

Rural Strategy 2004



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Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London SW1P 3JR
Telephone 020 7238 6000
Website: www.defra.gov.uk

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Defra Publications
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SW1A 2XX
Tel: 08459 556000
Email: defra@iforcegroup.com

This document is also available on the Defra website.

Published by the Department for Environment, Food and Rural Affairs.
Printed in the UK, July 2004, on material containing 80% post-consumer waste and 20% Elemental Chlorine Free pulp.

Product code PB 9728

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Foreword by the Secretary of State



The challenges facing rural England in 2004 are many and diverse. Whilst most areas are economically thriving, there are also many which are lagging behind. In relatively prosperous areas, there are also many individuals and households who face social exclusion, especially because of poor access to services and affordable housing. Equally, whilst the countryside remains rural England's greatest treasure, valued by us all, in many areas there are pressures on natural resources.

Rural Strategy 2004 is a response to these challenges. It takes as its starting point the vision of sustainable rural communities first set out in the *Rural White Paper* in 2000 – recognising that change is part of rural life, but that to be sustainable, change must balance economic, social and environmental interests. This vision of a living, working, protected and vibrant countryside remains at the heart of rural policy.

Rural Strategy 2004 also learns from our experience over the last four years. After the creation of my new Department in 2001 – bringing together environment, food and rural affairs for the first time – and in the light of the lessons learnt from the Foot and Mouth outbreak, I commissioned a review of the *Rural White Paper*, steps to improve the evidence base for rural policy and an independent review of rural delivery carried out by Lord Haskins. Both these reviews have been completed and work to improve the evidence base is yielding good results.

Learning from this experience, Rural Strategy 2004 sets out a new devolved and targeted approach to rural policy and delivery over the next three to five years. I am personally committed to a rural policy – translated into delivery on the ground – that is genuinely relevant to local people and the local environment, that addresses real needs, puts customers first and promotes sustainable development.

That is why I am pleased, as part of this document, to announce the Government's proposals in response to Lord Haskins' report. Rural Strategy 2004 sets out how we plan to reform delivery to give a better deal for customers, the environment and the taxpayer, in line with the Prime Minister's principles of public service reform that underpin this Government's approach. The proposals include a radical new approach for streamlining over one hundred rural funding streams to improve the customer experience and ensure that resources are clearly targeted to deliver the outcomes set out in this Strategy.

Reformed delivery can only be achieved, as indeed Lord Haskins recommended, by genuinely devolving power, resources and responsibility away from central Government. Rural Strategy 2004 sets out our new devolved approach to rural policy and delivery, and represents a significant contribution to the Government's wider devolution agenda. By bringing together resources and decision-making at a more local level, our regional and local partners will be empowered to deliver the overall aim of Rural Strategy 2004 – sustainable development in rural England.

A handwritten signature in black ink that reads "Margaret Beckett". The signature is written in a cursive, flowing style.

Rt. Hon. Margaret Beckett MP
Secretary of State for Environment, Food and Rural Affairs

Overview

Sustainable Countryside

The Government first set out a vision of a living, working, protected and vibrant countryside in the *Rural White Paper* in 2000. This vision – of sustainable rural communities in which economic, social and environmental issues are all taken into account – remains at the heart of rural policy.

Much has been achieved since the White Paper, and many lessons learnt. Events and experience have provided new insights into the challenges facing rural areas. In particular, improvements in the evidence base for rural policy have highlighted the many economic and social disparities in rural areas. There is no homogenous 'Rural England'.

To meet the challenges we need a new approach to policy and delivery – based on targeting the greatest needs and working in partnership at national, regional and local level. The public – our customers – must come first.

Rural Strategy 2004 sets out the Government's new approach. It identifies three key priorities for rural policy, and explains our modernised delivery arrangements.

The Government's three priorities for rural policy are:

- 1. Economic and Social Regeneration** – supporting enterprise across rural England, but targeting greater resources at areas of greatest need.
- 2. Social Justice for All** – tackling rural social exclusion wherever it occurs and providing fair access to services and opportunities for all rural people.
- 3. Enhancing the Value of our Countryside** – protecting the natural environment for this and future generations.

These priorities will inform the Government's rural policy for the next three to five years and the modernised delivery arrangements that will drive progress forward. This Strategy sets out the specific action that will be taken.

Background to the Strategy

1. The Government set out a vision of a living, working, protected and vibrant countryside in the *Rural White Paper*, published in November 2000. The White Paper was published at a time of rapid change for rural areas – change that was brought into sharp focus by the Foot and Mouth outbreak less than three months after the White Paper was published. Four years on, social and economic changes affecting rural communities continue apace.

2. In the light of the lessons learnt from the Foot and Mouth outbreak and the creation of Defra in June 2001, the Secretary of State for Environment, Food and Rural Affairs commissioned a number of actions to improve the focus and delivery of rural policy through:

- a review of the *Rural White Paper*;

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- steps to improve the rural evidence base; and
 - an independent review of rural delivery carried out by Lord Haskins.
- 3.** Considerable progress has been made with this work. The Government published a full review of the *Rural White Paper* in January 2004, alongside a report on *Social and Economic Change and Diversity in Rural England* – part of our ongoing research programme to develop the evidence base for rural policy. Lord Haskins completed his review of delivery in rural areas in 2003 and published his report *Rural Delivery Review* in November 2003. The Government made an initial response also in November 2003, agreeing Lord Haskins' analysis of our delivery structures as too confusing for customers, and too bureaucratic and centralised to meet our future challenges, and accepting the thrust of his recommendations. All of these documents are available on the Defra website at: www.defra.gov.uk/rural.
- 4.** Since the publication of the *Rural White Paper* in 2000, there have also been wider policy developments that are important in relation to rural policy and delivery. In particular, these include:
- *Decentralisation – Your Region, Your Choice: Revitalising the English Regions White Paper*, Office of the Deputy Prime Minister (ODPM) 2002; and the *Devolved Decision-Making Review* report, published with the Budget 2004
 - *Strategy for Sustainable Farming and Food*, Defra 2002
 - Common Agricultural Policy reform agreed in the EU in 2003 and Single Payment Scheme announced in 2004
 - *Sustainable Communities, Building for the Future*, ODPM 2003
 - *Energy White Paper – Our Energy Future – Creating a Low Carbon Economy*, DTI/Defra 2003
 - *Working with the Grain of Nature: A Biodiversity Strategy for England*, Defra 2002
 - *Taking it on* – the Government's consultation on reviewing the *National Sustainable Development Strategy*, Defra 2004
- 5.** The overarching Government aim is that our rural policy should have as its outcome genuinely sustainable development. This means integrating and balancing environmental, social and economic considerations at every stage. It means providing “a better quality of life for everyone, now and for generations to come...including thriving economies and communities in rural areas and a countryside for all to enjoy”¹. It includes tackling social exclusion – ensuring that all sections of society and all localities participate in and benefit from sustainable development. So public policies, programmes and instruments – across national, regional and local government – must apply effectively and equitably in rural areas, with a focus on raising levels of social inclusion. In addition we must ensure that our economic and social strategies are consistent with our aim of protecting and enhancing our natural heritage for this and future generations.
- 6.** Working towards this aim requires both clarity of policy and effective delivery. At the start of this Parliament, the Prime Minister set out his four principles of public service reform, which underpin the Government's approach to improving delivery². These are:

¹ Part of Defra's overarching aim.

² *Reforming our Public Services – Principles into Practice*, Prime Minister's Office of Public Services Reform, Cabinet Office (2002).

- national standards and a clear framework of accountability;
- devolution and delegation to the front line;
- more flexible arrangements for service delivery; and
- expanding choice for the consumer.

7. Applying these principles to the delivery of rural policy was a central and compelling message of Lord Haskins' review. This Strategy sets the framework for the Government's response.

8. The Strategy is based on the arrangements that are currently in place in the English regions. But a further development of Government policy will offer people in the three northern regions (North East, North West, and Yorkshire and the Humber) the opportunity to vote on whether to have an elected regional assembly. Referendums are planned to be held later this year, although the earliest that elections could be held to the first assemblies would be in 2006. Other regions could have an opportunity to hold referendums later. An elected assembly would, subject to legislation, have wide-ranging powers to promote economic and social development and improve and protect the environment, within a sustainable development framework, and would become a key partner in delivering the Rural Strategy through its proposed responsibility for the Regional Development Agency (RDA), rural regeneration programmes and tourism. It would also have the role of preparing and implementing regional planning and housing strategies and would be able to influence training and skills initiatives in the region, including through representation on Learning and Skills Councils. The Government will publish its legislative proposals for elected regional assemblies in draft before the first referendums are held.

Evidence of change in rural England

9. One of the weaknesses identified by Ministers soon after the creation of Defra, and confirmed by Lord Haskins, was a lack of evidence especially at local level to inform effective rural policy and delivery, and no generally accepted definition of 'rural' England.

10. To address this, the Government commissioned detailed research and analysis, leading to a new and more sophisticated definition of 'rural' areas, which we are launching alongside this Strategy. The new definition, alongside developments in data collection (such as the increasing availability of postcoded datasets) will provide a tool to help analyse the social and economic characteristics of rural areas at a more local scale than has been possible before – and so to help pinpoint areas of greatest need. For example, the definition can be used to attach a 'data marker' to government statistics, so as to provide much better evidence of trends in relation to transport and housing, and a wide range of other services. Further details of the new definition are set out in Annex A but in summary, it:

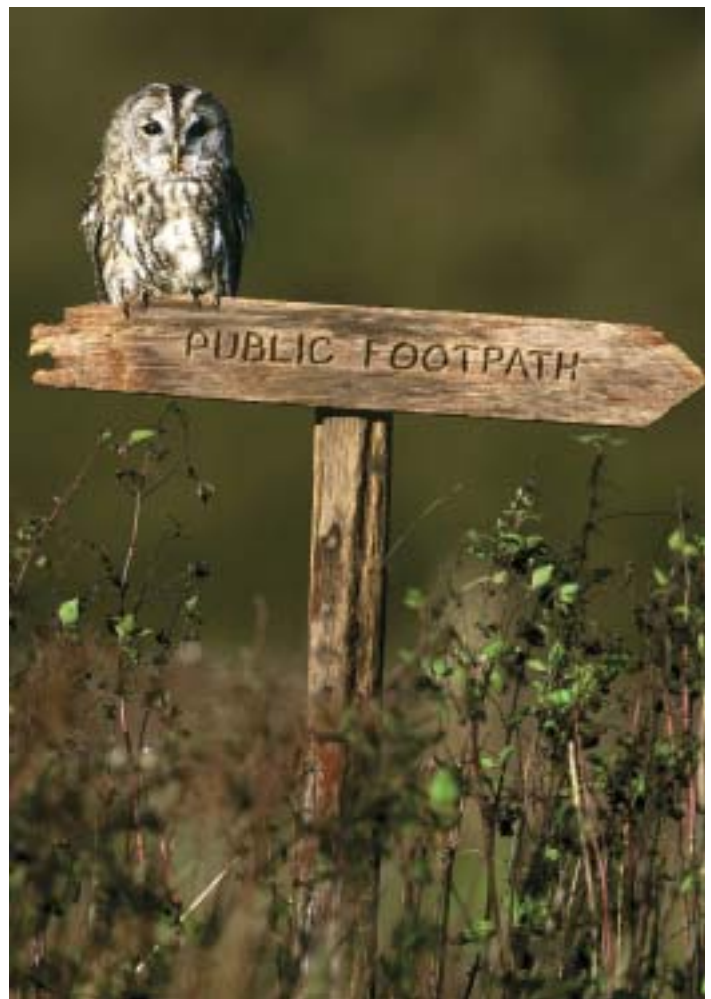
- extends the current Government 'land use' based definition of urban areas to include rural settlements of different sizes and kinds;
- recognises the differences between rural areas and moves away from crude urban/rural splits given the increasing difficulty in drawing a sharp line between the two;
- bases the description of 'rural' on factors that people generally recognise as important rural characteristics, for example the nature and distribution of towns, villages and dispersed settlements;

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- allows 'fine grain' analysis of localities within rural areas, for rural delivery and targeting purposes; and
- provides a means of basing social and economic data from, for example, the Census, on the more enduring features of rurality – namely the settlement pattern.

11. Defra is also building on the rural evidence base through its revitalised rural research programme – which includes setting up a new Rural Evidence Research Centre. The evidence available so far – set out in further detail in Annex B – reveals that rural areas are dynamic and that rural society is rapidly changing in ways that are reshaping communities and blurring urban/rural distinctions. The main features include:

- *population growth*: net migration of 60,000 people per year into wholly or predominantly rural districts between 1991 and 2002;
- *an ageing population*: the number of people aged 65 or over in wholly or predominantly rural districts increased by 161,000 (12%) between 1991 and 2002, whilst the number aged 16-29 decreased by 237,000 (18%);
- *relative prosperity especially in more accessible areas*: higher income per head than the national average – but with a disadvantaged minority amidst prevailing affluence;
- *economic weaknesses, with associated social deprivation, in a minority of 'lagging' rural areas*: characteristically in areas adjusting to a decline in mining, agriculture and fishing, and tending to be in more peripheral areas;
- *convergence between the urban and rural economies*: though agriculture is still at the core of the rural economy and society, employment in agriculture has decreased by 30% (151,000) in the last 20 years; employees in rural businesses are now more likely to be in manufacturing (25%), tourism (9%) or retailing (7%), than in agriculture (6%);
- *increased mobility through the car*: bringing benefits for many but reducing the customer base for public transport and thus creating difficulties for those without access to a car. Half a million (14%) rural households do not have a car and many people in households which do have a car do not have access to it when they need to travel; and



A countryside for all to enjoy © RSPCA

- *pressures on the countryside – especially through demand for housing and transport:* rural areas remain a rich resource, valued by both residents and visitors for fine landscapes, biodiversity and open space; these contribute to enjoyment and general well-being as well as to education and health. The aim of sustainable development is to ensure that the enhancement of this resource is achieved for the benefit of all.

12. Many of these features are part of trends with long historical roots, dating back to 1945 and before. The causes include technological development, restructuring in the global and national economy, and the social, environmental and cultural changes that have resulted. Assuming these underlying drivers of change continue to operate, we can expect the future to bring:

- further convergence between urban and rural lifestyles and economic activity in most rural communities, but with a minority of areas continuing to lag behind economically;
- continuing population growth as a result of migration by (mostly) affluent and older people into accessible rural areas, combined with increased life expectancy;
- continuing ageing of the population in rural areas, with consequential demands on public and community services that support the elderly; and in some areas difficulty in maintaining facilities for young people, such as schools;
- greater demands for rural housing, much of it resulting from migration to the countryside and an increase in the number of one-person households;
- continuing increases in the mobility of the majority as more people own a car, threatening a further reduction in local shops and other outlets and the increasing isolation of those who do not have a car;
- a continued reduction in the proportional direct contribution of farming to total economic activity, but as farmers respond to the reform of the Common Agricultural Policy and the challenges of the *Strategy for Sustainable Farming and Food*, an increasingly important contribution to sustainable development through the provision of public benefits;
- increasing demands on – and therefore an increasing need to take action to prevent damage to and improve the quality of – natural resources in the countryside (such as water resources) that support all communities, rural and urban; and
- a greater premium on the contribution (including economic contribution) of the countryside to the quality of life, and therefore on the importance of linking improved land and resource management, including biodiversity, with providing access for all – for recreation, health and education, and the economic contribution.

Rural Strategy 2004

13. Rural Strategy 2004 sets out the Government's policy response in the light of these trends. It takes as its starting point the vision of sustainable development for rural areas set out in the 2000 *Rural White Paper*, which remains the Government's vision. The Strategy also builds on the findings of the *Review of the Rural White Paper* published in January 2004, and in particular that:

- three years of experience in delivery have demonstrated the need for new methodologies to be put in place to quantify targets and for new approaches to shared responsibility for meeting them, with clear accountabilities; and
- the main challenges include: clarifying objectives, achieving greater prioritisation and targeting need; improving governance and delivery arrangements; and continuing to develop a solid evidence base and evaluation framework.

14. The following three chapters set out the Government's policy objectives and how rural delivery will be modernised to achieve more effective results on the ground in relation to those objectives. Chapter 4 brings together the main elements of our modernisation of rural delivery into a short summary.

15. Rural Strategy 2004 provides the policy framework, the tools and the evidence base to help all Government Departments, regional and local partners work together in a collaborative way over the next three to five years to deliver more sustainable rural communities and an enhanced and enriched countryside.

Economic and Social Regeneration

Summary

The majority of rural areas have relatively strong economic performance. The strategy in these areas is to sustain prosperity by ensuring that national, regional and local policies that support economic development are suitably rural-proofed so as to promote enterprise in rural as well as urban areas.

There are however structural economic weaknesses and associated poor social conditions in a minority of rural areas. To counter this is challenging, and requires a more targeted area-based policy to maximise the benefits of mainstream public funding: to attract and foster business development, to improve skills and to build local institutional and community capacity. Our strategy will be to work with regional and local partners to focus resources on bringing benefits to these 'lagging' areas. Primarily this will involve increasing resources allocated for rural economic and social development via Regional Development Agencies and working with local government and others to pilot innovative new joint approaches in rural areas.

A New Countryside Agency will be created as a strong voice for rural people and communities, especially those suffering disadvantage, to suggest innovative solutions to their needs and monitor and report on progress in delivery.

The Government's *Strategy for Sustainable Farming and Food*, launched in 2002, is also directly relevant to rural economic vitality, and sets out the key mechanisms to help farm-based businesses adapt to the challenges of reform, achieve greater long-term sustainability in a world where they face similar challenges to other rural businesses, and contribute effectively to the wider economic, environmental and social objectives of their areas. A number of early milestones have already been achieved, with the most significant being the agreed reform of the Common Agricultural Policy (CAP), whereby direct payments to farmers in England will be fully decoupled from production from 2005 onwards. This will reduce the extent to which the CAP distorts production and will help to reconnect producers to their markets, while also rewarding farmers for producing public benefits such as biodiversity and access to the countryside.

16. Our economic objective for rural areas has two components:

- **building on the economic success of the majority of rural areas** to ensure they contribute fully to national, regional and local economic prosperity (see paras 17-28); and
- **tackling the structural economic weaknesses and accompanying poor social conditions that exist in a minority of rural areas** (see paras 29-46).

Sustaining prosperity

17. The majority of rural areas are relatively prosperous. Measured in terms of average household income, for example, 55% of households in rural areas are above the median, and 28% are in the top quartile.

18. The Government is committed to ensure that rural areas continue to prosper and make their full contribution to national growth. National policies, for example in relation to skills, business support, planning and broadband infrastructure, must support this economic prosperity. Defra's role is to work with other government departments and delivery bodies to ensure, through rural proofing, that these policies apply equitably and effectively in rural areas.

Action

Skills

19. Defra is taking forward with partners, including the Small Business Service, Regional Development Agencies, Sector Skills Councils and the Learning and Skills Council, a series of actions under the Learning, Skills and Knowledge Programme to help businesses in rural areas improve their performance through increased take-up of learning opportunities. Those actions aimed at meeting the generic – not sector-specific – learning needs of all rural businesses will improve access to learning opportunities. In addition, the Government is taking a number of new initiatives, led either by Defra or a partner organisation, where the need is either sectoral and falling within Defra's sponsorship responsibilities, or is unlikely to be met by rural proofing mainstream activity. The new initiatives focus on three key goals:

- putting in place the learning measures needed to deliver the *Strategy for Sustainable Farming and Food*. Proposals include: a new advisory package to support the introduction of the cross-compliance requirements; and targeting publicly funded conservation advice so that it supports implementation of the new entry-level and higher-tier agri-environment schemes;
- making the supply of learning provision consistently relevant to rural business requirements and improving its delivery. Proposals include: improving the effectiveness of current knowledge transfer arrangements so that the relevant results of commissioned research and development are consistently translated into useful and practical business improvement tools; ensuring that the potential of delivery through social enterprises is recognised and exploited; and the design and delivery of an electronic advice channel – linked to businesslink.gov.uk – to improve access to Defra's advice products and services (see below); and
- driving up demand for learning, particularly in those industries facing major change. Proposed measures include: facilitating the development of a continuous professional development framework for farmers; and supporting steps to demonstrate the benefits of learning in raising business performance.

Business support

20. Defra is working in particular with the DTI, the Small Business Service, Regional Development Agencies and Business Links to improve the business advisory service available to businessmen and women in rural areas.

21. Our aim is that small businesses, social as well as commercial enterprises – from someone wanting to expand the local community shop to a farmer wanting to diversify and expand the farm business – will have advice that is relevant to them and to the area in which they work and live. And that such advice should be simple and easy to access. As well as providing extra investment this year (see above), Defra is working with the Small Business Service, Regional Development Agencies and other partners to develop a pathfinder project for 2005 that will join-up access to a wide range of publicly-funded services, such as tax advice, skills training, and national, regional and local funding schemes.

