You have just given a figure of 8,000. What is the smallness of size that would register for somebody?

Ailbhe McNabola: I do not know the average turnover, but these are small enterprises we are talking about, operating at a neighbourhood level. If they grow very much, they become larger social enterprises, but would not be community-run anymore; it becomes difficult over a large scale.

You are particularly interested in areas where maybe not much is happening and are we going in. We grant fund, primarily, although we do an awful lot of capacity-building; we try to be more than a grant funder. We also do some social investment. For the first couple of years of our existence, we had a lot of open funds; anyone from anywhere in the country could apply to us. We are over-subscribed quite heavily, but we see much less coming from the east of England in particular. Over time, we decided to start some place-based investments in certain places where we figured that, in 10 years, we could make a difference by going in there, working more intensively and investing. A lot of the places where we are working are urban, but we have also selected Suffolk as a place we are going to invest more intensively.

Last year, we spent some time working with partners in Suffolk, trying to understand what is happening on the ground, how much capacity there is in the community to bring forward businesses and be entrepreneurial. We spent a lot of time with the council and, this year, we signed an MOU with Suffolk Council, where we are jointly investing. We are funding resources
to work on the ground, because obviously we are a relatively small organisation and we do not have the people on the ground all around the country to do that capacity development.

We have learned a lot. We are working with partners, such as Locality, Co-operatives UK, NEF and the Centre for Local Economic Strategies, who are the people who have done much of this community economic development work over the years, and we are bringing all that learning into what we are doing.

In Suffolk, at the moment, we have a tender out to appoint a partner who will work on the ground in Suffolk, be located there and spend time there. It is about going out to the community, running workshops and events, trying to inspire people. We also fund a lot of leadership development, peer networking and that kind of activity. It is about the ideas and getting people to see what can be done and what has been done elsewhere.

We did some seed funding last year in Suffolk as well. We find that often, people need to start with very small grants and there can be a shortage of small amounts of money. Bigger amounts of money are often—not more easily available, but there is more of that available. We funded some seed grants last year in Suffolk, which are starting to see people, having built up ideas and spent time working, coming to us for bigger funding grants now.

We are only starting this. We are in our second year of place-based working, so it is going to take time for us to see if it works but also how it works. We do think that there is value in that intensive work on the ground in a small number of places, to try to identify what you can do. The local authority is an extremely important partner, because for the organisations we tend to fund, assets are very important. They are often coming to us to try to obtain an asset or to develop an asset that they have obtained, probably from local government. The access to finance can also be an issue, and community shares is a very important development in helping communities raise capital independent of government funding and government schemes.

Q225 **The Chairman:** I am desperate to ask where in Suffolk you are working, since I live there and I want to know where I can benefit, but I will avoid that. Perhaps, privately, you could write to me.

I am slightly confused and it may be that I did not understand it properly, but part of your work, you say, is basically going out and making things happen. More generally, but even within Suffolk in this case, how are you identifying particular places that you think are worthy of going into and investing time, energy and some of the funds that you have? How do you pick them?

**Ailbhe McNabola:** A lot of our funds are open, so people come to us, because we are funding community businesses.

**The Chairman:** We are really interested in the people who do not bother to come to you. It is about whether any of you are going out and finding places that desperately need something to happen, but do not have the
chutzpah to get on and do it themselves or to come and ask you for help.

**Ailbhe McNabola:** In those places, we have looked for what we call community catalyst organisations—somebody who is already there and has been in that community for a long time, has the connections and is what Locality would call an anchor organisation. Generally, we are working with one of those in a place. They know the neighbourhood, they know what is going on and they know who else could be pulled in and what else might happen. We do not have those connections. Even a local authority, which has a good understanding of its patch, does not have that at neighbourhood level.

In Suffolk, the Council is working with us on this because it has priorities it sees need addressing, especially around the ageing population but also younger people in Suffolk and opportunities for them. There are particular strategic areas where it would like to see something happen and come up from the community, but obviously you cannot force that and there is an element of funding a resource on the ground and seeing what the community comes forward with.

**The Chairman:** Okay, so the Council has areas where it thinks it would be helpful to do something. Do you know how it has gone about identifying those places? What are the criteria it is using? Is it just local councillor knowledge or what?

**Ailbhe McNabola:** That I am not sure about, but I can try to find out and write to you afterwards.

**Q226 Baroness Young of Old Scone:** Like the Chairman, I am interested in the dead cat bounce phenomenon in those areas where nothing much happens, even with encouragement. I just wonder whether the neighbourhood planning process is something you have found useful for switching communities on, or is it just beyond those communities that are not really engaged?

**Nick Plumb:** Locality is involved in providing some support for the neighbourhood planning programme, and we think it has been one of the most successful provisions that was introduced through the Localism Act in 2011. Certainly, compared to some of the other community rights that were introduced, we have seen much higher uptake of neighbourhood planning as a route through which people become engaged in local democracy.

**Baroness Young of Old Scone:** Should we make it compulsory?

**Nick Plumb:** I do not have a view on that. I could write to you further following this session.

**Baroness Young of Old Scone:** How about your colleagues? Do they have views on it?

**Ailbhe McNabola:** I am not sure we have great evidence on it, but anecdotally we hear that neighbourhood planning is one of the mechanisms where people start to come together. We often hear about community housing. Housing and planning for the area is an issue that
really energises people. They come together around that and then all sorts of other things may potentially happen. Whether or not it should be compulsory, we do not have a view.

**The Chairman:** Claire, you are nodding.

**Claire Saunders:** I am not nodding on the planning particularly, but also the point about having networks in place, so people have already come together and are using what is already there, not reinventing the wheel. Certainly from a farming perspective, we work with farming networks, and that is how we build our clusters in those different rural areas. It helps to have that. As well as the seed funding, there is that seed community that you can extract from.

**Nick Plumb:** Just to pick up on neighbourhood planning, it is aided by the fact that, often, existing structures, such as parish councils, engage really well with neighbourhood planning. There is already some of that infrastructure there, but for it to really take off and happen in other places also, there needs to be greater understanding of exactly how it works. Often, we will find that that is a hindrance to people engaging with it even more so. But, primarily, it is a great catalyst for further local community engagement.

**Lord Curry of Kirkharle:** Before I ask the question, I declare an interest, which is on the register. I chair the Prince’s Countryside Fund, which Claire is the director of. I have a couple of questions, one for clarification. Ailbhe, you mentioned that you have £150 million. Is that an annual figure? I missed where that came from. What is the source of that fund?

**Ailbhe McNabola:** It was a 10-year spend-down endowment from the Big Lottery Fund.

**Q227 Lord Curry of Kirkharle:** Thank you for that. The main question I want to explore is one that Nick has mentioned already, which is the structural relationship. You have mentioned that, in your view, the LEPs are not terribly visible in local communities, but it does seem that the relationship between the LEPs and the local authorities and the parish councils—the trickle down or feeding back up the supply chain—is crucial. I am happy for any of you to answer this. Are there examples where that seems to be working well, where there is access to potential funds through the LEP or there is influence going up and down the chain? In the context of what we are engaged in, this is rather important.

**Nick Plumb:** I cannot give you a specific example in relation to a LEP. I can give you an example of an area where it feels there is a good connection between the local tier of government and higher up. Through our Localism Commission, we are doing action research in four local authority areas, including Cornwall. We have been working with Cornwall Council, an area that has a strong history and a strong network of parish and town councils. We are doing work with them to explore how that relationship could further be strengthened between parish and town councils and local government. We have heard examples of things like devolution of highway budgets to a local level. They have a model of community network areas that sit above parishes but between parishes
and the local authority. There is still work to be done there, but definitely we have heard from people in communities on the ground there that it feels as if there is real power at the local level, but a connection back up to the local government.

**Lord Curry of Kirkharle:** Again, following the Chairman’s lead here, if you have examples that you think could be of interest, on reflection, it would be good if you could give us those.

**Q228 The Chairman:** If I was in a local community and I wanted to get something going, I would probably be completely overwhelmed by the range of possible sources of funding that come and go. There is the lottery—any of your three organisations provides them—and, as you have rightly said, there are many others doing it. I am confused, on the one hand, by the range of funds, but I am probably equally confused by the range of bodies that might come and help me. Do you want to comment on any way in which we can make life easier for communities by giving greater clarity about what funds are available from all different sources and the organisations that might help us spend them?

**Claire Saunders:** As the Countryside Fund, we are producing something called the village survival guide, which is going to be published in June or July. That will look at case histories, hints, tips and resources that people, exactly as you outlined, who are interested in getting their village moving forward can have a look at to help them.

**The Chairman:** Our report comes out on 31 March, which is slightly earlier than yours. When can we have an advance sight of something?

**Claire Saunders:** I will do my best.

**Ailbhe McNabola:** I am sure Nick will pick up on this, but it is also worth highlighting the My Community website, which has been around for quite some time. We have been investing in it and Locality continues to invest in it. We have information and guidance on our website about our funding and what we have supported and how to run a community hub, but all this links into My Community. We are trying to create one place where, we hope, people can find most of what they need and access funding advice.

**Nick Plumb:** I would absolutely echo that. There is obviously power in pulling all those things together.

**The Chairman:** Who has taken responsibility for the My Community website? I thought it was a Locality site. Is it not?

**Nick Plumb:** It is a partnership of organisations, still including Locality. I can pick up exactly who the others are, but Locality is still involved alongside a collection of other organisations.

**The Chairman:** Is somebody making an effort to go out to all the other organisations that are currently not on the website and bring them into it?

**Nick Plumb:** That is absolutely part of the project, yes.
Ailbhe McNabola: This year, we have been building another website, keepitinthecommunity.org, which will link into My Community, so it will be seamless from the point of view of a community member. It is trying to bring together all the listings of assets of community value in England, which previously were listed separately on local authority websites, so you could not find this in one place. It was a small investment for us, but it has brought all that together in one place and made it searchable; it is much easier to navigate and links out of My Community. It is something that you could not find before. If you were thinking, “I live in whatever area. I wonder what assets in my area we could think about taking over”, you would not have been able to find that out quite so easily.

Q229 Lord Dannatt: Given that there seems to be a lot of very good work going on by many different organisations, going back to the single point of contact question I asked before, about government departments, I am just reflecting that in the service charity sector, where there is a tremendous number of charities—probably far too many—there is something called the Confederation of Service Charities, which produces a forum to bring everybody working in the sector together, so that everybody knows what everybody else is doing. Could you see a demand for that within this overall sector, or is there enough cross-fertilisation and cross-communication of ideas already existing?

Claire Saunders: There is plenty across there. One of the things that we are keen to ensure that we look at is the cross-UK fertilisation of ideas. Obviously, there is a lot of work going on in Scotland, Wales and Northern Ireland and, coming out of the research we have done, we are looking at pulling community charities together across that network.

Ailbhe McNabola: We meet regularly in the year with other funders who are like us and our partners, such as Locality, the Plunkett Foundation and ACRE. There are a lot of organisations, each looking after a slightly different part of this picture. We are not rural-only, for example, but we are very interested in the rural economy.

Lord Dannatt: It is a lot of well-meaning stovepipes. That sounds critical and I do not mean to be critical, but if there are a lot of well-meaning stovepipes, it is quite a good idea if you join the pipes together at the top sometimes.

Ailbhe McNabola: We do work together quite a lot and we meet regularly. For us, as a funder, our delivery model is through other organisations. We do not have an awful lot of people going out and trying to grant fund directly. We work through Locality, through Plunkett. Plunkett administers the More Than a Pub programme, which we fund along with MHCLG. Obviously, we do not have contact with communities and community pubs and we do not have those hooks in on the ground. They do that very well, because they have been there a very long time.

Q230 The Chairman: On how many occasions, Nick, have you been in competition with Power to Change?

Nick Plumb: Quite rarely. We work very closely together.
The Chairman: But you are presumably, at times, in competition with each other to get the latest government grant out of some government department.

Nick Plumb: No. As Ailbhe just mentioned, Power to Change is a funder and we are a network body for community organisations. Many of our members will be able to access Power to Change funding and it has supported countless numbers of Locality members across the country. It is a very close working relationship rather than one of competition.

The Chairman: Within the wider field, is there competition among the other players?

Nick Plumb: We could have a whole conversation about competition and the detrimental impact that has on community organisations and the voluntary and community sector. We have done lots of work on the role of commissioning and competitive tendering at a local government level, which has often fractured relationships at that local level as a result of competition. We have long argued that we should move towards a model of collaboration over competition, and I am sure that applies to funding as well, but that is the system we are in at the moment.

Q231 Baroness Young of Old Scone: When you are working with communities, what are the things that they struggle with most? Is it skills, time, money, or enthusiasm from the population in general? What are the things that you think most need to be tackled to allow that community oomph to flourish?

Nick Plumb: The thing that we find is often the most vital support that communities can access is the pre-feasibility type support. Communities, at a very early stage, recognise they have an idea for a place, but trying to get that off the ground is often the thing they struggle most with. Often, funding has missed that part of the picture out. It might be focused on much more well-developed plans, so trying to get to grips with that stage is really important.

Q232 Baroness Mallalieu: Can I ask each of you what you see as the main trends that are affecting rural economies? What needs to be done as a response to them?

Claire Saunders: I would like to pick up on three that came from our Recharging Rural research. As I say, we had 3,000 responses to that. The first point is not a good one, which I would call a snowball of decline. The majority of respondents who came back to us from that research perceived real decline over the last 10 years in the infrastructure, such that, for example, some of the roads were not fit to support the rural economy, with declining access to services. These issues in rural areas, combined with the cost of housing, have made life much more challenging. Problems are linked: no bus service, no street lighting, cracked pavements and people do not go out for social evenings; no housing, no young people, lost school places, the shop goes and the pub shuts down. It is those sorts of linked issues that we found time and again were coming forward, and the recognition that this was leading to
an exodus of young people and a lack of jobs particularly, which made the economy even more vulnerable. That is the snowball of decline.

That resulted in a feeling of remoteness for those living in rural areas, particularly those who had lived there all their lives. Obviously, age comes into this, but the point when it really kicks in is when you cannot drive anymore, because suddenly you cannot get out at all. That is the first point.

The second point is, we asked people what they felt the general view was of rural living. There was a feeling of being invisible or off the radar: that rural working communities were not fully valued by people and that they were seen more as a backdrop to holidays or countryside recreation; and that the rural skills of food production and entrepreneurship—or, indeed, on the other side of things, poverty and deprivation—could be hidden. That could extend into policymakers as well, because of the urban distance from rural areas. People are almost being blamed for living in rural areas and having families there.

On the good side, we did highlight the positive effects of community trusts, assets—some from Scotland of course, but also from England—and engendering that sense of possibility and opportunity and really giving people an effective local voice. Bringing in funding that is focused back on the community, where the community could identify priorities, gave them back that sense of power and ownership. That is the third trend and the positive trend that we spotted.

**Nick Plumb:** I would echo much of that. The three key things I would like to talk about are the dual trends of an ageing population and declining local authority budgets, so an increased demand for things like social care but less funding to support that; also a lack of connectivity, whether that is digital or physical connectivity to the wider UK economy; and, again, back to the point of a lack of control over the issues that matter to people. Following the EU referendum vote, we did a research project where we spoke to people in areas that voted leave and remain and, overwhelmingly, we found that lack of control was a key issue for people. We also did polling of the national population for our Localism Commission work and found the same issue. There was also demand from people for much more control over local matters at local level. Those are the three key trends we have identified.

**Ailbhe McNabola:** I have three points as well. I was going to echo the hollowing out of places, which is something that we have seen. There is the example of someone I was speaking to recently in Great Ryburgh, in north Norfolk, where the village lost the pub, the shop and the school within the course of two years and, essentially, became a dormitory for the larger town just down the road. The village came together and reopened the shop and it has been very successful; it is profitable now and the turnover is £180,000 a year, I am told. Since that has happened, a butcher has reopened, a bed and breakfast has opened and the closed school has been turned into a day nursery. This is about pulling things back and the community re-establishing a centre in a place, which can be very successful if it works.
Lord Dannatt: Where did you say that was?

Ailbhe McNabola: Great Ryburgh.

Lord Dannatt: I live in Norfolk, so I am interested in it.

Ailbhe McNabola: I can send you a summary of it afterwards.

The Chairman: Basically, just write everything you have about Norfolk and Suffolk and nothing else matters.

Ailbhe McNabola: There is another point that I was going to make about what people understand around deprivation. Our funding is linked to the IMD and 60% of our funding goes in the bottom three deciles. We did some work this summer looking at how the IMD is constructed and how rural isolation and access to services features within that. Obviously, 60% goes in, but if you look at that within our funding stream, some of it goes more or less to these deprived areas. For our pub programme, for example, on the IMD score it might look like that is not 60% but lower. The reason is that a lot of that might be going to rural areas where there is hidden deprivation; it is simply a different way of looking at it. We did some work to take apart the IMD and weight things differently, and it changes how you look at, for example, Suffolk. It makes it look an awful lot more deprived if you give more emphasis to the access to services and the isolation.

I know the IMD is being looked at at the moment. Certainly, as a funder, we take the approach that it is a guide, but you can still make decisions as a funder within that, and recognise different forms of deprivation.

Q233 The Chairman: Yes, that flexibility, I am sure, is welcome. Very quickly, following the Localism Act 2011, a whole range of community opportunities have been opened up legislatively, from community asset transfers through to neighbourhood planning and lots of other things in between. Do you have any comments on whether there is further work to be done legislatively in terms of powers to communities?

Claire Saunders: I do not have a comment on that.

Nick Plumb: As I say, alongside Power to Change, we carried out a Localism Commission, last year and this year. We set out on that journey thinking, “What might a Localism Act mark 2 look like?” That was the research question, in very blunt terms. When we published our report on that, we did not make lots of recommendations on what a second Localism Act might look like, because we concluded that it is about resetting relationships at a local level. That is why, for the next stage of the Localism Commission, we are working with four local authorities on a programme of action research to try to shift practice at that level, because we concluded that that was the key change that needed to be made for localism to flourish.

The Chairman: Sorry to interrupt, but can I just be absolutely clear so we have it on the record? As a result of your commission work, you concluded that it is not legislative change in this area that is needed; it is more about utilisation of the existing powers and helping communities to
make good use of them.

**Nick Plumb:** There are legislative changes that we would like to see as well and I can give you an example. On the assets of community value provision that Ailbhe mentioned, with the associated community right to bid—if an asset is listed as an asset of community value, communities then have a right to bid for that if it is sold by a private owner—we suggested that the moratorium should be extended from six months to a year, because six months is not enough time to mobilise as a community. We also suggested that that be shifted from a community right to bid to a community right of first refusal, so that communities, if they are able to raise the funds through a community share offer or whatever, are then able to purchase said building.

**The Chairman:** What is the difference between the right to bid and first refusal, in practical terms?

**Nick Plumb:** With a right to bid, the private owner has no obligation to accept that bid, whereas with a first refusal or a community right to buy, they would have to accept that if the community was able to bid.

**The Chairman:** I just want you to say these things; that is all. I am not trying to stir you up. Do you want to comment on that, Ailbhe?

**Ailbhe McNabola:** We worked on the Localism Commission together. Our take is that there are some legislative improvements that could be made and, in fact, most of these things were pointed out by the CLG Select Committee in 2016, but none of it was implemented. They were things like extending the moratorium and other improvements that would make those rights more accessible, but a lot of it is about behaviour change and the local government relationship, which is hugely important. An academic I was talking to recently told me that there used to be 20,000 community development workers in local government in the UK and we now do not know how many there are. The implication was that there are not as many, because the organisations that trained and supported them are gone. That capacity within local government has been greatly reduced.

We did some research a couple of years ago on asset transfer from local government and it showed a very mixed picture. There is steady asset transfer progress, but an awful lot of local authorities do not have a policy or strategy. They do not have a person in place whose job it is to be the asset transfer point of contact for the community, and the community find it very difficult; you talk to maybe a communities department in local government and they give you one view, but when you go to procurement or legal, it is a very different view. There is a lack of joined-upness within the council.

**Nick Plumb:** Just to build on that point, we did some research earlier this year. We carried out an FOI of all local authorities in England and found that they were selling off, on average, 4,000 publicly owned places and spaces each year and that only, roughly, 40% of local authorities even had a community asset transfer policy. While progress is being made and
lots of local authorities are taking advantage of that agenda, there is still lots of work to be done.

**The Chairman:** I know you have your report, but in the light of this conversation, if you wanted to write to us about these points we would find that very helpful.

Q234 **The Earl of Caithness:** I would like to come back to funding again, and grants, which the Lord Chairman raised earlier. Have you noticed any detrimental changes to the rural economy through the way that grants are being operated by central government, local government, private institutions and the lottery fund? The second question is, what advice you would give to the Secretary of State as to how he should operate the grant system under the proposed UK Shared Prosperity Fund?

**Claire Saunders:** I have a general point on that, which is that when we looked at volunteering within the research, there was a lot of comment that much more was being demanded of volunteers than previously, to the extent that there was a level of volunteer burnout. The key roles in the community should look to be salaried. From that point of view, there was a feeling that there was not enough money there even to stretch.

**Nick Plumb:** I can pick up on the UK Shared Prosperity Fund in a second, but you talked about grants and there has definitely been a decline in grants that the voluntary and community sector is able to access as a result of the move towards more competitive tendering that I mentioned, which often shuts out community organisations from that picture.

**The Earl of Caithness:** And it shuts out individuals.

**Nick Plumb:** Yes. Locality is specifically focused on community organisations that are community-led and serve the needs of the people in that local place. Due to the scale of these contracts, they have often been unable to bid as a result of national charities or large companies taking some of these contracts that, we would argue, are much better delivered by a community organisation that is responsive to the needs of local people and place, and that has the connection we believe is needed for those sorts of person-centred services.

On the UK Shared Prosperity Fund, we did a piece of research earlier this year, which I can again share with the Committee afterwards. We were trying to think about some of the principles that should underpin the design of the UK Shared Prosperity Fund and there were eight of those, but I will just focus on a couple now. I have mentioned the idea of LEPs. At the moment, it looks as if LEPs will have a good deal of responsibility for administering the UK Shared Prosperity Fund post Brexit. We argue that that is not necessarily the right level. Of course, there will be some role for LEPs in combined authorities, but local government would be better suited to do that. We also argue that it needs to be directed and designed at local level, as I have said time and again, but also that it should not get swept up in the purely growth agenda. It needs to really focus on community economic development and the role that the voluntary and community sector has within that.
Ailbhe McNabola: I am not necessarily able to answer your question fully about what the rural economy has seen in terms of grant reductions, but we did welcome, this year, the Civil Society Strategy. For the first time in a number of years, you saw a government strategy saying that grants do play a role and there is a place for grant-making and strategic grant-making. We find this as well. We make quite large capital grants of up to £300,000, but we fund quite a lot and are heavily oversubscribed at the lower end. We have a fund for start-up ideas, where people want up to £10,000 to just work together and develop an idea. That is a very popular stream of our funding.

Another example where we have seen that start to happen in the last year is the community-led housing fund, which is a three-year fund from MHCLG. We have been funding community housing and funding those start-ups—getting you from zero to the point where you have planning permission and a plan is very difficult. That is where people really struggle, because once you get to this point people will invest in you if they can see what you are going to do and see its viability. The Community Housing Fund, similarly, is taking that approach and that is very welcome.

The Earl of Caithness: Can I press you on what advice you would give to the Secretary of State on the Shared Prosperity Fund? Also, do you think that grants are becoming more in the form of contracts and you are required, by whoever has given you the grant, to perform in a certain way rather than giving you a grant for whatever your project is?

Claire Saunders: I do not really have a comment on that. We are constantly being told that a grant does not have to be large. People need to be able to have that risk around the grant to enable them to move forward. I was talking to somebody the other day who worked in a village shop, and the difference between them being able to have a good year and a bad year was around £350, and yet that shop was doing all those wonderful social activities as part of that. That seems a very small amount of money between success and failure, but knowing that they could get that money made the difference.