22. We are also professionalising and simplifying the information services provided by Defra on the services and grants we make available. This improved information service will bring together the services available from all Defra delivery bodies, into a simple to navigate and understand

web-based reference guide. It will be available both to Business Links and their partners to help sign-post customers or applicants to the most appropriate source of business or technical help, and direct to all members of the public. Our intention is that information about the changes to Defra's business support and funding will be available through a single user-friendly portal from 1 April 05 (also accessible through www.businesslink.gov.uk), and that the reference guide will be developed rapidly thereafter to provide a comprehensive service.



Farm shop, Appleby-in-Westmoreland, Lake District

Broadband

23. The Government will ensure that the full potential of broadband for delivering public services and increasing the productivity of businesses is realised in rural areas. This work is being led by the joint Defra/DTI Rural Broadband Unit working closely with Regional Development Agencies and others. Priorities include:

- making best use of public funding to ensure that by 2006 all primary and secondary schools, and all GP surgeries, hospitals, primary care trusts and health authorities are connected to broadband, gaining the widest possible public benefit for rural areas from this public investment; and
- working closely with local authorities and other rural stakeholders to promote the social and economic benefits of access and take-up of broadband for rural communities – for example through disseminating the new rural broadband toolkit³, and through sponsorship of a new rural e-business and community award at the national E-Commerce Awards.

³ Available from the DTI website, at: www.dti.gov.uk/industry_files/pdf/ruralbroadband.pdf



Broadband installation, Buckfastleigh broadband project, Devon

Planning

24. Positive planning policies have the potential both to support strong, diverse, economic activity in rural areas, and to maintain a high quality environment. A new Planning Policy Statement on Sustainable Development in Rural Areas (PPS7) will be issued by ODPM shortly. This follows a public consultation on the draft of PPS7, which closed in December 2003. PPS7 seeks to embed the principles of sustainable development in the planning system as it applies in rural areas. The Government's key objective, which PPS7 translates into clear and concise planning policies, is to raise the quality of life and the environment in rural areas – in line with Rural Strategy 2004 – through a joined up approach, especially with local authorities given their key role, to the promotion of:

- social inclusion, recognising the needs of everyone;
- effective protection and enhancement of the environment;
- prudent use of natural resources; and
- high and stable levels of economic growth and employment.

Agriculture, fishing and forestry

25. In addition to influencing these national policies, which support the whole rural economy, Defra also has a particular role in sponsoring the agriculture and fishing industries, and the Forestry Commission in sponsoring the forestry industry. These industries remain important to the prosperity of rural England, through both their indirect and direct economic contribution. They sometimes have a proportionately greater economic significance in less prosperous areas.

26. In taking forward the delivery of the *Strategy for Sustainable Farming and Food* and the *England Forestry Strategy*, we will ensure that they support wider productivity objectives and particularly Defra's rural PSA (Public Service Agreement) target. Further discussion of the links between the *Strategy for Sustainable Farming and Food* and our Rural Strategy are set out in Chapter 3 below.

27. In relation to the fishing industry, the recent report by the Prime Minister's Strategy Unit *Net Benefits: A Sustainable and Profitable Future for UK Fishing*, proposes a possible long-term strategy for improving the fortunes of the UK fishing industry and the communities which depend upon it – a high proportion of which are located in areas which are economically lagging.

28. The Forestry Commission is supporting an important new partnership with the private sector to strengthen the competitiveness of the England forest industry sector and its ability to contribute to the delivery of the Government's wider objectives as set out in the *England Forestry Strategy*. The aims of the England Forest Industries Partnership include identifying and promoting the contribution of forestry and woodland businesses to the sustainable development of the economy, environment and local communities in England.



New tree planting and new woodland, White Down, Surrey

Tackling areas with economic and social disadvantage

29. Mainstream policies must reflect the Government's particular responsibility to improve the economic productivity and social cohesion of lagging rural areas – in line with our PSA target to:

“reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for rural people.”

30. Weak economic performance tends to be in rural areas further from major urban centres. The poorest performing rural areas are on a par with the weakest urban areas. Our current productivity indicator shows that, while the English earnings median is around £14,100, the average for the bottom quartile of rural districts is £11,600 (18% lower) and in some rural districts the figure is below £9,000⁴. In turn, poor economic performance is both affected by, and affects, social exclusion. For example, the bottom quartile of rural districts contain 22% of the population, yet they include 36% of rural people in the bottom 25% on the Index of Multiple Deprivation (IMD) and 48% of rural people in the bottom half on the IMD.

31. These 'lagging' areas are typically remote and have often seen a decline in traditional industries such as agriculture, fishing and mining. For example, nationally 6% of the workforce in rural areas⁵ is employed in agriculture but in some of the poorest rural districts this rises above 20% – including parts of Lincolnshire, Cornwall and Northumberland. These areas have a higher incidence of low earnings, poor job opportunities, low workforce skills, health inequalities and poor housing.

Action

More money for business support in lagging areas

32. This year, Defra is putting an additional £2 million into the Business Link network to increase delivery capacity, in order to improve Business Link support for economically lagging rural areas.

Social enterprise

33. Social enterprise – businesses where the surplus is reinvested for primarily social purposes in the business or the community, rather than being driven by the need to maximise profits for shareholders and owners – has an important contribution to make in rural areas. Many examples already exist. Their ability to generate social and environmental benefits as well as economic ones – the 'triple bottom line' – makes them particularly relevant to achieving sustainable development goals. We are working with the social enterprise sector and other partners to identify more precisely how this potential can be used to the full, particularly in economically lagging rural areas, and what Government can do to facilitate that⁶.

⁴ This measures productivity in terms of earned income by those of working age living in the district adjusted for the proportion of people of working age participating in the labour force. Further details of how the indicator is devised – and our plans to develop and review the indicator – can be found in Annex B.

⁵ Workplace based figures. 4% of the workforce in rural areas is employed in agriculture when calculated on residence base.

⁶ *Social Enterprise: A Strategy for Success*, DTI, 2002.

The role of Regional Development Agencies

34. The Regional Development Agencies have responsibility for economic regeneration across England, in both urban and rural areas. The Countryside Agency, established in 1999, has had the powers to carry out measures to further social and economic development in rural areas, and has done highly valuable work in this field, in particular to pilot innovative approaches to rural service provision and economic development. But Lord Haskins found in his *Rural Delivery Review* that overlapping responsibilities and accountability can weaken the link with the customer, make it more difficult to hold delivery organisations to account, and introduce inefficiencies. In economic terms, a distinction between urban and rural can be artificial – we know that thriving market towns contribute significantly to prosperity in the rural areas around them. What is important is that initiatives to enhance social and economic prosperity are tailored to the particular needs of the region and local people, and tackle social and economic disadvantage at the same time as protecting and enhancing the countryside.

35. Defra has therefore decided to build on the Regional Development Agencies' existing responsibility for economic regeneration and sustainable development across England, in both urban and rural areas. We will devolve regional decision-making on the delivery of economic and social regeneration policies to RDAs, working in close partnership with local authorities and others. We will expect the RDAs to ensure that the needs of rural people identified through regional prioritisation work are addressed in regional-level strategies and delivery plans, in active partnership with local government and other partners at the regional and sub-regional level, within an overall sustainable development framework; this will provide greater flexibility in how our funding is used to address disadvantage. As part of new tasking arrangements for RDAs, we will hold the RDAs accountable for delivery of our PSA targets on rural productivity and services within a clear sustainable development context. Specific new elements of this devolved approach include:

a. Defra's PSA1 – "*to promote sustainable development across government and the country as a whole as measured by achieving a positive trend in the Government's headline indicators of sustainable development*" – will be a key target for RDAs. This reflects the centrality of sustainable development to RDA activity, in line with their statutory duty to contribute towards securing sustainable development.

b. Defra and the RDAs have also agreed that as part of the RDA Tasking Framework:

RDAs will ensure that action on regional productivity also supports Defra's PSA target to reduce the gap in productivity between the least well performing quartile of rural areas and the median. Improving productivity is also a key factor in achieving the outcomes of the national Strategy for Sustainable Farming and Food, both within and beyond rural communities, and RDAs should ensure their work in the regions contributes to delivering a customer-focused, competitive and sustainable farming and food industry, in line with Defra's PSA target. In addition, RDAs will contribute to securing Defra's target to improve the accessibility of services for rural people.

Defra will be negotiating region-specific outcome measures to deliver against this and support each region's Regional Economic Strategy.

- c. The better evidence we now have on rural economies suggests that good access to services is a key driver of economic productivity and social inclusion. In rural areas, where residents often work in local towns, and those living in towns often work in the countryside, access to transport is a high priority. For this reason, the work of the Countryside Agency has put a high premium on measures to facilitate transport. National, regional and local partners agree that securing effective public transport should continue to be a high priority in order to underpin rural productivity and access to services under the RDA Tasking Framework; and that improving delivery will crucially depend on effective partnerships with local authorities as the primary delivery bodies for transport services.
- d. To provide the necessary flexibility to allow funding to be allocated by RDAs to those communities and people within each region that most need it, Defra will, from 1 April 2005, streamline existing funding streams aimed at socio-economic interventions in rural areas into a single Rural Regeneration Funding Programme to be devolved to the RDAs and distributed through their Single Pot.
- e. Defra will also streamline schemes to help make the farming and food industries more sustainable, competitive and customer-focused – simplifying the number of rules and restrictions and thereby making things simpler for the customer. We intend that this Agriculture and Food Industry Regeneration Programme should also include the economic schemes from the new European Rural Development Fund, from January 2007 when the new European Rural Development Regulation comes into force. We further intend that the RDAs have control over these economic funds. As an interim step, Defra will invite the RDAs to play a greater role in decisions on regional prioritisation under the existing England Rural Development Programme (ERDP) arrangements (up to 2006), by setting regional targeting statements and through participation on Regional Appraisal Panels.
- f. To ensure freedom and flexibility to address local need, Defra will set broad outcomes required from the Rural Regeneration Funding Programme and Agriculture and Food Industry Funding Programmes, and regional and local delivery organisations will be empowered with the authority to decide how best to use the funding. No longer will the rules be set by Whitehall, remote from rural areas. In future, and as envisaged by Lord Haskins, Defra will concentrate on setting the strategy, agreeing the delivery framework, and holding deliverers to account. Scheme design will be done by those who have to deliver through the schemes, and be held to account for their delivery. Applicants will no longer have to fight their way through an array of schemes each with their own rules and application procedures.

36. Lord Haskins' report recommended that Defra should establish 'Rural Priority Boards' within each region, chaired by Government Offices, to improve the co-ordination of rural delivery and ensure strong rural proofing of policies and services in each region. We agree better co-ordination and prioritisation is an essential ingredient of improving services in rural areas. But rural England is not homogenous and Defra therefore believes that devolution means empowering each region to make proposals on what process it will put in place to achieve prioritisation and decision-making in relation to rural areas – the process that Lord Haskins described as Priority Boards. The 'Rural Priority Board' for each region – however it is constituted and named – will need to address the following important policy principles:

- (i) activity and decisions to have sustainable development at their core – for example by 'fit-for-purpose' reviews of regional strategies and delivery arrangements to ensure they are sustainable development-proofed;
- (ii) activity, funding and delivery co-ordinated and prioritised to ensure it is best targeted where it is needed at local level across the region;
- (iii) delivery organisations such as local authorities and National Park Authorities to be fully engaged in the regional prioritisation and decision-making process;
- (iv) end customers to have a clear voice in strategic decision-making – either through strengthening the role of the Regional Rural Affairs Forums or through building on some similar institution representing rural customers;
- (v) key organisations with an environmental remit to be engaged in decision-making on spatial and other strategies – including by giving the new Integrated Agency and the Environment Agency a full role in the regional decision-making process;
- (vi) rural and urban strategies to be mutually consistent and mutually strengthening;
and
- (vii) mechanisms and processes to be streamlined – we wish to free up time for getting on with delivering services, and make matters simpler and easier for the customer. This includes the institutional mechanisms and also the funding programmes.

37. We are empowering the Government Offices to lead regional action to broker the necessary mechanisms and to bring forward proposals that meet our policy principles. We will also work with the Government Offices in evaluating the performance of RDAs against the measures agreed in the RDA corporate plans to meet Defra's PSA targets – PSA1 (sustainable development), PSA4 (rural productivity and services) and PSA 5 (sustainable farming and food).

38. We, the RDAs and GOs recognise that these are important new challenges for the RDAs and GOs, and that it will mean increasing their capacity to understand better the needs of rural people and the mechanisms that work best in rural areas. To that end, Defra will ensure that the expertise built up over the years by staff in the Countryside Agency continues to be available; further discussions are needed on issues such as staff transfers.

Investing in Communities: Rural Regeneration in the East of England

In December 2003, the East of England Development Agency (EEDA) launched *Investing in Communities*, an exciting and innovative major new programme. It will encourage a holistic partnership approach to tackling long-term regeneration and renewal in deprived communities in the East of England. The key priorities for action include: social inclusion, learning and skills, community and voluntary capacity building, business development, the social economy and social capital. It will be delivered through strategic partnerships at regional level and local level. Over the next ten years EEDA plans to invest not less than £230 million through the programme to communities across the region.

EEDA has already awarded just over £4 million under this programme to Breckland in support of the *Breckland Community Regeneration Programme*. The programme includes a rural outreach project working with disadvantaged youths. The project aims to enable disadvantaged youths to participate in proven programme activities with a view to them progressing into mainstream training, self employment, employment or volunteering. The types of activity include:

Volunteers Programme: 12 week personal development programme after which 70% of unemployed beneficiaries go back into training or employment.

Business Programme: funding and support to help young people start their own businesses – 60% of businesses assisted via the project survive into the third year.

Development Awards: £500 awards to help young people overcome training and other obstacles to accessing education or employment – 60% are expected to go on to job related training or employment within three months.

Personal Development Programmes: a range of activities for the unemployed involving practical challenges, combined with practical support with a focus on training and employment – 50% are expected to go on to job-related training or employment within three months.

The vital role of local authorities – pathfinder joint ventures

39. We will also be looking at building on the best mechanisms to devolve delivery even closer to rural communities than recommended by Lord Haskins, and ensuring that all organisations – governmental, local authority and non-governmental – operate to best effect in partnership. We recognise the crucial role played by local authorities as community leaders joining up services to deliver high quality services to meet local needs and priorities and to support the development of sustainable communities. They will work with regional and local partners in the regional decision-making process and we wish to see these relationships strengthened. In addition to tasking and financing RDAs, we will therefore also, through the leadership role provided by the Government Offices, be investigating the scope for innovative joint ventures and ways of working at sub-regional and local level⁷:

⁷ In the event that any new burdens for local authorities were to emerge in due course, these would be reflected in a budgetary transfer in the normal way.

- a. Local Public Service Agreements (LPSAs) with local authorities have been used successfully to set local delivery priorities and targets. Second generation LPSAs will have a greater emphasis on partnership in delivery and Defra wishes to support the adoption of effective rural-proofed targets in new LPSAs. In addition, Government is considering more innovative approaches to local empowerment, including Local Area Agreements, helping to bring together funding and action available to a particular area from a range of sources, and target it more effectively at local priorities, with streamlined management and reporting processes. Defra will support this process, by carrying out a number of pathfinders with partners during 2004/05, aimed at testing mechanisms at sub-regional level to target resources and action to deal with social and economic issues in rural areas – linking in to associated countryside access and environmental issues. This will include looking at how best to integrate non-Defra, mainstream funding.
- b. Better partnership working is an essential pre-requisite for co-ordinated and well targeted interventions at the front line. This requires behaviours and attitudes focused on the customer, not on amassing or retaining power and funding. A major element of our piloting will be to tease out the issues around non-competitive, collaborative partnership working, with the aim of embedding and extending the application of the 'lead delivery agent' concept – where a number of partners agree on which of their number is best placed to deal with particular issues or sets of customers, on all their behalf.

Joining up across sustainable development

40. Both these initiatives – pathfinders at sub-regional/local level and the identification of 'lead delivery agents' – will help join up across the three pillars of sustainable development at all levels, including at the point of delivery to the customer. The Government Offices' role will be to provide the sustainable development 'glue' through their leadership and brokerage role at regional and sub-regional/local level.

Rural Advocate

41. The 'letting go' by central Government implied by the devolution of decision-making and delivery must, in turn, see a strengthening of the relationship between delivery bodies and policy-makers. The Government needs to be confident that the outcomes for which Parliament and the taxpayer hold it accountable are achieved through devolved delivery.

42. In the 2000 White Paper, the Government established the Rural Advocate to be the voice of rural people, to advise government on what was working in rural delivery, and what needed improvement. We judge that providing a strong link between policy and delivery is just as important now. At the regional level, Defra is looking to regions to determine how best to carry out this function to meet their needs. This may mean using or building on the Regional Rural Affairs Forums.



Accessing local job opportunities, Tiverton, Devon

43. At the national level, partnership between Defra Ministers and the Countryside Agency has achieved significant successes. Government Departments now rural proof their policies as a matter of course. This is a crucial way of ensuring equitable access to services for people in rural areas. But we are not complacent, and believe that the role of the Rural Advocate is as important now as ever. In the light of the better evidence we have about economic and social trends in rural areas we believe this role should be more clearly focused on social and economic rural disadvantage. And it should not be distracted by – or potentially have its impartiality affected by – delivery functions of its own. We have therefore decided to create, from the Countryside Agency, a small and refocused organisation, to provide strong and impartial advice to Government. This will be a new and distinctive role, building on the successes of the Countryside Agency and Lord Cameron of Dillington, as Rural Advocate, in rural proofing and challenging government. The new organisation, unfettered by delivery functions, will become the watchdog and advocate for rural communities and people in need. It will make rural disadvantage a priority. It will fulfil a need that no other organisation can do at national level, including monitoring the delivery of sustainable solutions. But its remit will also need to fit within a sustainable development umbrella, to ensure that in championing people, the relationship between people, their communities and their environment is enhanced not weakened.

44. The detailed size, design and organisation of the new Countryside Agency has yet to be determined. We will learn from high-profile and well-respected expert bodies such as the National Consumer Council and the National Employment Panel, although we would expect the New Countryside Agency to have a larger budget than these bodies; something approaching

£10 million. This will allow it flexibility, for example to hire in experts in particular subject areas, consider evidence from abroad, and commission specific thematic studies. Initially, the new body will remain largely based in London, but will in due course be located in a lagging rural area, to strengthen its links with its focus of effort, as well as with its interlocutors at regional and local level.

A stronger direct feedback from rural customers to Ministers

45. Both the New Countryside Agency and the Government Offices will provide a link back from regional to national policy-makers. But more is needed. The Government believes it is important that Ministers should reach out to hear at first hand the voice of rural people. In the 2000 *Rural White Paper* a national Rural Affairs Forum for England was proposed to provide a sounding board for Ministers.

46. But we believe a stronger relationship is needed with each region individually, if Ministers are to understand the differences as well as similarities across rural England. The Government will therefore build even closer links between the Regional Rural Affairs Forums and Ministers from relevant departments, with quarterly meetings with the Chairs of the Forums – including meeting in the regions. The Government believes this will provide Ministers with a greater understanding of what is happening on the ground in each region. In addition, to bring together the widest possible range of rural stakeholders as a sounding board for Ministers, we will also hold a major annual rural conference for national, regional and local organisations. These arrangements will build on and subsume the function currently performed by the Rural Affairs Forum for England.

Social Justice for All

Summary

People in all areas deserve access to high quality public services. For all rural areas, our strategy is to ensure that communities benefit from the Government's programmes to modernise and improve public services by ensuring that intelligent service delivery solutions follow from appropriate rural proofing.

People living in rural areas do not expect the same nature of service that those in some urban areas receive (e.g. proximity to certain service outlets). Our aim is to ensure fair access to services and that no one is seriously disadvantaged by living in a rural area.

Even in relatively affluent rural areas, there is a small but disadvantaged minority, whose needs are not always easy or straightforward to meet. Those particularly affected include the unemployed, those in insecure or part-time employment, others on low incomes (including some self-employed) and many elderly people. Defra's strategy is to work with other Government departments and delivery agents to ensure policies are appropriately rural-proofed to meet the needs of these individuals. Access to affordable housing is a particular priority.

The *Rural White Paper* identified the importance of a healthy civic society and committed the Government to supporting voluntary, community and parish council contributions to building social capital. We will continue to develop our policy in this area, as set out in Defra's September 2003 policy paper on Community Capacity Building and Voluntary Sector Infrastructure in Rural England. The objective of the programme is to enable everyone to play an active and full part in society by providing support for local volunteering, social capital, community action and voluntary sector provision of services in rural areas throughout England.

47. Our policy to ensure social justice in rural England has two strands:

- for the majority of rural England which is fundamentally prosperous our social priorities are to ensure **fair access to public services and affordable housing** (see paras 48-58); and
- in both more and less prosperous areas, to **tackle social exclusion wherever it occurs** (see paras 59-67).