The Chairman: We have touched on volunteering already and volunteer burnout.

Q235 Lord Colgrain: Yes, that is the source of my question, please: the role of volunteering in rural economies and communities. How might voluntary activity be better promoted?

Claire Saunders: Sometimes communities need to be shown how to work together and that there is sometimes training required in the communities, with advice to get people to understand how they can do these things. We touched on the capability-building; we have also touched on the Plunkett Foundation, which is responsible for community businesses. It is good at bringing folk together, to help them get those skills under way.

There is a point we keep hearing about, which is that especially the young need to be brought into the volunteering side of things. Their ability to
become leaders in the community and the need to include them in projects is absolutely vital. If there are ways of bringing younger folk through, from school age right the way through, it is very useful. The Duke of Edinburgh’s Award scheme does bring a lot of kids into village shops, for example, which has been quite useful.

There is the point again about flexibility: that the right time, place and opportunities to allow people to commit to volunteering are very important. There is also the need to recognise the achievement of volunteers. At the Countryside Fund, for example, we give out plaques to village shops that we have supported, and we find that is a source of real pride for people. There is an element of recognition in there.

I would say again, underlining it, we cannot expect volunteers to fill in for statutory services. There has to be a limit to what they are expected to do. That is the stop point.

**Nick Plumb:** I would echo much that Claire has just said. Focusing on the role that volunteers play in maintaining and running amenities and services in rural communities is absolutely vital and should be commended. However, we need to be mindful of the fact that volunteers cannot replace state services and things that might have been provided by local government or others in the past. There is also a need to focus on the inherent value in volunteering and social action and the ownership that communities have over things that they have been involved with off their own backs. The way in which community organisations and others act as a catalyst for that, as we have mentioned already, through the presence of that local space or place where people come together, is very important.

**Ailbhe McNabola:** I will just add some numbers from our side. The community businesses we support have about 125,000 volunteers in those roughly 8,000 businesses, but there are also 33,000 paid staff. From all the research we have done, the model does not work without volunteers—they are hugely important—but the role that paid staff play in business stability and volunteer management is very important as well. A volunteer-only model works in some sectors. I have heard of community transport companies being run entirely with volunteers, but I imagine it is challenging, so we do see a certain role for paid staff as well as volunteers.

**Q236 Baroness Humphreys:** Could you tell me what your relationship is with voluntary services councils throughout the country? Our voluntary services council is responsible for grant distribution, it is our first port of call for funding inquiries and it supports local volunteers. Do you have a relationship with them at all?

**Nick Plumb:** Yes. As I have mentioned, for us, local government is often the key relationship for many of our members, as is the local VSC. Some voluntary councils are members of Locality, but often the relationship we have is trying to link some of the local campaigns for change—whether it is on contracting, commissioning, et cetera—with a national campaign. I mentioned that we are doing work on commissioning. Our Keep it Local
campaign is part of that and we engage with lots of local voluntary councils.

Q237 Lord Curry of Kirkharle: Local politics can get in the way and I wondered whether you provide any governance advice for community action, volunteering, et cetera. People establish power bases and are unwilling to relinquish issues like succession and so on.

Nick Plumb: Certainly, we have feedback quite regularly that finding the right people for a board of a Locality member is something they struggle with. I guess that could be linked to local politics or simply finding the right set of skills for a fully functioning board. That is something that we have feedback on regularly. We have regionally based advisers who work directly with community organisations.

Lord Curry of Kirkharle: You do not have any written advice in terms of governance.

Nick Plumb: I could look into that and get back to you, but often it will be a case of having a discussion with someone about ways of recruiting the right board members.

Q238 Lord Dannatt: At the risk of taking us down a rabbit hole, the lowest form of local government structure we have is the parish. By definition, within each parish there is a church. Mention of Church has not come up in the conversation in the last hour. Does it have a role to play in the community activities that you are all engaged with, or might the answer have been, “Yes” in the 19th century but not in the 21st century?

Ailbhe McNabola: I do not know so much about the Church as an organisation, but certainly the space of the church. We have had some discussions in our organisation. We talk about community spaces and ask where you can get space from if you do not have it. The local authority is an obvious place, but also places of worship that are no longer required, and the Church does have quite a bit of spare capacity.

There is an organisation we work with in Wolverhampton that has a community centre based next to a disused church. They are trying their hardest to get that space turned into a community centre with work space and to incubate businesses there. I can find out more about it, because I know of the story but I do not know the details of where they are at right now. There is certainly an opportunity around space.

Claire Saunders: We have not mentioned them because they are a fact of life within the numbers of people we work with; so many of the grant applications that come through are supported by different church members. We do not work with religious spaces directly if there is a religious reason for the grant, but they are absolutely woven into the work that we do.

Q239 Baroness Rock: If I can, I will move on to the role of digital technology and how you feel technology can support and maintain the rural economy. Claire, perhaps we could kick off with your digital villages project.
Claire Saunders: The Countryside Fund does recognise that digital is absolutely fundamental. It is right at the top of infrastructure requirements, but so is providing the opportunities for rural villages. Indeed, while we need to have reliable, resilient and fast broadband, along with universal mobile, as a starting point, that then opens up what we call the bright future of digital possibilities for villages and communities.

Clearly, it is a fact of life for businesses, services, banking and tax. For any kind of diversity that farming wants to go into, you have to have reliable broadband—if you are going to bring people in to your bed and breakfast, for example. It is both economically and socially that we see the opportunities coming through.

If you really pare it down, economics is right at the heart of things; it is the fundamental issue, and that can help sustainable economic opportunities in rural locations, in terms of employment opportunities. Obviously, there are multiple layered solutions coming through from digital applications bringing in talent to rural areas. As economic viability settles, so social benefits come through as well—from small community shops, through jobs, through connecting with other businesses, through the social benefits as well, which can help in terms of isolation, connection with customers, clients and so on.

As well as that, though, we do see that there needs to be training in place to upskill folk who may not have those capabilities, and to ensure that that happens right across the board. There also has to be a link with physical opportunities. It is not just about digital; there has to be a physical hub in place. If you look at the work that has been done across Europe with smart villages, there is recognition that digital is part of that village hall, pub or shop. Again, you need the same business of champions and skill sets and capabilities that we have seen previously. Once that is in place, there really is an extraordinary range of opportunities through which we can gear people up and really move that rural economy forward.

Nick Plumb: I just have a bit to add on that. Of course, we think it is incredibly important. Much has been said about lack of connectivity and the impact of that and we totally agree. We also think that, whilst technology is powerful in and of itself, it is people who provide it with that power, so it is about ensuring access and ensuring they have a role to play in that.

Specifically in our experience, we have seen it play an especially important role in spreading best practice in service design and ways of managing local amenities across disparate communities. Enabling access to peer support that might not otherwise be available is key. Ailbhe and I have both mentioned My Community; that is not reinventing the wheel—it is a website—but it is a source of important information that we have found to be incredibly powerful.
Just to go back to crowd-funding and community shares again, they are a route through which increasing numbers of communities are getting involved in these sorts of things, and should be built upon.

**Ailbhe McNabola:** We fund peer networks, support groups and leadership groups for organisations we fund. They are quite disparate across the country, so we do use digital tools to bring them together and help them do that peer learning when they cannot always physically meet. I have also heard of things like community transport organisations using apps and having on-demand services. Especially when you think about a service that does not have a steady number of users, you can do quite clever things with digital technology there, but I am not an expert in this area, I have to say.

**Q240 The Chairman:** This is your opportunity to suggest recommendations you would love to see the Committee make in its report, particularly if they are not going to cost a load of dosh and do not require major legislative change—but even if they do, we would be interested to hear about them.

**Ailbhe McNabola:** We think more can be done with community shares. We have seen they are very important to community pubs and shops, in particular. We have invested £114,000 in development grants and that has led to £2.75 million of share capital being raised, so there is funding that can be raised and accessed that does not necessarily require large government investment, but it is about facilitating that. We think that could be very valuable.

**Nick Plumb:** I have mentioned the UK Shared Prosperity Fund a couple of times. It is really important that we get that right. That is going to have a huge impact, it is pressing and it is current, so we would urge the Committee to think about making recommendations to ensure communities can access that funding.

Something that Locality has been arguing for, for a while, is a community ownership fund. I have mentioned the importance of owning assets of community organisations. We are arguing for a fund of £1 billion over five years. I know that sounds like a lot of money, but we are only asking for £25 million from central government directly each year and then £100 million a year from dormant assets funding. In the voluntary and community sector, there is growing consensus that these dormant financial instruments could be used for strategic investment in the community sector. We are arguing for a fund that would provide capital grants and finance, supporting the planning and feasibility of projects to provide that sustainability in communities I have mentioned, providing the infrastructure and allowing groups to take on ownership of local spaces. We think that would be a much better way of investing money, rather than some of the piecemeal items that have been mentioned.

**The Chairman:** Does your list of dormant assets include dormant gambling accounts?

**Nick Plumb:** I am not sure. I do not think so.

**The Chairman:** Might it?
**Nick Plumb:** I could look into that. I do not see why not.

**The Chairman:** This Committee would be very interested to hear your views on the potential use of dormant gambling accounts.

**Nick Plumb:** Okay. On dormant assets, it would require legislation to unlock those dormant assets. It has been looked at a couple of times.

**The Chairman:** There is already legislation in relation to dormant bank accounts, which has been utilised, so there is a model there.

**Nick Plumb:** Yes, but that is a much smaller amount of money.

**Claire Saunders:** I just have two things. First, a village shop is not a village shop: it is a community hub, a lifeline, a local business enabler, a dementia supporter and a life skills trainer, and that is how we should think of it, particularly in our funding terms.

Secondly, we need to be bold in digital applications, with real encouragement and training. We can revolutionise the rural economy with the right use of digital, but we have to remember, underneath that, that necessities such as roads must be funded and housing must be affordable. Those are really key things; we cannot let them slip.

**The Chairman:** Can I say, on behalf of the entire Committee, a huge thank you? We have learned a great deal from all three of you. We are enormously grateful to you. I know part of it has been a bit depressing—piecemeal funding streams, snowball of decline, invisibility of rural communities to policy-makers—but there have also been some uplifting examples of really good practice, with potentially a need to find ways of sharing those more widely. There are a lot of people out there willing to help and even provide funds. There is possibly a need to have greater signposting of all that is available.

It has been phenomenally helpful. You already have some homework to do; if there are other issues about which you feel you would like to write to us, please feel free to do so. On behalf of the entire Committee, thank you all very much indeed.
Ministry of Housing, Communities and Local Government (MHCLG) – Oral evidence (QQ 58-70)

Evidence Session No. 6  Heard in Public  Questions 58 - 70

Tuesday 4 September 2018

Listen to the meeting

Members present: Lord Foster of Bath (Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Simon Gallagher and Joe Tuke.

Q58  The Chairman: Welcome. Thank you very much indeed for coming before us. The deliberations are live on air and are being recorded. There will be a transcript, which we will give you an opportunity to see and make any amendments to if you so wish. If we do not get through everything, if there are other issues that you think we should have asked you and have failed to, or if you do not think you necessarily gave us as much as you could, we would be very pleased to hear from you in writing following this session.

I want to kick off by asking a couple of very nitty-gritty questions before we get started. Does Homes England, which took over from HCA, now have a rural housing advisory group?

Simon Gallagher: I cannot remember whether it is formally called the rural housing advisory group, but on a regional basis it has rural housing experts who work closely with rural teams to get housing delivery at a local level. I cannot remember whether there is a formal rural advisory group.

Q59  The Chairman: Could we have a note on that very specific point? I would be keen to know.

Let me ask you a very general question. You work in your areas and they overlap with other government departments and so on. In terms of rural proofing, can you fill us in on your linkage with Defra and other
government departments, and how you go about rural proofing within the Department?

**Simon Gallagher:** Yes. Perhaps I will start off on the planning side with a few examples. Then I will hand over to Joe to talk a bit more about the local government side of things.

One of our strongest partnerships is with our colleagues in Defra, even more so now they are actually based within 2 Marsham Street. That enables us to work even more closely together. One of my strongest interdepartmental relationships is with Andrea Ledward, who I understand gave evidence before this Committee a little while ago.

We have been very keen to properly incorporate rural analysis into our policy-making. There are three examples I shall give you. The first one was the Rural Planning Review; in February 2016 as a Department, jointly with our colleagues in the Department for Environment, Food and Rural Affairs, we issued a call for evidence to understand how the planning system was working in rural areas and to give us a bit more of an evidence base that we could work on. We published some findings in response to that. The first part of rural proofing is to build up your evidence base, and that means genuinely engaging on things, so that was really important.

The second example I would pick up is the work that we have done on the National Planning Policy Framework, which has been a really big long process. I will perhaps talk later to the Committee in a bit more detail about a few specific areas. One thing that we have been proactively doing there is picking up, with some of the rural interest groups and different areas, the issues that we have heard about where planning has not been working effectively. We have made specific changes in national planning policy in response to that.

The slight pushback I would put on rural proofing is that it implies a rather passive and negative thing. We wanted to go out rather more proactively and find out what the issues and problems are. We found some positive issues where we thought we could change national planning policy. For example, we have strengthened some of the text on the rural economy, which I will come back to, in order to give ourselves a stronger planning policy framework.

The final bit is just doing the softer stuff about getting out there and understanding what it is like in rural areas. We made a joint visit to rural communities in the south-west—I cannot remember exactly where—with our Permanent Secretary and some of the Defra team. I have made visits to Manchester and its rural hinterland with my colleagues from Defra in recent times.

It is a really important part of understanding all the nuances of the different issues that crop up in different parts of the country. It is very easy just to focus on some of the combined authorities or some of the urban areas. It is really important for us to get out there and make sure that we have the evidence base, based on having feet on the ground. Obviously you run the risk of having some unrepresentative examples,
but we have found it really important to make sure that we are out there, understanding the issues and listening to the debate. Those three examples would be key things in my space.

**The Chairman:** That was very helpful.

Mr Tuke, before you come in with your examples, let me give you one that you might comment on specifically at the same time as giving others. The Department is currently consulting and doing some trials on moving from 50% retention of business rates to 75%, with a long-term view to going to 100%. There are many who have real concerns about the impact that will have on rural areas, not least because they very often do not have the high-value, high-rate businesses in them, so they are going to lose out. Presumably that is taken into account by your rural-proofing policy arrangements. You could perhaps tell us about that and other examples.

**Joe Tuke:** I will step back a bit and look at how the Department approaches this. Our overarching policy objectives, as set out in our single departmental plan, are to ensure that people have access to affordable and high-quality housing, which Simon will talk about, to provide opportunities for all parts of the country to thrive economically—I think you got into that with colleagues before and we have a joint unit with BEIS—and to build integrated communities and support effective local government. Those are all things that require us to work with other government departments and to understand the picture in all the different parts of the country, whether urban or rural.

The last of those objectives, supporting effective local government, may be an example of where I can get into the local government finance issues, where we work closely with Defra and other groups representing rural interests to ensure that we are appropriately taking account of the needs of rural areas.

Our prime example of how we are going about this, to offset the issues that you raised about what might come from the business-rate retention pilots, is our Fair Funding Review, which was announced in 2016. It is a review of relative local authority needs and resources and will address concerns about the fairness of the current arrangements and the current distributions of the overall pot between local authorities. We intend this to be a thorough evidence-based review of the costs faced by all authorities but including how factors such as rurality, sparsity and other geographical features affect the cost of delivering services, and how best to account for these in a robust manner.

We have a technical working group, with lots of analysis of differing options and formulas to be worked through. That is co-chaired by the LGA. We have representatives on that from Defra, the Rural Services Network and other organisations, which will include rural authorities such as the County Councils Network, the District Councils’ Network and the county and district treasurers. That working group has been examining the best ways to take account of factors affecting relative need that are outside a local authority’s control such as the numbers of children or
numbers of older people, of which there will be a higher proportion in rural areas, cumulative length of road and those sorts of factual issues, and the factors affecting the cost of delivering services in different areas, such as rurality and sparsity. These are referred to as area cost adjustments.

You might be interested in the cost adjustments that are being considered by that technical working group. One is the labour costs adjustment. Productivity is likely to be lower in areas with longer periods of downtime—so where you have longer travel distances to work or poorer transport links. As an example, a local authority may need to employ more social care workers as they will not be able to cover so many visits during a shift. There would be a higher cost in delivering that service.

There is also a remoteness adjustment, where separation from major markets may increase the cost of local authority service provision. An example might be necessary specialist training for certain professions that is not available in areas that are remote from towns and cities. Similarly, areas where there is low or dispersed demand for services support a smaller number of providers, which is likely to reduce competition and increase costs of purchased or tendered goods and services. Provision of social care beds would be a good example of that.

**The Chairman:** I am sorry. It is rude to stop you. It would be very helpful to have a list of these things, but many of us have been around a long time. I was a county councillor back in the 1980s. Many of the factors you are describing now are factors that were taken account of in the local government funding settlement in those days, so there is nothing new in this. The problem, of course, is always the weighting that is attached to them, and the winners and losers when you eventually make an announcement. That is why it is never voted through. How are you going to get all this through?

**Joe Tuke:** There is broader support among the technical working group, which has those differing interests in it, in looking at the indicators of those issues, which will be fairer than those we have currently. I am not a technical expert on this, so I would be happy to send the actual technical details to the Committee. They are looking in particular at indicators for travel distances, in different ways. With service provision, it means looking at Department for Transport data on the distances from small groups of dispersed households through to local hubs, for instance. That is one. They would also look at typical journey-to-work distances, etcetera.

I think the analysts are coming to think that it is much fairer and more accurate to look at those sorts of proxies for the issues rather than the previous ones that were used for sparsity.

**The Chairman:** Some of the things you are describing are things that I had rows about in the 1980s, such as how you define each of these things. It will be very interesting to see how you go. There is one other tiny question I want to ask, which may be relevant to others coming in later. When are the rural housing statistics being published?
Simon Gallagher: I do not have that information. Do you mean the numbers?

The Chairman: The annual rural housing statistics are normally published at the end of August, so two days ago, but they have not come out. Are we expecting them?

Simon Gallagher: I do not have that figure. I will get that to you as soon as possible.

The Chairman: Thank you. A set of the figures would be particularly helpful.

Q60 Lord Colgrain: Can I ask you a question on a slightly different subject? Can you please tell us the level of co-ordination that you have with Defra in the delivery of EU structural funds to support rural businesses and communities? Is this seamless or could it be improved upon?

Joe Tuke: I caught the end of the previous session, so I am not sure whether you heard from our BEIS colleagues about the role of LEPs in bringing local businesses et cetera together for the allocation of those EU structural funds. There is an overarching national programme board for the three main European structural fund programmes: the ERDF, the European Regional Development Fund, which is for promoting growth and reducing inequalities; the European Social Fund, which is looking to increase access to jobs and education; and the European Agricultural Fund for Rural Development. There are those three major programmes.

That latter one has, I think, four differing elements to it, one of which is the growth programme. That is delivered by the Rural Payments Agency and responds to priorities that are drawn up by LEPs in their local strategies. That would typically include projects on broadband and tourism infrastructure. All of those are overseen by the LEPs for whom the funding is allocated.

The overarching national programme board has other government departments, including Defra, but also bodies representing rural interests, such as Local Nature Partnerships, Rural and Farming Networks and the LEADER sector. I do not know if the Committee has covered that. Okay, so you understand the LEADER programme. That is a bottom-up means of mobilising development. The managing authorities for the three funds I mentioned are us, as MHCLG, DWP for the European Social Fund and Defra for the agricultural programme. That is where that comes together: as members and secretariat of that board.

I am sure there is always more that can be done on that. That is part of looking at the successor programmes to EU structural funds and the UK Shared Prosperity Fund consultation that is going out this year. That is being consulted and worked on across government at the moment. The Committee will want to be sure that the interests of rural areas are being properly bedded into that design.

Lord Colgrain: Are you saying, very diplomatically, that they are not very well co-ordinated?
Joe Tuke: Do you mean currently?

Lord Colgrain: Yes.

Joe Tuke: No, I am not trying to diplomatically say that. I am trying to say that there are structures that seek to take account of rural interests, including, as I said, Defra. There is significant representation through those structures.

The Chairman: Are they currently well co-ordinated, in your view?

Joe Tuke: I have to say that with my responsibilities I am not close enough to give that opinion. I apologise for avoiding the question, but I would not be qualified to say yes or no.

Lord Carter of Coles: This is the first of the social housing questions. There is limited reference to rural issues in the Social Housing Green Paper. I suppose we would really like to know how those distinctive needs, in social and affordable housing in particular, are being taken into account and what the current policy priorities to do this are. How are you going to set about delivering?

Simon Gallagher: This is a really interesting and important set of questions that the Committee is getting into. The Social Housing Green Paper emerged from a quite substantive programme of work done by the Ministry of Housing, Communities and Local Government ministerial team to listen to the views of social housing tenants over autumn 2017 and into early 2018. We worked really hard to design a process of engagement with social housing residents in order to capture as far as possible the breadth of the experience of social housing in England. Importantly, MHCLG is responsible for England only, generally.

We ran a series of events that brought social housing tenants together in a number of parts of the country. We explicitly tried to make sure that we got groups of residents in rural areas and urban areas. We held sessions in places like Bridgwater, which enabled us to tap into the hinterland, as well as in urban areas. We tried to capture different types of social housing tenants in those conversations. That enabled us to hear a really diverse set of views from the residents of social housing in England.

The fascinating thing for us—I talked earlier today to the experts in the department on this—was that, regardless of where you went to and regardless of the background of the tenants, there was a remarkable degree of commonality in the view. Tenants told us that they wanted a safe and decent home, and they wanted to be treated with respect by the landlord and other service providers. That applied across urban and rural communities. At that level, there was no difference between the experiences of tenants and residents in different parts of the country.

That is the first-level consultation that we are doing through the Social Housing Green Paper. We are now using that as a consultation to continue that conversation and get into further detail. The really interesting thing for us is how we continue those conversations with tenants and how we drill down to the next tier of issues. We are really interested, for example, in this question of service provision. We know that tenants are concerned
about responsiveness, for example, of landlords to service issues. Does that vary between urban or rural areas? Are there different questions there? We really want to get into that as part of the next phase of issues.

It is really important for us that we use this next wave of engagement to gather and test the conclusions in the Social Housing Green Paper about what tenants really want, and check that we have something that works in different communities. I would really encourage the Committee, if you can, to bring your experience and responses into that discussion.

In terms of the priorities, we have been absolutely clear that housing affordability is not just a problem in urban areas. Paragraph 143 of the Social Housing Green Paper is absolutely clear on this. We include a very clear reference to the pressures in some rural areas. One of the issues that we have been talking about is how we are going to deal with the pressures on affordable housing in rural areas. I think we will come on to the issues around land supply later in the session. How do we tackle the challenge of getting affordable homes built in more rural areas where, for example, some of the sites are smaller and therefore some of the bigger developers may be less interested in that? You may face different challenges there.

To link into some of the conversations earlier, my Lord Chairman raised the point about Homes England. We have asked Homes England to build up its strategic partnerships with the housing association sector, so it can have different providers in different places. For example, we have done some work in the East Midlands to tap into a different range of providers, so Homes England is working not just with the big guys to deliver but with the smaller providers, which can work differently in smaller communities. Frankly, our priority now is increasingly the delivery side of social housing in communities and working out what the delivery processes that make that happen are.

**The Chairman:** I have a real difficulty. I am sorry to cut across you, Lord Carter. The Department does not even collect data on housing in populations under 3,000. You are talking about smaller plots and so on. You say that you really care about it. These are the plots we are likely to be talking about and you do not even collect data.

**Simon Gallagher:** That is correct. We only go down, I think, to 3,000. That is exactly right, but that does not prevent us from getting access to the information, because we have conversations—

**The Chairman:** You do not collect the data. You are not even going and asking for it. I am sure you could if you wanted to. You do not appear to want to.

**Simon Gallagher:** Some of this is about having conversations with areas and working out what the issues are. The data only takes you so far. With Homes England we are trying to have conversations with these places about the interests and the issues about building homes there, and trying to form the relationships between the housing associations and Homes England.

**The Chairman:** Do you accept that it would be helpful to have data on
the total number of houses delivered across the country, and that should include data on houses in very, very remote rural areas where there is an urgent need for social housing and we do not even know whether it has been built?

Simon Gallagher: A civil servant never says no to more data on questions. I am absolutely clear on that. We have data on aggregate. The problem is the granularity in those areas. I would always value more data on that. There is a really interesting question that we need to collectively grapple with, which is whether new digital technologies enable us to collect that information in more innovative and imaginative ways.

The Chairman: Would you like this Committee to recommend that such data should be collected?

Simon Gallagher: I would not presume to tell this Committee what it should recommend.

The Chairman: You just once said that you would never object to more data. I am giving you the chance not to object to more data. Would you like it?

Simon Gallagher: I would love more data. The bit I am always careful about is putting burdens on local authorities or local communities in collecting information. There are always balances to be struck. If we can find efficient and effective ways of gathering data, I am very keen on that.

Lord Carter of Coles: In this widespread consultation, what did you discover that you did not know? What was new? We keep having these consultations.

Simon Gallagher: I suspect that a number of Members of this House and the other House would have known a lot of these things, but without the richness of data that we got through this, the depth of the conversations and the contemporary view of things. How does it feel in 2018? Some of our data and anecdotes go back a little while, so it was really important for us to refresh and work out the state of the issues.

We heard really substantive concerns about the degree of stigma attached to those in social housing. The scale of that surprised us a bit more than we thought. I suspect that the overall high-level issues did not, but the scale and the weight of those was particularly concerning for us.

Baroness Humphreys: You referred to the NPPF earlier. Could you tell me whether you feel that the framework strikes the right balance of priorities for rural areas? Are you confident that the framework will deliver for rural businesses and communities?

Simon Gallagher: It is a really important area. The National Planning Policy Framework has been a major programme of activity and is the product of, I think, three rounds of consultation, which have given us real depth, expertise and knowledge. We got 29,224 responses to the draft National Planning Policy Framework, which we published in March this year. I cannot tell you exactly how many of those were from rural groups,
but looking at the number of environmental groups who responded and the number of responses that we had on local wildlife sites and from neighbourhood planning groups, I feel confident that we heard a good lot of messages from the rural community through that. That is very helpful.

We also proactively reached out and held a number of events with local authority planning officers, thanks to the Planning Advisory Service, and with other communities through the Royal Town Planning Institute. I feel that through that process we gained all the insights we needed to. As a result, we were able to make some real important changes, which have made some difference to how planning policy nationally should work for rural communities.

There are two big ones. First, we have put in a new paragraph, on the rural economy—paragraph 84, for those who are spotters of that. I can quote from it if that is helpful. That tried to strengthen and encourage local planning authorities to facilitate the diversification of their economies, which is a really important step. In response to consultation, we also made some changes to paragraph 79, which was the important one about rural housing. A particular example is where agricultural sites propose an additional home to provide transitional accommodation so that somebody can come into it. We wanted to encourage that. That came in response to representations.

I feel that we have struck the right balance. The challenge as ever with national planning policy is turning this into practice. I do not have to tell such an expert group as this that it now depends on the local authorities bringing forward local plans that are ambitious and appropriate for their communities. It depends on them making decisions that are in line with those plans and that are sensitive to the needs of rural communities. The real thing that is important for us is now to see how communities are going to take forward those discussions at a local authority level, working with rural areas and urban areas.

Over the next year, we want to listen very carefully—and we are still working on precise methods for doing this—to gather information on how this is working out in practice. As in answer to a previous question, I always want statistics, but I also need some of the softer intelligence about how this works in practice and how we gather that. That is a really important area for us.

Fundamentally, we think we have struck the right balance. We have responded to some serious representations that we have received from the rural community. We have proactively engaged with our colleagues at the Department for Environment, Food and Rural Affairs to make sure we are making changes that fit with their policies. We have tried to reflect this, not in a separate chapter.

We had an internal debate among ourselves about whether creating a separate rural chapter in the National Planning Policy Framework would be helpful in bringing all the issues together. We concluded against it on the basis that either this ran the risk that it would include only rural things, implying that general things such as good design or great environment...
were not valuable, which we did not think was right, or it would mean a whole load of duplication of text, so we have not created a separate chapter and we have embedded it elsewhere. That is a call that I want to keep under review to see whether that really helps and whether authorities that are engaging with rural issues have the toolkit they need.

**Q63 Lord Dannatt**: I am probably running the risk of taking you back to data collection. Given that there is a policy of exempting small sites from affordable housing contribution, what assessment have the Government made of that? I guess you are going to come back to a data collection issue.

Going on from there, should there not be further measures to maximise rural affordable housing? Given that there are lots of small sites, they rule it out, so how do we unlock that particular one?

**Simon Gallagher**: For everybody, let me check the precise wording of the National Planning Policy Framework, because it is quite important to get this exactly right. Paragraph 63 of the National Planning Policy Framework, and this was incorporated from a Written Ministerial Statement that came out in November 2014, says, “Provision of affordable housing should not be sought for residential developments that are not major developments—I will come back to what that means—other than in designated rural areas (where policies may set out a lower threshold of five units or fewer)”. Major developments in planning terms are those of 10 units or more.

Conventionally, we say that you should not ask for affordable housing contributions on sites of 10 units or fewer, but we have explicitly said there that, in rural communities, that 10 unit-threshold does not apply. You can set your own policies and they can be five units or even fewer, so you can get affordable homes in rural areas as part of smaller developments.

The background to this policy of exempting smaller sites outside rural areas has always been the need to strike the balance between enabling smaller housebuilders and developers to come into the market, and getting the affordable housing that we want. There is a balance to be struck there. That is where the policy has ended up in doing that. Because of this important bit where, in designated rural areas, policies may set out a lower threshold of five units or fewer, we have a tool to get the provision in rural areas. As for how well that is working, I am afraid we are getting only the anecdotes at the moment. We are not getting specific data.

**Lord Dannatt**: That is part of the problem, is it not? They are anecdotes. You touched on something else earlier about the stigma of living in affordable housing. I am just reflecting on a small development I am aware of. It was nine units, of which seven were open market and two were affordable, but the developer built them out to identical standards. That meant that, among the people who lived there, you did not quite know who was who. Surely that is good. I would have thought that that is an area where the Government should interact with local authorities to
gather the data together and promote that kind of activity.

**Simon Gallagher:** That is exactly the sort of activity we should do. The really interesting bit that data can never tell us is what sites would have come forward but have not done because of some of these restrictions. The key thing for us is making sure that local authorities, in working out policies for affordable housing, are getting that balance between coming up with clear policies that mean developers know what is expected of them, and which the developers can then stick to, and ones that are deliverable and affordable. There is no point in the local authority putting ambitions for the level of affordable housing on examples of development that just mean the developers cannot engage in it at all.

This is exactly the sort of development we want to hear about. It is really interesting, particularly where it allows local and smaller builders to come in. What matters for us is not just whether there are a number of these sites but who is developing on them. Is that allowing local smaller builders to enter the market, where previously these sites might have been available only for larger developers? That is a really interesting question for us.

**Lord Dannatt:** I can see that, thank you. Your answers to these questions have underlined that we need more data. We need to be able to measure, so that central policy and local policy can be formed around what is best for individuals and where they live, and for promoting business. The call for more data is really important.

**Q64 Baroness Young of Old Scone:** My first question goes back to the exercise you conducted with social housing residents. Did you also get information from the folk who failed to get into social housing, who are living on their granny’s settee, in somebody’s cart shed or wherever?

**Simon Gallagher:** We got some of that. We got some of it through other consultations that we have done. We have done a number of consultations, some of which have been about leaseholds; some have been about access to social housing. We have gathered some of that experience. The point of those conversations was to try to get the experience of those who are currently in social housing. We were not explicitly targeting those who, by definition, were not in social housing, because they could not tell us about their experience of how responsive landlords were to complaints and so on. We have some experience on that.

In a sense, one of the reasons why the housing White Paper was published in February 2017, and why we have been performing quite an extensive programme of supply-side reform, has been the experience of those people who are struggling to access housing.

**Baroness Young of Old Scone:** Can we talk a bit about exception sites? A lot of anxiety has been expressed about the right to buy in rural exception sites and whether that will prevent people coming forward with land. I was wondering what assessment you have done of the rural impact generally of the right-to-buy policy. Perhaps you could also comment on the fact that exception sites seem to be coming up in a
rather patchy fashion across the country. They are very localised in some local authorities. Does more need to be done to drum up exception sites as a way of getting affordable housing into rural communities?

**Simon Gallagher:** Yes. There are three things in there. Perhaps I can just separate them out for a moment. The first is our planning policy on Rural Exception Sites, which, just for everybody’s benefit, is defined in paragraph 77 of the *National Planning Policy Framework*, which encourages local authorities to bring forward sites outside their plan for development. Sorry, it says that local authorities should support such proposals outside the plan, provided these provide affordable housing in perpetuity. They may include some market housing and they should be for people with local connections. That is the first set of things, which are the rural exception sites.

The Chancellor of the Exchequer announced at the Budget in autumn 2017 a new policy of Entry-Level Exception Sites, which are slightly different. We have now put those into the *National Planning Policy Framework* at paragraph 71. I can quote from that if it is helpful. Those are a slightly different species, but are designed to respond to the question: “How can we encourage more exception sites to come forward?” These should be entirely affordable housing, within our definition. They are up to a size limit, because we responded to concerns in consultation that the fear of the size of these sites was leading to people being worried about them. Would they lead to mass development on the edge of villages? We wanted to constrain the size of those. They have to maintain our existing protections, in that they cannot be within national parks or that side of things. That is the second bit.

The third part is the right-to-buy arrangements and the voluntary right to buy that you mentioned. My Secretary of State made a Statement on 16 August and I hope the Committee has seen what he had at that time. I do not think I can add much more to that. One important piece of work on that is that we have now launched a pilot in the East and West Midlands Regions. We have said we will do a proper evaluation of that. We want to understand the impact that has on local communities, in particular in rural areas. I am happy to assure the Committee that that is something we are doing.

On the impact of rural exception sites and whether it is patchy across the country, I think the Committee knows that, subject to the caveats about our data collection, we are getting about 1,000 homes on these. That is quite low and it is a bit patchy across the country. It is really interesting to look at the options for turbocharging that across the country. It seems to be more popular in some areas than others. Is this a problem of local authorities being unresponsive to requests for such sites, or is it a lack of interest from developers, because they cannot make the numbers add up in some areas? Is it a response to a lack of demand? We do not have that kind of intel at the moment. It is really important we get a bit more of that intelligence before we make any further changes on exception sites.

**Baroness Young of Old Scone:** Can I just ask about the pilot on the Right to Buy? Does that mean we could have a situation where
landowners are quite ambiguous about bringing forward sites, until such time as you have come to a policy conclusion as to whether the right to buy is compatible with exception sites?

Simon Gallagher: It should not lead to that because, on the rural exception sites, we are quite clear in planning policy that the sites must be affordable in perpetuity. That is defined in the glossary in the National Planning Policy Framework. If I hear specific concerns about that, we will have to pick them up.

Baroness Young of Old Scone: Are landowners misunderstanding this? In reality, they are not subject to the Right to Buy because you could not guarantee the affordability in perpetuity on that basis.

Simon Gallagher: It depends whether it is on a Rural Exception Site, an Entry-Level Exception Site or a wider housing association site. That is why we are piloting to test exactly where this works and what issues are raised.

The Chairman: I am sorry. What exactly is being piloted?

Simon Gallagher: There is a voluntary agreement between the Government and the National Housing Federation, and housing associations are free to sell homes under certain circumstances. They can sell them in rural locations but they are not required to do so.

The Chairman: If it is an exception site, developed by a housing association or whatever, there is no ability for the right to buy?

Simon Gallagher: I would need to get you some detailed legal advice on the interaction between various bits of law on that point.

The Chairman: It is really important that we understand this, because originally the housing associations were going to automatically be given the right to buy, and now it is being trialled. We understand that, but it is particularly about its impact on small rural sites, where there seems to be some confusion over whether or not right to buy applies to the Entry-Level Exception Sites if that development is done by a housing association.

Simon Gallagher: It is probably best if I try to put it in writing for the Committee.

The Chairman: It would be very helpful if we had that for each. While you are at it, could you give us some of your definitions of rural areas? I got a bit confused earlier, when we were talking about the five- or 10-property rule, as to whether it is a designated rural area or it is all those areas that are below the 3,000 threshold. If we could have a definition as well, that would be helpful.

Simon Gallagher: We will pick that one up.

Q65 The Earl of Caithness: Taking you on to Neighbourhood Plans, how are you monitoring their take-up? What are the key challenges and how are they being addressed?
Simon Gallagher: We are working very closely on the implementation of Neighbourhood Plans and we have some numbers. These are updated on an almost daily basis, so I will write to you with the exact number we have of Neighbourhood Plans in different phases. Take-up is very good. We have a contract with a provider that provides support to neighbourhood planning groups as they start to bring plans forward. They have been particularly successful in areas where there is an existing governance structure; a parish, for example. We are questioning what happens in other areas and what the governance model is.

The big question we have been grappling with over the last couple of years about neighbourhood plans has been how to ensure they continue to have validity where there is a local authority that does not have a plan in place or a five-year land supply. That has been our priority in terms of the challenge of neighbourhood planning. Where communities put a lot of investment into producing a neighbourhood plan, which takes time, resource and a lot of social debate in the community, to discover that the plan has very little planning weight is really damaging for that community.

We have been working on how to strike a balance between giving those plans weight but also reflecting the primacy of development plans and the important responsibilities that local authorities have. We did a Written Ministerial Statement on 12 December 2016, and we then consolidated that into the National Planning Policy Framework to give national planning protections to neighbourhood plans in certain circumstances. We go through those in detail about where the local authority has at least some land for development, where the neighbourhood plan has recently been made, and so on.

That has been our priority with Neighbourhood Plans, to give those a bit of protection. We have a new contract in place for providing support to neighbourhood planning groups. The real challenge we are working on is how we support those groups to the next level, how we help that extend across the country, and how we help those groups work with local authorities to get planning for housing need. One thing that we have added into the National Planning Policy Framework is that those neighbourhood planning groups that are starting to develop their plan may be able to apply to their local authority for an estimate of how much housing they should plan for early on, so they can start to consider what the needs are as part of that.

The Earl of Caithness: I am very surprised that you did not mention the cost of Neighbourhood Plans as one of the problems and the challenges. They have been accepted as good things but the cost is enormous. Have you just complicated the whole procedure by requiring the local plan to be updated every five years? If you are going to update the local plan, which the neighbourhood plan has to implement, you will have to do neighbourhood plans every five years as well.

Simon Gallagher: On your first point on the cost, we have a contract with a provider, which provides support to neighbourhood planning groups, to address some of the issues of support.
The Earl of Caithness: It is a fraction.

**Simon Gallagher:** It does not meet everything and it is important that the community has some stake in the plan. As well as my general request for more data, I am never averse to more money for my programmes. That is an important thing about providing support to groups. There are always choices about quite how you do this between the number of neighbourhood planning groups and the intensity of support you provide to those, but those are choices.

In terms of the five-year reviews, current national planning guidance is that every local authority should review its plan every five years. The Neighbourhood Planning Act 2017 put that on a statutory basis. That review does not mean the whole plan has to be rewritten in its entirety. It is a review of whether it needs to be rewritten, so it should not do.

Our bigger problem was the problem I described a moment ago, which was where the local authority did not have a plan or did not have an up-to-date plan. This was causing real problems for the neighbourhood planning groups. In our view, you get more certainty for neighbourhood planning groups if you have regularly updated local plans that provide a framework for those plans, rather than running the risk that they have no local plan, which suddenly has no five-year land supply, and suddenly the neighbourhood plan has no weight within the planning complex.

The Earl of Caithness: I have lots more questions, but we had better get on.

The Chairman: Unfortunately, yes—so do I.

Q66 **Baroness Mallalieu:** Can I ask you about Community Rights and their take-up? What are the barriers that are stopping communities taking up those rights and what are you doing to promote greater use of them?

**Joe Tuke:** The primary barriers are a lack of understanding of the rights that are available to communities and then difficulty in accessing the right support to take up those rights. There are some very good examples particularly around taking advantage of the assets of community value, supported by the Localism Act. Communities can list assets for which, if they come up for sale, they would have a moratorium in the sale to enable them to raise the necessary finance.

That is particularly around pubs. The department supports a couple of programmes to help communities get in the position to purchase pubs. We have the More than a Pub programme, which we run with an organisation called Power to Change. That gives grants, loans and support from advice lines, business development advice workshops, et cetera, to communities that are interested in buying their local pub. I think to date 20 different communities have managed to buy their local. The catchily named Pub is the Hub programme has helped deliver 120 pub diversification projects, as they are called. That is really a longwinded way of saying they are helping a local post office, café or shop that is in danger of closing to be relocated into the pub. They have both been fairly successful.
I have been given a good example of one of those: a pub called the New Inn at Norton Lindsey in Warwickshire. I do not personally know it. The More than a Pub programme gave a bursary towards start-up. There was a £50,000 grant and a £50,000 loan towards the acquisition costs. The local council chipped in some money, and 228 members of the rural community raised the remainder through community shares. That pub has now diversified to provide both a café and a shop.

There are some really good examples of it. We can do more and we plan to issue some revised guidance on the community right to bid, to encourage more communities to come forward and take ownership of local assets. There is also a new community guide to action, which signposts people to the advice and support that are available. We are working with an organisation called Locality, which produces the My Community website. It is an excellent online resource for those looking to avail themselves of the community rights that are available to them.

The Chairman: It is fascinating and we all know of community assets that have been taken over—shops that are incredibly well run, some that have been less successful than others—but actually the Community Rights are far wider than that. There is the right of communities to take over the running of services. That hardly ever happens. What is the department doing to promote that, particularly in rural communities which, by working together, could deliver for themselves a better service? They have a right to take it over. You do not actually see it happening. Why not? What is the department doing to encourage it?

Joe Tuke: We have seen some of those examples where principal authorities have been working with the town council or parish council.

The Chairman: Yes, when they have run out of money, they hand over some asphalt and get the parish council or local community to put the asphalt down in the potholes. When they cannot cope with running the car park, they hand it over. We know of those examples. What are you doing to encourage communities to realise they can do something and to take on the services they want to take on, rather than getting the dregs handed down from their senior council?

Joe Tuke: There are some examples that probably would not be characterised as the dregs being passed down—not the ones that I have been furnished with.

The Chairman: I am sure there are examples. I do not doubt that there are examples. My question—and it is the one that was asked by Ann Mallalieu—is: what is the department doing to promote these Rights so that local communities know of their existence and take them on? Everybody knows about the possibility of taking on a shop and taking on a pub. What are we doing to promote these? Fantastic powers are available.

Joe Tuke: I will need to write to the Committee.

The Chairman: We would be very grateful to hear about that.
get to help them deliver the Civil Society Strategy in rural areas, where it may be of particular importance?

**Joe Tuke:** The strategy does not make any specific commitments about funding for activity in rural communities. There were specific announcements, which I am sure you will have seen, in there around unlocking funding from dormant charitable trusts and dormant bank accounts to distribute, to get more disadvantaged young people into employment, tackle financial exclusion, et cetera. While not directly targeted at rural communities or local authorities per se, they are tackling issues of particular concern in many rural areas and to many local authorities. I am sure that when we see more of the detail of how this funding is going to be released, local authorities will want to work with their local voluntary community sector and other organisations to take advantage of a bidding process, for example, and make the best use of those opportunities. There are no details of direct funding to local authorities that have come out.

**The Chairman:** Will local authorities be the arbiters?

**Baroness Pitkeathley:** They have not decided yet.

**Joe Tuke:** I do not know.

**The Chairman:** Has any consideration been given to parish and town councils having a role in this?

**Joe Tuke:** I am afraid I do not know.

**The Chairman:** If you could find out and write to us, we would be grateful.

**Joe Tuke:** I will speak with colleagues in DCMS.

**The Chairman:** We come to the last topic. There are hundreds of things we would love to talk about, but we are going to talk a bit about LEPs.

**Q68 Baroness Rock:** We talked quite a lot in the previous session about LEPs and particularly about the paper on strengthening the Local Enterprise Partnerships. I just wondered if you could give us a view on what are the common characteristics of LEPs that are successful in supporting rural economies and what you are doing to help those that are not as successful in their support.

**Joe Tuke:** For LEPs that are successful, the common factors, whether in rural or urban areas, are that they are in touch with their local businesses, bring in other organisations that have an interest in the local economy, consult well, bring together local stakeholders well and have a proper understanding of the needs and characteristics of the area. They then identify and invest in the right priorities for driving growth and reducing economic inequality. That is as true in rural areas as it is in towns and cities.

I caught the end of the last session where Joe Manning was going through a lot of the things from the strengthening LEPs paper, which I am sure will have the effect of improving some of the patchiness of the
performance across the country among LEPs. I do not know if he referred to some of the good practice lately seen. I know that four of the LEPs in the south-west area—Cornwall and Isles of Scilly, Dorset, Heart of the South West, and Swindon and Wiltshire—have come together. They had an independent report that was looking at how to stimulate rural productivity and growth in the area. That was well received locally and nationally. That has formed the basis of the four LEPs’ engagement with government departments. They are now broadening their approach to establish a working group of rural LEPs across the country, to have a shared plan and look at shared issues they would like to focus on in their engagement with government. Some good practice may come out of that. That seems like a promising development.

**Simon Gallagher:** My predecessors from the Department for Business, Energy and Industrial Strategy referred to our new Senior Sponsorship Programme. I am personally now the senior sponsor for the Thames Valley Berkshire Local Enterprise Partnership, which obviously covers a rather large amount of rural west Berkshire. I want to have that conversation with them about how, particularly in these areas where you have a Local Enterprise Partnership that has a very urban area and a very rural area, they are engaging and working to understand the needs across the community, whether that is infrastructure or closeness to businesses. I am really looking forward to getting into that, in order to get that intelligence so I can give my own answer to your question.

**Baroness Rock:** Are you meeting with the other sponsors in all the other areas? You have regular meetings for best-practice understanding as well.

**Simon Gallagher:** Yes. As my predecessors from BEIS said, the network started this summer. We have had one session where we all got together. I am, in fact, due down in Thames Valley next week. We will be doing that and then we will meet back together later in the programme.

**The Chairman:** Do you have a job description?

**Simon Gallagher:** I do not think there is a standardised job description for the role because it depends on how it works with individuals.

**The Chairman:** Were colleagues at your level invited to apply to take this on? Were they interviewed?

**Simon Gallagher:** No, we were asked to apply. I am not sure I can put my head behind the curtain and understand the process that led to me being allocated this, but we were encouraged.

**The Chairman:** At the time you were encouraged to apply, presumably there was a thing that said what it was you were applying for.

**Simon Gallagher:** It was senior sponsorship of the local enterprise partnership.

**The Chairman:** It must have said a bit more than that.

**Simon Gallagher:** It did not say a lot more than that.

**The Chairman:** Could we have a copy of what you received?
**Simon Gallagher:** I will see whether I can find anything more from that.

**Lord Curry of Kirkharle:** The consortium you referred to in the south-west is an encouraging development. To suggest that the LEPs should be benchmarked against each other is probably something they would resist because they all claim to be slightly different. From the previous session, which you observed, the concept of providing serious indicators that compare LEPs with one another in this rural space is really important. Are you likely to contribute to that debate yourselves, to make sure your own interests are included in that?

**Simon Gallagher:** Joe may want to add to this. The only bit I would say is that the cities and local growth unit, which runs the sponsorship for this, is jointly sponsored by our department and the Department for Business, Energy and Industrial Strategy. In a sense, we have joint ownership and we feed our views in through that network.