Fair access to public services and affordable housing

48. Securing fair access to **public services** is a major challenge. The outcome should be accessible and good quality public services that meet the needs of a majority of rural residents; and better targeting that meets the particular needs of those with limited mobility and low incomes. An important aspect is to foster public, private and voluntary sector innovation to develop means of delivering cost effective services in rural areas, for example through joint location and delivery, outreach, mobile facilities and social enterprise. We must then 'mainstream' workable solutions with a particular focus on meeting the needs of those who depend most on such services.

49. As noted in Chapter 1, **transport** remains a key issue for improving access to services and thereby underpinning economic and social regeneration. Government investment in rural bus services over the past six years and the work of the Rural Transport Partnerships have led to an increase in the availability of public and community transport in many rural areas, but there is clearly more to do. Recent changes to the regulatory regime governing buses and the introduction of 'accessibility planning' in 2005 offer potentially significant gains for rural areas. Local authorities will for the first time be able to support the best mix of fixed bus services, flexible bus services and community transport to meet the needs of their residents and visitors. It is essential that this potential be realised. The recent consultation on community rail also suggests a way to improve the contribution of rail services to rural areas.

50. Where economic performance is strong, house prices tend to rise putting them out of the reach of many local people. The Countryside Agency's *State of the Countryside Report 2004* recently highlighted this, and also showed evidence of an increase in rural homelessness in some areas. There is therefore a pressing need for **affordable housing** that helps sustain mixed and viable rural communities. Planning policy supports this aim through special provisions to provide affordable housing in small rural settlements. Ministers' decisions on allocation of funding for affordable housing are informed by recommendations from Regional Housing Boards based on needs and priorities identified in Regional Housing Strategies. These strategies, which must be rural-proofed, ensure that housing investment links with other regional plans/strategies, e.g. on economic development and planning strategies, which promote sustainable communities.

51. The Sustainable Communities Plan, launched by the Government in February last year, set out a major programme of action to address shortages of affordable housing in rural and other communities. The Plan was backed by a £22 billion spending programme over the three years to 2005/06 underpinned by the five strategic priorities for Sustainable Communities.

52. More widely, in April 2003 the Government commissioned Kate Barker to conduct a fundamental review of housing supply in the UK and its impact on economic growth. Her main recommendation was that the supply of both market and affordable housing should be increased.

Sustainable Communities

The five strategic priorities for creating Sustainable Communities, which apply equally in rural and urban areas, are:

- delivering a better balance between housing supply and demand;
- ensuring people have decent places to live;
- tackling disadvantage by reviving deprived neighbourhoods and tackling social exclusion;
- providing better public services; and
- promoting development of English Regions by improving their economic performance so that all reach their full potential.

53. There are no simple answers to deliver more affordable housing but the Government will use planning policies, funding and support for locally determined solutions to help address the needs of rural areas – ensuring that mainstream programmes are effectively rural-proofed.

54. The case for accelerating the rate of housing construction is social and economic. But the government's approach must also integrate environmental concerns. We are committed to creating sustainable communities, which balance economic, social and environmental goals. We are also committed to making sure the location of housing is sensitive to the need to protect our countryside. That is why we place such importance on the Thames Gateway, and on designating growth areas rather than allowing piecemeal development. We will also design communities with a strong emphasis on green space, as we outlined in the *Thames Gateway Green Space Strategy*. New housing will also be built to high environmental standards, to reduce levels of energy and water consumption.

Action

Access to public services

55. We will continue to improve the 'rural proofing' of the policies and programmes of government departments and others. Fundamental to this is the need to improve the evidence base. Few providers of public services know how well they are delivering to rural people. By making rural performance public through regular reporting, we will provide the basis for a dialogue about what constitutes fair access to good quality public services in rural areas. To achieve this we will:



Mobile library services, Hampshire

- employ the new rural definition to add a rural data marker to service monitoring data, where it can be done without disproportionate cost or burden – this will provide better evidence of trends in rural services; and
- include a rural breakdown in regular Public Service Agreement reports and an analysis of progress in our annual report *Opportunity for All*⁸.

56. We will also:

- work with Government Offices and the Local Government Association to help local authorities to develop Local Public Service Agreements that benefit rural communities and support the delivery of sustainable development;
- work with those responsible for performance management of public services – the Audit Commission, the Commission for Healthcare Audit and Inspection etc – to ensure that the needs of rural people are considered appropriately;
- launch a new annual Rural Services Review in autumn 2004, incorporating revised and improved rural services standards; the national standards will be presented with advice to rural communities showing what action they can take themselves to improve access to services;
- task Regional Development Agencies to work with local authorities, and other regional, sub-regional and local partners to contribute to securing Defra’s target to improve access to services; and
- advise public service providers how to overcome the barriers to joint location and delivery, and drive through a programme of implementation.

57. Among the issues **deliverers** will have to weigh are:

- affordable housing
- local transport/accessibility
- post-16 education and training
- children’s services
- mental health services
- services for older people
- drug treatment and rehabilitation services
- business support services
- uptake of sport and recreation
- productivity of the tourism industry
- employment rates of disadvantaged groups
- road traffic accidents
- community engagement

⁸ *Opportunity for All* – available at: www.dwp.gov.uk/ofa/index.asp

Rural Proofing: Sure Start

Sure Start is a Department for Education and Skills (DfES) and Department of Work and Pensions (DWP) programme aimed at tackling social exclusion among young children. The Countryside Agency is represented on the National Evaluation group, and on the steering group for evaluation of mini *Sure Starts*.

29 of the 46 mini *Sure Start* pilots are in rural areas. This is an illustration of how the outcomes of a successful national initiative can be delivered in a flexible way, especially where – as is the case in many rural areas – social exclusion is not concentrated in large built-up areas but is dispersed among areas which generally have less need of support services.

In addition, the *Sure Start* unit has identified funding for 31 local authorities intending to develop *Children's Centre* services for disadvantaged isolated communities. *Children's Centre* services will offer integrated early education, childcare, health services and support, including advice on employment and training opportunities (in many cases, this will build on/develop existing integrated provision).

Affordable housing

58. Affordable housing is often said to be the highest of the above priorities (see para 57) for deliverers. We will:

- work closely with ODPM to develop our response to the recommendations of the Barker review;
- agree the strategies and targets for provision of affordable housing in rural areas based on working closely with the Regional Housing Boards;
- ensure that the valuable work of Rural Housing Enablers, which help local communities plan and deliver housing solutions, continues under the proposed new arrangements for directing support to the rural voluntary and community sector; and
- research the particular problems of shortages of affordable housing in rural areas.



Housing Trust development, Prideaux Gardens, Ockley, Surrey

Tackling social exclusion

59. Social exclusion exists in all rural communities – both in prosperous and less well off areas. In contrast with social exclusion in urban areas, which is very often concentrated in particular neighbourhoods, rural social exclusion tends to be more dispersed and therefore harder to identify. Our strategy is to target our efforts at socially excluded groups and empower them to improve their lives and communities. The voluntary and community sector are often better at doing this than statutory services. So we are funding the sector right across rural areas to improve its capacity to address the particular issues of social exclusion in their counties and at the most appropriate level.

60. In addition to this universal element we are already examining the role social enterprise can play in rural areas, as noted in Chapter 1. In taking this forward, we will investigate how well voluntary and community organisations can target those who are experiencing social exclusion and how they should best be supported. This means understanding the best ways to sustain the viability of their community, for example retaining a viable local shop, bringing services together under one roof or initiating local regeneration initiatives.

61. Since worklessness and low or insecure income are key factors in social exclusion, action to tackle these must run in parallel to delivery of our action to tackle low rural productivity covered in Chapter 1.

62. In the *Rural White Paper 2000* the Government stressed the need to ‘think rural’. This need remains, both to ensure that high quality public services are made available to all, and that the special circumstances and needs of the disadvantaged in rural areas are addressed. Our better evidence will now allow us better to pinpoint our efforts. In parallel, we need to ensure there is a strong voice for rural disadvantage (see paras 43-44).



‘Hail and ride’ rural bus, Lake District

Providing villages with the vital services they need The White Hart Inn, Blythburgh, Suffolk

A short time after the Davies family took over the management of the White Hart Inn, Suffolk, the village post office and shop closed. They decided to convert an old coal barn in the grounds of the pub to house a new shop and post office. The venture has been very successful due to both its location, which attracts a high level of passing trade, and the commitment and high quality services that the Davies provide. The shop is a regular stop-off for commuters who leave their shopping orders on their way to work and collect prescriptions, rent videos and DVDs, and drop off and collect dry cleaning. The Davies also use local producers to supply fresh provisions.

- At Blythburgh, the Davies have capitalised on their location on a busy through route to capture passing trade. They have built on this by offering customers what they want, thereby ensuring that passers-by as well as locals have become regular customers.
- When the old post office and shop closed, the Davies took the opportunity to keep the service running and add to their business enterprise.
- Full advantage has been taken of available grants, including the Redundant Building Grant, the former Village Shop Development Scheme, investment by Post Office Limited and money from the parish council.
- The Davies used their previous experience of establishing new bars and restaurants to seek out opportunities to develop the business.
- The entrepreneurial skills and business acumen of the couple has long been recognised by the local brewery, who are making a substantial investment in the future improvements to the pub.
- The friendly and efficient service provided in the shop and post office means more local people now visit the pub as well.
- The Davies have become heavily involved in village life and Mr Davies has recently become a Parish Councillor.

From *The Pub is the Hub* published by the Countryside Agency (CA 95)

Citizenship and communities

63. Defra will:

- task the Regional Development Agencies to regenerate the economically lagging areas, addressing social disadvantage alongside economic performance (see Chapter 1);
- support development of social enterprise both as a regeneration tool in disadvantaged areas and as a means of sustaining services in more prosperous areas for which the commercial market is weak. We will use available but underused (in a rural context) incentives and structures as a start. This includes new programmes working with the voluntary and community sector in rural areas, which we are launching as part of this Strategy⁹ offering support for social enterprise through an action research project (£1.5m) investigating the potential for the sector to become more sustainably funded by generating their own income to help meet needs and provide services;

⁹ These initiatives include the Phoenix Fund and incentives for Community Development Finance Initiatives which target deprived areas as defined by the bottom 20% of wards in the Index of Multiple Deprivation.

- work with the Department of Work and Pensions to increase uptake of financial entitlements by pensioners in rural areas;
- investigate how the needs of young people in rural areas can be better met by programmes such as *Sure Start* and lottery funding;
- sustain our¹⁰ investment in the rural voluntary and community sector to strengthen local capacity, in conjunction with the Home Office Active Community Directorate's wider capacity building and infrastructure strategy for the voluntary and community sector. The Government has received proposals from 38 voluntary and community sector consortiums, across the existing and former shire counties, outlining investment plans for their counties to improve the support available for frontline voluntary and community sector bodies. Each consortium will receive funding to invest in their county and additional funding will be available where there is clear evidence of need;
- work with ODPM to successfully deliver the Quality Parish initiative and strengthen parish councils generally. Our objective is to develop parish councils as drivers for local community action, services and regeneration; and
- increase the funding for the Rural Enterprise Scheme to £36m a year from 2005/06 (in line with previous commitments); this, together with other schemes from the England Rural Development Programme such as the Vocational Training Scheme and the Processing and Marketing Grant, provides real help to businesses and to the voluntary and community sector in rural areas.



Parish council meeting, Thakenham, West Sussex

¹⁰ SR2002 allocated an additional £10 million over 3 years for strengthening the voluntary sector in tackling rural social exclusion and to develop the role of social and community enterprise.

64. The Countryside Agency has done valuable work in taking forward social and community programmes. As part of considering the future for the Countryside Agency, Defra has reviewed such programmes and has decided to bring them together into a single funding programme, to allow greater scope to respond to particular local needs. We expect Rural Community Councils to play an important part in these future programmes.

65. Defra will increase the impact of our own programmes if we join them up with those of other departments, many operated through the Government Offices. We therefore plan to run Defra programmes and funding streams through the Government Offices for the Regions in the future. We will also consider how best to ensure continuity of the experience built up over the years by the Countryside Agency. Further discussions are needed on issues such as staff transfers.

66. We will support Government Offices in bringing together different funding streams, such as those of Defra and the Home Office, to ensure that the money is put to best effect to build capacity in communities. We will work with our partners to build on and improve programmes that have been run by the Countryside Agency and Defra so that work through Government Offices and the Rural Community Councils can effectively cover:

- community capacity building including the role of parish councils;
- multi-service outlets;
- use and state of community buildings; and
- infrastructure and capacity of the voluntary sector.

Proposals for this will be published by December 2004.

67. In view of the close links between social and economic development, the RDAs will need to be involved to achieve a joined up approach between their programmes and those operated by the Government Offices.

Defra grant used to restore Hindmarsh village hall Alnmouth, Northumberland

A 240-year-old village hall situated in Alnmouth, on the Northumberland coast, is being given a complete overhaul with the help of a grant from Defra's Rural Enterprise Scheme – to provide a focal point for community cohesion.

Hindmarsh village hall is a listed building and in previous incarnations it served both as a granary and a village church. The grant of almost £49,000 has enabled work to begin on the £130,000 revamp of the interior of Hindmarsh village hall marking the final phase of restoration work, which began with the exterior in 2001.

The hall is now used by a host of local organisations and groups for activities ranging from coffee mornings and country dancing to badminton and charity events. It is a well used community facility at the heart of Alnmouth village life.

Michael Buckley, Appeal Organiser with the Village Hall Committee, said:

"The Hall Committee has been working to raise funds to modernise and refurbish the interior to provide a lift, a new fully-fitted kitchen, new toilet facilities (including a disabled toilet), levelling or ramping of the ground floors and a staircase to the gallery, which is to be converted into a combined committee room, an office and an IT room."

As well as the support received from Defra, the project is also being supported by a wide range of other public and charitable bodies.

Enhancing the Value of our Countryside

Summary

The countryside provides many benefits. It is valued for its wildlife, landscape and cultural heritage and also tranquillity. Increasingly, many enjoy a better quality of life living in the countryside. It also provides clean water, air and other resources such as renewable energy that benefit us all – urban and rural inhabitants alike. For example, virtually all water reservoirs are in rural areas, and active floodplains reduce the risk of flooding in urban areas. For these reasons alone, improving the health of our countryside benefits everyone who lives in England, for now and for future generations.

The countryside has other unique qualities. Very large numbers visit the countryside each year due to the diverse recreational opportunities it offers for people of all ages in attractive surroundings.

There are significant public benefits to be gained from enabling more people to enjoy the countryside at first hand. Countryside recreation can, in particular, improve people's health and general enjoyment of life. Visitors play a big part in sustaining many rural businesses. And learning about our natural heritage is part of life-long learning, and – for young socially disadvantaged people in particular – can provide a source of enjoyment and interest that can help in the campaign to tackle crime and anti-social behaviour.

Our strategy is to enable more people from a wider range of backgrounds to enjoy the countryside at first hand, wherever they live or work. We aim to make the most of existing opportunities and of those provided by the creation of new access to open country and improved rights of way networks under the Countryside and Rights of Way Act 2000.

The enjoyment of the countryside, marine heritage and also the urban environment depends on protecting and enhancing all aspects of our natural heritage, whether it be farmland, rivers, hillsides, parks, moorland, herb rich meadows or cherished coastlines. While the protection of special sites is essential to improve the diversity of the natural species and wildlife that make England a rich and valued treasure, this must also be part of integrated management of our countryside. Agriculture and forestry have a particularly important part to play here: standards of agricultural management have a direct impact on the state of the rural environment, and on its economic and social value. The *Strategy for Sustainable Farming and Food* sets out a vision under which farmers can be rewarded – for sustaining and improving environmental assets – and thereby contribute to the economic future of the communities in which they live. And the *England Forestry Strategy* sets out how woodlands and forests can contribute to the achievement of the Government's sustainable development objectives. The establishment of an Integrated Agency will help ensure a joined-up approach to enhancing the value of our countryside.

68. The English countryside is of intrinsic value to people. It provides essential natural resources and services, on which both urban and rural England depend. As well as this fundamental underpinning of life, it also has a huge emotional pull for many. It is enjoyed by rural residents and visitors from across the UK and from overseas. For these reasons, the countryside is also the greatest asset for the rural economy. Not only do around 300,000 jobs depend directly on the quality of the natural environment, but many thousands of other businesses gain value indirectly from being located in the countryside.

69. Our strategy is therefore twofold:

- a. First, to continue to take action to **protect and enhance the rural and urban environments**. Partly through the new institutional arrangements and the devolutionary theme of this strategy, we aim to promote a more integrated approach to management of the natural environment. Also, through our strategies – such as the *Strategy for Sustainable Farming and Food* – we support sustainable agricultural and other policies and practices aimed at improving biodiversity and avoiding those actions that cause environmental, economic and social damage; and
- b. Second, to **enhance the value and natural beauty of the countryside for rural communities and for the benefit of society in general** – through making the countryside more accessible to all and promoting sustainable tourism, to contribute to the economic and social well-being of the nation.

Action: A new Integrated Agency to join up natural heritage and people

70. To meet these twin, mutually reinforcing objectives of conserving and enhancing the resource of nature¹¹ together with realising the social and economic benefits for people of so doing, we will establish an Integrated Agency comprising all of English Nature, the access, recreation, and landscape elements of the Countryside Agency, and the functions of the Rural Development Service focused on improving environmental land management, including through the disbursement of EU grants.

71. The establishment of a single independent statutory organisation championing integrated resource management, nature conservation, biodiversity, landscape, access and recreation will be a significant step forward, building on the world-class strengths and scientific and other expertise of the existing organisations. The new organisation will own a wide range of levers and interventions to improve the quality and accessibility of our countryside, as well as of green spaces in our towns, and along our coasts. The Forestry Commission in England will be closely engaged with the new Agency, to ensure a comprehensive and coherent approach to land management, whether woodland or not. And the new Agency will work closely with the Environment Agency to maximise the impact of activities to protect the environment, for example to take joint action to tackle diffuse water pollution. It will also ensure that policies and support to farmers and land managers help to address the climate change challenge.

72. There are strong regional and local components both to protecting the rural environment and to developing the countryside as an economic and social asset for our and future generations. The Integrated Agency will collaborate with a wide range of partners to deliver successful action on these issues. For example, it will work with the RDAs at regional level to help ensure that spatial strategies deliver economic benefit through good environmental practice, and vice versa. At local level, the Integrated Agency will work with local authorities on improving access opportunities. Addressing such issues will be a key component of the enhanced regional co-ordination mechanisms described in Chapter 1.

¹¹ Nature includes wildlife, geology, geomorphology, landscape and natural beauty.

73. The benefits of an Integrated Agency will be many. As well as being a strong national champion it will provide:

- a stronger, unified voice at regional and local level, so that the conservation aspects of decisions are considered at the very earliest stages of decision-making, and natural resource protection and sustainable land management issues are reflected in broader regional strategies and frameworks;
- a stronger, more coherent evidence-base for informing policy and influencing land managers, looking across the board at the drivers of environmental protection, improvement and biodiversity – and using incentives and other levers to address the entire range – from meadow management to carbon sequestration;
- increased opportunities for everyone to understand, enjoy and benefit from the natural environment, in parallel with the implementation of the Countryside and Rights of Way Act; for example, by providing a single government lead on access arrangements (including that provided as part of our agri-environment schemes) to which local authorities as principal service deliverers can relate more easily;
- better sustainable management of the environment at the landscape-scale and improvement in the long-term health and functionality of natural systems on land and sea;
- moving away from a 'silo' based approach to a more flexible integrated, sustainable approach to management of the natural environment. And in tune with the devolutionary nature of this strategy, the Integrated Agency will be free to work together with a range of partners – from the public, private and voluntary sectors – to tackle problems according to natural rather than administrative boundaries. The Agency will want to build on current good practice in this area, for example the High Peak Catchment partnership;
- coherent promotion of the wider social benefits of the environment across rural, urban, urban fringe and coastal areas, for example, through developing links to education, health, community development and the combating of crime and anti-social behaviour¹²;
- better opportunities to promote and exploit the part that a high quality environment plays in delivering social and economic benefit, e.g. tourism, resource productivity, inward investment;
- a clearer framework for resolving potentially conflicting objectives between conservation and the use and enjoyment of our natural environment;
- more effective and simpler relationships with land managers, through the development of a single 'shop window' for customers for environmental schemes and advice; and
- efficiency savings through shared corporate services and operational synergies.

Sustainable development remit for new Integrated Agency

74. The Integrated Agency and its constituent parts, both from 1 April 2005 and when formally and legally established through statute, will have a remit to carry out its functions within a sustainable development context.

¹² Such as the work English Nature does in partnership with Phoenix House (an organisation in the Derbyshire Dales National Nature Reserve that helps substance misusers end their dependence and rebuild their lives) to help enhance the well-being of participants through working alongside a conservation officer on projects such as building dry stone walls as part of recreating a hay meadow for people to walk through on a footpath and enjoy.