**Joe Tuke:** On the annual performance that the cities and local growth unit will be looking at, in putting together its quantitative and qualitative evidence around the performance of LEPs, I would expect to have conversations about what we are hearing from local authorities about that. That is obviously only one part of that. Through my role as Director of Local Government Policy, we will be hearing what local government has to say about the level of engagement, et cetera, from their particular perspective, in the way LEPs are operating. That would be one part of it.

**Lord Curry of Kirkharle:** I am also interested in the role of LEPs post Brexit. They currently have responsibility for administering some EU funding streams. I wonder to what extent thought has been given to their role beyond that and whether they may need increased powers to fulfil it.

**Joe Tuke:** I know that the consultation on the UK Shared Prosperity Fund is due to come out this year. There will be wide consultation around that. I am sure that will have information in it on the role of LEPs in relation to that. I am afraid I do not know any more than that at the moment.

**Baroness Young of Old Scone:** There is one more thing about LEPs and rural performance. Has there been any discussion in the Department as to how we ensure that the performance of LEPs, in respect of the rural areas, is not what I typify as “same as the cities but with cows”? Rural areas have a very distinctive nature; it is not just that economic development is the same as in cities but the people are a bit more spaced out and there are a few cows around.

**Joe Tuke:** I heard Joe Manning talking about the sort of analysis that looked at it at various different levels, which would be more than that. He gave the example in Peterborough and Cambridgeshire of the different spatial regional analysis they would want to do, which would take account of both the urban and the rural. It is not my area of expertise on this, but if there is something we can do to come back to you on that I would be happy to follow up with the local growth unit.

**The Chairman:** There are hundreds of things we would love to have had time to ask, but sadly we have not. I thank you both very much indeed.
for coming. I thank you very much for further information that you are going to send us. I have noted down some but there were others: the interrelationship between Neighbourhood Plans and local plans would be very helpful; the Rural Exception Sites and Entry-Level Exception Sites and their interaction with Right to Buy; the job description for becoming a LEP spy; and lots of other things. That would be great.

**Simon Gallagher:** I am not going to allow you to get away with that. I am not a spy.

**The Chairman:** I take your reproach. Thank you very much indeed. We will be in touch with you with further questions, I have no doubt. In the meantime, on behalf of the entire Committee, thank you very much indeed. Thank you both.
Methodist and United Reformed Churches and Church of England – Oral evidence (QQ 288-296)

Transcript to be found under Church of England
National Association of Local Councils, Cornwall Council and Local Government Association – Oral evidence (QQ 95-105)

Transcript to be found under Cornwall Council

Evidence Session No. 24 Hear in Public Questions 278 - 287

Tuesday 18 December 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Evidence Session No. 24 Hear in Public Questions 278 - 287

Witnesses

I: Dr Rashmi Shukla, Director, Midlands & East of England, Public Health England; Nigel Edwards, Chief Executive, Nuffield Trust; Billy Palmer, Senior Fellow, Nuffield Trust; Professor Richard Parish CBE, Executive Chair, National Centre for Rural Health and Care.

Examination of witnesses

Dr Rashmi Shukla, Nigel Edwards, Billy Palmer and Professor Richard Parish.

Q278 The Chairman: Good morning. Thank you all for coming along today. I begin by advising you that in front of you is a list of the various declarations of interests of all the members of the Committee. The proceedings are going to be covered on the parliamentary channel. At the end of the proceedings we will produce a transcript and let you have copies of it; if there are any factual changes that you think need to be made, please let us know. My final and most important point is that this session is far too short. We will not cover all of the things we want to cover. You will not say all of the things that you wanted to say. Please, at the end of the session, if there are things you think you should have or would have liked to have said, write to us and we can take that into evidence.

If we can make a start, I want to ask whether or not each of you believes that rural areas get a fair deal when it comes to allocating resources for health and social care. What are your reflections on that? Also, have you
come across examples of particularly good practice that the Committee may wish to draw to the attention of other parts of the country where, notwithstanding challenges, good things happen? Perhaps, Nigel, we could start with you.

**Nigel Edwards:** I would largely defer to my colleague, Billy Palmer, who has studied this. There are definitely additional costs for running health services in rural areas. That is not just transport, but also costs in terms of increased difficulty of discharge. In a number of rural areas in England, a premium is required because of the difficulties in recruiting staff to those areas. There are areas in Cumbria where a very large proportion of the consultant medical staff are locums, for example. Wales has done more work on recognising rurality.

**The Chairman:** Just so we can be clear and have it on the record, can you say whether you believe all of those challenges that you have pointed out in terms of the premium cost of delivery in rural areas are currently being met by the resource allocation formula in England?

**Nigel Edwards:** At this point I would defer to my expert colleague who has studied this.

**Billy Palmer:** I would say no. There is a point of principle here. As Nigel was alluding to, the literature points out quite clearly that there are some additional costs that rural areas might be facing. We have issues around workforce, travel and size; you are unable to be quite as large if you are in a rural area because of the population you are treating. There are also issues with access to some resources, so you have this point of principle.

If you then look at the performance of some of these rural areas, that adds cause for concern. If you look at the seven Trusts that have unavoidably small hospitals, they are in rural areas and have smaller sites; they have longer waiting times for A&E; they have longer waiting times for elective treatment; and they have a far poorer financial performance. These seven Trusts account for a quarter of the trust deficit in total. They are really struggling.

That leads to the question of what is behind that. There seems to be an issue in terms of the allocation system, which as a whole is not fully reflecting the costs being faced by those providers. You have various adjustments in this extremely complex allocation system. You have small amounts of money being offered to these local areas – the commissioners – to account for rurality, but they are giving with one hand and taking away virtually exactly the same amount of money just to represent historical spending patterns. The seven CCGs with these particularly small sites lose as much money on the basis of trying to fund on historical patterns.

**The Chairman:** I do not know if other members of the Committee are having difficulty, but can you explain how those small amounts of money that are meant to reflect particular rurality issues are then taken away?

**Billy Palmer:** Yes. There are two main adjustments for rurality. There is one, an emergency ambulatory care adjustment, that has been around since the late 1990s. In the last couple of years, they introduced one for
this “unavoidable smallness”. In total, across 32 CCGs that you would call predominantly rural, those two adjustments account for about £45 million being moved towards those areas in their target allocations.

When NHS England makes the allocations, it tries to marry the fairness with financial sustainability. They look at how much money areas have had in the past and they do not want to move it too quickly, so there is an element of historical expenditure in the allocation formula. That area of historical expenditure accounts for £46 million. You have £45 million intended to go to the 32 rural CCGs because they are rural and because of the costs they face, but then they lose around £46 million—so a little bit more—just because of historical expenditure. Already you are at pretty much net zero. You have failed to give them any additional money.

On top of that, you have a number of adjustments within the allocation formula which are matters of judgment. There is the one around health inequalities, which moves vast amounts of money around the country. That is an area on which the resource allocation committee that advises on this—it is an independent committee—has said that there is no objective way of setting the level, so it is set purely as a matter of judgment and as a political decision. That, on the whole, moves a large amount of money from rural areas to urban areas.

There is certainly, from what we found in our research, a strong case for saying that the costs faced by rural areas are not adequately reflected by the allocation formula.

**The Chairman:** Thank you for that. We would obviously love you to write that down in a clear document which can then appear in the report.

**Billy Palmer:** I will do that.

**The Chairman:** Before I move on to the others, can I ask you to comment on something you have said? You described it as “poorer financial performance”. I am assuming by that you are not implying that the Trusts which are operating in those areas are any worse at managing their finances; it is just the problem to do with the shortage of finance. Just so we have it clear on the record, can you just be clear what you meant by that phrase?

**Nigel Edwards:** That is broadly true. One of the difficulties with smaller hospitals, however, is that they tend to have a much thinner management layer and they suffer from the same problems of recruitment that they do in the medical fields, but broadly that would be the right conclusion.

**The Chairman:** That is very helpful, thank you.

**Dr Shukla:** It is quite challenging to answer your question with a yes or a no. Billy has just described quite a complex set of issues. From our perspective in public health, we do not understand sufficiently the

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31 The witness subsequently corrected this figure to “...around £40 million.”

32 The witness subsequently corrected this figure to “...around £40 million.”
inequalities and how to adequately measure the inequalities in rural communities because the measures of deprivation that we use in this country—the Indices of Multiple Deprivation—are probably better designed for urban areas because of the concentration of the population. Some elements of the IMD are helpful for rural areas, but not all of them are. As I am sure Committee members will be aware, in rural communities you will have vast areas of affluence but then pockets of deprivation that are masked. One of the challenges we have is understanding the impact of those pockets of deprivation on need and inequalities.

Certainly, the work that we have done to date has been to raise the profile of the fact that we need better ways of understanding the inequalities that exist in rural communities, as they do in urban areas, but the way of describing it, as Billy was saying, still probably favours the urban concentration of populations.

**The Chairman:** I am sorry to interrupt, but to be clear, at the moment Public Health England is saying that the issue of the hidden, difficult-to-identify pockets of deprivation within a large affluent area is creating an unfairness, but you are not yet at a stage to make any recommendations as to what the solution to that would be.

**Dr Shukla:** What we do not know is the impact the pockets of deprivation have on the funding formula. We do not have the evidence for that. It is something which probably needs further research and further work.

Committee members will be aware of the demographic changes. Of course, age is not in itself an indicator but it can be a contributor to ill health and therefore with multiple illnesses the demand on health and social care clearly will increase in rural communities because of the age factor alone, let alone deprivation.

**The Chairman:** We will come on to a bit more of that.

**Professor Parish:** I would say an emphatic “no”; the funding does not match the need. There are four principal elements to this.

**The Chairman:** Sorry, but there would be those who would argue in an urban area that the funding does not match the need. Our interest is in whether there is a differential level of unfairness.

**Professor Parish:** There is a relative disadvantage, in my view, and the evidence points to that as well. There are four reasons for this, some of which I will not go into detail about because they have been largely covered, but I would reinforce the fact that there are issues of scale. If we are looking at secondary care, many hospitals in rural areas are small and their overheads, by definition, are higher relative to the population that they serve. There is then the issue of dispersed communities with the added costs in time and travel. There is the demographic issue to which Rashmi referred. Some 19% of the population are defined as older, but 25% of the older population live in rural areas, so there is a concentration which is growing in rural communities.
There is then the added issue of peaks and troughs which are greater in rural areas than they are in urban areas. There is the whole issue of seasonal labour and the question of tourism, particularly in rural coastal areas, and there is the not insignificant issue around weekend residents where there are second homes in rural areas. Yet, of course, the health services have to retain a capacity that deals with the peaks as well as the troughs, so there are added costs in that as well.

**The Chairman:** That is very helpful. Before I move on to Baroness Mallalieu, at the moment we have not heard about any initiatives or approaches that have been particularly successful. If you can find a way of bringing them in in answers to subsequent questions or if you can write to us, that would be very helpful. Just in a sentence, could each of you say whether or not the problems that we are referring to—the imbalance in terms of allocation of resources for healthcare and social care in rural areas—are impacting on the rural economy? Nigel, does all of this mean that they are bad in healthcare and social care but that it does not affect the economy, or does it?

**Nigel Edwards:** One of the things we found, which largely relates to the recruitment of staff, is that these problems are found in other areas of the rural economy. There is an unfortunate negative feedback loop: if you cannot recruit teachers, it is an unattractive place to recruit medical staff too because the schools are not very good. There is an overall downward pressure in the local economy. There is research on this, but I have not looked explicitly at that recently.

**Professor Parish:** Health is often seen as a cost to the economy, but in fact like capital and skills, it is actually an economic good. If you boost the health of a population, you are contributing to one of the fundamental determinants of a more prosperous economy.

**Dr Shukla:** I would support that. Our chief executive has said that health and wealth are two sides of the same coin. For economic productivity, you need a healthy population. That relationship needs to be recognised. Given that the public sector in rural communities is often a major employer, as it is in urban areas, a healthy workforce is one way of ensuring that the economy is boosted.

The other thing I would mention again is the demographic issue. With younger people moving out of rural areas and looking for jobs in urban areas, we are looking at a different profile which may then potentially have an impact on the economy, although we have not done that work ourselves.

**Baroness Mallalieu:** I would like to ask a little more about recruitment. You have already mentioned problems specifically in Cumbria. What are the main problems about recruiting people and keeping staff in rural areas to work in health and social care? How can rural areas attract the staff that they need?

**Billy Palmer:** Very helpfully, a few years ago an academic paper came out that synthesised all the evidence from around the world in terms of developing health services and recruitment and retention. There has not
been a huge amount specifically in the UK, but from looking elsewhere we know that professional development is an issue in rural areas just because of the opportunities that are available. Professional isolation is a problem. Insufficient supervision is a problem. There are emerging issues around being able to find work for your partner as well, if you are trying to move to a rural area. They were seen as four consistent issues in terms of recruitment and retention.

There were some positives as well. People looked at the increased autonomy that you are likely to get if you are working in a rural health service, and of course the rural lifestyle was cited by some people as being a positive for recruitment and retention. There are some levers, but I will let other colleagues speak first before I talk about the opportunities.

**Dr Shukla:** The World Health Organization undertook a study, with a report entitled *Increasing access to health workers in remote and rural areas through improved retention*, which was published in 2010. It specifically recommended that local areas wishing to improve their recruitment should make a specific detailed analysis of the factors, and one of the factors that seems to come up is that if people who are brought up in rural areas are recruited into the key roles—nursing, medical or whatever—they are much more likely to go back from universities to work in those areas. That has proven to be the case. There is work in Scotland, particularly around the retention of general practitioners, which seems to be quite successful. Again, we can provide details for the Committee if that would be helpful.

**Nigel Edwards:** We have looked at the development of rural medical schools in Australia and Canada. One of the problems is that if people go away to be trained, they may not come back again. These also operate a different type of curriculum and training more appropriate to rural areas. Again, in the case of Ontario and the ones we looked at in Australia, they seem to have been successful in producing a more appropriate workforce for the area, but also one which has been drawn from the community and therefore more likely to stay.

**The Earl of Caithness:** Do you think that the Government’s idea of giving a £20,000 golden hello to GPs going to rural areas is going to make any difference? Will it work?

**Dr Shukla:** We had a presentation by a colleague from Scotland on something very similar, and it seems to be working in what they are doing. It may be too early to say conclusively, but certainly the Scottish experience seems to be very positive.

**Baroness Mallalieu:** Mr Palmer, I think that you have some points you wanted to add.

**Billy Palmer:** There are two levels you have to answer, one of which is about whether it is effective. Does it draw people to those areas? The second question is about whether it is cost effective: is it the most cost-effective solution? On scaling up and meeting the demand, there might be other ways, in terms of the placement of medical schools or the curriculum that is being used. There might be a more cost-effective way.
It is too early to say for this specific proposal and I would be purely speculating.

**Nigel Edwards:** My suspicion would be that unless you can deal with some of the fundamental issues that people find quite difficult about working in these environments, it may get people to go but it may not ensure that they stay. There may be more fundamental things we need to think about in terms of the design of people’s work, the professional support and basically the list that Billy has given you.

**Professor Parish:** There is an even more fundamental problem that sits behind the recruitment, retention and training of people in health and social care, as well as behind the delivery of health services. We are trying to take an urban model and then modify it to some extent for rural circumstances rather than starting with rural areas in their own right and devising a system that meets the needs and circumstances of rural health and care. That would mean going further back than just looking at how we bring the training into rural environments. My personal view, which is backed up by the evidence—and when you talk to people running the services it is certainly the case—is that we need a completely different type of skill mix that reflects the circumstances in rural areas, and a skill mix that would be more sustainable in terms of drawing people from the communities and training them in those communities, with rural health and care being seen as a specialism in its own right, and then retaining them in those communities as well.

**Q280 Lord Colgrain:** Two of you have touched on education. Can we expand on that a little, please? Are there sufficient education and training opportunities for people who are either already living in rural areas or for people who would be interested in working in rural areas as health and social care professionals?

**Professor Parish:** The simple answer to that is absolutely not. One reason is that it is largely the major cities that are seen as the centres of excellence. When people are setting off on their professional career, they want to be associated with a centre of excellence, and one of the reasons why I have my doubts about whether or not the £20,000 incentive would work in the longer term is that it might attract younger doctors at the very start of their career when they are wanting to buy a property and get a mortgage, but when they are then looking at their own professional development and where those interests are going to be served, they will return, I suspect, to the urban areas.

There are universities, as we have already heard, in Australia and Canada. La Trobe in Australia and the Northern Ontario School of Medicine are examples of higher education establishments that have been set up specifically to meet the needs of rural health and care. We need to be replicating that to some considerable extent here in the UK as well, not just in terms of their location but in terms of the curriculum they deliver, which should be designed specifically to meet the circumstances of rural communities.

**The Chairman:** In terms of the reality of being able to achieve that
within England, has anybody thought through all of the detailed consequences of establishing such an institution in a rural location with the need, for instance, for accommodation for the students that are attending?

**Professor Parish:** Yes, and indeed I spoke only yesterday to colleagues at the University of Lincoln. It is establishing a medical school that will have a very strong rural focus. In much the same way as the health and social care sector incurs additional costs, so too do the universities. Again, that is mainly in terms of time, travel and accommodation for students. The university has a working party at the moment working through the detailed costing in terms of the additional costs associated with delivering what in effect will be a rural medical school here in England.

**The Chairman:** The argument would be that while that may be more expensive to deliver, for the reasons that you have given, the benefits in terms of improved healthcare, then the improved economy and then the improved finances of the nation, would pay for it.

**Professor Parish:** Yes, it is a virtuous circle in the end. If you improve the health and if you make rural communities more sustainable, you are also going to be improving the local economy. If you improve the local economy—we know that work is good for you—that is likely to improve your health and keep you in good health for longer, as a generalisation. It is a virtuous circle. Indeed, the point was made earlier on that health and wealth are absolutely indivisible.

Q281 Baroness Rock: I would like to move on to technology, please. It is clear that new technology and the greater use of existing technology has the potential to change the way we look at health and social care services. Could I ask you about the opportunities that are arising from new technology for delivering health and social care services in rural areas? Also, what are your views on the use of pilots for first-of-a-kind technologies in rural areas?

**Nigel Edwards:** One of the problems that smaller hospitals and to some extent GPs in rural areas have is access to specialist opinion. The super-specialisation of medicine over the last few years means that many of these smaller hospitals cannot have the full suite of specialists. We are increasingly seeing across the world the use of telemedicine and getting remote advice from specialists.

One of the issues in the UK is that we have not had a culture of networks of hospitals working together as single units. A common problem you will hear from physicians in smaller hospitals is that it takes two hours to negotiate the transfer of a seriously ill patient to a tertiary centre, as opposed to the Australian model where you put the patient in an ambulance and notify the tertiary centre that the patient is on the way and they might like to get the operating theatre ready. We need also to think about, as well as the technology, the management systems and the relationships in which these health systems are embedded. The technology is relatively straightforward. It turns out there is a very great deal that you can do by specialist advice over the phone, particularly if
you have the availability of a digital image like a CT scan. For example, you can probably determine whether a patient needs emergency surgery without the presence of an onsite surgeon. That is controversial but my conversations with the Royal College of Surgeons about this seem to confirm that that is correct.

The problem comes with the transport, the relationships between the institutions and the willingness of specialists in the major centres to provide proper support, oversight and help when it is needed to the smaller places. I would probably direct your attention less to the technology, which is not a problem, and more to the nature of the way that these systems are managed and the extent to which these hospitals—and the GPs as well, because they can benefit from this, as indeed can nursing homes—are part of a network of productive relationships.

**Dr Shukla:** One of the challenges in rural areas is obviously the digital divide in terms of having high-speed broadband and mobile phone coverage networks. As somebody who lives in a rural area, I experience it personally. It is getting better, so it depends on the level of technology availability and how quickly we cover the country. Technology has uses and, despite the challenges of the infrastructure, we have some good examples in public health and preventative services where technology is being used in relation to services for young people, mental health services and sexual health services. More and more considerations are being developed.

The other side of the discussion is that technology has been helpful in eliminating social isolation, but it also could potentially cause social isolation. There is a balance to be struck, particularly for people living on their own. Their only contact with people might be the face-to-face services, and if we use technology to provide those services, that might have a negative impact. There is a balance to be struck in the type of services we are talking about and the types of populations and their needs. It is not the answer to everything, but certainly there is an argument for technology to be used in rural areas.

**Nigel Edwards:** Looking at the use of technology for patients in rural areas in other countries, there seem to be some quite significant opportunities to deliver by phone quite a lot of the healthcare that is currently provided face to face.

**Baroness Rock:** That is particularly the preventative areas.

**Nigel Edwards:** It is not just preventative. I was looking at a model of general practice in Rwanda, which is very rural, where up to 85% of general practice-type consultations are delivered over the phone, which is quite extraordinary. Kaiser Permanente in California delivers about 50% of its general practice consultations over the phone. I am also increasingly seeing the emergence of outpatient consultation models where a combination of phone, facetime and perhaps using a local professional to collect clinical data can reduce the need for people to make long-distance travel. The socialisation point is an issue and you do need 4G or
reasonably high-speed internet to make some of these models work. However, some of them work perfectly well over an ordinary landline.

**Professor Parish:** Would you allow me to slightly redefine your question? I do not actually think the major challenge is one of new technology; it is the effective application of existing technology that is the real challenge. In preparation for this meeting, I noted down off the top of my head a number of areas where we could improve the situation enormously by more effectively applying the technology that we already have. We have already heard about telemedicine and robotic surgery, but to turn this and link it to the previous question as well, there is the whole issue of web-based learning and the possibilities offered by simulation training through internet facilities, peer support forums and problem-solving networks, in much the same way as the education sector has looked to networks where there are common problems in similar schools and they have tried to find common solutions.

The sharing of electronic patient records would help enormously, particularly as we have a pilot that we have just initiated in Lincolnshire to vastly expand the role of pharmacists into emergency care and minor injuries, so you would have people who are located in the areas where the injuries are occurring, but access to electronic records would be important. We need better use of diagnostic algorithms and online access to specialised expertise, although the issue that Rashmi raised of having fast broadband is obviously going to be important in monitoring dependent individuals in their own environments.

One issue that should not be missed at all is to use new technologies to provide much more energy-efficient homes. Rural homes are on average much less efficient and they often use more expensive fuels. The fuel poverty cost in rural areas is double that of urban areas. This is a virtuous circle as well because if you reduce the costs, you actually improve the amount of disposable income that people have, which is fed back into those rural economies. You are then improving the sustainability of rural businesses, you are improving employment, employment is good for health, and you have yet another virtuous circle.

All of these, together with the increasing use that some older people are making of social media to keep in touch with distant family and friends, are areas where we have the technology already; we just need to apply it more effectively.

**The Chairman:** Before we move on, can I pick up a point that Nigel made and Richard is echoing? A lot of the technology is there; it is about making effective use of it. Your point, Nigel, as I understood it, was that it could be most effectively used if there was better co-ordination between the various delivery organisations. Can you amplify that a little bit more for us?

**Nigel Edwards:** One of our particular research interests has been creating sustainable smaller hospitals. I should just say that what the UK regards as a small hospital would be regarded as a medium-sized to large hospital in most of the rest of Europe. We take the view that if we are
doing something different from Europe, it is obviously Europe that is wrong; maybe we have something to learn from that.

Because these small hospitals are having trouble with sustainability, one of the major sources of this is their ability to have the full range of specialist services that they require, so they are increasingly needing to get that advice from elsewhere. Because hospitals are managed individually rather than as part of networks—with some exceptions; some cancers are now managed increasingly on a network basis—they have difficulty getting timely access to specialist advice at the point when they need it. They often find that they are not able to sustain the services. We believe that you can keep more of these services sustainable if these hospitals are part of a wider network and the managers of the network take responsibility for ensuring that there is proper and appropriate specialist support. While these hospitals are managed individually, it does seem to be quite difficult to negotiate that. I am not a great fan of hospital mergers, by the way.

**Baroness Young of Old Scone:** That was part of the problem that STPs were aimed at resolving, as well as integrated care models. Are they having any impact on it at all?

**Nigel Edwards:** The smaller hospitals, not just in rural areas but in terms of integration, probably need to change the nature of the relationships they have with local GPs. There is quite a lot that we could do to make hospitals much better resourced to support primary care. They also need to be part of horizontal networks. The STPs have not really got into that level of detail and thinking. We have seen some attempts to do this in places like Lancashire, with Pennine Healthcare being taken over by Salford, and the Lincoln hospitals are themselves a network. We have seen the Wye Valley Trust being supported by South Warwickshire and then building links with Aberystwyth, but these are still rather informal. A more granular approach to the design of how to create a system in which, at 3.00 in the morning a small hospital can get a good cardiology opinion without everybody having to have their own cardiologist, which is never going to happen, really requires some management attention. The only way that can happen is if there is some sort of managerial responsibility for the patch. At the moment, the STPs are rather a nebulous thing with no executive power and no legal status.

**The Chairman:** You may find that appearing as a quote in our report.

Q282 **Baroness Pitkeathley:** You have talked about the difficulties of communication and relationships between the hospitals, but is that problem compounded by the relationships across health and social care? You mentioned nursing homes briefly. For example, I am personally having difficulty at the moment getting an elderly person discharged from a local rural hospital to a care home. They are mired in the most extraordinary administrative complications. Is it even worse when you look across the social care divide?
**Billy Palmer:** The one thing we do know from the performance is that the small isolated hospitals have more delayed discharges than their counterparts.

**Nigel Edwards:** Distance might be an issue, of course, in the organisation of transport. There does seem to be an issue, but it is not immediately clear to me what other reasons there would be for that being a problem.

**The Chairman:** Is there anything Rashmi or Richard want to say at this point?

**Professor Parish:** I have a very brief and possibly controversial contribution. It seems to me, over my time working in the health field, that we are now having to try to find a model to look at integrated care. We used to have much more integrated management of the health services than we have now, but we have progressively fragmented it. When I look at the number of NHS organisations for Lincolnshire, which is the demonstration county for the National Centre—although we expect others to come along soon—there are now 13 formal NHS bodies, all of them separately constituted, operating in and around Lincolnshire. That accounts for some of the difficulties you have experienced.

**The Chairman:** So that it can be formally on the record, can I point out that while you were speaking Baroness Young was cheering?

**Professor Parish:** Out of my left eye, I did notice that Baroness Young was doing so.

**The Chairman:** Then it is now doubly on the record and Baroness Young will add to it still further.

**Baroness Young of Old Scone:** Could I ask a leading question, then? At long last, has the time come to go back to the good old local health authority that ran everything and probably worked very closely with its local authority?

**Professor Parish:** I am on the record as saying on a number of occasions that the most efficient system I ever worked in was the old area health authorities. They were largely coterminous with either the counties or metropolitan boroughs. They had a degree of local authority representation on them. They provided the strategic direction in a five-year plan with a funding formula to go with it but devolved operational management to the sectors and to the hospitals. They actually provided a quality control mechanism within that county-level arrangement.

**The Chairman:** In that system, did the rural areas get a fair deal?

**Professor Parish:** I did not work in a rural area at the time, but given that I feel the system was not just infinitely more effective but efficient then, I strongly suspect that that would have been the case in rural areas in much the same way.

**Baroness Pitkeathley:** I can confirm that was the case because of the coterminosity of their boundaries. They were the first level that was abolished, as we will all recall.
**The Chairman:** Is there anybody else who wants to put anything on the record about this? We will move on to Lord Dannatt.

**Q283 Lord Dannatt:** Thank you, Lord Chairman. You were quite clear on that last point. Perhaps we could move the conversation on to a different area, which is the issue of loneliness and social isolation. I think that we can agree that it is a significant problem in rural areas. The Committee would be interested to hear what you regard as the main barriers to overcoming this. Could you give us some examples of good initiatives and approaches that are being rolled out which could be benchmarked and rolled out elsewhere?

**Dr Shukla:** At Public Health England, we have been doing quite a lot of work in terms of thinking about how we support people, because we see loneliness as a public health problem. We know that loneliness affects the physical health as well as the mental health of people who are subject to it. Working with the University College London Institute of Health Equity, we have produced a number of tools and resources to support local areas in thinking about how they might practically support people by identifying those who might be at risk of loneliness. We are aware of a number of case studies in Northumberland, Suffolk and Shropshire that take a community-based approach to wellbeing, which then goes into the discussion around individuals’ loneliness. They are tackling it by approaching it in that way.

The other thing we are doing is working to develop a metric for loneliness in our Public Health Outcomes Framework\(^{33}\). We are beginning to report on it for local areas. Once you start reporting on it, you start measuring it and you then know what you are dealing with. We are inputting in to the Government’s loneliness strategy as well. There is quite a lot of work that Public Health England is doing to promote and profile loneliness. With the case studies, we can share what good work is going on across the country.

**Lord Dannatt:** This is an issue not just of old age but also of industrial practice. Farming has become a very lonely activity at the present moment.

**Dr Shukla:** Yes. If I may, mental health and suicide in certain agricultural occupations is well known. The report last year by the Office for National Statistics looking at a five-year period of suicides by occupation does show that agricultural workers have a higher risk of suicide. Of course, quite a large proportion of the suicides are through firearms, which obviously is about access to the means to commit the suicide as well.

One of the other things we are doing to support local areas is to develop local real-time surveillance data on suicides. We are doing that for two reasons: first, for them to support the bereaved; and secondly, to identify clusters and particular hotspots where there may be a particular likelihood

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\(^{33}\) The witness subsequently clarified that this will be based on the national indicators being developed.
of suicide, whether that is colleges, universities, schools, railway stations or particular areas.

Baroness Mallalieu: Can I ask whether village agents play any part in this?

Dr Shukla: Yes.

Baroness Mallalieu: Can you tell us a bit more about how that works?

Dr Shukla: A number of local authorities use community agents to help connect people who are perhaps isolated and lonely into activities in the village by using the assets of the village, whether that is a community hall, a church hall or one of a whole range of other facilities the village might have. They also connect that to social prescribing, which general practitioners are now beginning to get more and more involved in. I understand that NHS England is looking to roll out social prescribing activities across the country, although I am not sure how far that has gone as yet.

Professor Parish: The first thing I would say is that there are, in the literature, well-described economic consequences to loneliness. This is not just in terms of the impact on a variety of health conditions ranging from an increased risk of raised blood pressure to an increased risk of Alzheimer’s, there is also evidence to show that people who are lonely tend to be admitted to residential care on average earlier than would otherwise be the case. A number of things contribute to this. If we had the necessary data and we took the necessary preventative actions, we could reduce loneliness.

To give you a couple of examples, sensory loss in older people is often associated with reduced mobility. There is a proposal that has been drawn up for a national survey on sight and hearing because we do not actually know what the distribution of sight and hearing loss in the population is, but we do know that if we can tackle a number of these issues early we can significantly reduce or avoid them. The loss of podiatry services has also had an impact. It has had a direct impact not only on mobility but also in the early detection of people with diabetes and early intervention as a result of that. There are a number of factors here that are important.

In terms of the sorts of things we can do, there are befriending schemes, “grandparenting” schemes which are run by some schools, and there are opportunities for telephone support for people in rural communities. One key issue would be the better provision of sheltered housing. There is less sheltered housing per head of population in rural communities than in urban communities. If there was more sheltered housing, it would deal with a number of these issues. I suspect from the questions that you posed to us beforehand you were well aware that they were all interconnected, because if we can answer any one of those—in one sense, it does not matter too much where the entry point is—you start to address all of the other issues as well.

The Chairman: We are well aware of them. Of course, the preventative side is really important. Can we move on to that?
Baroness Humphreys: Are preventative public health activities being adequately resourced and delivered in rural areas? What more can be done?

Professor Parish: I am happy to go first on this occasion. I would not wish my colleague here to be compromised by virtue of the question. I am answering this wearing my National Centre hat and not as a board member of PHE, I might add. The capacity of public health departments has reduced since the 2012 Health and Social Care Act, but it is a much more complicated issue than the size of the departments. The location of local public health departments in local government does increase the opportunities for tackling some of the determinants of health. Even though the departments may be smaller and the budgets have reduced by, on a like-for-like basis, 5.2% over that period of time, the ability to leverage those monies by virtue of the influence on the determinants of health, which would have a longer-term benefit, may be significantly greater. It is a complicated issue.

Where I think this is really quite interesting is that life expectancy in rural areas is actually higher and infant mortality is lower. However, in a recent study of five shire counties where they looked at some of the determinants of future health in younger people, there was worse school readiness, more road casualties, greater fuel poverty, more social isolation, greater smoking prevalence, greater obesity, more young people self-harming, greater problems with sexual health, a shorter provision of health checks and, in older people, more avoidable sight loss. Even though on the one hand in terms of health outcomes we have a population that looks as if it is doing rather well, in actual fact the determinants of health are worse than they are in urban areas. The fact that the population is doing well may be—I do not have the evidence to back this up—influenced by the fact that more people at around the age of retirement who are affluent and have the wherewithal to move into rural communities do so, thereby improving the apparent socioeconomic standing of those communities. There are a lot of distortions here. Some of these were referred to when Rashmi talked about the difficulty in gathering data from these dispersed communities.

Dr Shukla: Public health resources have reduced but they have reduced for Public Health England and for a number of other public sector bodies. The percentage reduction is not substantially higher than other public sector organisations. Local government funding has reduced much more dramatically than the ring-fenced budget for public health. The basis of public health funding started with what was transferred at the time from the NHS to local government. We have a huge variation in the number of pounds per head. Some rural areas will have higher rates of funding than others. Some urban areas have higher rates of funding than others. We did not start with a level playing field, which is why we have the variation we have now.

The Chairman: Could you explain to us, with some specific examples, Richard’s point about how there may be a smaller pot of money but the ability to take action is now better?
**Dr Shukla:** Yes, the purpose of moving public health back into local
government was exactly for that reason. The grant is only a small amount
of money at the end of the day when you look at the total local authority
budget. Directors of public health and their teams are there to influence
and leverage what happens in areas such as planning, transport and
housing. With two-tier authorities, they would work with the district
councils on environment, leisure and all of the services that impact on
public health. We have very good examples of how directors of public
health and their teams have been able to do that in several parts of the
country. For example, they might be looking at planning applications for
fast-food outlets to try to influence that, because particularly in deprived
areas the density of fast-food outlets can be very high. We have
deprivation; we have high childhood obesity levels. They are influencing
the planning mechanisms to get health more into the planning process.

Another example would be having Citizens’ Advice Bureaux in every
general practice. This has happened in Derbyshire. One in four of the
consultations with the general practitioner may not be directly related to
health but have an impact on the person’s health, so you have somebody
advising the individual about debt reduction or other factors that may
have an impact on their health. There are quite a few initiatives like that
which directors of public health have been able to influence through being
inside the council and then working across with the public sector.

**The Chairman:** If you have examples of successful action, particularly in
rural areas, I know that we would be very grateful to receive them.

**Q285 Baroness Young of Old Scone:** You have talked about the high suicide
rate in the countryside and we have also had evidence about the impact
on the police of having to transport people who are in need of a safe place
over considerable distances. What are the other mental health
challenges? Do you have other good examples of how they are being
tackled?

**Professor Parish:** Would you like me to pick up on that to give my
colleagues a chance to think? The mental health situation is a really
important one. I know that this is anecdotal, but in the week we launched
the National Centre for Rural Health and Care in Lincolnshire, the rural
chaplain told us there had been three suicides in Lincolnshire alone
among the farming community in that one week. That starts to really
bring it home to you when you realise the impact that this is actually
having just in one county.

Ironically, the evidence suggests that in terms of depression and anxiety,
rural communities appear to do better than their urban counterparts, but
there is quite a bit of evidence to show that there may be considerable
underreporting in rural areas, coupled with the fact that there is a culture
of self-reliance and a more pronounced stigma in rural communities about
mental health. Confidentiality is more easily compromised because
communities often know each other that much better. There is poorer
access to services. Quite a lot of work has been undertaken on this in
Scotland by the Scottish Association for Mental Health which has shown that to be the case.

When it comes to trying to address this, there is an important thing to note. When you look at per head of population, there are fewer specialist doctors, nurses, social workers and therapists per head of population in rural areas. Across the board, from assertive outreach, crisis resolution, early intervention and diagnosis, rehabilitation, day care, psychotherapy, old-age psychiatry and community mental health teams, provision per head of population is poorer in rural areas than is the case for their urban counterparts. Those are the sorts of issues that would need tackling.

**Baroness Young of Old Scone:** You have talked about depression and anxiety. How about some more substantial mental health conditions like psychoses, schizophrenia and various others?

**Professor Parish:** I honestly do not know about that. There is a higher rate of alcohol dependency in rural communities and I have already mentioned self-harming in young people, but I do not know about some of the more severe psychotic conditions.

**Billy Palmer:** I wanted to pick up on Richard’s point on the availability of these services and the allocations I tried to characterise earlier. I should have noted that this is around acute services. In England specifically, they do not make any adjustments for the additional costs that mental health services might face. Certainly you can hypothesise some additional costs around travel times, given the community aspect of many of those services, and around economies of scale. As I say, in England no adjustment is made for mental health services in rural areas.

There is an interesting comparator here because, more broadly, around community services, Wales and Northern Ireland, for example, do have adjustments. There is certainly a case for looking into whether some additional costs are being faced, and if so, making appropriate adjustments. That might help to address some of the shortfalls that Richard has described.

**Professor Parish:** If we are successful in tackling the issues of mobility and isolation, they are likely to have an impact on mental health. There is really quite an extensive programme of mental health first aid training now that I would very much like to see brought into play in rural areas. We train members of the public to be able to recognise the early signs of potential mental health problems and thereby allow people the opportunity for early intervention.

**Dr Shukla:** I mentioned previously the work we do with local areas. Your question is about services for people with mental health problems, and obviously we are trying to prevent mental health problems in the work we do. One of the things we have done is piloted a mental health campaign in the East and West Midlands. Some of those areas are rural. It uses social media and technology to get people to recognise that they might need help and to do it in a way that helps them to use their own resources. That pilot has been quite successful, with the aim that at some point in the future we will roll it out across the country. It will help people
to use their own personal resources to help themselves. This is about low-
level mental health issues. Clearly, it would not be appropriate at all for
somebody with psychosis, for example.

**The Chairman:** If there are further points on the issue that people want
to get over to us, please do write.

**Q286 Baroness Pitkeathley:** I want to ask about the role of the voluntary and
charitable sector. We have heard about community activists and Citizens
Advice. What role more broadly does the voluntary and charitable sector
play in the delivery of health and social care services, and how are they
best supported?

**Dr Shukla:** We did a piece of work with the Local Government
Association looking at health and well-being in rural areas last year and
we published a report which we can share with the Committee. In that,
we have a number of case studies. What is quite evident in rural areas is
that because of the issue of public sector resources being limited and
perhaps more so in terms of numbers of people, the community’s assets
are quite important, particularly around the voluntary and community
sector. We have identified a number of case studies. For example, You
Are Not Alone, a mental health-focused charity that supports people
particularly in farming and agricultural communities in rural areas in
Norfolk, Suffolk and Worcestershire. It appears to be quite successful in
the way it is beginning to reach the people it is trying to reach.

There are a couple of other examples in the report around the voluntary
and community sectors being providers of services to help because they
can get to where the people are perhaps much more efficiently and in a
better way than the public sector. We are very happy to share those
cases.

**Baroness Pitkeathley:** Thank you. That would be very useful.

**Professor Parish:** I can give one or two specific examples. I mentioned
the pharmacy project that we have recently launched in Lincolnshire. This
is a collaboration between the Co-op, which runs more community
pharmacies than any other organisation, and an organisation called
Lincolnshire LIVES, which trains members of the public as initial first
responders. They have over 700 volunteers who do so. They are helping
to run training for people in community pharmacies.

There are obviously lots of other opportunities as well, such as dementia
friends, day-centre helpers and voluntary bus services. Around 40,000
people volunteer just to run bus services in rural areas in England. There
are also first aid responders, as I mentioned, and mental health first
aiders. There are organisations like Cruse that provide bereavement
services as well. I recently held my first people’s panel, and we had about
25 people there. I talked about volunteering and the role that they could
play. About half the people there said they would be very keen to
contribute, but they did not know how, where to go or what the options
were for them. If those could be made available, they would be willing to
commit their time and provide some help and support.
I have two final points, if I may. The third sector can often be very efficient in leveraging local resources but often requires pump-priming to get that underway. Having run some of these things myself in the past, I know only too well that you can have the concept in place and it can be a highly desirable notion, but voluntary action requires good organisational capacity, the necessary skills, the facilities and the ability to train people to do things. Without those and without that pump-priming, it is probably doomed to failure.

Baroness Pitkeathley: You also need the infrastructure, as you have indicated.

Professor Parish: Indeed, yes.

Billy Palmer: A recent report from The King’s Fund looked at volunteering in this sector. It clearly has a huge role. Around 1.7 million people have volunteered in the health or care settings. If you look just in the acute setting, the managers of those services reported 78,000 people are regularly informally volunteering and nationally. It is a large number. What we separately know is that in rural areas people are more likely to be providing one hour or more per week of voluntary or unpaid care than in urban areas. It is a significant issue in rural areas as well. The report made a number of recommendations about how you can foster a better relationship between the health and care settings, the volunteers around being proactive, having clear strategies and having better communication between frontline staff and volunteers. I can send you that report.

Baroness Pitkeathley: That would also be helpful. Many of the voluntary and community sector organisations have great hopes for the 44 STPs that were set up. In answer to my colleague’s question earlier, you were not very positive about them. Would that still be your position?

Billy Palmer: I am going to defer to Nigel on this.

Nigel Edwards: My specific comment about STPs’ nebulousness, if that is a word, was in relation to their ability to get into the granular detail of managing clinical networks. In the initial STPs, there was a feeling in many of them that the voluntary sector had had difficulty engaging. That was also felt by some local governments. The situation has improved, but the evolution of STPs seems to be quite different in different parts of the country so it is quite hard to make a generalisation.

The Chairman: Do you happen to know, just to educate us, how the 44 areas were chosen and by whom?

Nigel Edwards: No. I live in Hertfordshire, which has been—

The Chairman: Do any of you know the answer to that question?

Nigel Edwards: There are a number of areas like Hertfordshire where the choice appears to have been made on the basis of history in some cases while in other cases it is the footprint of acute hospitals.

The Chairman: The reality is that we have four expert witnesses and none of you can answer the question.
Dr Shukla: I was going to answer it. My understanding is that NHS England, working with NHS Improvement, chose the 44 footprints based around the footprint and catchment population of acute hospitals and the network of hospitals which cover that population.

The Chairman: To whom are they accountable? Who evaluates their work? I know independent research has been done, but who evaluates their work?

Nigel Edwards: It is done by NHS England and NHS Improvement jointly.

The Earl of Caithness: I would be interested to hear more about your comment. At your people’s panel, there were people there who wanted to help but did not know how or where to go. Could you all write to us on how that can be managed? If there are people out there in rural areas who want to help, who do they go to? Where is their first point of contact?

Professor Parish: I hope we might even be able to do a bit more than that. You may or may not be aware that the APPG on Rural Health and Social Care has recently set up a parliamentary inquiry. In fact, Robert Heseltine from one of the co-chairs offices is here today. We have just started taking the very evidence that would be of great help to you. I am sure I can speak on their behalf and say that as we work through this process, we would be more than willing to share the evidence with you as it is brought to that particular group. That would include an answer to the point you made.

Q287 The Chairman: Thank you. Just so it is on the record for other Members of the Committee, if they are not aware of it, we are already in communication with the APPG and, in parallel, we are looking at the work they are doing.

We are going to have to draw this to a conclusion, but before we go, there is something else we would be very interested to know. If you were writing our report, what recommendation would you particularly wish to highlight to us as one to consider putting in?

Nigel Edwards: My particular interest is in the design of medical education and the creation of clinical networks which can support that and the operation of more specialist services in rural areas, so I shall take a slightly niche approach.

The Chairman: You could write that up in recommendation form and send it to us. That would be great.

Nigel Edwards: Yes, in one paragraph.

Billy Palmer: I would have to carry on with the allocations line and say something around ensuring that there is a proportionate, aligned and consistent approach to addressing the costs of providing healthcare in rural areas. That needs to be directed towards NHS England and the department; they have a role. NHS Improvement has a role in ensuring that the money goes from the commissioners to the providers. There is
also a specific recommendation within that to the advisory board to be looking at, outside of acute services, the other cost pressures for mental health services and community services.

**Dr Shukla:** I would like to see the relationship between economic productivity and the health of people really strengthened in your report, because sometimes we have conversations about economic productivity over here and health over there.

**The Chairman:** One of the difficulties the Committee will have is about the virtuous circle that you all in one way or another have referred to: improving the health of the nation improves the economy of the nation. As far as we are aware, there is no research to demonstrate that conclusively. Can anybody provide it for us?

**Nigel Edwards:** Quite a significant amount of research was done for the recent refreshing of the Tallinn Charter by WHO/Europe. There is a substantial and internationally recognised body of research on the health and wealth link.

**Dr Shukla:** Professor Sir Michael Marmot described it very well in the report on inequalities that he produced a few years ago. There is the evidence, but it is about how we make it a reality in the way we work.

**The Chairman:** Thank you. We look forward to somebody sending us a copy of the relevant documents.

**Professor Parish:** I will make three quick points, if I may, and I will make them quick. The first is that we need a rural model, not a modified urban model. Secondly, as part of that, we need to have a completely new look at what skill mix is appropriate in rural areas and, again, not a modified urban area but one that deals with the realities of rural communities. I would also take a wider view that would have an impact on health. I would like to see a rural green deal which invested in energy-efficient homes. That could provide local employment because often you can draw people from the local communities. It would mean warmer houses, less damp, better health, lower fuel bills, local employment and more disposable income, all of which contributes back into the viability of the rural economy. That leads to more employment and better health outcomes. Again, it is the virtuous circle.

**The Chairman:** I have one quick point, if I can, Richard. When you talk about the skills mix that is necessary for a rural area to meet its health and social care needs, would you include within that the linkage that Nigel was talking about so that we can make use of specialists who might be in an urban area? This is just so it is on the record.

**Professor Parish:** Yes, indeed. In fact, if it is not a contradiction in terms, we need to be focusing more on specialist generalists. That is generalists who can deal with a range of general health issues, but who have specialist skills beyond their counterparts in urban areas. GPs would be a very good example. So I would include that, yes.

**The Chairman:** Thank you. I was keen that we should have that on the record. I was pretty confident about what you thought. On behalf of the
Committee, it has been a fascinating hour and five minutes. We could have spent very much longer. As I said at the beginning, there will be frustrations that you have not said everything you wanted to. We really do want to hear it, so please write to us. Again, on behalf of the entire Committee, thank you very much to all four of you.
National Farmers’ Union, Food, Farming and Countryside Commission and Tenant Farmers Association – Oral evidence (QQ 151-161)

Transcript to be found under Food, Farming and Countryside Commission (RSA)
Tuesday 27 November 2018

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Baroness Humphreys; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witnesses

Julia Mulligan and Craig Naylor.

Q209 **The Chairman:** Welcome. It is good to see you again so quickly, Julia, after I heard you only a week or so ago. It is lovely to have you both here. You have in front of you copies of the declared interests of members of the Committee, which you may find of interest. This session is being covered on the parliamentary internet. Following it, there will be a transcript and you will have an opportunity to go through that and make any changes you want. Finally, we are bound to miss things during the evidence session. You may not have enough time to give all the answers you want. In either case, please feel free to write to us following this session, and we will take what you write to us as part of our evidence.

I wonder if you could give us a quick overview, before we get into the details, about rural crime. What are the main issues that you have to deal with? Since our Committee is about the rural economy, perhaps you can comment on the impact of rural crime on the rural economy.