The Integrated Agency – purposeful action plan

75. Formal creation of the Integrated Agency as a statutory Non Departmental Public Body (NDPB) will require primary legislation. The government intends to bring forward legislation as soon as practicable, and to publish a draft bill as an early step. On 1 April 2005, to maintain rapid momentum towards the full Integrated Agency, the constituent parts will come together to create a purposeful and determined confederation of partners, working jointly under a common overarching vision and purpose, but with each body responsible for fulfilling its own statutory duties within that partnership. Formally employed by their own parent organisation, the staff of the ‘confederated’ Integrated Agency will, during this formative phase, drive forward the process of working as a single partnership team. We will begin the process of providing common terms and conditions for staff, so that there are no artificial barriers to staff interchange and staff can work alongside each other in the closest partnership. We will build on existing good practice, and set up pilots to test new ways of working. And we will achieve operational benefits through co-location of staff, to improve ways of working and better meet business needs. The creation of the Integrated Agency will also deliver efficiency savings that will allow reinvestment in the front line – for example, through rationalising, over time, current estates holdings within each region.

76. This formative period of the closest partnership working will, as well as bringing delivery benefits, allow us to test our ideas for the statutory functions and powers required in the draft bill, to see if we might need to add to existing powers, in order better to preserve and open up our natural heritage. Subject to parliamentary time and other considerations, we would look formally to vest the Integrated Agency by the beginning of 2007, to coincide with the introduction of the new EU Rural Development Regulation. In parallel, on 1 January 2007, the Regional Development Agencies will take control over the project-based schemes of the England Rural Development Programme (ERDP) currently managed by the Rural Development Service, as outlined in Chapter 1. Other elements of the Rural Development Service that do not belong in the Integrated Agency will be transferred elsewhere within the Defra family; work will be set in hand urgently, involving the staff affected. In the meantime, the governance arrangements for the Rural Development Service will be strengthened from 1 April 2005, to provide greater devolution and allow it to operate outside Defra’s policy core as an equal partner alongside the two NDPBs that, together with it, will comprise the ‘confederated’ Integrated Agency.

77. The name of the Integrated Agency will be settled in due course, as part of the process of developing the cultural strengths of English Nature, the Countryside Agency and the Rural Development Service into a new and more powerful joint enterprise. The new agency will be around 2,300 strong, and will have a national, regional and local structure. It will have offices in all nine regions.

Streamlined funding programmes

78. We will also bring together into a streamlined programme the funding schemes used to protect and enhance our countryside, woods and forests. This Environmental Land Management and Natural Resource Protection Funding Programme will include the agri-environment schemes of the ERDP and other, nationally-funded grant schemes. It will support the delivery of PSA targets on the natural environment, biodiversity, and public access, and more generally on the sustainable use of natural resources.

79. The creation of the Integrated Agency, providing a strong partnership with the Forestry Commission, English Heritage and Environment Agency, will allow this 'natural resources' funding programme to be used in a flexible and coordinated way to deliver outcomes on the ground, by all delivery bodies. The Integrated Agency will also work in strong partnership with the National Parks, Areas of Outstanding Natural Beauty, local authorities and non-governmental partners to ensure that effort and funding is focused on delivering benefit to customers – whether land managers or the taxpayer – on whose behalf the Integrated Agency acts as guardian of our rich and diverse natural heritage.

80. For example, the streamlining of our delivery organisations through the creation of the Integrated Agency will make it easier to develop a catchment-based approach to encouraging farmers to adopt changes to farming practices, using a range of levers from agri-environment incentives, cross-compliance, advice and support, underpinned by regulation. Catchment pilots are being developed between the Environment Agency, English Nature, the Rural Development Service, and National Farmers Union. We intend to build on and extend such joined-up approaches.



Conserving our natural environment © RSPCA

Other actions

81. Working with the new Integrated Agency, the Environment Agency, Forestry Commission, English Heritage and regional and local partners, Defra will:

- open up access to mountain, moor, heath, down and registered common land region-by-region between September 2004 and the end of 2005;
- encourage owners to dedicate other land for public access, including the Forestry Commission freehold estate;
- integrate rights of way improvement plans into local transport plans in 2005;
- open the Cotswold Way National Trail by the end of 2005;
- put an action plan on diversity in place in 2005/6 in the light of the Countryside Agency's Diversity Review findings, to enable more people from diverse backgrounds to make informed choices about taking up recreation opportunities in the countryside;
- examine the feasibility of developing a National Countryside Access Database to provide better quality information through a one stop shop for the public to find out about rural leisure opportunities;



Learning about the countryside, Cudham Environmental Activities Centre, Kent

- work with schools and outdoor education providers to promote a greater understanding and appreciation of the countryside through initiatives like the Farming and Countryside Education, Growing Schools, Forest Education Initiative and Forest School;
- promote, through the Countryside Agency and then within the new Integrated Agency, a new Countryside Code, to make people more confident about how to behave in the countryside and themselves become guardians of our natural heritage;
- work with England's National Park Authorities, Regional Development Agencies, local authorities and others to develop sustainable tourism policies;
- encourage woodland owners to consider diversifying into recreation and tourism under the Regional Forestry Frameworks;
- work with the Department for Culture, Media and Sport in updating the main national tourism surveys to ensure that the data sets have a suitable rural data marker, so as to improve the evidence base of rural tourism trends; this will provide information on which to base effective interventions; and
- identify and share best practice of examples where individuals and businesses are making economic returns from the environment in the long term while successfully protecting and enhancing it.

Protecting the rural environment

82. Defra's objective to protect and improve the rural, urban, marine and global environment requires action on many fronts. The rural environment sustains us all, in rural and urban areas alike: its protection and enhancement is essential for our quality of life. And poor land management practices, such as those that result in diffuse pollution of rivers, cause major costs to the nation as a whole – the majority of water users are urban dwellers or employers.

Priority areas for action

Many initiatives are in hand to enhance the environment. Some of the key ones are highlighted below.

Climate change is one of the most serious environmental problems the world faces. Floods, storms and droughts here in the UK and across the world show clearly how vulnerable we are to climate extremes and how high the human, environmental and economic costs can be. Some climate change is now inevitable, but the worst effects can be avoided if the world acts now to reduce greenhouse gas emissions. The UK plays a leading role in the fight against climate change and the Government continues to press for a strong global response to the problem. It has reinforced its commitment to action by setting tough emission reduction goals at home and introducing a comprehensive and far-reaching package of measures to achieve them. The UK Climate Change Programme sets out the Government's and the devolved administrations' approach to the challenge of climate change.

Biodiversity is valued for its own sake, and recognising its potential for future generations. In October 2002, Defra published *Working with the Grain of Nature – a Biodiversity Strategy for England*. The Strategy aims to ensure a holistic approach to nature conservation and sets out a challenging agenda for action to meet our aim of halting the loss of biodiversity by 2010. Indicators have now been identified to measure progress in implementing the broad range of objectives. Wild bird populations are a good indicator of the broad state of wildlife and the countryside: overall there has been a 13% increase in populations since 1970 but there was a severe decline of over 50% in farmland birds by 1995 which has since begun to stabilise.

Our **water** supply and quality depends on proper management. There have been significant improvements in recent years, especially as a result of investment in sewage treatment by the water industry. But diffuse pollution from agriculture and other sources, where much less action has been taken, remains a major problem. The EU Water Framework Directive sets a framework for integrated, long-term and sustainable water management. Its objective is that water bodies (inland and coastal) should reach 'good ecological and chemical status' by 2015. Action must be integrated into plans and packages of measures for each river basin, which must be drawn up with full public participation. The Environment Agency will be publishing later this year its first estimates of the proportion of water bodies at risk of not meeting the objectives of the Water Framework Directive.

Flood risk will increase with climate change and increased development/wealth, and our response to this will potentially affect both rural as well as urban areas. The Government is currently developing a new strategy for flood and coastal erosion risk management for England in the light of drivers for change, including climate change and development pressures. The new strategy will take a long-term look across all Government policies as they affect flood and coastal erosion risk. A consultation exercise is planned for late summer 2004 and it is hoped to launch the new strategy in early 2005.

Priority areas for action *continued*

Soil is increasingly recognised as an important resource. Defra has developed the first *Soil Action Plan for England* with key partners. This is the Government's commitment to carry forward a programme of work to improve the sustainable management of soils by the full range of land users in order to protect soil's ability to perform a multiplicity of functions for society. The 52 actions in the Action Plan are complemented by a report published in May 2004 by the Environment Agency on the *State of Soils in England and Wales*¹³.

Air quality has improved over the last decades as a result of improved emission controls, particularly on industrial and transport emissions. In rural areas air pollution increased in 2003 because of increasing low-level ozone pollution, which is produced in hot, sunny weather, from emissions in the rest of Europe as well as the UK, as was the case during 2003. The Government is reviewing the *Air Quality Strategy* to ensure continuous improvement in air quality.

Role of agriculture and forestry

83. In addition to these generic policies, achieving more sustainable farming, and sustainable forestry management is particularly important to protecting the countryside and enhancing biodiversity.

84. The *Strategy for Sustainable Farming and Food* was published in December 2002, in response to the ideas set out in the Curry Commission's report on Farming and Food. The Strategy sets out a vision of a farming industry which is not dependent on output-related subsidies to produce safe, nutritious food; where the land is managed in such a way as to recognise its many functions, from production through to recreation; and where we seek to promote biodiversity. It is being delivered both through national action and a wide range of projects developed by regions to meet regional-specific needs.

85. The farming industry has developed a clearer understanding of how the landscape and biodiversity it can provide can also contribute to its own economic future. Farm businesses will have to prepare for a future where they are able to stand on their own two feet, and are rewarded on the basis of the goods and services they provide. Part of that future lies in public payments for public environmental goods, through agri-environment schemes. In addition, CAP reform, from 2005, will introduce payments to farmers linked with environmental and other public benefits. But it is also important to maximise the economic benefits rural businesses and communities can derive from improved environmental management – not just in terms of tourism, but also in marketing niche and quality food products and in terms of attracting other businesses to locate in rural areas. Furthermore, good land management that respects both landscape value and biodiversity can provide an environmental asset which helps to sustain rural tourism, which can help to market food, timber and other products from the land more effectively, and which rural and other communities can enjoy. Examples of innovative ideas are the Countryside Agency's 'Eat the View' programme, linking landscape conservation with

¹³ The report on *State of Soils in England and Wales*, is available at: www.environment-agency.gov.uk/commondata/105385/stateofsoils_775492.pdf

Chapter 3

economic exploitation of farming products for local economic and community benefit, and the Environmentally Sensitive Areas and Countryside Stewardship schemes (part of the ERDP) that encourage the restoration and protection of dry stone walls and hedgerows. Under these schemes, around 1,300 miles of dry stone walls and over 17,500 miles of hedgerows have been restored. Funding from the Environmentally Sensitive Areas schemes has also been used to encourage wildlife, for example in Beaumont by creating an area of shallow wetland that – barely a year later – has brought huge benefits to birdlife, including six pairs of nesting avocets.



Farmland, Townend, Lake District

86. As part of the *Strategy for Sustainable Farming and Food*, the introduction of a new structure for agri-environment and woodland grant schemes will mark a further shift away from farm subsidies, and towards payments for public services. As a first step, we have developed a new two-tier Environmental Stewardship Scheme with a broadly available Entry Level component and a flexible Higher Level component that builds on the most successful elements of the existing schemes and develops them further. Although the Higher Level Scheme will be available nationally it will be flexible and delivered at a regional level.

87. The new English Woodland Grant Scheme has been developed to complement this two-tier agri-environment scheme. It will support the sustainable management and improvement of existing woodlands and the creation of well-designed new woodlands. In line with the Government's policy of increasing regional decision-making and delivery, the English Woodland Grant scheme has been developed in a flexible way to meet the priorities emerging from the development of Regional Forestry Frameworks.

88. A programme of action to take forward the *Strategy for Sustainable Farming and Food* and the *England Forestry Strategy* is set out in those documents, so it is not repeated here.

The England Rural Development Programme

The ERDP, launched in October 2000 and providing a total of £1.6 billion in the seven years of the programme, sets a framework for the operation of a number of separate but integrated schemes aimed at:

- helping farmers and foresters respond better to consumer requirements and become more competitive, diverse and environmentally responsible;
- providing help to rural businesses and communities, which need to adapt and develop;
- making a significant contribution to the Government's plans for bringing about change in rural areas as it takes a broad view of the needs of rural areas and communities; and
- placing a strong emphasis on addressing regional and local issues and on encouraging and developing ideas at grass roots level.

The Programme also plays a crucial part in meeting Defra's aim of sustainable development and its objectives, by contributing to:

- economic prosperity through sustainable farming and food; and
- thriving economies and communities in rural areas and a countryside for all to enjoy.

ERDP achievements to date include:

- over 72,000 vocational training days supported;
- 1,215 Rural Enterprise Scheme projects approved, including almost 100 projects aimed at enhancing public access and enjoyment of the countryside;
- 1,300 miles of dry stone walls and over 17,500 miles of hedgerow restored;
- 44,500 miles of grass margins established;
- 110,404 hectares approved for conversion to organic production; and
- 20,368 hectares approved for the creation of new woodlands.

The funding framework for agri-environment schemes will be rationalised and enhanced in 2005 with the introduction of the new Environmental Stewardship Scheme. The forestry schemes will also be improved and integrated in the new England Woodland Grant Scheme. The funding framework will be further rationalised in future, as part of our streamlining of funding programmes.

Promoting the enjoyment of our countryside's natural beauty

89. The countryside is attractive to most people and enjoyed by many. In 2001, 80% of respondents to the *Survey of Public Attitudes to Quality of Life and to the Environment* had visited the countryside for pleasure in the previous twelve months. The main activities undertaken on countryside visits are informal or 'non-commercial'. Walking is by far the most popular: 52% of respondents to the *Great Britain Day Visits Survey 2002/3* had gone walking, mainly for less than two miles. Other activities included cycling, playing sport, angling, hobbies, visiting heritage sites and parks and gardens, and visiting friends and relatives.

90. One aim of our policies is to provide better access to the countryside and to enable more people from a wider range of backgrounds to enjoy its benefits. The Countryside and Rights of Way Act 2000 has provided some major new opportunities, both 'on the ground' and in terms of strategic planning. It will introduce a new right of access on foot to open countryside and to common land. Rights of way improvement plans – implemented by local authorities – will provide better networks for a range of users, especially cyclists and equestrians. Local access forums will play a major part in ensuring these and other aspects of recreation provision work well.

91. There is clear evidence that some groups of people visit the countryside less often than others or not at all. For example, 97% of visitors to National Parks are white and 70% are over 35. The Countryside Agency is investigating what can be done to provide more opportunities for disabled people, black and minority ethnic people, people who live in inner city areas, and young people to enjoy countryside recreation. This is taking place under the Countryside Agency's Diversity Review.

92. Visiting the countryside can do much to improve people's physical and mental health, and general enjoyment of life. There is, for example, clear evidence that regular walking can dramatically reduce the risk of certain illnesses. Our policies are particularly focused on encouraging more people to become more active in the countryside as part of the Government's overall health agenda. To this end we will invest in ensuring that those living in deprived urban areas become aware of such benefits.



'Green Gym' – older people volunteering in The Saltings, West Sussex

93. Overall, rural tourism supports around 380,000 jobs and 25,000 small and micro businesses in rural England, contributing around £13.8 billion annually to the rural economy. As part of the programme of reform since Foot and Mouth Disease in 2001 (which demonstrated the importance of tourism to the rural economy) the Regional Development Agencies have been given strategic responsibility for tourism in their regions. They have been asked to embed tourism into their regional economic thinking and to make links between tourism and other regeneration and skills strategies, for example, on transport and planning. To this end the RDAs are producing and implementing sustainable tourism strategies for their region.

94. The RDAs are particularly well placed to help rural tourism businesses overcome the challenges they face from their dispersed nature and so improve their competitiveness and productivity. They can do this by encouraging investment in skills, training and quality improvements. The RDAs are also uniquely placed to help rural businesses take advantage of the internet by supporting the EnglandNet project. EnglandNet will provide consumers with quality-assured online tourism information, and give tourism businesses a channel for selling their product electronically. By using the power of the internet, EnglandNet is highly applicable to small rural tourism businesses. A specifically rural component of the work is 'animation', a programme to develop the IT awareness, skills and capacity of rural businesses.

- 95.** The current Beacon Council scheme *Promoting Sustainable Tourism* also shows how local authorities can make tourism work for the benefit of residents, visitors, industry and the environment; rural and urban areas alike can benefit from this exchange of knowledge and best practice.
- 96.** All in all, the attractiveness and tranquillity of the countryside, underpinned by Defra's investment in the maintenance and improvement of key environmental assets, continues to represent a major opportunity for rural businesses in the recreation and tourism sector. Visitors can do much for the prosperity of places they visit. Research by the Countryside Agency in 2003 showed, for example, that the South West Coast Path generated £307 million income in a year for the regional economy.
- 97.** Exploitation of this growing leisure market by rural businesses helps to strengthen and diversify local rural economies and aid their adjustment to the declining role of mainstream agricultural production within the rural economy. Support for countryside-based sport and recreation businesses, together with associated businesses providing accommodation and local foods create additional income, sustain existing jobs and generate additional employment opportunities.

Countryside Gateways

'Countryside Gateways' is a pilot project to link a series of existing walks through public rights of way, permissive paths and bridleways, over farmland and countryside involved in England Rural Development Programme agri-environment schemes throughout the North East of England. The partners in the project are Defra's Rural Development Service, the Countryside Agency, local authorities and user groups in Durham and Northumberland, with advice from English Nature.

Through Countryside Gateways, Defra and its partners are working with farmers and landowners to protect the features that are important for the countryside, its people and its wildlife, while at the same time enabling easier access to them. The creation of the new Integrated Agency, building on the experience and expertise of English Nature, the Countryside Agency and the Rural Development Service, will make it much easier to implement cross-cutting initiatives of this sort.



Enjoying the countryside, West Burton, Yorkshire

Summary of the Delivery Reforms

98. The new delivery arrangements described in Chapters 1-3 adopt and build on the principles set out in Lord Haskins' *Rural Delivery Review*. They are aimed at delivering services in a more streamlined, customer-focused way by a smaller number of organisations, with clearer, and therefore more accountable, roles working in partnership within an overarching sustainable development framework.

99. We have set out our action plan at Annex C in the form of a recommendation by recommendation response to Lord Haskins. In summary, the main elements of the delivery reforms are:

- a. **Rationalised funding programmes.** There are currently around 100 rural funding schemes by which grants are provided to beneficiaries. Defra will reduce these to three major funding programmes linked to Defra strategic priorities:
 - Rural Regeneration
 - Agriculture and Food Industry Regeneration
 - Natural Resource Protection

Through this rationalisation process Defra will sweep away a huge number of (sometimes overlapping) rules and regulations that currently surround each funding scheme and which can frustrate customers as well as staff. A very small number of funding programmes will also allow greater flexibility of decision-making at the front line, to best address the particular needs and benefits sought.

- b. **More professional and streamlined support for rural people, targeted on their needs.** Defra will work with DTI, the RDAs and others to ensure that the national network of advice and support provided through Business Links and other business support providers meets the needs of rural businesses. This year, we are putting an extra £2 million into Business Links to improve support for the economically lagging rural areas. In 2005 we will participate with the Small Business Service and the Regional Development Agencies in a rural pilot to join up a wide range of services. Our aim is to ensure that a quality 'first port of call' service is available to rural businessmen and women that is tailored to their circumstances. This will include learning from existing good practice, including partnership working. We will be seeking feedback from rural businesses to check that their needs are being met.

In parallel, and to underpin a better, more accessible service, Defra will streamline and professionalise the information services available on grants and support available from Defra and its agencies. This task will be greatly aided by the rationalisation of funding streams.

We will also commission – with the Devolved Administrations – an independent and fundamental review of the role of the five statutory, producer levy-funded organisations covering the various agricultural sectors (meat, milk, cereals, potatoes and horticulture). This review will address strategic questions such as the extent to which existing organisations and functions remain appropriate, including whether a statutory levy should be retained; whether existing bodies might be merged; the relationship with non-producer parts of the chain; the interface with Government; and the inter-relationship with other private and public sector bodies in the agriculture, food and rural arenas. The underpinning context will be an assessment of the needs of both the industry and Government as the UK moves through very significant changes for agriculture and food supply chains in general – not least the implications of the June 2003 CAP reform agreement. The review will be asked to report in 2005.

c. Clear responsibilities for policy and delivery and hence better accountability.

Defra will assume full responsibility for rural and environmental policy functions, including the policy functions of the Forestry Commission in England. This will allow Defra better to address strategic issues across the board. Defra is also reviewing its policy-making function for the future.

We will continue to devolve delivery responsibilities from core Defra. The Rural Development Service will move from the policy core of Defra and be given a substantially greater degree of autonomy from April 2005, as part of making rapid progress during the transition to the Integrated Agency. Our delivery organisations will be better empowered to provide expert advice to policy-makers, with close working relationships between policy-makers as 'intelligent customers and demanders' and the front line.