**Julia Mulligan:** Thank you very much for inviting me. I am the Police and Crime Commissioner for the largest rural policing force and single-county force in the country. We are over 3,200 square miles, with a very large road network. I also chair the National Rural Crime Network, which is a cross-party group of 30 police and crime commissioners who have predominantly rural or significantly rural constituents. That is my reason for being here.
I first became very concerned about crime in rural areas when I took up my post back in 2012. I would go out regularly and meet members of the public, farmers, all sorts of different people, and they would tell me, in the strongest possible terms, that they were not satisfied with the service they were getting from their local constabulary. With the support of the Rural Services Network, we set up the NRCN to try to raise the profile of the needs of rural citizens.

We did a comprehensive survey back in 2015 that revealed a whole range of different concerns for the public. In particular, a vicious cycle was being perpetuated. People felt that the police would not understand their requirements and would not respond adequately when something went wrong, which led to a lack of trust and an increase in underreporting of crime. There was a vicious circle going on, which was self-perpetuating.

One of our major recommendations was the need to break that vicious circle. Since 2015, some forces have done a lot of good work in that area. Others have been a little slower off the mark. We repeated the survey earlier this year and we saw that the situation had got even worse. Back in 2015, the average cost to the victim of a crime being perpetrated against them was £4,000. In 2018, that had increased to £4,800. That is a really significant, hefty price tag on the cost of crime. If you add on top of that the measures people take to protect themselves, CCTV and all the sorts of things they put in place, there is a very significant cost to the individual victim. Thinking more widely about the nature of rural communities and the fact that the 2018 survey showed that rural businesses, in particular farmers, were most adversely affected, they are very significant employers in local communities. This is having a really significant impact more widely.

Craig and I have also been part of the national review of serious and organised waste crime that Michael Gove instigated recently. The results were published earlier this month. Fly tipping is a really serious issue. It came out top of concerns in the survey. People think it is just a few lazy householders dumping the odd mattress or bag of rubbish up a country lane. Actually, we know that a lot of it is organised. It is perpetrated by organised criminals. That stretches from travelling criminals doing illegal house clearances and dumping the stuff they clear on to people’s land to very serious and organised criminality in the waste industry itself. Fly tipping is one of the only crimes where the victim literally pays for the cost of tidying it up. There need to be some significant changes.

**The Chairman**: Julia, I am really sorry to stop you. You are talking about fly tipping. We will come on and discuss that in more detail later. Is fly tipping a rural crime?

**Julia Mulligan**: The landowners often pay the price for cleaning it up.

**The Chairman**: That may be true. In your definition, under the National Rural Crime Network’s definition of rural crime, is fly tipping a rural crime?

**Julia Mulligan**: There is no definition.

**The Chairman**: How is it that the Metropolitan Police has a definition of
rural crime and the National Rural Crime Network does not?

**Julia Mulligan:** There is no official definition of rural crime. A debate has been going on for a long time about whether it should focus on types of activities that can largely only be perpetrated in a rural area, or whether, for example, it should include all crimes that are committed in rural areas. Domestic abuse, for example, is committed in rural areas. Should that be classified as a rural crime? I do not know. Police forces need to deal with it in an adequate way. There is a debate around this. Different forces have different definitions as well.

**The Chairman:** When we are trying to get a grip on how well rural crime is being addressed in rural communities, we have a difficulty because we cannot even agree what rural crime is.

**Julia Mulligan:** In my force, we know what rural crime is. In policing, it is down to local chief constables to respond to what goes on in their communities, alongside their police and crime commissioners. We have a robust response to crime in rural areas because it is a big priority for our communities. Other forces have other definitions and have adopted other methodologies.

**The Chairman:** We will have a chance to pick up some of these other issues, and particularly the impact on rural economy. I am keen to bring Deputy Chief Constable Naylor into this conversation.

**Craig Naylor:** I should perhaps explain a bit about myself. I am Deputy Chief Constable of Lincolnshire, which is a very large rural force. I also have the pleasure of being the National Police Chiefs’ Council lead for rural crime and for wildlife crime.

**The Chairman:** Sorry, you are saying wildlife crime and rural crime. So wildlife crime is not in rural crime.

**Craig Naylor:** There are wildlife crimes that happen internationally and then impact upon the UK. There is a difference between what we would see as wildlife crime in a rural environment in the UK and trying to intervene in wildlife crime in Africa.

**The Chairman:** That is very helpful. Thank you.

**Craig Naylor:** There is a difference. As the National Police Chiefs’ Council, we have done a lot of work over the last two to three years to understand better what we can all do together. We recently agreed a strategy that focuses on six areas of crime in the rural area: farm machinery, plant and vehicle theft—the high-value goods that go missing regularly; livestock offences; equine crime; fly tipping, so we would suggest as NPCC that fly tipping is a rural crime as well as an urban crime; fuel theft; and poaching. These are the six areas of priority. Poaching includes deer, pheasants and other birds, but also hare coursing, which is very prevalent in the flatlands of Lincolnshire.

The 43 chief constables across England and Wales agreed this strategy in April this year. It was then endorsed by the Association of Police and Crime Commissioners in June or July this year. This means that for the first time we have a combined and agreed approach across the UK. There
is a difference, and some forces will have one definition of rural crime and others will have different definitions, which makes the counting very tricky. However, we have signed up to these six priorities, and we put our effort and weight behind these priorities, as where we think we can have the greatest effect on rural crime across England and Wales.

The Chairman: Thank you. That was very helpful.

Baroness Mallalieu: Can I ask how fighting crime in a rural area differs from in an urban area? What particular difficulties do police have operating in those areas?

Craig Naylor: One of the big issues we have is the vulnerability of an individual at the end of a farm track, who does not see another person from week to week, who then becomes the victim of a crime. Vulnerability can be exacerbated by the rurality issues. Given that the average rural force is funded far less per head of population than an urban force, you have not only a bigger geography to deal with but fewer officers to work across that geography. That means the response times are worse, which means that we are less able to be proactive in how we do our business. It is far more in the hands of our communities to self-police and help themselves not become victims of crime.

Julia Mulligan: It is important that we understand this concept of vulnerability in a rural context. I concur with what Craig says, but our survey showed that those most vulnerable to crime were hard-pressed young families, not your stereotypical older lady living in an isolated farmstead. Very often, younger families who were struggling were being targeted and were most afraid of being victims of crime.

The Chairman: Craig, could you just go back to your 43 forces? There are 53 police forces in England.

Craig Naylor: The 43 forces are Home Office forces that cover the geographic areas, so forces that you would recognise as your local police force. The ones above that include the Civil Nuclear Constabulary and the Ministry of Defence Police.

The Chairman: The 43 covers all the police forces and they have all signed up to the document you were referring to earlier.

Craig Naylor: That is correct.

The Chairman: Picking up Julia’s point about the funding, which we will come on to in a second, how they then allocate their own resources to meet the various criteria you have agreed is entirely up to them. There has not been an agreed strategy for how you deal with the issues raised.

Craig Naylor: There is no requirement to operate in a certain manner. Julia’s force and my own force are very different. I would suggest that we are the two forces that are most effective at doing it, but using different models. You have to look at the local circumstances within which you operate and adapt what you do to try to meet the national strategy.

Julia Mulligan: The police and crime plan is vital in all this. Police and crime commissioners set a police and crime plan. For those of us who
have large rural communities, we are very specific in our police and crime plans about the need to provide an adequate service to our rural communities. Our chief constables have to pay due regard to police and crime plans. There is direct input from the public through police and crime plans, which translates into priorities for operational leaders.

The Chairman: One of the big issues will be funding.

Q211 Lord Colgrain: Can I declare an interest? It does not show on the register because it is historical, but I served as a police special constable.

On the question of funding, what impact have funding cuts had on the ability of rural police forces to effectively manage the case load in rural areas? Is the police budget included in the Fair Funding Review, to your knowledge?

Julia Mulligan: The impact has been quite profound. I will use my own force as an example, because obviously I know it the best. The chief constable uses a methodology called threat, risk and harm to assess and help to prioritise where they deploy resources. If you look at the raw numbers in rural areas, it is very easy for a chief constable to say, “We do not need as many resources in a rural community because we have a lot more going on over there”—in central Scarborough, York or wherever it may be.

The police service has not been good at understanding how you deliver a universal service across a very large, sparsely populated geographical area and give appropriate response times. When your numbers are fewer in the first instance and then you have to divert even more of those officers out of rural communities and into urban areas, the coverage in rural communities becomes very thin indeed. The public in my area are very clearly telling me that.

Craig Naylor: I am very much the same. The force I operate in has 11,000 police officers, which is down in the last five years from over 13,000. We are in a position where, with the current budget situation, we will have to cut again next year. We will be a good percentage down from what our operating model was less than five years ago. Our demand has gone up.

Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services produced a report this morning that talks about the mental health impact on policing. In a rural community, such as Lincolnshire or North Yorkshire, it can be an hour to an hour and a half drive to get from a crisis situation to a crisis bed. Very often, it is a police officer who is doing that transportation, and then sitting with the person in crisis while they are assessed and accepted into the health system.

Zoë Billingham, the HMI who has done this work, is absolutely clear that an awful lot of good effort and good work is done by police forces across England and Wales to minimise that demand through the employment of mental health nurses and triage cars, but this demand is significant. In 20% to 25% of our call demand, we can be dealing with concern for welfare, missing from home and mental health issues every day of the
week. When you add travelling distance and travelling time, the impact becomes significant.

*Julia Mulligan:* To extend that example further, we commission, with NHS England, sexual assault referral centres. In my area, we have had a real battle with NHS England to make sure that we have adequate sexual assault referral centres—SARCs—particularly for children. We have had two incidences recently when no paediatric forensic medical examiners were available for two children who had been sexually assaulted out of hours in a rural community. They had to wait and take measures themselves to preserve evidence, which no family member wants to do when their child has been sexually assaulted, before there was adequate cover available. It is really challenging, working with other partners, to get services in place that are adequate for rural communities. It is not just about mental health; it is about really acute services such as that.

*Lord Colgrain:* What about the Fair Funding Review?

*Julia Mulligan:* At the moment, the funding formula is in the long grass, I would say.

*Craig Naylor:* That is a kind description, yes. We were advised that this year we would see an outcome of the funding review for policing services. We have now been told that it is not likely to be until 2020 at least, which means that the budget assumptions we had made two years ago have had to go by the wayside. We have used our reserves to cover the budget positions that we thought we would have filled and we are now at the point where our reserves tin is empty. We are now cutting costs.

Q212 *The Chairman:* Did the National Police Chiefs’ Council submission to the funding review include references to the inequity of funding between urban and rural for policing purposes?

*Craig Naylor:* I think so, but I could not tell you exactly. There is work ongoing for the next comprehensive spending review. I have some of it with me today. It will certainly draw that distinction between funding for urban and funding for rural. It is not quite as simple as showing one against the other. However, there is a distinct disparity between funding in an urban force and in a rural force. We are talking about more than a 20% difference per head of population.

*The Chairman:* So I am clear, it is the view of the council that the funding disparity needs to be addressed, presumably ideally with more money put into the pot. Even if it was not, is it your argument that there should be greater equality?

*Craig Naylor:* There are a large number of views across the National Police Chiefs’ Council. We have 43 chief constables to take into consideration. The key point is that we need to have a better size of cake, and then we need to have a different way of cutting that cake. We will all have different views on that. My own personal view, and that of my chief constable, is that rural forces suffer very hard in this. Local taxation is often used by police and crime commissioners to boost what is a central grant deficit.
Julia Mulligan: In North Yorkshire, we have one of the highest local precept rates in the country. If you compare it to the Met here in London, for example, per head of population that is a lot lower. You could make the argument that rural forces are paying more for a lesser service because they have a much higher council tax burden on them. We are being very careful not to present it as a competition between urban and rural areas. That will not get us very far.

The urban metropolitan chief constables have a very loud voice, and at the moment it is particularly loud, and for good reason. There are all sorts of really serious, horrible things happening in urban communities, but we must not let that narrative drown out the voice of rural areas, which have equally important issues to deal with. They are just different.

Q213 Baroness Rock: You talked about your six shared priorities, and you talked about how your different forces operate in their areas. I just wonder if there is a further level of co-ordination among the forces when it comes to tackling rural crime. Also, importantly, what good practice is shared among those different forces?

Craig Naylor: I chair the national working group, which has representation from the majority of forces and certainly from large rural forces. We share our good practice through the National Police Chiefs’ Council and we ensure that we have a database of available good practice. Through the East Midlands Policing Academic Collaboration, which I also chair, we recently ran a round table with academics and police officers. Julia was there. It looked at research that can be done in the rural environment, linking to other bits of research that are ongoing.

We do a lot of information sharing. We do stuff through the College of Policing. We make sure that the learning that we get from things such as Farm Watch, a really simple and effective neighbourhood watch for farms, in places that do them well, is well shared. That includes how we use technology differently. One of the things we are looking at just now is how we use drones to impact effectively on rural policing.

Julia Mulligan: One of my observations is the paucity of research on policing and community safety in rural areas. I will give you a really practical example. The National Rural Crime Network is conducting some research about domestic abuse in rural areas at the moment. Looking at the Crime Survey for England and Wales—that is crime levels, not reported crime—people will say that the incidence of domestic abuse in rural and urban areas is the same. When you look at reported incidence of domestic abuse in rural areas, it is about half. There is a very significant underreporting of crimes such as domestic abuse in rural communities. We are doing some research to look at the reasons why that might be.

The rural policing community needs to get a lot better at evidencing what is going on in communities and what is needed to tackle those issues. That is something we are trying to do through the network, and that Craig is trying to do through his work. It is really important that we develop that evidence base. Health authorities or local authorities have a much better grasp of demand in their communities than the police do.
Baroness Humphreys: There has been significant recent news coverage about county lines and organised crime operating in rural areas. There is a suggestion that there is often a disconnect between what is usually considered to be rural policing, with its focus on farm-related crime, and the approach to county lines. I would be interested to know and understand the extent to which you recognise the disconnect.

Can you also tell me what impact these relatively new crimes are having on police forces in rural areas? Are they adequately equipped to deal with these types of criminal activities on top of traditional rural policing?

Craig Naylor: Thank you for that. That is a very good question. I have to say that, despite the publicity, county lines are not a new phenomenon. Many years ago, when I was a young detective inspector, we struggled with it, and we have continued to struggle with it. We now have a better understanding of the criminality of people coming out from the big urban centres not just into rural areas but into towns and cities that do not normally have that level of organised criminality. The National Crime Agency, under Lynne Owens, has done a huge amount of work to coordinate this across the UK and forces have the capability to adequately address it. However, the capacity is the issue.

We are seeing a growth in county lines. We are seeing a growth in vulnerable young people being used to traffic drugs into cities, into towns, into rural areas. We have a significant problem with the volume of this. The volume is increasing and we are seeing more and more happening. There is the vulnerability of the individuals who we are talking about. They are often looked-after children. They are often in the care of the local authority.

We have a safeguarding duty, first and foremost, on this, which often leads to an inability to go after those who are causing the majority of the harm. We have to look after the children first, and then try to intervene with the organised criminals behind that. However, they have very easy markets to pick up more children to do the activity as soon as we pull the first set of children out.

On our capability to do it, we are very good at it if we have enough people to do what we are asking of them.

Julia Mulligan: I would challenge that a little. Some areas are doing it really well and in some areas there are real intelligence gaps. The action that Lynne Owens has taken recently in asking forces to submit and coordinate their intelligence in a more coherent way is welcome. It is needed.

We have 39 organised crime groups working in North Yorkshire; 62% of their activity is focused on drugs and nine of them are county-line specific. We got a “requires improvement” a few years ago from HMICFRS on our ability to respond to organised crime, and we have done a huge amount of work around this area of business over the last few years. We have set up a new board, with all the partners around the table working together to disrupt it, and we have had some very significant successes. We have had criminals operating from London, Leicestershire, Greater
Manchester, Merseyside, West Yorkshire—from all over the place. It is like a many-headed hydra. You cut off one of the heads and two grow back. It is really challenging, but we have also had some very successful arrests.

The information you get from the community is absolutely vital in all this. I went to see some schools in my local area. I walked out of the room, and two of the teachers ran after me as I left and said, “We need to tell you about this. We have noticed drug dealers who are not the usual drug dealers. They are different from the ones we normally have. What has happened to our local drug dealers?” When the outsiders come in, it kicks off. It gets very violent. That is one reason why there has been an increase in knife crime in particular. Some forces are doing a really good job in dealing with it, and the national response to it is significantly improving.

The Chairman: You talked about involving the community.

Q215 The Earl of Caithness: Your sentence that information from the community is essential struck a chord with me. Do you think neighbourhood watch areas and community crime organisations in rural areas are beneficial? How can one improve them if they are beneficial?

Craig Naylor: That is a very good question. Formal structures can add value and often do. I have spoken about Farm Watch. Community safety partnerships, et cetera, are very good. Very often, the most beneficial are the unofficial ones, the ones that have a shared community of like-minded individuals. One that we use very effectively in Lincolnshire is a WhatsApp group for farmers to give us information. This works particularly well in incidents of hare coursing or people poaching on farms. We have 200 to 300 people on a WhatsApp group. As soon as they see someone coming on to their land, poaching, taking game, whatever, they tell us about it through this. They are also not only telling us; they are telling every other member of that group when they put the message on to the system.

Giving our control room access to that has been hugely beneficial, because we can see the pattern happening as it starts. Rather than waiting for 101 or 999 to happen, we are getting live intelligence, including at times pictures of vehicles, pictures of people, so we can use that to our advantage. In neighbourhood policing, our police and community support officers are absolutely vital to this to understand what is going on in the community, to speak to representatives, to speak to members of the public, to speak to shop owners and business owners. If we do not have that, if we have to reduce our capability and capacity for neighbourhood policing, we lose all that, and we lose that at our peril.

Julia Mulligan: The example that Craig gave there is quite innovative. I do not think that very many forces are in that position. In North Yorkshire, we are certainly not in that position to do that. We are still very reliant on the 101 system. The volume of calls coming into 101 nationally is very challenging. We really need to embrace new technology. Policing has a tendency to invent something new, roll it out and ask everybody to sign up to it, rather than using things that everybody uses all the time, such as Facebook and WhatsApp, and tapping into them in a more
effective way. I know it is cheaper too, so we really need to start to embrace that type of activity across the board. We are quite a long way from that, and I congratulate Craig on the work there, because I would love it in North Yorkshire.

**The Earl of Caithness:** It comes back to Baroness Rock’s point of having better communication of good practice. As a totally different question, do you think the reform of the Courts Act has impeded policing in rural areas and getting witnesses to court?

**Craig Naylor:** Yes.

**Julia Mulligan:** Yes.

**The Earl of Caithness:** There is another Act of Parliament that was not rural proofed.

**Julia Mulligan:** No, it was not. Northallerton court is just about to close. It is the busiest and most modern court in the county. We cannot understand why the MoJ has decided to close it. It just seems completely barking. There was a lot of opposition to it, but they have closed it anyway. We argued that if they are generating capital expenditure out of this, it should be reinvested in the local community to provide a technology solution.

I wanted some money for something called mobile live links, which in effect is a mobile facility that can go to victims and witnesses in their communities and beam back their testimony to a court anywhere. We got some seed funding to look at a business case for that, but there is now no money to take it forward. Those types of initiatives, using technology, can be really helpful and transformational. It is really difficult, with the funding we have at the moment, to get those things off the ground.

**The Chairman:** I know that Lord Carter might pick that up further with you.

Q216 **Baroness Young of Old Scone:** I was just thinking about a couple of instances of big issues in the rural environment where the likelihood of people spotting them is probably very low. Fly tipping is huge. I should declare an interest; I am chair of the Woodland Trust. We spend £500,000 quid a year just removing fly tipping from our sites, often clearly traceable to organised crime. There is another one, which could increasingly become a problem. In the summer, we had the two big examples of arson on the moors. If we get a lot more dry summers, we could become California. The likelihood of local communities spotting somebody fire setting is nil, so are there technological fixes? What sorts of things would you like to see happen in these areas where there are quite serious downstream consequences but where the likelihood of local people spotting them is pretty slim?

**Julia Mulligan:** I am actually quite encouraged, because local people do spot things. I live in a tiny little hamlet in the middle of nowhere, although of course we would not like to be described like that. My stables were broken into. One of the local farmers was up and about at 2 o’clock in the morning and called the registration number in. There ensued a
chase across the border into Lancashire and the criminal was apprehended. It then got to court and he got off, but that is a whole other debate. That group of criminals had done five people that evening and I was the only one of the five to call it into the police, and actually I thought twice about doing that. I thought, “Oh, they will not do anything. What are they going to do?” Then I thought, “Oh my word, I am the Police and Crime Commissioner. I had better jolly well call it in”.

Actually, something came out of that. That taught me a real lesson: that if communities get together, they report stuff, things can happen and people can be apprehended. I talked about the vicious circle of lack of confidence. It is really important that we do everything we can to disrupt that vicious circle and build confidence back up in local communities.

The Chairman: We have touched on the issues of use of technology. Can we explore this a bit further?

Q217 Lord Carter of Coles: On the technology point, we all hope that technology is going to solve everything. Clearly, it will not. What are the constraints? From your experience of things out there that could be introduced, are there things that are capital light and are there things that are capital heavy? If you were able to direct funds and get support for these things, where would you take technology?

Craig Naylor: There are a number of things in play already. Use of drones is increasing right across the UK. Technology is being built so drone footage can be beamed directly into control rooms. My own force has just signed a new contract for a command and control system that we will deliver next year. We will be able to use the live drone footage to gather evidence and direct resources. We see our ability to enhance that over the next couple of years as being between £60,000 and £70,000. We would have four drones fully operational 24 hours a day, so they could be deployed at short notice from our response officers across Lincolnshire at any time, which to my view is incredibly capital light for the return we would get.

Some of our difficulties, though, are with crime prevention technologies in remote rural places. The burden would sit with the landowner, the farmer or whoever else. I have been told a number of times, “I cannot get a camera in that location because I have no power”. To get power to the far end of a field is incredibly expensive. You need to dig a trench or put it up on a pole. The use of high tech batteries and solar charging, et cetera, is coming along and will help, but it is still expensive to someone who is trying to run a business, a smallholding or something similar in the rural community.

The bit for me on technology is about small steps regularly. I think Baroness Young mentioned it earlier. It is about what is commercially available, what everyone else uses. If we do not buy what everyone else uses, if we think that we have to put a chequered band on it, we are wasting our time and someone will charge us a lot of money for something that you can buy off the shelf in Argos.
We need to be at the forefront of these things, buying commercially available pieces of equipment and using them to our advantage, regularly. As I said, with the WhatsApp group, it was someone else’s idea that we have absolutely jumped on and it is hugely beneficial to us. We would recommend that for everyone. The cost has been a couple of smartphones in our control room that sit with our intelligence officers. It is not expensive.

_Julia Mulligan:_ I am sure you have considered this, but rural mobile signal is a nightmare. Decent 4G coverage would help.

_The Chairman:_ Really? That has not been mentioned at all.

_Julia Mulligan:_ That is a real challenge. I live in a rural community that is in the last 2% not to get high-speed broadband, so I feel the pain. That is important. Operational mobile working is also really important. A lot of police forces now are equipping their officers with devices of one description or another. They have apps on them that allow them for a domestic abuse form, for example, rather than having to travel literally an hour back to the station, to sit with the victim and do the form there and then, ping it straight back into the system and get back out into that community again.

Those types of technology, which we all use every day, are really vital. It is now really starting to get a grip in policing in a meaningful way. There is still quite a long way to go. If you compare the functionality to what you are used to on your everyday apps and phones, there is still quite a long way to go, but it is getting there. That has the potential to make a big difference as well. We think we can get about 25% more productivity out of our officers by equipping them with mobile technology. That is like having a fifth more police officers.