At the local level, we will encourage the spread of existing good practice in the identification of a 'lead delivery agent' within a partnership, to avoid overlap of responsibilities and provide a clearer focal point for the customer. And – given the vital role of local authorities as community leaders – we will conduct a number of pathfinders at sub-regional level to look at innovative delivery solutions at the most devolved level.

d. Better mainstreaming of the Government's response to rural socio-economic needs, and better targeting of deprivation in lagging rural areas through the devolution of decision-making to regions and of funding to RDAs.

Defra will devolve some £21 million additional socio-economic funding, previously disbursed by the Countryside Agency, to the RDAs' Single Pot. We will also, from January 2007, devolve to the RDAs control of the EU social and economic schemes of the successor to the England Rural Development Programme (ERDP); to ensure the EU funding is joined-up with other rural regeneration and sustainable farming and food programmes. In the meantime, we will involve RDAs in decision-making in relation to the current ERDP.

To ensure that decisions on rural requirements and funding are taken in a joined-up manner, including with spatial and other regional strategies, but reflect the particular regional circumstances, we will empower the Government Offices to broker and bring forward proposals for arrangements at the regional level that meet our policy principles.

Key to these new arrangements will be the adoption of mechanisms to provide the 'Rural Priority Board' prioritisation function envisaged by Lord Haskins; and the strengthening of the Regional Rural Affairs Forums or some similar institution to provide a strong voice into the regional decision-making process from the customer perspective – for example on the quality of support provided to rural businesses. Also important will be the involvement of key delivery partners such as local authorities in the regional decision-making process. And the processes put in place should build on existing mechanisms, and build on good practice in relationship-building and partnership ways of working.

In addition, and in order better to join up with other programmes for the voluntary and community sector, which help ensure capacity for tackling social exclusion and achieving renewal and regeneration, Defra will run its programmes through the Government Offices (up to now this has been through the Countryside Agency).

- e. **Thinking 'rural', accepting regional variation, but holding to account against national standards.** Devolving regional decision-making on the delivery of social and economic regeneration to RDAs, working in close partnership with local authorities and others – and avoiding imposing the same institutional solution on all regions – will help address regional variations in a more sophisticated way. This needs to be matched by a strong performance management framework. Defra will expect to see robust performance management arrangements for our delivery partners.

To provide challenge to Government and fresh thinking on rural solutions, the Countryside Agency will be refocused as a New Countryside Agency – a small expert body providing expert advice to government and advocacy on behalf of rural people and businesses, especially those suffering disadvantage, and monitoring results. It will no longer be distracted from this important charge by delivery functions.

The Government will also strengthen the link between Ministers and rural people in the regions, by developing a closer relationship with Regional Rural Affairs Forums and their Chairs. This will help Ministers understand the differences as well as similarities across rural England, seen from customers' perspectives. Defra Ministers will also hold an annual rural conference to hear a broad range of views direct from rural stakeholders from national, regional and local organisations.

- f. **More coherent and effective environmental outcomes through organisational streamlining.** English Nature, the landscape, access and recreation part of the Countryside Agency, and the environmental functions of the Rural Development Service will be brought together into an Integrated Agency with a remit across England's rural, urban and marine environment. The Integrated Agency will be a statutory executive NDPB. It will deliver stronger, more coherent management of our natural environment, with general land management improvements supporting the delivery of biodiversity PSAs; and with public access to, and the sustainable management of, our natural heritage addressed as mutually reinforcing aims. The agency will work closely with key partners, including the RDAs and others at regional level, but also with the Environment Agency, English Heritage and the Forestry Commission in England, and with local authorities. Prior to primary legislation, English Nature, the Countryside Agency and the Rural Development Service will continue to deliver their respective statutory duties, and will come together as a strong and tight confederation of partners, working jointly to achieve a common overarching vision and purpose that they will now develop.

- g. **Sustainable development proofing the delivery arrangements.** All delivery bodies should seek to work in partnership to achieve sustainable outcomes. It is right for each delivery organisation to have a primary economic, social or environmental remit – this provides focus and avoids confusion and overlap. But by coming together in partnership within a shared sustainable development framework, such organisations and bodies can integrate their goals towards sustainable rural communities and countryside.

The Government Offices, with their cross-cutting leadership and brokerage role, will have a key part to play in ensuring that processes and programmes are coordinated within a sustainable development framework. The New Countryside Agency will, through its contacts at regional and local level, report on achievement on the ground in rural communities, in a sustainable development context.

100. These new arrangements, as they are introduced, will be evaluated to ensure that they do indeed bring benefits to:

- rural businessmen and women – who for example will spend less time filling in forms; will be helped through to sources of advice and assistance more quickly; and will be able to build better working relations with a smaller number of delivery organisations;
- people living in the countryside – for whom decisions by government will be more relevant because taken closer to the ground; and who will have a strong expert body focusing exclusively on them, especially those suffering disadvantage;
- people enjoying the countryside – from a single, coordinated approach to conservation and access looking for the ‘win-win’ solutions;
- for the environment – from a more coherent, area-based approach to addressing the health of the environment and improving biodiversity;
- for the taxpayer and society as a whole – from more efficient and effective administration, and decisions taken closer to communities where they are more likely to deliver the right outcomes; and
- for staff in the bodies in question – who will have greater freedom and responsibility to make things happen and to make a difference.

101. Taken together, this package of reforms and the benefits they will bring, represent a step change in the delivery of rural policy and services. The Government looks forward to working with partners at national, regional and local level to make the changes happen – and so be better placed to deliver on the priorities set out in this Rural Strategy.

New Rural Definition

Background

1. In 2002 a review of urban and rural area definitions in use by government¹ concluded that existing definitions failed to describe rural areas satisfactorily as a basis for analysis and targeting policy delivery. Work triggered by the review to produce a new definition now provides a means to describe modern rural England² so that we can apply the available evidence to help target policy to those groups, communities and businesses who most require support.

The basics of the new definition

2. Until now, in the case of rural areas, there have been two main types of definition in use: one based upon land use and derived from the urban areas definition, the other based upon a social and economic classification of local authority districts subsequently extended to electoral wards. The report recommended that since measures of social and employment structure no longer clearly distinguished urban and rural areas (for example, because of declining employment in agriculture in rural areas), the best way forward was to focus on land use derived in such a way as to identify rural settlement patterns comprised of small rural towns, villages, hamlets and scattered dwellings.

3. Since there was no land use information comparable with that for urban areas identifying small settlements, the latter were built up from individual addresses derived from the postcode system – the only source capable of providing both the national comprehensiveness and the high level of geographic detail required. The new rural definition consists of two parts:

- the *settlement morphology* comprising all places under 10,000 population comprising small ('rural') towns, villages and scattered dwellings; and
- the wider geographic *context* in which individual settlements are located i.e. whether the wider area is defined as being 'sparsely' populated or not.

4. Settlements and context are identified on a grid consisting of one hectare cells. This grid is the foundation of the definition. As an example, the depiction of settlements on part of this grid is shown in Figure 1.

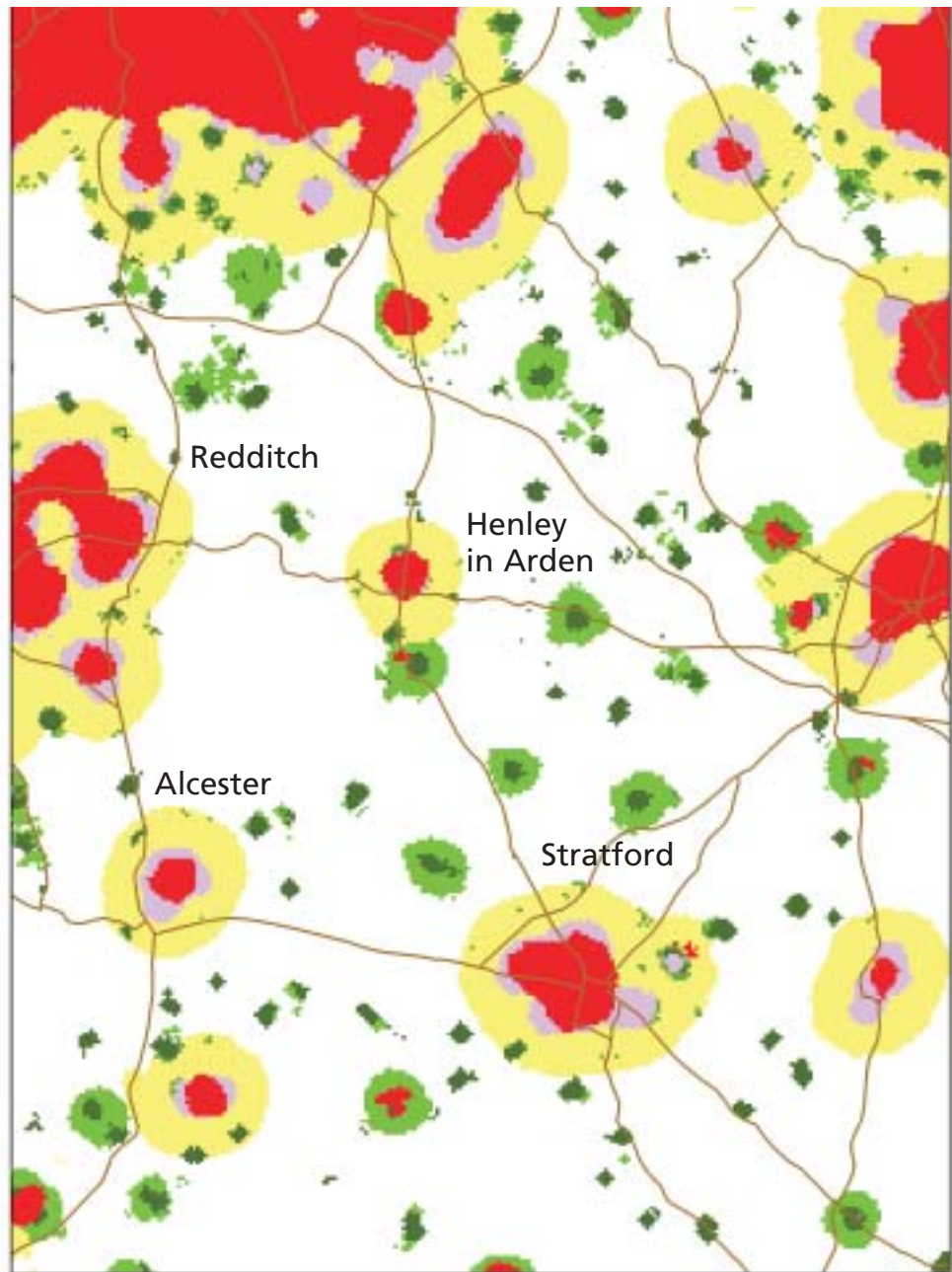
¹ Department for the Environment, Transport and the Regions 2002.

² A joint Defra, Office for National Statistics, Office of the Deputy Prime Minister, Welsh Assembly and Countryside Agency project.

Figure 1: Henley in Arden – a rural town identified by density profiles

Typical household densities
(dwellings/hectare)

- 1600m scale: 2.1
- 800m scale: 7.3
- 400m scale: 18.3



5. Figure 1 shows how the new definition can be used to build up an accurate local map of rural settlements, ranging from small rural towns, such as Henley in Arden (c 1,400 dwellings), villages and smaller hamlets and isolated dwellings.

6. 'Sparsity' refers to the broader setting in which settlements are located and is measured as the average density of households across areas of radius 10,000m, 20,000m and 30,000m.³ These distances were chosen so as to broadly represent the costs of overcoming distance in the delivery of different types of rural service. An area is considered 'sparse' if it meets a minimum density criterion on all three distance measures (see Figure 2 below).

³ More accurately, each 1ha grid forms the centre of the calculation of these average densities.

Figure 2: The combined sparsity map

Dark blue: 'sparse' at all three geographical scales – 30km, 20km, 10km – used to devise the context measure for the rural definition.



Classifying rural areas

7. Having classified individual cells, the next step is to categorise the settlement characteristics of statistical and administrative units. This is designed to make it possible to use the definition with a wide range of statistical data, for example, data from the decennial population census. Three sorts of area are classified: Census Output Areas, Super Output Areas and electoral wards. Classification of these areas depends on identifying the proportion of population in each settlement type. The final classification scheme is shown in Figure 3 below and the classification of Output Areas is shown in Figure 4.

Figure 3: The new classification of rural areas

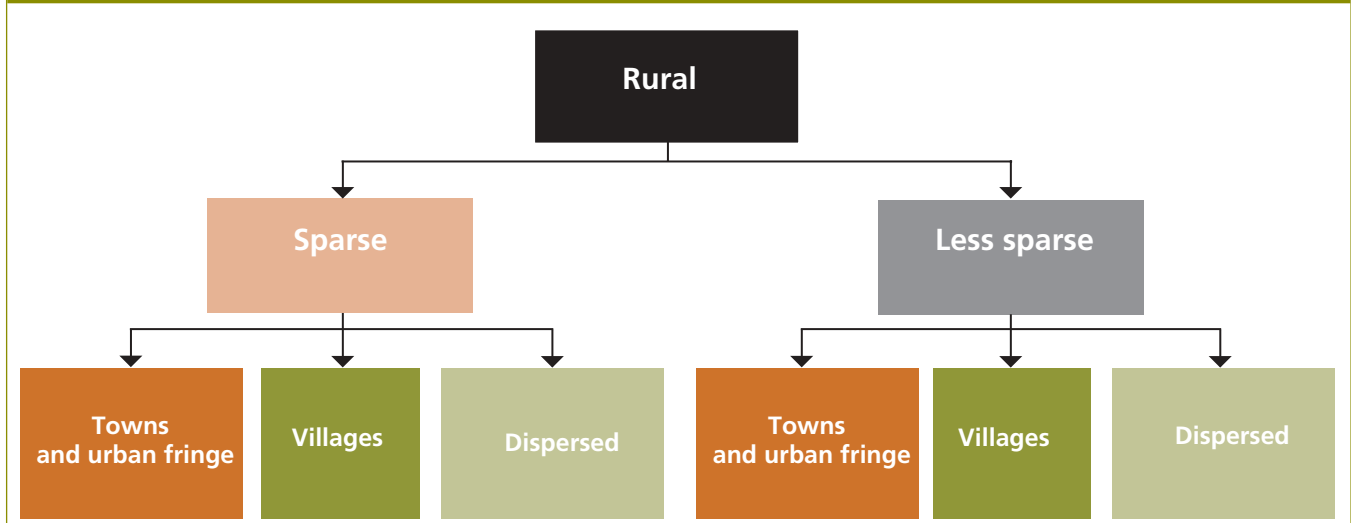
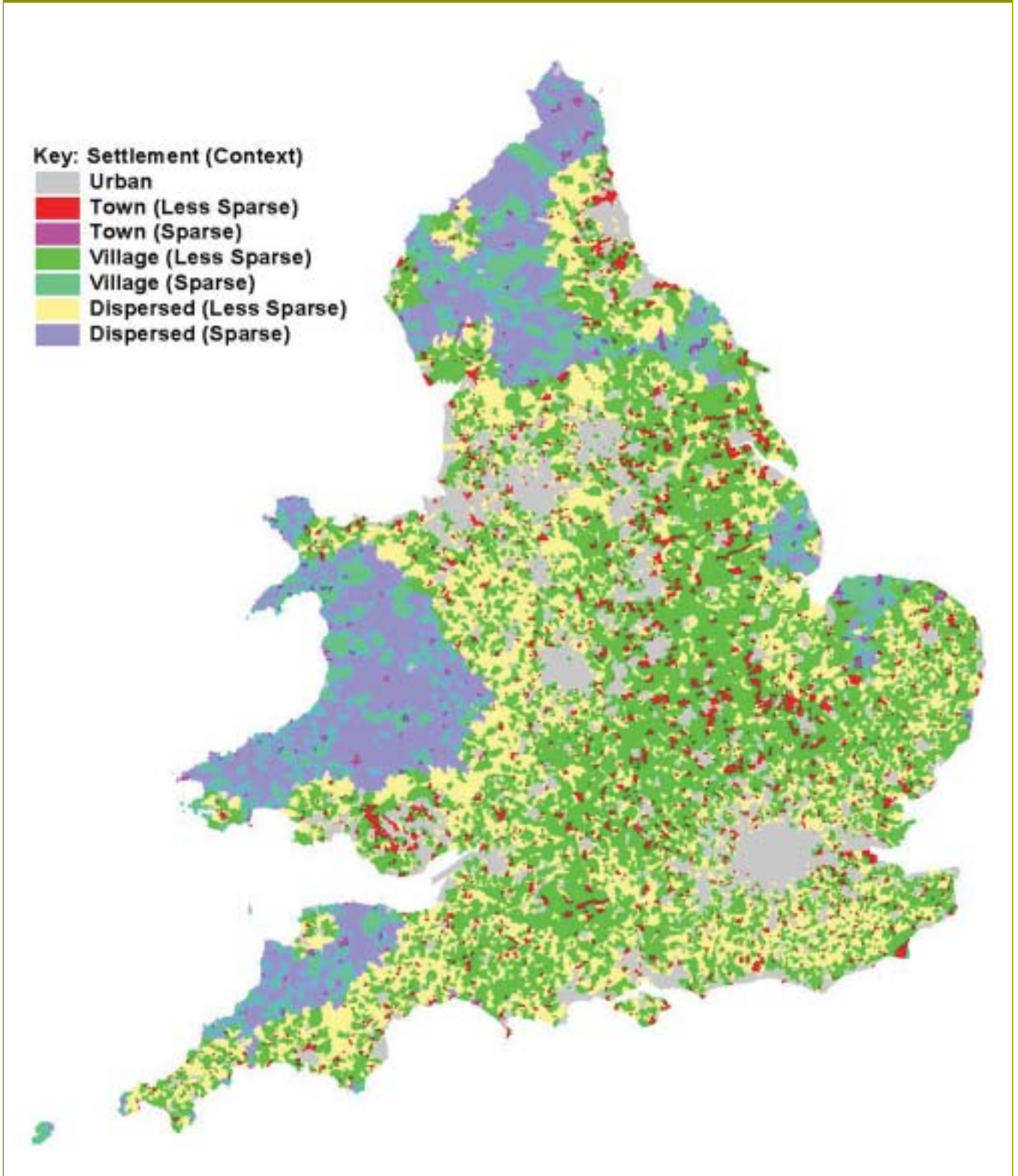


Figure 4: Urban/rural classification of 2001 Census Output Areas



Summary of new rural definition

- 8.** The new rural definition has been validated, following a public web-based validation exercise in Spring 2004. Over three quarters of the comments received during the validation period endorsed the new definition as a considerable improvement on the current definition. A detailed response to the points made in the validation exercise can be found in the validation report at: www.statistics.gov.uk/geography/nrudp.asp.
- 9.** The new rural definition is being launched today alongside this Rural Strategy. In summary, the new rural definition:
- extends the current Government 'land use' based definition of urban areas to include rural settlements of different sizes and kinds;
 - recognises the differences between rural areas and moves away from crude urban/rural splits given the increasing difficulty in drawing a sharp line between the two;
 - bases the description of 'rural' on factors that people recognise as important rural characteristics, for example the nature and distribution of towns, villages and dispersed areas;
 - will allow 'fine grain' analysis of localities within rural areas, for rural delivery and targeting purposes; this will include analysis of economic and social peripherality in rural areas; and
 - provides a means of basing social and economic data from, for example, the Census, on the more enduring features of rurality – namely the settlement pattern.
- 10.** The new definition is available to download from the Office for National Statistics website at: www.statistics.gov.uk/geography/nrudp.asp. Accompanying the definition 'look-up' table⁴ is a user guide which provides advice on how the definition can be used to analyse rural statistics and a comprehensive methodology paper, which sets out how the definition was developed and the process by which it was validated and peer-reviewed.
- 11.** Defra will be working with other Government Departments and regional and local partners in taking forward how the new definition is applied and used to help target policy and delivery as set out in the Rural Strategy 2004.

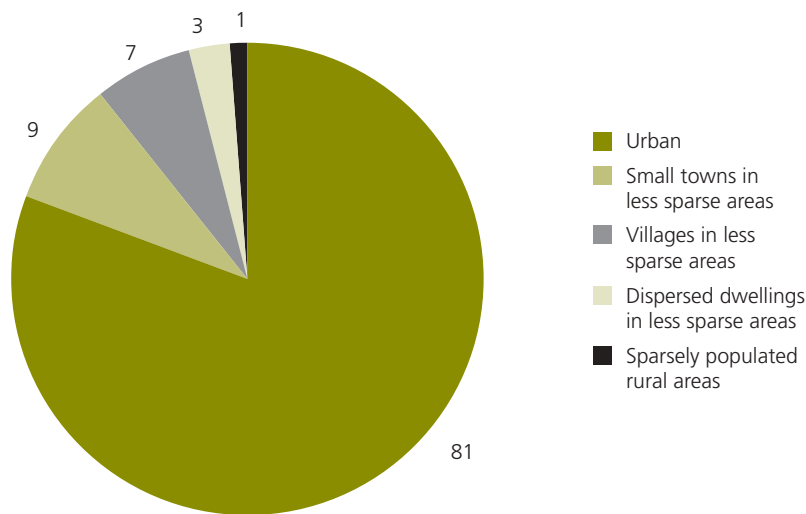
⁴ A table which has a code for each item in common with another table containing data about that item. This enables two tables and the information they contain to be joined together. Thus the rural definition 'look-up' enables the categories of the rural definition for wards or output areas to be linked accurately to the neighbourhood statistics data for wards or output areas.