_Craig Naylor:_ Could I echo that? We implemented this about 18 months ago in Lincolnshire. We started off with four very simple apps on a smartphone that linked into our back office functions. We now have 28 apps that cover the entirety of policing, which basically means our police officers and PCSOs can leave the station at the start of their shift and not return until they finish their shift. They can deal with everything in the community. They can go and have a break in McDonald’s, Costa Coffee or something similar and be visible to our public while they are conducting their business on the tablets or on the smartphones. The benefit of that for us on a 10-hour shift is at least an hour and a half per officer per day. That is a very conservative estimate.

_The Chairman:_ You were saying 25%.

_Julia Mulligan:_ It is 25%, we think.

_Craig Naylor:_ At a very conservative estimate, it is one and a half hours per officer per day in a 10-hour shift.

_Julia Mulligan:_ It is particularly important in rural areas because of the distances needed to travel.

_Lord Curry of Kirkharle:_ This is just a supplementary following that really. In terms of response times, technology will help, clearly. I may
have missed this earlier, but is there a statistical difference that is of relevance to the rural space, compared with urban, despite the improvements in technology?

**Craig Naylor:** Yes, absolutely. As a force, we measure our urban response and our rural response. Our urban response target rate is 15 minutes for an emergency call; it is 20 minutes in the rural environment. Our capability of meeting both those targets is slipping. We are dealing with more incidents, with greater complexity, which is tying up our officers even more. Even with the bonus of the hour and a half extra per officer per day, we are still struggling. The chances of us meeting our targets now are going to get slimmer and slimmer as we reduce our headcount and our workforce.

**The Chairman:** Are those response rates nationally set?

**Craig Naylor:** No.

**The Chairman:** They are set by your local authority and your police authority. Are there in fact any nationally set guidelines? No.

**Julia Mulligan:** There might be guidelines, but it is down to local forces to set their response times. We have a difference as well, largely just because it takes longer to get somewhere.

**Baroness Pitkeathley:** As someone who lives in a very remote area, I am not sure whether to feel more frightened about the rate of rural crime or safer because you are tackling it. Do you think there is a difference in the perception of the level of rural crime? Is there more fear than is justified? How does that affect policing and communities?

**Julia Mulligan:** Shall I talk about perception? In our survey, we did a lot of work on the perceptions of it. You have to take perceptions seriously, because that is how your community is feeling. These are some of the results that come out of the domestic abuse research that we are doing. Rural communities are very close knit. Word gets round pretty quickly when something happens; everybody knows that so-and-so’s Land Rover was nicked during the night or whatever has happened. Word gets round very quickly, so I think that makes people feel less safe than perhaps in urban areas where there is more tolerance for lower-level crime and antisocial behaviour than there perhaps is in rural areas.

If you combine that with the vicious circle I described earlier, you have a really worrying trend around rural communities feeling unsafe and dissatisfied with the service they have. We have seen it get worse between 2015 and 2018 in our surveys, which had exactly the same methodology and were directly comparable. I am concerned that we are failing rural communities at the moment.

**Craig Naylor:** There is also a TV-watching generation who see rural crime as being the "Heartbeat" or the "Hamish Macbeth", with the odd poacher taking one for the pot, and not being a very serious matter. In reality, there is far more organisation to crime in rural areas than people think. To take a low loader or a Land Rover Defender and spirit it away for it never to be seen again requires a significant amount of organisation. It
requires a significant bit of planning to steal 1,000 litres of diesel out of a tank. It requires someone to have a marketplace to take it to, a buyer to take it and a way of transacting that is not going to show up on our radar in suspicious activity reports.

As a service, I think we are getting better at understanding that, but we have believed that mythology for far too long—that it is the “Hamish Macbeth” scenario in rural communities. It is not. I would say that rural communities are pretty safe. We just have a different threat to the one that we might have thought we had.

**Baroness Mallalieu:** You talk about underreporting of all forms of crime in rural areas, which presumably you would say is due to the fact that there is not the availability or accessibility of a police officer who is known to that community. Are there differences, in the way you police rural areas, in the amount of time your officers who are out and about spend simply talking to people and therefore picking up, as one knows one does, the truth of what is actually going on, which is not necessarily communicated on the telephone to your main station?

**Julia Mulligan:** I will talk about the work of our rural taskforce, because it is a good example. Some forces have them. Craig’s does not. It goes back to that idea of there being different models. We have the largest dedicated rural taskforce in the country. They do proactive policing work, they do response and they do investigations, but they also do a huge amount of reassurance and crime prevention work. In the last 18 months, they have visited 6,000 farms across our county, talking to people. They regularly go to auction marts. They are out and about, in the rural community, talking to people.

We have seen that activity pay dividends in North Yorkshire. People are noticing their work. They are responding really positively to what they are doing. We can see from the results of the survey that we are one of the better performing rural forces, and I think that is down to the initiative of that rural task force. Crucially, it has an intelligence function attached to it as well and it has PCSOs. It is a sort of combined team in its own right, and it is on a mission. When you have a team that is on a mission, it is really effective.

**The Earl of Caithness:** Talking about perceptions, is there a different perception in rural areas from urban areas that crime will not be brought to account? You mentioned your own situation. I can say that mine was exactly the same. They got the burglar and the case never even got to court, so why bother to report it to the police? Is that different in rural than urban areas?

**Julia Mulligan:** I do not have any evidence for that, but there is a really serious case for magistrates, the Courts Service and the Crown Prosecution Service understanding the impact of crime in rural communities and on rural victims. I think that is poorly understood. If that were translated into the criminal justice and sentencing process more effectively, you might get better outcomes at court. There is a big gap there.
Q219 **Lord Curry of Kirkharle:** I have a very quick question. Declaring a historical interest, I was, for seven years, chair of the NFU Mutual insurance company. We did a lot with machinery manufacturers to try to identify vehicles in order to find them when they were stolen. Could more be done, voluntarily, by the industry itself to prevent theft in particular?

**Craig Naylor:** Yes, absolutely. If you look at the transition of cars over the last 30 years, from very easy to steal to now almost impossible to steal unless you have the right key, that could be applied to agricultural equipment far better than it currently is. We have a superintendent from Northumbria Police who works nationally and with manufacturers to try to remove the position where there is a small number of keys that will fit almost any vehicle, particularly quad bikes and things like that.

One of our difficulties, though, is that farmers, landowners, people who use the rural landscape, regularly leave their vehicles with the keys within the ignition and are then surprised when they go missing. Having said that, when you try to overtake one of these vehicles on a country road, you will know that it does not move very quickly, so there are ways of stopping it.

There must be an element of organisation to remove these vehicles. There are ways to reduce that, and we are looking at things such as biometrics. We may not be able to influence the manufacturers well enough, but if we can influence government to take steps to require manufacturers to do things better, that is what we will aim to do.

**Julia Mulligan:** That would be a big help. I went round the Yorkshire Show a couple of years ago and talked to all the equipment manufacturers who had displayed their products on the showground. I asked them about the security in their vehicles and the response was really poor.

Q220 **The Chairman:** We have talked a lot about crime in rural areas. Our focus is on the rural economy. It is pretty obvious, but it is helpful for you to put it on the record. What is the impact of crime in rural areas on the rural economy?

**Julia Mulligan:** In the last National Rural Crime Network survey, the 2015 version, we came up with a figure of £800 million.

**The Chairman:** Sorry, £800 million is the cost of what?

**Julia Mulligan:** It is the cost of crime in rural communities. We came up with that figure by looking at the underreporting levels and the average cost of a crime. That is a very large figure. It is substantially larger than the NFU, but the NFU Mutual is one insurer, and about a third of all incidents are not claimed on the insurance, so we know there is a big issue with that.

There are economic consequences. There are confidence consequences in society more generally, which I think are quite profound for people. It impacts directly mostly on rural businesses. That is what the 2018 survey shows: that people who are most adversely affected are rural businesses.
Craig Naylor: I would agree. The cost is completely unrecognised. We see what the insurance claims are, what equipment people lose, but we do not see the knock-on to a crop not being harvested because the harvester has been stolen. We do not see the knock-on of a Land Rover being taken and someone not being able to feed the livestock across a field, or something similar. The level of criminality that causes that sort of knock-on effect is something that we as a society are unable to capture at the moment because it is so widespread.

On the question of how we do things differently in that regard, we are working with our partner agencies. The NFU is particularly good at focusing efforts on where its members and where NFU Mutual members are seeing the biggest harm. That has been hugely instrumental in the development of the strategy and the work the NRCN does. We value them. There are other insurers available; there are other organisations available, but they have been hugely instrumental in what we have done.

The Chairman: It is obviously still difficult. Julia said earlier, “We are failing rural communities”. Do you share that view?

Craig Naylor: You have put me in a difficult position. Policing is doing a very difficult job in very trying circumstances to meet the needs of rural communities. We could do more.

Q221 The Chairman: You could do more, okay. You are a good budding politician. We make it a tradition at the end to give our witnesses the opportunity to influence our report, so, quickly, what are your thoughts on what recommendations you would like us to consider putting in our report?

Julia Mulligan: We need fair funding for rural forces, clearly. The farm equipment issue is important. I would like to see changes in legislation on fly tipping so that the victim does not have to pay. That is a real issue. There is currently noise about increasing the penalties on householders, which might have a really unintended consequence in unfairly penalising vulnerable victims who have been scammed. I am worried about that. In sentencing guidelines, the impact on rural victims needs to be thought about better. It needs to be taken seriously by the CPS and HMCTS.

The Chairman: Tell us where you think there is a failure at the moment with the sentencing guidelines.

Julia Mulligan: I am not convinced that the judiciary are taking the crimes seriously enough and applying the guidelines in the ways they could.

The Chairman: This would be Craig’s example, for instance, of not taking into account a crop that has not been sowed, or whatever.

Julia Mulligan: Yes, exactly.

Craig Naylor: I will pick up that point about sentencing. Things such as hare coursing can have a significant impact on a farm. When people drive, run, put dogs across a field that has been sown, that crop is ruined. You can have thousands of pounds’ worth of crop ruined by that. We then
prosecute. You go to court, you end up with a £150 fine for someone who has been doing it, and they are handed their dogs, the vehicles and everything back.

**The Chairman:** Is that because the guidelines ignore all this? What is the specific issue with the guidelines?

**Craig Naylor:** The guidelines can give a penalty of up to £5,000. This is an issue, to my view, on which the CPS should be more resilient in its prosecution.

**The Chairman:** That is why I was pursuing it. It is not in fact the guidelines that we are talking about, is it?

**Craig Naylor:** There is an aspect of sentencing to do with the ability to seize and retain the dogs. This is a key issue in hare coursing and something I have fought for the last couple of years in Lincolnshire. When a hare courser loses his dog, that is the biggest detriment to hare coursing. It costs me £75,000 a year to kennel the dogs that we have seized off hare coursers, and I get none of that money back, even if we get a conviction and a sentence.

A key element that I have pressed on Defra and the Home Office is to try to change the legislation that allows us to recoup the costs of seized dogs. The only way to stop this vicious and horrible crime in the countryside is to stop them having their dogs and to keep the dogs away from them once they have done that. That is effective policing, but it is very expensive.

**The Chairman:** Those are very helpful specifics. If both of you could write to us on the issue of sentencing that has just been raised, with any other examples, I think we would find that very helpful. Craig, were there any other recommendations you wanted the Committee to consider?

**Craig Naylor:** We have covered it very well. There are many things we have talked about around rurality but also around health in the rural community. Mental health in particular is a huge drain on resources, particularly when you have to travel long distances to support someone to a place of safety. The Government have just put £20 billion into the health service, of which I understand £2 billion to £2.5 billion is towards mental health. We need to understand how that can impact on the rural community to allow us to reduce the demand on policing in those areas. Everyone faces that demand but it is exacerbated by the distances we have to travel. Other than that, thank you very much.

**The Chairman:** On behalf of the Committee, can I say a huge thank you to both of you? That was an enormously helpful session. Please feel free to write to us in addition to the stuff we have specifically asked you to write about with anything else you feel would be of benefit to the Committee. If you have other recommendations, do write. Thank you very much indeed.

Transcript to be found under National Police Chiefs’ Council
National Trust, Cumbria Tourism and Visit Britain – Oral evidence (QQ 114-129)

Transcript to be found under Cumbria Tourism
North East Local Enterprise Partnership, Leicestershire Rural Partnership and Swindon and Wiltshire Local Enterprise Partnership – Oral evidence (QQ106-113)

Transcript to be found under Leicestershire Rural Partnership
Transcript to be found under National Centre for Rural Health
Professor Gavin Parker, Campaign to Protect Rural England and Town and Planning Association – Oral evidence (QQ 141-150)

Transcript to be found under Campaign to Protect Rural England
Neil Parish MP – Oral evidence (QQ 186-197)

Evidence Session No. 17

Heard in Public

Questions 186 - 197

Tuesday 20 November 2018

Watch the meeting

Members present: Lord Foster of Bath (The Chairman); The Earl of Caithness; Lord Carter of Coles; Lord Colgrain; Lord Curry of Kirkharle; Lord Dannatt; Baroness Hodgson of Abinger; Baroness Mallalieu; Baroness Pitkeathley; Baroness Rock; Baroness Young of Old Scone.

Examination of witness

Neil Parish MP.

Q186 The Chairman: I am sure you know some of my colleagues.

Neil Parish MP: Yes, I know quite a number of them.

The Chairman: They will introduce themselves. I will just formally say a few things that we have to say, as I am sure you are aware. You have in front of you a list of all the declared interests of Members of the Committee. This session is being covered on the parliamentary website. There will be a transcript afterwards. If you see any errors that need correcting, please let us have them. Finally, if there are things you wish you had said at the end of the session that we did not get round to or we did not give you a chance to say, we would love to hear from you. We are enormously grateful. We know your Committee has done a lot of work in recent years that has relevance to the work we are doing, looking specifically at the rural economy. We would just like to go through a number of questions and hear your thoughts on them. As general starter, the department, Defra, has been criticised for failing to prioritise rural affairs, as distinct from looking at just one aspect of its work. I wonder whether you think that is a fair criticism.

Neil Parish MP: Thank you again for inviting me. It is an interesting position to be sitting here answering questions when I am normally dishing out the questions from you are sitting. But it is a pleasure to be here, and it is really good for us to try to work together as much as we can in what can be considered quite interesting and difficult times. We can work together.
It is interesting. You were talking about broadband as I came in. It is a great challenge and, county by county, it varies across the country. Of course, in my own constituency we still have lots of the hardest-to-reach people not yet getting it. Every time you do a scheme, you do the easier of the hardest-to-reach people, and then you have those beyond where it seems to be more difficult. Every time my wife gets on the computer and cannot use it, she says to me, “Aren’t you supposed to be doing something about this?” I am getting it in the ear straightaway, literally.

The one thing with Defra—we all realise this—is that it has a very broad base of all rural affairs. Some of these things are in its gift and some of them are not. There is a legitimate criticism here: are we getting the help out both through the Rural Payments Agency and Natural England when we are doing schemes? Are we paying on time? There is criticism there. Are we dealing with the broader brief on rural development and rural policy? That is where Defra is sometimes challenged. If you take broadband, it is not directly the responsibility of Defra to deliver it, but it is also very important. Take air quality. Again, we have done reports on this. It is directly EFRA’s responsibility to deliver improved air quality, but much of the means of delivering it does not come through Defra; it comes through transport, local government and others. It is complex. I have criticism in parts, but overall I would not say the improvement is bad, although it is not good and it could be a lot better.

I am open to questions. How do you want me to do it? Do you want me to go through all the questions?

The Chairman: No, we will pick them up as we go around. In fact, we will kick off with Baroness Young.

Q187 Baroness Young of Old Scone: I agonise over rural-proofing, because we have all banged on about it for years and it has got worse rather than better. What are your thoughts on rural-proofing? Should all government departments be asked to rural-proof everything? Should Defra be asked to act as a sort of watchdog and rural-proof on behalf of the rest of government? Should there be a selection of issues that have to be rural-proofed and others where it is less important and do not need to be rural-proofed? Is there some other solution? My fear is that we produce yet another report saying that universal rural-proofing is the answer and it continues not to be observed.

Neil Parish MP: While the Commission for Rural Communities had its purposes, it did not necessarily go back into the Cabinet Office. The only way we are going to get anything genuinely rural-proofed is to put that through the Cabinet Office, so something is actually done about it. It does not matter what colour the Government are; they act in silos. I find this all the time doing a Select Committee: you hit that barrier between what one Minister and another or one department and another are responsible for. I do not want to create a bureaucratic monster, but rural-proofing and the effects on rural communities, from bus services to post offices or whatever it might be, never seem to quite get through the system. That is where you are right: reports are probably not the way. But government needs to have that in there as we move forward, especially with
something that may or may not happen in the very near future; that is, leaving the European Union—I think we will leave the European Union, but who knows what sort of deal we will have? That means it is more important than ever to get our policy right so we can get resources out to where they are needed. I am sorry. I have not really given you a full answer as to how we solve it, but we have to work together to achieve it.

**Earl of Caithness:** At the moment, you are doing an inquiry on the Agriculture Bill. Has that been rural-proofed?

**Neil Parish MP:** No, it has not been rural-proofed enough. Naturally, it is very strong on public goods and delivery, and it is very strong on the environment, which in many respects is good. But does it actually deal with agriculture and food production enough? No, it does not. At the moment you have things such as rural development money coming through the RDPE. Do we know how that is going to work? No, we do not. I suppose the only thing you can say about the Agriculture Bill is that it is a vast enabling Bill giving the Secretary of State enormous powers.

We have not had a modern Agriculture Bill since 1947, some 71 years ago. In between, we have had 40 years of Common Agricultural Policy, for better or for worse. We have to get this right. We need the Bill to recognise the rural economy in particular. Public payments in themselves are a useful tool, but they will not create a prosperous countryside if you do not have the economic development and the economic support that link not just farming but all the other businesses out there into it. That is what worries me. We always say the devil will be in the detail, but in this Bill it really will. What we have to do—you as a Lords Committee and me as the Chair of the Environment, Food and Rural Affairs Select Committee—is very much scrutinise all the different schemes that come through.

In many ways, if the Secretary of State is to be taken at his word, a lot of this could be open for support and up for grabs. It is up to us. What is different about agricultural policy and rural-proofing now is that it will be in the hands of this Parliament. When I go round, I say to people, “If you have ideas, for goodness’ sake say them to us and let us take them forward”. I know Governments do not always take up our very good ideas, but that does not stop us from providing them, does it?

**The Chairman:** I am just going to expand that a bit with Lord Curry.

**Q188 Lord Curry of Kirkharle:** You have obviously spent a lot of time scrutinising both the Health and Harmony paper and the Bill. To some extent, you have touched on this in response to the last question, but, first, are you comfortable with the direction of travel? Then I am keen to explore whether you think this is going to assist rural areas and help to deliver an improved rural economy.

**Neil Parish MP:** In terms of the direction of travel, for instance, the Agriculture Bill talks about land management and how we can do catchment area protection schemes for flooding; we can work more with water companies where they are extracting water and plant trees on banks; and future stewardship schemes will not necessarily have to work out when a tree is a sapling and so on. There are lots of benefits there.
Neil Parish MP – Oral evidence (QQ 186-197)

There is something I do not quite understand about the Bill. I know I am castigated when I talk about food production and levels of food, especially of those staple foods that we can produce so well in this country; that is, meat, milk and cereals, but I do not see that there is enough in there. I am not quite sure government has quite understood the link between production and the environment. Even on my own Select Committee, there would be varying views on this. I have to say that is probably a Neil Parish view.

Lord Curry of Kirkharle: Do you think food production is a public good, then?

Neil Parish MP: I do, actually, because if you are hungry it is definitely a public good—without being too provocative. Environmentally, we talk a lot about our environment. We do not talk a lot about, if we reduce our production, what the environmental results will be in those countries that are likely to provide our food. If we go down—and hopefully we will not—the route of the lowest common denominator, a lot of our food will come from Brazil. They will plough up the savannah and they will push the cattle towards the Amazon rainforest. I am not actually convinced that does a lot for the environment. Therefore, we have to be absolutely clear.

In my own town, where I came from, we exported the cellophane factory lock, stock and barrel to China. We improved the environment around Bridgwater, but I am not convinced it improved the world environment because that then went to China. I am being slightly provocative, but you see where I am coming from. We can produce food, and our agriculture production can be more environmentally friendly. I accept that. We can look after our soils. We can do all those things. A lot of farmers do, but there are some who do not. We can give incentives; we can look at semi-organic systems as well as organic ones. We can learn from each other. We can use rotations.

There are an awful lot of things out there that we can do to make agriculture and food production more environmentally friendly, but I want to see a reasonable level of food production maintained. I am worried that ultimately, given the direction of travel in the Bill at the minute and where it will take agriculture, there will not necessarily be enough production to maintain the grasslands and do all the things we want to do, so that is partly why I take my position.

Lord Curry of Kirkharle: From this Committee’s perspective, what impact will that have on the rural economy? That is the question we need to address.

Neil Parish MP: Simplistically, if you have reasonably profitable agriculture and a reasonable amount of production, you then have your processing plants and you have a real knock-on effect on your food processing. As you know, food makes up some 13% of our economy, so all of that has a knock-on effect. It is all to do with infrastructure as well: who is building and maintaining what? If we have productive agriculture, we want to cover our slurry stores and all these things. It is not just about agriculture; it is then about those businesses that are connected to it. I do not need to give your Lordships lessons on economics but, if you
are creating wealth and economy, that drives other businesses through the whole process. I am a traditionalist when it comes to that form of economy. That is why I want to see levels of production. I do not want just blanket support for agriculture—I am not in that space—but I think it is still a driving force.

It depends on what county you come from. If you take Devon, for instance, the east of Devon and Exeter are nowhere near as naturally reliant on agriculture, but once you get into north-west Devon and north Devon, if you do not have a prosperous agriculture, I am not saying there is very little else there but there is much less there. That is the issue if you go to Cumbria and what have you. We have to have a policy that suits the whole country as well. I have said this so many times: we have a beautiful landscape, but it is a managed landscape and we need to make sure we manage that well. Part of that management is food production. I am not quite sure the balance is there. I am sorry to repeat the message, but I will because if I do not I rather fear it might get lost in this building at the moment.

**The Chairman:** We have heard it loud and clear, but sometimes the rural voice is not heard loud and clear. You referred earlier to the abolition of the CRC, and I know Lord Colgrain wants to pick that up.

**Q189 Lord Colgrain:** At the moment, the Agriculture Bill, frankly, is all policy and no detail. Would rural areas benefit from there being a single independent body to represent rural communities to government and to be a statutory consultee?

**Neil Parish MP:** It is a very good question. I suppose the answer is that, if it was set up in the right way, yes, it would. In practice, I am not sure we could achieve that. I would certainly not be against the idea, but I would have to see the colour of the money. I would have to see the way it was going to be set up and the effect it would then have on government. Sometimes, although having different departments dealing with different things can be a weakness, it also can be a strength, because you may have greater allies when it comes to a final decision at the Cabinet table.

At the moment, I think that we are all aware of the importance of rural-proofing and the effects of policy when it comes to things such as the share of education spend. I talked about rural bus services. We need much more support for charitable systems to deliver these, because some rural bus services will not work through a commercial venture as it is just too costly. We do not support our community bus services enough. There are all sorts of things out there. It is about making sure there are enough post offices and banks. Banks are closing at an alarming rate in our rural towns. All these things are important. Like I said, let me see the detail of a one-stop shop.

**Lord Colgrain:** You said that rural-proofing really needed to be done at Cabinet level. Could this not be the mechanism to champion, at Cabinet level, all matters regarding rural-proofing?

**Neil Parish MP:** It could be, but, being a farmer, I will not give you a blank cheque. I would like to look at the idea, but at the moment we are
not punching as hard as we should. I am not against the idea, but let me look at it further.

Q190 Baroness Mallalieu: How prepared do you think Defra is to deliver Brexit in rural areas?

Neil Parish MP: Yes. I suppose the reality is that various payments that are now delivered by a European system will need to be delivered by Defra even if they are in a different form. I think that it is reasonably prepared for that. The issue will be if we do not have a deal and we have a no-deal Brexit. If we have to get goods through our borders, do we have the customs means? Do we have the inspection? Do we have all that in place? The answer is that, no, we do not.