Summary of Evidence Base

Demographics

1. Using the new rural definition¹, 19% of the population (9.5 million) live in rural areas. Of these, 6% live in rural areas where the surrounding region is particularly sparsely populated. Among those in less sparse rural areas, 47% (4.2 million) live in small towns, 37% (3.3 million) in villages and 16% (1.4 million) in hamlets or isolated dwellings.

Figure 1: Percentage of people living in each type of urban/rural area



Type of area	Population (thousands)	Percentage
Urban areas	39,632	80.7%
All rural areas	9,507	19.3%
Small towns in less sparsely populated areas	4,231	8.6%
Villages in less sparsely populated areas	3,287	6.7%
Dispersed dwellings in less sparsely populated areas	1,379	2.8%
Small towns in sparsely populated areas	218	0.4%
Villages in sparsely populated areas	246	0.5%
Dispersed dwellings in sparsely populated areas	146	0.3%

Source: 2001 Population Census

¹ Wherever possible, the analysis that follows has been based on the new output area classification. In some cases, data is not currently available on an output area basis. Where this is the case, we have used information based on larger areas such as wards and districts. This is clearly stated in each case. This makes the analysis more complex, but is inevitable in the early life of the new definition. The need to use ward and district based information will gradually diminish as markers based on the hectare square or output area classifications are attached to an increasing number of data sets. In a few cases it has not been possible to apply the new definition to existing data sets, so the old definition has been used in order to demonstrate a trend.

2. There is a markedly higher proportion of older people in rural areas compared with urban, and a significantly lower proportion of young people aged between 18 and 29. This is even more pronounced in sparsely populated rural areas. The figures show:

- 18% of people in rural areas are 65 or over, compared with 15% in urban areas. The percentage of people over 65 is highest in sparsely populated rural areas (22%);
- 46% of people in rural areas are 45 or over, compared with 38% in urban areas. Again, the percentage is highest in sparsely populated rural areas (51%);
- there are nearly three quarters of a million people aged over 50 living alone in rural areas, of which over 300,000 are 75 or over. Of these, 25,000 are in sparsely populated rural areas;
- 40% of people aged 75 or over in rural areas live alone; and
- 11% of people in rural areas are aged between 18 and 29, compared with 16% in urban areas.

Net migration

3. In the year to April 2001, 33,000 more people moved into than out of rural areas.² This accounts for an increase in population of 0.3%. This is part of a trend that has been taking place since the 1970s.

4. In absolute terms, the greatest net migration was into small towns in less sparse rural areas (which accounted for nearly half of the increase). However, in relation to the size of the existing population, the greatest increase was in small towns in sparse rural areas, where net migration was equal to 1.3% of the population. There was a net outflow of people from dispersed settlements in sparse rural areas (0.2%).

5. Whilst large numbers of people have migrated from urban to rural areas, there has also been significant rural out-migration and intra-rural migration. The headline figures mask more significant population movements.

6. The net inflow into rural areas of 33,000 was made up of an inflow of 480,000 and an outflow of 450,000. In addition, 520,000 people moved from one rural area in England to another.

7. Many rural areas, such as those in the South West, are characterised by high rates of in-migration, particularly amongst the elderly and retired, but also by high rates of out-migration amongst young adults.

8. In many rural areas where there is in-migration of professional and managerial ex-urbanites, a net out-migration of skilled and unskilled workers has also been identified.³

² Source: 2001 Population Census.

³ *The Demography of Rural Areas: A Literature Review*, Buller, H., Morris, C. and Wright, E., Defra (2003). See <http://defraweb/rural/research/default.htm>

The origin of in-migrants

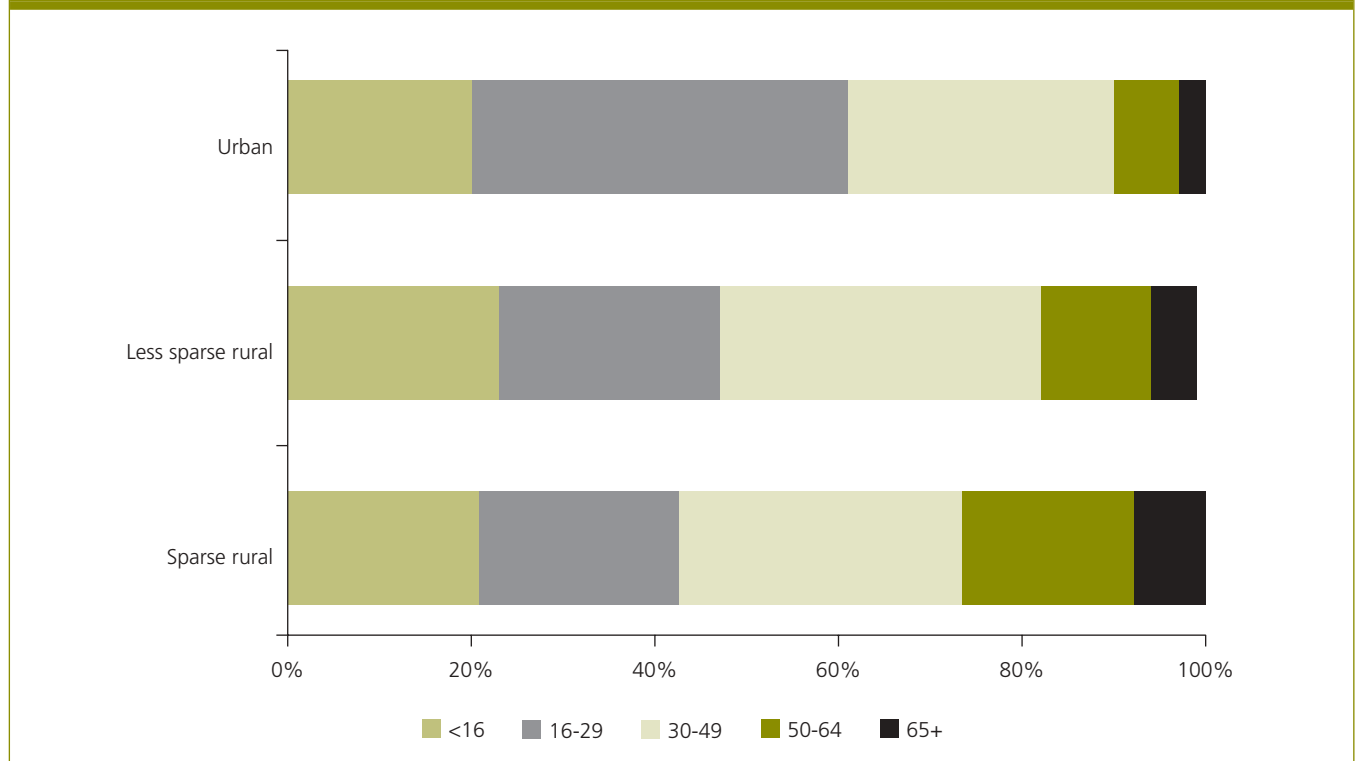
9. The majority of moves are over relatively short distances. Nearly half of in-migrants to rural areas had moved from elsewhere within the district. However, this is lower than urban areas (60%). The percentage moving from within the district is lower in dispersed settlements in less sparsely populated rural areas.

10. Of those migrating to a rural area, nearly half came from an urban area in England and Wales. The figure is lower in sparsely populated rural areas (30%). On average, every self-employed migrant to rural England, living in a household who originated outside the area of current residence, generated 1.7 additional full-time jobs.⁴

Age of in-migrants and out-migrants

11. Ward level results from the Population Census show that a higher percentage of in-migrants to rural areas are aged over 30 or under 16 than in-migrants to urban areas (76% compared to 59%) as families with children move to rural areas.⁵ The percentage of in-migrants aged 30 or over is much higher in sparse rural areas than in urban areas (58% compared to 39%). Only 24% of in-migrants to rural areas are aged 16-29, compared with 33% of out-migrants.

Figure 2: Age of in-migrants, 2001



Source: 2001 Population Census

⁴ Findlay *et al.*, 1999.

⁵ Note: many of these in-migrants to rural wards will have moved from other rural wards. Similarly, many of these out-migrants from rural wards will have moved to other rural wards.

Where do we expect these trends to lead?

12. Assuming these trends continue, we might expect over the next generation:

- continuing population growth as a result of migration by (mostly) affluent and older people into rural areas, particularly small towns and villages, combined with increased life expectancy;
- greater demands for rural housing, much of it resulting from migration to the countryside and an increase in the number of one person households;
- an ageing rural population; very many of the older population will be enjoying good health and a high quality of life, but this may also place particular pressures on public services providing support to those older people requiring help; and
- declining population in dispersed settlements in sparsely populated rural areas, albeit at a slow rate.

Economic activity

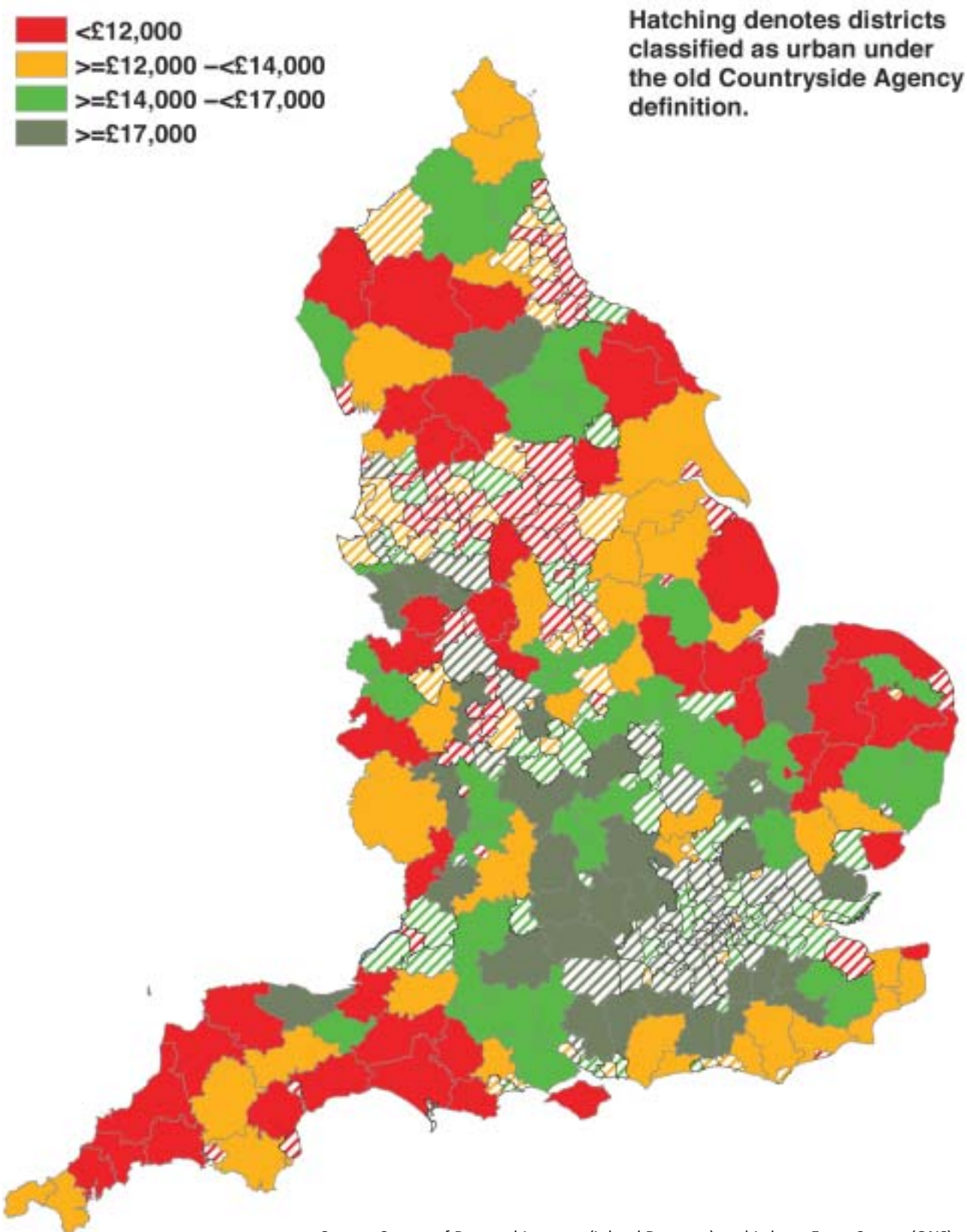
13. The majority of rural areas in England have relatively strong economic performance. There are however significant areas of weak economic performance. The poorest performing rural areas are on a par with the worst urban areas. Our productivity indicator shows the English earnings median is around £14,100, whilst the average for the bottom quartile of rural districts is £11,600 (18% lower) and in some rural districts the figure is below £9,000.⁶ Poor economic performance is both affected by, and affects, social exclusion. The bottom quartile of rural districts contain only 22% of the population, yet they include 36% of rural people in the bottom 25% on the Index of Multiple Deprivation (IMD) and 48% of rural people in the bottom half on the IMD.

14. These areas are typically remote from major urban economic centres and have often seen decline in traditional industries such as agriculture, fishing and mining. For example, nationally 6% of the workforce in rural areas⁷ is employed in agriculture but in some of the poorest rural districts this rises above 20% – including parts of Lincolnshire, Cornwall and Northumberland. These areas have a high incidence of low earnings, poor job opportunities, low workforce skills, health inequalities and poor housing.

⁶ Developed for the Defra Rural Public Service Agreement and based on the old Countryside Agency definition of rural districts: this measures productivity in terms of earned income by those of working age adjusted for the proportion of people of working age participating in the labour force. This picks up on rural problems associated with low earnings and low or partial participation in labour markets (for example amongst women) rather than absolute levels of claimant count unemployment. The measure is based on people who live in the district – including those who commute to other districts (such as those associated with large towns and cities). The measure can differ substantially from workplace based measures which focus on economic activity that takes place within the district. Work is currently underway to develop a set of intermediary indicators to complement the headline indicator. This will include some workplace based measures to ensure this different perspective on rural productivity is captured. Also, the headline indicator itself will be reviewed in 2005.

⁷ Source: Inter-Departmental Business Register. ward level, workplace based figures. 4% of the workforce in rural areas is employed in agriculture when calculated on residence base using data from the 2001 Population Census.

Figure 3: Average earnings 2000/2001 district level

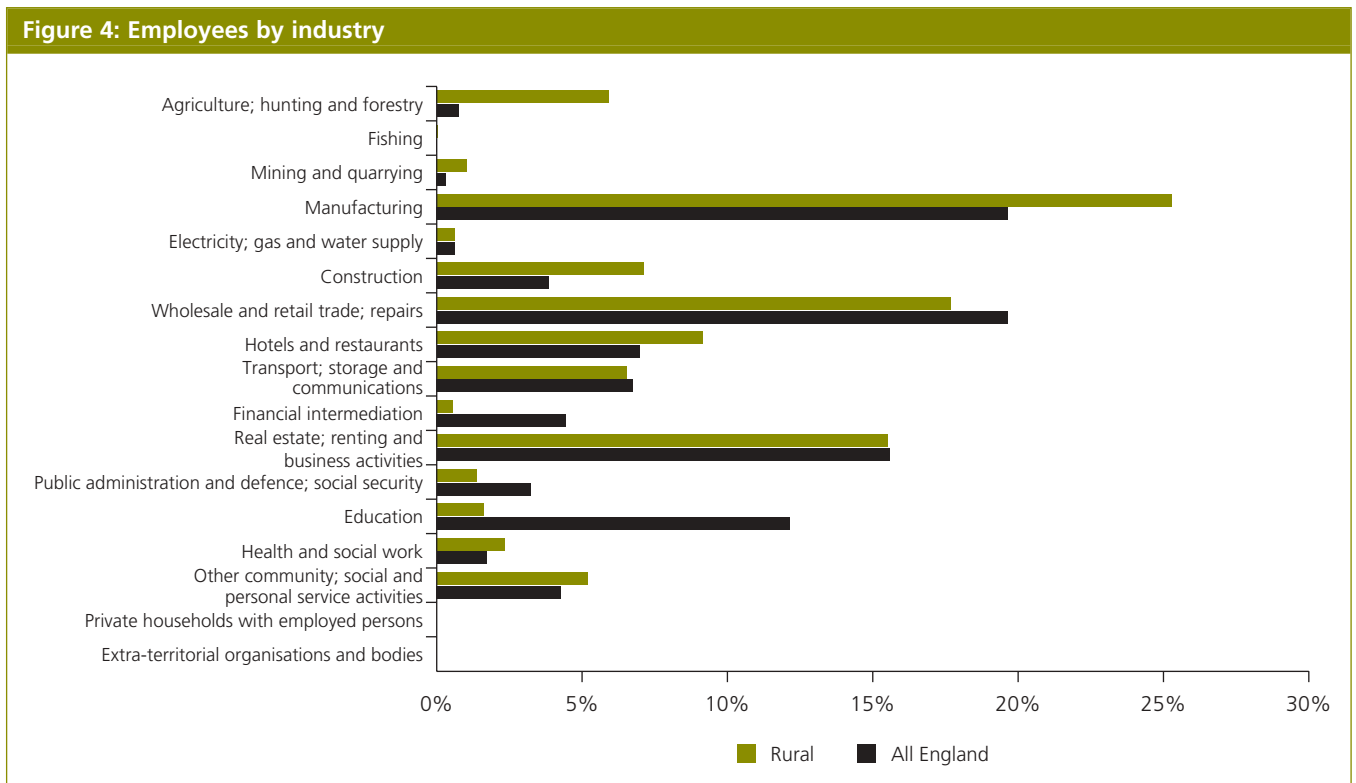


Source: Survey of Personal Incomes (Inland Revenue) and Labour Force Survey (ONS).

Sectoral change

15. The proportion of the national economy arising from farming has halved in the past 10 years. Its percentage of UK Gross Value Added in 1973 was 2.9%, 1.6% in 1993 and 0.8% in 2003.⁸ There has also been a substantial reduction in employment in farming. 1.8% of the total workforce in employment in 2003 was employed in farming in 2003 down from 2.4% in 1993, and 2.8% in 1984.

16. The economies of rural England are no longer driven by agriculture. Ward level information from the Inter-Departmental Business Register shows that employees in rural businesses are more likely to be in manufacturing (25%), wholesale/retail (18%) or tourism (9%), than in agriculture (6%).



Source: Inter-Departmental Business Register, ward-level, workplace based figures.

⁸ *Agriculture in the UK*, Defra (2003).

Productivity

17. To develop its policy agenda on productivity, the Government has established five priority areas for action: skills, enterprise, innovation, investment and competition, often referred to as the five drivers of productivity growth. These have been developed by assessing the evidence and academic literature as to the most likely factors to improve productivity performance.⁹

Skills

18. The quantity and quality of skilled labour available in an economy are important determinants of economic performance and productivity growth.¹⁰ One factor contributing to variations in productivity across sub regions in England is differences in the skill composition of the workforce; industries are unevenly distributed geographically and also differ in terms of their skill requirements.

19. While the availability and quality of skills training and local schooling is important in this respect, other social, cultural and quality of life issues also play a role in shaping and sustaining skill levels within a local economy. In particular, our research stresses the importance of attracting skilled, educated and dynamic people from outside the area.¹¹

20. Areas that are specialised in more skill-intensive industries may be expected to have a higher level of productivity than those parts of the country specialised in less skill intensive activities. Furthermore, a more skilled workforce allows workers to generate new ideas and adapt to the changing economic environment; without access to a skilled workforce, firms may be unable to introduce new technology or organisational changes effectively. In other words, low levels of human capital can, in effect, act as a brake on the economic performance of an area.

21. Our research shows that poor productivity performance in rural areas, as manifested by increased incidence of low pay, is associated with low educational attainment levels.¹² However, this association is more marked in some rural areas than others. The South West, for example, has a relatively highly educated workforce, but lower than average productivity, whereas in parts of the East of England and the East Midlands, low productivity appears to be more closely correlated with low levels of qualifications (see Figure 5 overleaf).

22. Job-related moves are also closely linked to age, social status and employment sector.¹³ Those migrating for jobs will generally travel further than those migrating for other reasons. Managerial and professional workers display a greater than average propensity to migrate over long distances. Households with more than one breadwinner show a lower propensity to move and are less likely to make long distance moves. Migration into rural areas or between rural areas is often associated with changes to household size.

⁹ *Productivity in the UK: The Evidence and the Government's Approach*, HMT Pre-Budget Report (2000).

¹⁰ 2002 Pre-Budget Report.

¹¹ *Determinants of Relative Economic Performance of Rural Areas*, research report prepared for Defra by the Rural and Tourism Research Group (University of Plymouth) with the Countryside and Community Research Unit (University of Gloucestershire) 2004.

¹² Ibid.

¹³ *The Demography of Rural Areas: A Literature Review*, Buller, H., Morris, C. and Wright, E., Defra (2003). See <http://defraweb/rural/research/default.htm>

Figure 5: Relationship between socio-economic status and educational attainment



Source: 2001 Population Census

Enterprise

23. The importance of a vibrant enterprise culture has long been recognised as essential for growth and involves seizing new business opportunities. Our research shows that the number of VAT-registered start ups is positively correlated with productivity and employment across rural local authority districts.¹⁴

24. In England as a whole, small and medium-sized enterprises (SMEs) were growing at a faster rate in rural compared to urban areas, up until the late 1990s.¹⁵ But by 1999, almost 75% of rural local authority areas had business start up rates lower than their regional averages.¹⁶ BT's announcement in April 2004, that it would "broadband enable" 99.6% of its exchanges in the UK by summer 2005, may provide a new incentive for entrepreneurs to start and expand businesses in rural areas, though this may also depend on how quickly the infrastructure and market develops for higher bandwidths in rural areas.

¹⁴ Ibid.

¹⁵ Keeble (1999).

¹⁶ *Rural Economies: Stepping Stones to Healthier Futures*, Countryside Agency (2003).

25. Ward level figures from the Inter-Departmental Business Register show that, of the 21% of English businesses that are located in rural areas, most tend to be small, accounting for 6% of turnover and 6% of employees:

- most employ less than 50 people with a high proportion employing less than ten;
- there is significantly more self employment, some of which stems from life-style choice and some from a lack of alternatives: 22% of self employed people in rural areas are in poverty compared to 8% in urban areas;¹⁷ and
- evidence suggests that rural businesses have a higher propensity to remain small.¹⁸

26. This last point is echoed in our own research findings that stress the frequency with which an area's entrepreneurs are relative newcomers, and the valuable role of the local authority and other local agencies in providing a climate conducive to enterprise and attractive to inward migration.¹⁹

Innovation

27. It is difficult to get quantitative evidence of differing levels of innovation, investment and competition in rural areas. However, some inferences can be made from economic theory and more qualitative pieces of research.

28. Innovation is defined as being the successful exploitation of new ideas leading to new products, services, production processes and forms of delivery and, in the long-run, to higher value added. From an innovation perspective, it could be considered that rural regions are at a disadvantage because of the dispersed distribution of their business population and the lower incidence of higher education and research institutions.

29. There may be barriers to innovation in remote rural areas owing to the additional costs of delivering effective business and technological support where business densities are especially low, so slowing down knowledge diffusion and the adoption of new technologies. Indeed, for the service sector, there are marked differences in the innovation performance of businesses in accessible compared with remote rural areas.²⁰ Furthermore, the analysis of various distance measures showed a negative relationship between a firm's innovation performance and the distance from the nearest motorway access and from the nearest airport, confirming that service sector businesses in remote rural areas are less likely to be innovative than those in more accessible locations.

¹⁷ Ibid.

¹⁸ *Rural Businesses and Competitiveness: An Assessment of the Evidence Base*, Professor David Smallbone and Dr Edward Major 2003.

¹⁹ *Determinants of Relative Economic Performance of Rural Areas*, research report prepared for Defra by the Rural and Tourism Research Group (University of Plymouth) with the Countryside and Community Research Unit (University of Gloucestershire) 2004.

²⁰ North *et al.*, (1997).

Investment

30. Investment in physical plant, machinery and buildings helps to make labour more productive and is a way of embodying new technology in the production process. The overall investment climate depends on a number of factors, such as the availability of finance, macroeconomic stability and the existence of sufficient skilled workers to utilise new equipment effectively. In recent years, investment in IT has become increasingly important as it facilitates organisational or process change. Indeed, our research shows that increased levels of net capital expenditure per capita are associated with higher productivity.²¹

Competition

31. The competitive environment provides the framework under which labour, capital and product markets operate. Lower levels of competition mean businesses have less incentive to reduce costs and innovate. The economy in rural areas is very similar to that in urban areas. However, rural areas are characterised by their relatively sparse populations, including businesses, and greater distances involved from markets and consumers.

32. Competition policy does not operate below a national level²² and is largely determined nationally or supra-nationally. However, differing levels of competition at regional or local levels can have an impact on an area's prosperity and productivity.²³ Where markets are local, especially in poorer or more remote regions, they can be dominated by only a few firms.²⁴ Areas which are more remote may face less competition and it has been found that, on average, rural SMEs have a lower average number of 'serious competitors', 11.0 compared with 17.4 in conurbations, according to the 1998 Cambridge Business Research Centre survey.²⁵

33. Competition can also come from new business start-ups. It has already been demonstrated that in rural areas over recent years this has become a problem. In-migrant households account for up to two-thirds of all new businesses²⁶ – however the number of new entrants in the more remote areas are not as high as those in the more accessible rural areas.

34. Remoteness and population dispersion, or rather lack of agglomeration, are inevitably associated with less competition. Urban conurbations grow in size because of the economic benefits of proximity to markets and networks, amongst other factors. London is the largest conurbation in Europe and also has the highest productivity. Our research shows that proximity to London is associated with higher productivity as, to a lesser extent, is proximity to other large conurbations.²⁷

²¹ *Determinants of Relative Economic Performance of Rural Areas*, research report prepared for Defra by the Rural and Tourism Research Group (University of Plymouth) with the Countryside and Community Research Unit (University of Gloucestershire) 2004.

²² *Regional Productivity – A Review of the Rural Perspective*, Centre for Urban & Regional Development Studies (2003).

²³ *Productivity in the UK: 4 – The Local Dimension*, HMT and ODPM (2003).

²⁴ *Productivity in the UK: 3 – The Regional Dimension*, HMT and DTI (2001).

²⁵ *Enterprise Britain: Growth, Innovation and Public Policy in Small and Medium Sized Enterprise Sector*, Cosh and Hughes, 1998.

²⁶ *Rural Economies: Stepping Stones to Healthier Futures*, Countryside Agency (2003).

²⁷ *Determinants of Relative Economic Performance of Rural Areas*, research report prepared for Defra by the Rural and Tourism Research Group (University of Plymouth) with the Countryside and Community Research Unit (University of Gloucestershire) 2004.

Where do we expect these trends to lead?

35. Assuming these trends continue, we might expect over the next generation:

- depending on the effectiveness of public policy intervention, a narrowing of the productivity gap between the bottom quartile of rural areas and the English median;
- further convergence between the nature of economic activity in urban and rural areas; and
- continued reduction in the proportional direct contribution of farming to total economic activity, though this could be offset by an increased contribution made by land managers to tourism and other sectors.

Social exclusion and access to services

36. Rural deprivation tends to be more highly dispersed than urban deprivation. There are very few geographic concentrations of deprivation in rural areas – only 1% of rural areas (containing 86,000 rural people) fall in the bottom 10% of areas on the new overall Index of Multiple Deprivation. These areas tend to be in small towns in industrial/former coal mining areas of northern England. For this reason, rural deprivation can only in part be dealt with through area-based initiatives. Instead, action must focus on excluded people and communities wherever they exist – including in otherwise generally prosperous areas.

37. Having said this, further analysis of the Index of Multiple Deprivation reveals a number of aspects that are characteristically rural. For example, in rural areas as a whole, deprivation tends to be particularly linked to poor access to housing and services so action needs to be targeted on these issues as a priority as the Rural Strategy sets out:

- 48% of areas in the bottom 10% on the geographical barriers to housing and services sub domain are rural; and
- 21% of rural households do not live within 10 minutes walk of a daily or better bus service.²⁸

38. In those rural areas that are in the bottom 10% of areas, deprivation tends to also be associated with poor employment, health, education and income:

- the unemployment rate is four times higher than for rural England as a whole;
- over half of people aged 16-74 do not have a qualification, double the level in all rural England;
- nearly a third of people have a limiting long-term illness, compared with one in six in all rural England; and
- 44% of households do not have access to a car – over three times the level in all rural England.²⁹

²⁸ Source: National Travel Survey, 2002.

²⁹ Source: 2001 Population Census.

39. A consequence of poor access to services is a greater reliance on the car. Whilst results from the National Travel Survey show that the proportion of households in rural areas without access to a car has fallen from 18% in 1996/98 to 15% in 2002, the figure for people aged 75 or over is 40% and for lone parents households with dependent children it is 25%.³⁰

40. The extra cost of transport in rural areas is a severe burden on the poorest households. Rural households on low incomes³¹ spend 54% more on travel than low-income urban households.³² Yet this is not enough to allow them to participate fully in society, since the amount they spend on travel is 36% of the average for all rural households.

41. Over half a million rural households are more than two kilometres from their nearest post office.³³ Of these, an estimated 52,000 do not have access to a car and an estimated 70,000 comprise a single pensioner.³⁴

42. Over 800,000 rural households are more than four kilometres from their nearest GP (and 60,000 are more than eight kilometres away). Of these, an estimated 84,000 do not have access to a car and an estimated 108,000 comprise a single pensioner.

The rural environment

43. England's countryside supports valuable and varied landscapes and wildlife habitats, most of which have been shaped by centuries of economic activity. The countryside is valuable to people because it:

- supports the production of food, timber and other rural produce;
- provides a resource for recreation, leisure and tourism;
- supports vital ecosystem services – such as climate regulation, flood management and carbon storage; and
- provides habitats for wildlife.

44. The natural environment in England also has an important impact on the country's economy. Linkages between the environment and the economy can be grouped in terms of:

- activities that help to shape and manage the natural environment, such as nature and landscape conservation, agriculture and forestry; the activities of these sectors are responsible for building and maintaining the stock of natural capital; and
- activities that benefit from the quality of the natural environment, such as tourism, fisheries, and the processing and marketing of 'green' food and timber; these activities benefit from the services provided by natural capital.

³⁰ Source: 2001 Population Census.

³¹ Low income defined as 60% of the UK median.

³² Source: *Expenditure and Food Survey*, 2002-3.

³³ Source: Countryside Agency.

³⁴ Source: 2001 Population Census.

45. Collectively, it is estimated that activities within those sectors³⁵ that are closely and positively connected with the management of the natural environment support 300,000 full time equivalent jobs in England, and contribute £7.6 billion in gross value added.³⁶ This is more employment than is supported by either the chemicals or motor vehicle manufacturing industry in England.

Public attitudes, migration and tourism

46. For many, moving to a rural area reflects a lifestyle choice. Survey evidence suggests that a rural settlement location is the preferred destination of the majority. Of those people living in the countryside 89% would prefer to continue to do so. In contrast, only 21% of people living in an inner city area would prefer to continue doing so, with 51% preferring the countryside.³⁷ Between these two extremes, suburban and town dwellers are more evenly divided between their present location and the countryside.

47. Amongst retired people, the quality of the residential environment, often in association with other amenity factors such as being close to family, frequently emerges as the dominant factor in migration decision-making.

48. Many people have been attracted by the quality of the countryside, not just to visit but to live and/or work there. A survey earlier this year showed that access to nature and the countryside came in the top ten of 22 factors suggested as making somewhere in England “a good place to live”. Another poll showed that most people in rural areas feel their quality of life is better than in urban areas and only about one in 20 thinks it is worse. By contrast, only about a quarter of urban residents like urban areas more than rural ones, while another quarter think their urban lifestyle is worse than they would expect in the countryside.

49. A study investigating the impact of the environment on economic development in rural areas suggests that environmental quality plays a significant role in determining where people choose to live.³⁸ However they also argue that the influence of the environment in determining macro-scale differences in regional economic growth is small. For this reason, we can infer that policies directed at improving environmental quality are unlikely in isolation to be the best route for promoting regional growth, though they may play a part.

50. In 2001, 80% of respondents to the Survey of Public Attitudes to Quality of Life and to the Environment had visited the countryside for pleasure in the twelve months preceding the survey.³⁹ The main activities undertaken on countryside visits are informal or ‘non-commercial’. Walking is by far the most popular: 52% of respondents to the Great Britain Day Visits Survey 2002/3 had gone walking, mainly for less than two miles. Other activities included cycling, playing sport, hobbies, visiting parks and gardens, and visiting friends and relatives.

³⁵ Includes estimates for agriculture, food processing, fisheries and fish processing to the extent that these are based on sustainable practices (95,000 full-time jobs and £2.2 billion).

³⁶ *Revealing the Value of the Natural Environment in England*, report to Defra (2004).

³⁷ State of the Countryside Report 2001.

³⁸ *The Importance of the Quality of the Environment for Economic Development and Regeneration in Rural Areas*, University of Reading, report to Defra (2004).

³⁹ *Survey of Public Attitudes towards the Environment and to Quality of Life*, Defra 2001.

51. There is clear evidence that some groups of people visit the countryside less often than others or not at all. For example, 97% of visitors to National Parks are white and 70% are over 35. Accessibility to nature and the countryside where people live and work also varies enormously.

52. Visiting the countryside can do much to improve people's physical and mental health, and general enjoyment of life. There is clear evidence that regular walking can dramatically reduce the risk of certain illnesses. At the same time, visitors can do much for the prosperity of places they visit, at an individual, community and even regional level. Research by the Countryside Agency in 2003 showed, for example, that the South West Coast Path generated £307m income in a year for the regional economy.

Where do we expect these trends to lead?

53. Assuming these trends continue, we might expect over the next generation:

- continuing importance of the countryside for people's quality of life, health and recreation;
- in combination with improved access to the countryside, consequently more scope for increasing the economic contribution of tourism to the rural economy, but with the challenge to ensure that this is managed in a sustainable way; and
- increased scope for farmers to generate income through diversifying into activities that increase the value of the rural environment, and/or supports sustainable tourism.

Developing the evidence base

54. We will continue to build our evidence base over the next three years as an important part of our Rural Strategy.

55. We will apply the new rural definition to provide finer grained analysis of the characteristics of rural areas, using further data as they become available. This finer grained analysis will include continuing work to define rural areas of greatest need – both extensive areas with poor relative economic performance, and smaller pockets of rural deprivation in otherwise more prosperous areas. With more accurate mapping of rural deprivation, policy and delivery can be better focused on tackling rural deprivation. Developing the evidence base is therefore a crucial part of our Rural Strategy, and underpins the modernisation of rural delivery.

56. In addition to continuing work on the new rural definition and thematic studies based upon the 2001 Census (e.g. migration, housing and older population groups), the Rural Evidence Research Centre will undertake both long and medium term multi-disciplinary studies. One longer term study will comprise the re-analysis of the national longitudinal social surveys⁴⁰ to add a rural dimension, hitherto lacking, to these important sources of social data to establish a baseline description about social and geographical mobility in and out of rural areas. This sort of information is helpful to understand the demographics of rural areas. The other more extended project will be an 'action research' study of capacity building for rural regeneration. This will seek to understand the role of social capital and personal skills in economic re-structuring and the attraction of new sources of employment.

⁴⁰ Namely, the 1958 and 1970 national birth cohort studies, the ONS Longitudinal Study of England and Wales and the Millennium Cohort Study.

57. A number of medium term studies to be taken forward by the Rural Evidence Research Centre are at a detailed planning stage, including investigating:

- access to, and take-up of, rural health services and the association of the health of rural populations with levels of more general well-being, labour productivity and skills training;
- transport impacts in rural communities; and
- patterns and determinants of 'micro-scale' variations in house prices and rents in different types of rural area.

58. Separate from the Rural Evidence Research Centre, Defra is also taking forward a number of other areas of social and economic research. This will include research into:

- the economic impact of CAP reforms on farm businesses, their suppliers and customers, and the wider rural economy;
- the drivers of relative economic performance;
- the impact of rising house prices on rural economic activity; and
- the knowledge economy in rural areas.

59. To ensure we establish a long term perspective, we will also be carrying out horizon-scanning to develop future scenarios around the demand for, and supply of, rural services. We expect to use longitudinal surveys to explore changing issues over time for both individuals and rural communities.

60. Easy access to data and research findings are also central to establishing a robust evidence base. As a first step, we have set up a new rural research webpage on the Defra website, which will contain links to current relevant Defra commissioned research.⁴¹ The next step will be a project to develop a Rural Evidence Hub, currently in its early stages. The evidence hub will provide a signpost to research findings and allow users to access data at a number of geographical levels.

61. Using these research findings, developments in Geographical Information Systems and the new Rural Evidence Hub, we will continue to develop an increasingly robust rural evidence base.

⁴¹ <http://www.defra.gov.uk/rural/research/default.htm>

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This annex sets out the new delivery arrangements that the Government will implement. It does so in the form of a response to the recommendations made by Lord Haskins in his *Rural Delivery Review* (November 2003). It provides the detail of what the Government will do, by when.

The Government's policy objectives are set out in the Rural Strategy 2004. In designing the associated delivery arrangements, the Government's guiding principles have been to achieve:

- better targeting of resources on the areas and people who need them most;
- better experience for customers;
- better value for money;
- better accountability and clarity of roles; and
- adaptability to future challenges, both known and unknown.

The major changes proposed, and the benefits they are intended to deliver, are summarised in Chapter 4 of the Strategy. The changes will be implemented as a phased programme from now to 2007, by which time (subject to legislation) all major changes will be substantially in place. Defra will start making improvements straight away, and expects to start seeing efficiency gains and a better experience for customers during 2005.

This implementation plan has been developed with the assistance of Defra's policy and delivery partners and other stakeholders, in an inclusive and transparent manner. The Government Offices for the Regions (Government Offices), Regional Development Agencies (RDAs), Local Government Association, local authorities, the Rural Community Councils, as well as Defra's own delivery organisations and a range of non-governmental organisations have been engaged in working through the many complex issues. The changes will be implemented through a change programme building on Office of Government Commerce best practice.

Improving accountability

The Government believes that clarity of roles and responsibilities is essential for the effective development of policy and delivery of services, and for holding policy-makers and delivery bodies to account. The role of Defra headquarters should be to develop policy and set a high-level framework for delivery. It should not engage directly in delivery itself.

Recommendation 1: Defra's Rural Policy Remit

Defra should review its rural policy remit in order to ensure that it is consistently understood by all concerned, including those who deliver its policies.

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The Government **agrees**.

- The Rural Strategy 2004 sets out the Government's rural policy, informed by the wide-ranging review of the Rural White Paper published in January 2004. Defra will develop strong new partnership arrangements with delivery organisations to ensure it is understood and implemented effectively (see Recs. 2-8).

Recommendation 2: Separation of Policy & Delivery

Defra's prime responsibility should be the development of policy, and it should arrange for the delivery of its policies through national, regional and local agencies. Policy and delivery functions should be managed separately so that accountability for policy and delivery is clearly defined.

The Government **agrees**. By April 2005, Defra will:

- assume responsibility for all rural and forestry policy development (see Recs. 9 and 18);
- move the Rural Development Service out of the policy core of Defra, providing it with greater autonomy and devolved authority for decision-making and delivery, as befits a distinct delivery organisation; and
- devolve regional decision-making on, and funding for, the delivery of rural economic and social regeneration to RDAs, working in close partnership with local authorities and others (see Recs. 9, 10 and 24).

By January 2007, subject to legislation, Defra will:

- formally establish an Integrated Agency as an independent statutory NDPB, with devolved responsibility for decision-making and delivery (see Rec 16).

By March 2008, Defra will:

- refocus and streamline the Defra HQ policy function through implementing its Delivery Strategy. This will ensure that policy-makers focus on high-level policy objectives and strategic performance management, but deliver through others. It will reduce the overall number of staff through efficiency savings and through the devolution of operational and delivery functions out of core Defra to delivery bodies.

Recommendation 3: Relations with Delivery Bodies

The separation of policy and delivery functions should oblige Defra to consult delivery organisations at the earliest stages in policy formulation and to ask the latter to put forward proposals for the effective delivery of policy. In this way delivery organisations will be more accountable for effective management of programmes, and there should be less duplication of existing regional and local schemes. Defra will continue to appoint members of the various boards and to hold them accountable for their performance.

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The Government **agrees**. Defra Ministers will continue to make appointments to Boards and, by April 05, Defra will:

- agree and publish new or updated concordats or working agreements with all rural delivery organisations that include the requirement for policy makers to involve deliverers in the development of policies and give deliverers the freedom to design detailed delivery arrangements themselves; and
- ensure that governance arrangements provide a robust accountability framework.

Recommendation 4: Delivery Training & Development for Policy Officials

Defra policy officials should develop a good understanding of delivery issues through a programme of training and secondments to delivery organisations. An understanding of delivery issues must be given higher priority in the assessment of individual performance. Secondments and recruitment from delivery organisations should also be encouraged in order to improve mutual understanding.

The Government **agrees**. From April 2005, Defra will:

- introduce formal delivery awareness training for policy officials;
- review the Defra appraisal process for policy makers to ensure that delivery awareness and related skills feature more prominently; and
- increase secondments of policy officials to delivery bodies and vice versa.