As we move towards the final parts of this deal, in order to get the good deal we need from Europe for ourselves and for them, we need to have big preparations for dealing with a no-deal Brexit, particularly in terms of food and perishable food. It is good to get everything through the borders but perishable food in particular. Of course, in Northern Ireland, and given the situation with Ireland, food processing, the movement of food and agriculture are hugely important. All these things are coupled. I have had private meetings with Clare Moriarty, along with one of my clerks. In some ways I have been reassured and in other ways I have not. We have her and the Secretary of State coming very soon to discuss where we are and how prepared they are.

There are systems we can put in place even with a no-deal Brexit, but of course they have to be recognised by both sides. I have had experience of the European Parliament and of getting British beef back into the French market. Even when we were part of the single market, they were quite prepared to put many obstacles up. I rather fear they might be prepared to put a few more up, especially if we are no longer in the single market. Much as I see the political reasons for getting a deal that is outside of that, I also see that there are some huge pitfalls if we do not get it right.

Q191 Lord Colgrain: I think that you will agree that the RPA is not performing to everyone’s expectations at the moment. Are you seriously saying that you have confidence, looking ahead, that new grant payment systems are going to be something we can deliver to the satisfaction of the rural community?

Neil Parish MP: The number of times I have had the Rural Payments Agency into the Select Committee and given it a hugely hard time is several, to say the least. No, I do not share huge confidence. On the other hand, we should theoretically be able to create a simpler system that we should be able to deliver. In practice, we have to make sure that is done. One part of the Agriculture Bill I really disagree with is where the Secretary of State talks about how we are going to look at the retail trade industry and have the Rural Payments Agency deal with it. One or two of you have great retailing experience. You would be terrified if the Rural Payments Agency came along and rapped your knuckles, would you not? I am being slightly sarcastic. It should be dealt with through the Groceries Code Adjudicator and not through the RPA.
The answer is that, no, I am not confident. On the other hand, it is the body set up to do it. Whether we like it or not—I voted and campaigned for remain—there is no doubt that there are some complexities to the Common Agricultural Policy and the rules that we should be able to reduce and abolish. We have to be certain that we can change not only the policy but the culture of those delivering it. We also have to get to a system where we do not have to remap every three years. We should have a system where people are right until they are proved wrong, rather than having everybody checked because they could be wrong, when they are probably doing most things right and they do not intentionally do it wrong. Then we come down like a ton of bricks on those who intentionally defraud the system. That is what we need to put in place.

But, yes, there will need to be strong reform and a cultural change. In fairness to the Ministers, they are doing their best to deliver that. But I will tell you what: as a Select Committee Chair, I am looking forward with great interest to this new simplified policy that is going to come from the Government. I look forward to seeing it. Am I totally optimistic that it will be achieved? No. On the other hand, I am not in a position to say they cannot deliver it, so I will be looking forward to that.

The Chairman: We will see. Lord Curry is sharing a view.

Lord Curry of Kirkharle: I just have a quick supplementary question.

The Chairman: Yes, I can tell. It was bubbling.

Q192 Lord Curry of Kirkharle: As part of the Bill, there is an assumed transition from the current payment system through a scaled reduction with different levels depending on the size of the farm. Is that not just adding complexity to the whole thing?

Neil Parish MP: I suppose an accountant should be able to work out a percentage and take that off a payment. It is a fascinating thing, because what they are doing—I can understand partly why they are doing it—is taking less from the smaller farms and more from the bigger farms more quickly. As I said to the Minister, if you intend over a seven-year period to get to 100% conversion from one policy to the other, and if you start off slower, you have to speed up at some stage. It is a buying-time policy if you are not careful.

I think we can deliver the percentages. There is an argument about economies of scale. Therefore, being a West Country farmer, taking money away from those East Anglia barley barons has always been one of my great ideas. Seriously, if you have 2,000 or 3,000 acres, lots of cottages and everything else, I am not entirely convinced that you cannot manage without less of the single farm payment or basic farm payment, but I do not want to be too controversial this morning.

The transitional period is probably a very good idea, because it gives people time. But what is not clear in the Agriculture Bill and what I want to tease out as we go through the various schemes is whether you, as farmer X or Y, will be able to take the existing amount of payment you are getting and transfer that to a new payment. You will not automatically be able to do so. What it will do is give time to transfer. There is an
argument that when the basic farm payment goes rent should drop. It should allow new entrants in more easily, because you will need to do something with that land. Therefore, like I said, there are many good parts, but it has to be handled right.

It comes back to the previous question: is Natural England or the Rural Payments Agency always covering itself in glory? No, so we have to make sure we put a policy in place and administer it better, because successive Governments have had trouble with this particular one, have they not?

The Chairman: Let us move away from attacks on my new homeland of East Anglia.

Neil Parish MP: Are you one of the barley barons?

The Chairman: If only. Let us look more generally at the rural economy.

Q193 Baroness Pitkeathley: You have mentioned rural businesses. Could you give us your thoughts on the main challenges facing rural businesses and the rural economy?

Neil Parish MP: In rural business, it could be anything from business rates through to transport or fuel prices. Naturally, if you are out in a rural area, especially if you have to transport goods in and out, that is a very heavy burden. Our retail sectors in our rural towns—as in all towns, come to that—are hugely under pressure. But that is not just from being rural; that is also due to the fact that a lot of people are turning to buying online. As much as we enjoy that lifestyle, it is really affecting our retailers badly.

It is about making sure you can meet your labour requirements. It is all these things. We have not talked about it this morning. I have a massive 2 Sisters processing plant for chicken in Willand. A million chickens a week go through that, and 75% of the workforce are central and eastern European. Again, those are challenges: the retention of labour and making sure we have enough labour. In many constituencies, you have very low unemployment. It is about trying to maintain a good workforce, dare I say it, that will come to work. That is a big challenge.

All those things are there. Again, we need rural broadband and internet connections, along with better mobile connections, roads, rail and all these things. I suppose that I am a Conservative inasmuch as I very much believe that it is government’s role to try to create the right means for business to flourish, not necessarily to interfere much with the way that business is delivered. That is how I see it. We can do a lot more there. In my part of the world, I am very keen on the A303 being dualled. I am not quite so keen on the massively expensive tunnel under Stonehenge. I will not be controversial and say my solution to it, because you probably know what that might be, so I am not going to go there.

The Chairman: Is it to do the same as with the cellophane factory and send it to China?

Neil Parish MP: That is right. Let us export it. Seriously, it is a case of getting the infrastructure and the broadband connection right. We need to reduce business rates, especially in a lot of our rural towns. Fuel prices
are still quite high. We have managed to keep some of the taxes down on them, but it is still quite a big burden, as is the availability of labour.

The problems for rural business are the same as for all businesses; it is just that you have your distances. Sometimes you have businesses that are isolated and a long way from centres of population. All these things add to it. Again, if we can get our broadband and internet connection right, some of these transport questions will solve themselves, because not all businesses need to bring vast amounts of product in and out. They might be in design, technology or all sorts of things. Somebody can design the wings for the Airbus on the edge of Bodmin Moor, provided they have a good internet and broadband connections. That is how I see it.

**Lord Dannatt:** As someone who grows barley in Norfolk—

**Neil Parish MP:** I knew I was going to be in trouble the moment I said that.

Q194 **Lord Dannatt:** We are going to talk about something else: rural tourism. Up until the 2017 election, your Committee was conducting an inquiry into rural tourism. What interim conclusions did you get to? What further support could the Government give to rural tourism? What are your thoughts on that?

**Neil Parish MP:** There are lots of things we can do to help rural tourism but, funnily enough, one of the big issues for rural tourism is the broadband and internet connection. We were told by many resorts and businesses involved in delivering accommodation that, if people cannot book up successfully over the internet, they will not come. I do not know about you, but I quite like to escape and find somewhere they cannot get hold of me, but the public seem to really want this. That is a big issue.

To promote tourism, there is the English tourist board and all these things. I do not want to use massive sums of public money, but are we actually sharing out the cake properly? Are we doing enough? International tourists come into London; we want to get more of them across the country. At the moment, with the pound having dropped by 20%, a lot more people want holidays in the UK. A lot of them will come to rural areas. There is a real reason to get this right. What will probably do rural tourism good, certainly in my part of the world, in the West Country, is making sure that road and rail are right. It is about getting people there. We have massive queues in and out all through the tourism seasons. As much as I love to see our tourists, when they get in my way I am not quite so keen on them. That is not personal; it is just the fact they are there. It is about that for us.

On the rural tourism report, funnily enough, we sent the Government a letter.

**The Chairman:** You very kindly circulated that to us.

**Neil Parish MP:** That is right. You can see that it was about access to rural areas, broadband and mobile connectivity, funding and fiscal policy, skills, all the general things we would be talking about, but it is targeted particularly at rural areas. Funnily enough, when I picked this letter up
again this morning, I was talking to my clerks. After we have got through our little bit of work with the Agriculture Bill, the Fisheries Bill and the Environment Bill, and when we eventually come up for air, which I assure you we will at some stage, we will then pick up the evidence we took. It is one of the things that fell when the Government called the general election. This all fell and we did not have time to put it into a report.

As long as the committee agrees, I would like to pick it up again, take a bit more evidence—anything you may have as well would be helpful—and then we will put out a proper report. The Government have not really responded to this. They do not have to when a particular Government have fallen or when there is a general election. That is where we are, really.

Lord Dannatt: Your main point seems to be to get the infrastructure right—road traffic, broadband and all the rest of it—and then let the market have its way.

Neil Parish MP: Yes. It might be down to making sure we have more buses and other services, because that will help, and looking at rates, taxes and all that. It is necessary to pay business rates and taxes, because that is the way we run our services, but we must reduce them where we can in order to stimulate business. In the end, theoretically, if you create more business, you probably get more back and you create even more business.

The Chairman: Specifically on that, the majority of EU countries have much lower VAT rates on accommodation and attractions. Would you favour a reduction?

Neil Parish MP: Yes, I am quite in favour of that, but it has to be very much targeted. I suppose it is going to be a fascinating moment when we eventually leave the European Union. Do we level VAT? I suspect we will level some sort of purchase tax. I cannot see any Chancellor wanting to give up on the 20%.

The Chairman: But we could reduce VAT on accommodation and attractions now to help tourism, as other EU countries have, with great success.

Neil Parish MP: Yes. At the moment, that is probably not going to happen, but I am saying to you quite clearly that there is a good argument, as we set up a new tax, to drive for exclusions or a rebate for particular attractions and accommodation. That could well work. Do you do it for the hotels over there in London or do you do it just for hotels in rural areas? Those hotels over there do not necessarily need a rebate or a reduction of 20%, because people seem to come and pay the enormous charges for those hotel beds. If you are trying to get people out into more remote areas, there might be an argument for it. A blanket reduction would probably not necessarily work.

Lord Dannatt: We are also crashing into the second homes debate, I would have thought: second homes let out for holiday lettings and the effect that has on rural communities.
**Neil Parish MP:** That is right. Should we tax Airbnb? It is an interesting one, is it not?

**Lord Dannatt:** In the Occupied Territories, you mean.

**Neil Parish MP:** I am not necessarily talking about the Occupied Territories. I am talking about places here that are not yet occupied.

In the first instance, we could look at a system of reducing VAT on hotel beds and guesthouses, see where we are, and then target it. Like I said, whatever replaces VAT in the future, there is a good argument now to have, like we have a smart grid, a smart system as to whom we charge and what we charge under what will be a purchase tax, I suspect.

**The Chairman:** That is interesting. We have talked a lot in this Committee—you heard us when you arrived—about digital communications. Our final question bar one is on that very issue.

**Q195 Baroness Rock:** We have, and we know Mr Parish’s views on digital connectivity. But I just wanted to ask you whether the plans for the full-fibre and 5G rollout, in particular the recent *Future Telecoms Infrastructure Review*, will be enough to deliver for rural economies.

**Neil Parish MP:** No, they will not be. The trouble is that you can get full fibre to probably a lot of the properties in this country, but there are going to be some, in the most remote areas, where you are just not going to get there. I do not think it is going to be economical to get it there. Therefore, those are going to have to have another system. Technologies are helping us all the time. Let us think about connecting Devon and Somerset. To a degree you have these big contracts that work for 90% or 95%, but at least 5% will be left.

I do not know quite what the solution is. I often wonder whether we should not have started and said, “We have to deliver 100%”, rather than pick some off every time. As I said earlier on, as you pick it off, whatever scheme you have, you are always going to pick off the easier-to-reach of the harder-to-reach, if you get my Irish way of putting things—I had an Irish grandmother, which has much to account for.

We have to get to those final ones. Sometimes satellite works; sometimes wireless works. I get very cross with Ministers sometimes when they talk about super-superfast broadband and we have a job to get a snail to move, at the moment, in places in the constituency. That is the issue. It is the right direction, but I worry about getting to the final ones.

In Devon and Somerset, Gigaclear has a contract. I was quite interested in getting competition with BT, but the trouble is that it has now run into trouble because it is not delivering on time. At least it is actually delivering fibre cable to premises. You have to be careful to make sure there is no copper left in the system, because you will get a faster speed but you will not get the fastest speeds without delivering fibre-optic cable to the premises. We have to get as many there as we possibly can, but I am not convinced we have yet worked out how we are going to get to the hardest-to-reach.

**Q196 Baroness Hodgson of Abinger:** I just wanted to come back on
something you said earlier about food production and the profitability of farming. Do you feel it has decreased in the past 20 or 30 years? Could you unpack that a bit more, please?

**Neil Parish MP:** Yes. What do we want? The Government sometimes speak with a forked tongue, if you see what I mean. On one hand, they say we have to be very environmentally friendly, but we also have to be very competitive. If you want us to be very competitive, let us get out there and do some production. You have to be careful as you do this. Under the new policies, what will happen to agriculture, in my view, is what has been happening over the past 20 or 30 years but faster. Some farms will get larger; some farms will go down the very productive route; others will go down a very environmental route.

You will see that a lot of the payments will work quite well at targeting upland areas and grassland areas. Cereal production is going to be an interesting challenge. We have a very good poultry industry that delivers very cost-effective poultry and eggs. We use fewer antibiotics than many of our competitors across the world, as we need to. This is also linked to having the cereal production and other things. We can breed better; we can reduce disease. Quite a lot of that is in the Bill, which is all good stuff.

In the end, what government cannot do and must not do, even though I knocked about the barley barons of East Anglia, is start to work out what size of farm or what type of farm is right, and support that one and not another one. Therefore, it is about land management and getting the right overall environment. We talk about holding carbon in the soil and methane gas. Poultry that is delivered quite intensively, lives a very short life but produces a lot of meat, in some ways, is best for the environment because it uses less cereal and it has lived less time; therefore it has given off less gas. That is being quite blunt.

The policies we are trying to pursue do not always fit together. There is going to be a big argument in a minute, if there is not already, on the amount of methane gas that cattle and sheep give off. Again, the faster you finish those cattle and sheep, the more productive they are and the less methane gas they give off. I am being provocative, but in a minute we are going to have to make some choices and decide what we want. When we have done this deal, rightly or wrongly, with Europe and if we see food production seriously drop in this country and food prices start to go up, we will import the food in order to keep food prices down. I want the Government to be absolutely honest with everybody. If we are going to maintain a reasonable landscape and reasonable prices, we need a reasonable level of production.

We can always expect to have competition from imports, but the Government, as yet, have not accepted an amendment to guarantee that imports of food meet the standards of our production. If we do not get that into a Bill somewhere—be it the Agriculture Bill, the Trade Bill or somewhere else—we will take imports that are of a lower quality, a lower animal welfare standard and probably a lower hygiene standard. The argument, as you well know, over chlorinated chicken from America is not whether the chicken is safe to eat, because the chicken is safe to eat. The fact is that they would be more densely populated and there would be
lower welfare standards, more antibiotic use and lower environmental standards. Then they would be whacked with chlorine at the end to make sure they are safe to eat.

We will not be able to stop poultry coming in from America under a future trade deal on food safety grounds; it has to be on animal welfare grounds. Unless we put something in a Bill somewhere in this House, we have very little chance of stopping such imports coming in. I do not mind fair competition, but I am damned—excuse me; I had better not use “damned”—if I have competition that is unfair.

Q197 Baroness Young of Old Scone: There is a lot of loose talk about a rural spatial strategy. Where do you stand on the Government having a plan for what the land in this country is for?

Neil Parish MP: Goodness me. Why do you not pass me an easy ball? It is interesting, actually. I am quite happy to answer it. In a way, land is doing lots of things. It produces food; it produces leisure; it produces energy, if you have solar farms and wind turbines; it does lots of things. Do we want to build on it as well? All those things are there.

In the first instance, I still maintain that, as we see our retail sector being squeezed by online sales, there might be an opportunity to bring the shopping areas of our town centres into a tighter area and allow more residential around them. There is some room for manoeuvre there. We need properly planned developments. A garden village is proposed for Cullompton. If we get our water park and all the glossy stuff the developers tell us we will get with it, it is probably right. We need to make sure they do not turn around and tell us that, due to the economics, they can deliver the houses but they cannot deliver everything else that goes with them.

Yes, you are right. The Secretary of State wants to plant an enormous forest in the north of England, does he not? We probably need to look at this, because we have a very large population in what is quite a small island. Pressure on our land is going to be tremendous. You are absolutely right. At some stage we probably need to sit down and ask, “What is our land for? What are our priorities?” You know very well that in some areas pressure is much greater than in others. Around areas of large conurbation, you are going to see a lot of pressure for development. When you are up in Holsworthy or Bude, you probably do not see the same pressure for development. That will be the interesting one. We need affordable homes; we probably need more homes. It is just about where we need to build them.

Yes, I am conscious that we have a finite resource. We have a rising population in this country; we have a rising world population. We need a reasonable level of food production, but our land is also used for many other things. Biodigesters are wonderful if you use waste product to produce power, but the moment you start feeding them with fodder beet, maize and everything else, and you compete with the next dairy farmer on the renting of that land, you have a double subsidy so that does not work. Margaret Thatcher said, “Do not interfere with the market”. We do that all the time. It then creates competition over land use.
But you are absolutely right. One of these days we are going to have to sit down and say, “Right, this is the finite resource we have. What do we actually want to use it for?” Do we want to cover it all in solar panels or wind turbines? My constituents would not like that very much. Do we want to cover it in houses? What do we actually want? It will be about how we deal with that. There will be a series of policies to have some of that land used for various things. It is a fair question, but it is a very wide question. I do not know that any Government of any colour would really have the courage to sit down and do it. Perhaps it is one for us in the Select Committee process to attempt one day. You might tempt me into that position.

The Earl of Caithness: To your last answer, the Scots, the Welsh and the Northern Irish have already gone down that road. It is only the English who will not face up to the realities of life.

Neil Parish MP: In some ways, the Scots and the Welsh have a greater land area and a smaller population, dare I say it.

The Earl of Caithness: That is true.

Neil Parish MP: It is the south of England where you have the problem.

The Earl of Caithness: Going back to superfast broadband and Scotland, have you talked to any Scots about their 100% rollout by 2021? If they can do it, why can we not do it?

Neil Parish MP: We have had evidence on this previously. We did an inquiry about a couple of years ago now, but we have not really gone back to this again. It is all very good to have these aspirations, but will they deliver by 2021? We have had various schemes in Devon and Somerset that are always going to deliver and never can. They are always late. But I would be very happy to look at what Scotland is doing. If we can learn from that, we will. As you know, one benefit of the Select Committee process is that we do not have to take notice of the party or the geographical area. If it is a good idea, we look at it and put it in a report.

It might be time, later next year, for us to have another look at rural broadband. The beauty of having “environment, food and rural affairs” in one’s title is that rural affairs can amount to absolutely anything. We need to have another look at rural broadband and its delivery of rural. If you would like to furnish not only me but our clerks with anything you have on the Scottish system, we would be happy to look at it.

The Chairman: A little later when we have concluded, we will also let you have the thoughts we have on our recommendations to government and other bodies about rural broadband and other things.

We will make those recommendations. You said at the beginning that committees make recommendations and Governments do not always follow them, which I know is true from many of the committees I have served on. Just give us a quick tip as to how we guarantee getting at least some of our recommendations accepted by government.
**Neil Parish MP**: It depends largely on the Secretary of State. The present Secretary of State, Michael Gove, reminds me very much of my grandfather. When you said, “We will change that policy and do something different”, my grandfather always said no, and then a fortnight or three weeks later he came back and said it was his own idea.

**The Chairman**: It is the Lao-Tzu philosophy.

**Neil Parish MP**: Let us take third-party puppy sales. It is only a small matter, but from an animal welfare point of view we put in a report that we should ban third-party puppy sales. The Government said at the time, “No, we must not do that”. This summer, the Secretary of State came out and said that he intended to ban third-party puppy sales.

I am saying to you, quite seriously, that you have to keep grinding away with government. Keep putting the stuff down there; keep giving it good ideas. Eventually it will pick up some of it. Getting our reports supported by government lock, stock and barrel is probably never going to happen; I accept that. But my belief, which I am sure you all share, is that the beauty of Select Committees and committee reports is that we can take evidence on a cross-party basis in a cool and calm way, put these reports together and bring in some really good ideas. I am looking forward to looking at all the schemes that might follow from the Agriculture Bill.

There is a final point I want to make to you. We have to watch out for all these statutory instruments that are going to be flowing through at an alarming rate.

**The Chairman**: There will be 800 of them.

**Neil Parish MP**: Yes, and 90% of them will be fine, but there will be 10% that we need to have a good look at. Any co-operation between the two Houses on that could be very useful.

**The Chairman**: Neil, thank you very much indeed. If we think of anything we should have asked you but have not, we will write to you. If you think of anything you should have told us and forgot to, please write to us. We will send you a transcript; you know all the rules. Meanwhile, on behalf of all of us, I can say that it has been fascinating. Thank you very much indeed.

**Neil Parish MP**: Thank you.
Professor Jeremy Phillipson and Professor Janet Dwyer – Oral evidence (QQ 22-31)

Transcript to be found under Professor Janet Dwyer
Plunkett Foundation, Federation of Small Businesses and Rural Business Group – Oral evidence (QQ162-172)

Transcript to be found under Federation of Small Businesses
Power to Change, Locality and Prince’s Countryside Fund – Oral evidence (QQ 222-240)

Transcript to be found under Locality
Prince’s Countryside Fund, Locality and Power to Change – Oral evidence (QQ 222-240)

Transcript to be found under Locality.
Public Health England, National Centre for Rural Health and Care and Nuffield Trust – Oral evidence (QQ 278-287)

Transcript to be found under National Centre for Rural Health Care
Transcript to be found under Federation of Small Businesses
Rural Coalition and Countryside Alliance – Oral evidence (QQ 71-82)

Transcript to be found under Countryside Alliance
Rural Housing Alliance, Federation of Master Builders and National Housing Federation – Oral evidence (QQ 130-140)

Transcript to be found under Federation of Master Builders
Rural Services Network and David Fursdon – Oral evidence (QQ 83-94)

Transcript to be found under David Fursdon
Swindon and Wiltshire Local Enterprise Partnership, Leicestershire Rural Partnership and North East Local Enterprise Partnership – Oral evidence (QQ 106-113)

Transcript to be found under Leicestershire Rural Partnership
Town and Planning Association, Campaign to Protect Rural England and Professor Gavin Parker– Oral evidence (QQ 141-150)

Transcript to be found under Campaign to Protect Rural England
UK Research and Innovation (UKRI), Association of Colleges and UK Rural Skills – Oral evidence (QQ 241-253)

Transcript to be found under Association of Colleges
UK Rural Skills, Association of Colleges and UK Research and Innovation – Oral evidence (QQ 241-253)

Transcript to be found under Association of Colleges
VisitBritain, Cumbria Tourism and National Trust – Oral evidence (QQ 114-129)

Transcript to be found under Cumbria Tourism