Recommendation 5: Target-Setting

Deliverers should agree targets with Defra, working with the Treasury, rather than having unrealistic ones imposed on them from Whitehall. This would include Defra's rural Public Service Agreement. In this way delivery organisations will accept greater ownership of these targets, which will be more achievable and less vulnerable to manipulation. There should be greater emphasis on setting rural targets that are linked to real outcomes rather than outputs (such as the number of grants processed).

The Government **agrees** with the principle that those responsible for delivery should be involved in helping to set outcome-focused targets. Defra will:

- continue to work with delivery organisations to agree outcome-focused targets for the SR2004 period (2005/6-2007/8);
- commit to working with delivery organisations in developing targets as part of future spending round negotiations; and
- continue to monitor, review and challenge delivery organisations' corporate plans to ensure they are sufficiently focused on the outcomes they have been asked to deliver.

Recommendation 6: Resource Flexibility

Delivery organisations should have the maximum flexibility to allocate resources in the most effective ways, whilst keeping the necessary discipline over administrative costs.

The Government **agrees**. During 2005, Defra will:

- introduce governance frameworks that provide greater flexibility for Defra's delivery organisations, underpinned by robust and transparent performance management; and
- work with its NDPBs to agree plans for the provision of back office functions on a corporate basis where this will maximise efficient use of administrative budgets and free up resources for the front line.

By January 2007, Defra will:

- negotiate for greater flexibility to be applied to the use of funds transferred from CAP subsidy payments (Pillar 1) to rural development and agri-environmental programmes (Pillar 2), building on the flexibility on use of receipts of the EU modulation system achieved in the 2003 negotiations.

Recommendation 7: Shared Targets

Defra should agree shared targets with other Government Departments and their delivery organisations in order to secure better delivery of its rural policy objectives. This will substantially strengthen Defra's ability to influence outcomes.

The Government **agrees** that rural proofing of other Government Departments' PSA targets is vital. From 2004, Defra will:

- work with other Government Departments to ensure that from April 2005 a rural marker is added to monitoring data to help assess rural impact, where this can be done without disproportionate cost or burden of data collection;
- work with other Government Departments to introduce regular reporting on progress towards PSA targets with a rural dimension;
- under the RDA tasking framework, reach agreement with RDAs on outcomes to be included in RDA corporate plans; and
- work with local authorities, through Government Offices, to help them develop second generation local Public Service Agreements that benefit local communities and support sustainable development.

Recommendation 8: Management Information

Defra should improve the quality of its management information in order to take better informed decisions and to control the administrative costs associated with the schemes and services that it funds.

The Government **agrees**. From 2005, Defra will:

- develop common repositories for land, livestock, customer, environment and rural information, to enhance the quality and accessibility of information in Defra and its delivery bodies, improve customer interaction with Defra, and allow greater control and manipulation of data;
- introduce 'Genesis', an IT-based system that will integrate information on the England Rural Development Programme (ERDP) thereby improving Defra's strategic management capability and facilitating efficiency improvements.

Recommendation 9: Functions of the Countryside Agency

In pursuit of the objectives of separating policy from delivery and of devolving delivery, the functions of the Countryside Agency should be transferred to the appropriate specialist organisations. Thus:

- policy development (including the commissioning of pilots and demonstration projects), together with the promotion of rural proofing, would pass to Defra and the Government Offices;
- social and economic programmes would pass to regional and local networks of Regional Development Agencies (RDAs), local authorities and the voluntary and community sector;
- environmental, landscape, access and recreational programmes would pass to the new, integrated agency proposed below (see Rec. 16); and
- review of rural proofing, challenge and external advice would pass to a reformed Rural Affairs Forum for England (see below).

In the light of these changes the Countryside Agency would cease to be required as a separate organisation.

The Government **agrees** that policy-making should be the responsibility of core Defra, and that delivery-related functions of the Countryside Agency should be transferred to delivery bodies.

However, the Government believes that the role for a strong and independent Rural Advocate is as important now as ever, to advise on the issues affecting rural communities. The Government has therefore decided to reshape the Countryside Agency into a small, expert body to provide

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strong and impartial advice to Government, and act as watchdog and advocate for rural people and communities, especially those suffering disadvantage. This will be a new and distinctive role, building on the successes of the Countryside Agency and of the Rural Advocate. The New Countryside Agency will have a strong, focused and impartial voice, unfettered by delivery responsibilities of its own but with a responsibility to monitor and report on the delivery of others.

This decision obviates the need to reform the Rural Affairs Forum for England as suggested in this recommendation; this would be to duplicate the role of the New Countryside Agency.

To enable the refocused New Countryside Agency to concentrate on its fresh and distinctive role, by April 2005, Defra will:

- assume full responsibility for rural policy development;
- assume lead responsibility for encouraging policy-makers and delivery bodies to rural-proof policies, activities and funding programmes effectively;
- devolve resources associated with the Countryside Agency's socio-economic activities to RDAs so that socio-economic interventions in rural areas are better mainstreamed, and need can be more effectively targeted;
- channel funding via Government Offices for the rural voluntary and community sector, including Rural Community Councils, to strengthen local capacity (see Rec. 14);
- align the Countryside Agency's landscape, access and recreational responsibilities with other parts of the future Integrated Agency, through close joint working between the three organisations (see Rec.16); and
- establish a New Countryside Agency, with a new name to be determined, initially as a distinct body within the Countryside Agency's legal framework, to provide expert advice to Government and act as watchdog and advocate on behalf of rural people and communities, especially those suffering disadvantage.

In addition to establishing the New Countryside Agency as rural adviser, advocate and watchdog, Defra will ensure Ministers continue to have a direct relationship with rural stakeholders, by:

- holding an annual rural conference to act as a sounding board for rural stakeholders from national, regional and local organisations; and
- putting greater emphasis on the voice of rural people based in the regions, through more regular direct meetings between Ministers and regional Forums and their Chairs (see Rec. 25).

Together these arrangements will build on the current Regional Rural Affairs Forums and subsume the Rural Affairs Forum for England.

By 2007, subject to legislation, Defra will:

- formally establish the Countryside Agency's landscape, access and recreational responsibilities within the new Integrated Agency; and
- formally establish the New Countryside Agency in its new form as a small expert advisory body.

Bringing delivery closer to the customer

In addition to rural proofing mainstream policies to ensure that rural people as a whole have fair access to high quality public services, the Government intends to use better evidence to target social exclusion and deprivation, and to tailor rural services to local customers. Socio-economic funding will be devolved to regional and local levels so that decisions can be taken closer to the point of need and mesh more effectively with other public initiatives and investment. The Government recognises that what is right for one part of England may not fit another; each region, through the leadership of its Government Office, will therefore be invited to bring forward its own proposals for partnership structures and processes that best enable it to meet local need and circumstance.

Recommendation 10: Role of Regional Development Agencies

Regional Development Agencies should play a key role in the devolution of Defra's rural economic and social agenda. They must therefore demonstrate, and where necessary develop, their capacity to contribute to sustainable development in addressing rural needs.

The Government **agrees**. By April 2005, Defra will:

- devolve regional decision-making on the delivery of rural economic and social regeneration to RDAs, working in close partnership with local authorities and others. Defra will expect the RDAs to ensure that the needs of rural people identified through regional prioritisation work are addressed in regional-level strategies and delivery plans, in active partnership with local government and other partners at the regional and sub-regional level, within an overall sustainable development framework;
- continue to engage proactively with RDAs with the aim of ensuring that rural regeneration, sustainable farming and food, and sustainable development goals are translated from the new tasking arrangements into RDA corporate plans; and
- as part of new tasking arrangements for RDAs, hold the RDAs accountable for delivery of its PSA targets on rural productivity and services and on sustainable development. Specific elements of this devolved approach include holding RDAs accountable for:
 - promoting sustainable development in their regions;
 - ensuring that actions on regional productivity help to reduce the gap in productivity between the least well performing quartile of rural areas and the median;
 - ensuring that their work contributes to delivering a customer-focused, competitive and sustainable farming and food industry; and
 - contributing to improving the accessibility of services for rural people.
- increase its contribution to the RDA Single Pot from £45.5m in 2004-5 to £72m, including the socio-economic funding currently disbursed by the Countryside Agency.

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Recommendation 11: Defra's Relationship with RDAs

A concordat with Defra must be established as a first step towards making the Regional Development Agencies accountable for their part in achieving Defra's policy objectives on rural sustainable development.

The Government **agrees** that a closer relationship is needed between Defra and RDAs, but believes that this can best be achieved within the Government-wide tasking framework and RDA corporate planning processes, rather than through a separate and potentially overlapping process (see Rec. 10).

Recommendation 12: Delivery of ERDP Project-based Schemes

The successors to the existing business and farm diversification schemes (the so-called 'Project-Based Schemes') that are administered by Defra's Rural Development Service under the England Rural Development Programme (ERDP) should become the responsibility of Regional Development Agencies, which will arrange for their delivery.

The Government **agrees** that there is a strong logic behind integrating rural business support and farm diversification with RDAs' wider economic development responsibilities. There is no clear benefit in transferring administration of ERDP project-based schemes away from the Rural Development Service before the end of the current ERDP in 2006, but Defra will invite RDAs to play a greater role in strategic management in the interim, in particular in the regional prioritisation, targeting and project appraisal for these funds. During 2004-06, Defra will:

- work with RDAs, the Rural Development Service and the Rural Payments Agency to seek to maximise RDA involvement in management and delivery of the existing project-based schemes for the remainder of the existing ERDP (to end-2006);
- work closely with RDAs when negotiating the successor to the EU Rural Development Regulation and in drawing up the successor to the ERDP;
- plan to devolve to the RDAs control of the regional use of EU-funded social and economic schemes under the EU Rural Development Regulation from 2007 when the new Regulation comes into force (subject to the outcome of negotiations in Brussels); and
- work with the RDAs, the Rural Payments Agency, and the European Commission on a progressive move towards more flexible arrangements for delivery of the funding.

Recommendation 13: Business Support & Advice

Regional Development Agencies should have the lead responsibility in co-ordinating public sector rural business support and advice. To that end they should take direct responsibility for Business Links. They should also take steps to improve the quality and consistency of business support and advisory services.

The Government **agrees**. The RDAs will assume responsibility for managing the Business Link network on 1 April 2005. Defra will work with DTI, the RDAs and others to ensure that the national network of advice and support provided through Business Links and other business support providers meets the needs of rural businesses. The aim is to make available to rural businessmen and women a quality 'first port of call' service that is tailored to their circumstances. In addition, Defra will:

- this year, put an extra £2 million into Business Links to improve support for economically lagging rural areas;
- in 2005, participate with the Small Business Service and the RDAs in a rural pilot to join up a wide range of services; and
- challenge business support providers to satisfy their rural customers that they are effective in meeting the specific needs of rural businesses.

Recommendation 14: Role of Local Authorities & Local Partnerships

Local authorities and local partnerships should assume the main responsibility for delivery of schemes and services to rural communities. They should be fully consulted by Defra and the Regional Development Agencies about any changes to policy and delivery arrangements and should be given the necessary flexibility to address local needs. The potential of Rural Community Councils as partners in community based delivery is underestimated and should be enhanced.

The Government **agrees**. By April 2005:

- the role of local authorities in the regional decision-making process will have been strengthened through the arrangements at regional level (see Recs. 10, 21 and 22);
- Government Offices will have facilitated work with sub-regional and local partners on a number of pathfinders. These will determine and test innovative mechanisms at sub-regional level to better target resources to deal with social and economic issues in rural areas, linking into associated countryside access and environmental issues. Local authorities will take a lead role in these pathfinder projects as a key deliverer of schemes and services to rural communities. The outcomes should feed into local Public Service Agreements and, perhaps, into Local Area Agreements; and
- Defra funding will be channelled via Government Offices to the rural voluntary and community sector, including Rural Community Councils, to strengthen local capacity (see Rec. 9).

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Recommendation 15: Joint Local Public Service Agreements

As part of the next round of local public service agreements Defra, working with other government departments and the Local Government Association should agree joint Whitehall targets for the delivery of rural policies by local authorities.

The Government **agrees**. Defra will continue, as now, to:

- work with local authorities, through Government Offices, to help them develop second generation local Public Service Agreements that benefit local communities and support the delivery of sustainable development.

Integrated approach to sustainable land management

The Government places great importance on conserving and enhancing rural and urban environments for current and future generations. The Government will put in place new arrangements that allow a more integrated approach to the mutually reinforcing objectives of protecting and enhancing the resource of nature and of realising the social and economic benefits for people of so doing, including through access, recreation, interpretation, education and sustainable use. By rationalising the delivery landscape, Defra also intends to achieve both effectiveness and efficiency gains, freeing up resources for front-line delivery.

Recommendation 16: An Integrated Agency

The Government should establish an integrated agency to promote sustainable use of land and the natural environment. This is necessary in order to prepare for the expanding land management agenda and to improve co-ordination and service delivery to customers. This would be achieved through a merger of English Nature, Defra's Rural Development Service and some functions of the Countryside Agency. Its remit should embrace biodiversity, historical landscape, natural landscape, natural resources, access and recreation.

The Government **agrees** and will immediately set work in train towards establishing an Integrated Agency bringing together English Nature, much of the work of the Rural Development Service and the landscape, access and recreation responsibilities of the Countryside Agency. In particular:

- a strategic group drawn from the Chairs of the above bodies, the Environment Agency and the Forestry Commission, has been set up to champion change;
- the constituent parts of the Integrated Agency will come together by April 2005 into a confederation of partners with a common overarching vision and purpose, its name to be determined;
- during the Integrated Agency's formative stage, prior to primary legislation, the constituent organisations will work in close partnership, including through co-location, to begin to deliver the benefits of an integrated approach;
- Defra will publish a draft bill as an early step and will seek a legislative slot early in the next Parliament to establish the Integrated Agency formally;

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- subject to legislation, the Integrated Agency will be established in statute by 2007 as a non-departmental public body (NDPB); and
- the Integrated Agency should be powerful, authoritative and independent, with a strong voice at national, regional and local level to help ensure that decisions and action are taken within a sustainable development context. It will provide expert advice to inform policy-making at national, EU and international level; deliver results through advice, incentives, regulation and enforcement; and undertake or commission research and monitoring to improve the evidence base for policy.

Recommendation 17: Relationship with Environment Agency

Defra should establish close collaboration between the Environment Agency and the new, integrated agency so that their activities complement each other.

The Government **agrees** and intends to apply the principle equally to English Heritage. Defra will:

- work with the Environment Agency and English Heritage to agree concordats and other tools to underpin collaborative working between them and the Integrated Agency, and to promote synergies between them.

Recommendation 18: Policy Responsibility for Forestry

Consistent with the principle of clear separation of policy from delivery functions, the policy development role of the Forestry Commission in England should be transferred to Defra.

The Government **agrees**. By September 2004, the Government will:

- transfer relevant policy functions and resource from the Forestry Commission in England to Defra; and
- establish a small forestry policy team within Defra to allow the department to take a strategic and integrated approach to the development of land use policy.

Recommendation 19: Relationship with Forestry Commission

Following the creation of the new integrated agency, it is logical to integrate or closely align the delivery functions (regulation, incentives, advice) of the Forestry Commission in England with those of the new agency.

The Government **agrees**. Defra will:

- work with the Forestry Commission in England and the Integrated Agency to identify opportunities for greater collaborative working; and
- assess the success of partnership working between the Forestry Commission in England and the Integrated Agency in the light of the initial phase of moving towards the Integrated Agency.

Recommendation 20: Levy-funded Organisations

Defra should seek opportunities to rationalise the various levy-funded organisations that it sponsors in respect of certain agricultural sectors for marketing, developmental and other purposes. There is scope to share resources (administrative, economic and research) between the various boards and to strengthen support for industry programmes if savings are realised through rationalisation.

The Government **agrees**. During 2004/5, Defra will:

- continue to work with the Agricultural and Horticultural Levy Boards Forum on how to rationalise and improve co-operation on cross-cutting and strategic issues in the short to medium term; and
- commission, with the Devolved Administrations, an independent, fundamental review of the levy-funded organisations, to report in 2005. Defra will conduct a wide consultation on proposals arising from the review to ensure that all stakeholders have the opportunity to contribute.

Improving co-ordination

The Government recognises the need for a more strategic, joined-up approach at regional and sub-regional level to help achieve economic productivity and social inclusion within a sustainable development framework. The Government Offices will have a leadership role in promoting partnership approaches that address cross-cutting issues with a customer focus, and creating effective linkage between social, economic and environmental priorities and actions, thereby helping to maximise the value and impact of public sector investment.

Recommendation 21: Regional Co-ordination & Monitoring of Delivery

The Government Offices should be given a stronger remit to promote co-ordination of and monitor rural delivery and to promote rural proofing on behalf of Defra. Regional Rural Priority Boards, chaired by Government Offices and including key regional and local bodies responsible for rural regeneration and service delivery, should be set up to provide strategic co-ordination and monitoring.

Recommendation 22: Joint Regional Delivery Plans

Delivery agencies should strengthen joint working through the development of joint regional delivery plans. These would include designated lead delivery partners, agreed joint targets, shared resources and clear accountability for delivery.

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The Government **agrees**, although in line with the principles of devolution will invite each region to determine what structures will best meet their needs rather than impose a uniform solution across all regions. Defra will ask each Government Office to:

- broker and bring forward proposals for a regional framework for delivering rural policies by April 2005, working with regional and local partners. Key policy principles will be the adoption of mechanisms to ensure the arrangements:
 - operate within a sustainable development framework, for example through ‘fit for purpose’ reviews of strategies and delivery arrangements;
 - prioritise activities and funding;
 - involve strong input from delivery organisations (including those with an environmental remit) into the regional decision-making process;
 - ensure that rural customers also have a voice into the process;
 - are consistent with other regional strategies and that they are mutually reinforcing, with all regional strategies ‘rural-proofed’; and
 - streamline existing mechanisms not create new ones.
- participate in and, where necessary, broker regional inputs to sub-regional delivery pathfinder projects during 2004/05.

The overall aim is to ensure strengthened joint working at regional, sub-regional and local level to deliver Defra’s rural policy, in line with broader Government policy objectives in each region.

Recommendation 23: Defra’s Relationship with Government Offices

Defra must consult earlier and more closely with the Government Offices to ensure more co-ordinated policy development and strategic planning at the national level and reduce the number of strategies that are handed down to the regions.

The Government **agrees**. Defra has significantly increased its capacity to work more closely with Government Offices and other regional and local partners through the creation of a new Local and Regional Government Division. The introduction of regional delivery frameworks for rural policies is also intended to reduce the need for separate strategies.

Recommendation 24: Role of Government Offices in Delivery

The Government Offices should focus on their role as co-ordinators and monitors of programmes affecting rural areas and not be involved in direct delivery. They should disengage from their current role in the administration of EU Structural Funds if and when these are replaced by a national programme of regional regeneration, as the government has proposed.

The Government **agrees** that Government Offices should lead on strategic regional co-ordination and monitoring of delivery, but believes they also have a valuable ongoing role to play in helping to build capacity in the voluntary and community sector. Government Offices will:

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- from 2005, assume a stronger role in co-ordinating and monitoring delivery of rural policies, and channel funds for rural social and community programmes; and
- from 2007, pass their existing role in the management of rural structural funds in Objective 1 regions to RDAs and other delivery organisations, if (as expected) rural structural funds are integrated within mainstream rural development programmes.

Recommendation 25: Regional Rural Affairs Forums

Regional Rural Affairs Forums (RRAFs), comprising representatives of rural customers and beneficiaries, should become the forums in which national and regional delivery of rural policies is reviewed and reported on. Their key duties would be:

- to highlight important issues and priorities for rural development and service delivery;
- to comment on the effectiveness of rural development and service delivery in their region and identify areas for improvement;
- to comment on the impact and effectiveness of existing policy developments and generate new ideas;
- to provide leadership to help drive rural development at regional and local level.

The RRAFs would receive Secretariat services from the proposed Rural Priority Boards Secretariat (see Rec.21)

The Government **agrees** that there should be a strong mechanism in every region for end customers to have a clear voice into the regional decision-making process. The Government believes that the Regional Rural Affairs Forums could provide such a strengthened and more important function, but does not wish to be prescriptive in determining the exact mechanism or shape of the rural customer Forum. The Government believes that each region should propose arrangements that will work best for it. Defra will:

- ask each region to specify, in its delivery framework for rural policies, how it will ensure the rural customer has a clear voice into the regional prioritisation process (this may involve further strengthening of the Regional Rural Affairs Forums, or through building on some similar institution, if shown to be better); and
- build close links between such customer forums and Ministers, with regional chairs of each forum meeting Ministers on a quarterly basis, including in the region when opportunities arise.

Secretariat functions will continue to be provided by Government Offices or another agreed body as part of each region's proposals on its arrangements for the delivery of rural policies.

Making things better for the customer

The Government believes that funding streams need to be simpler, more accessible to applicants, better targeted and better aligned to Government objectives. Defra needs to map funding to outcomes more effectively, to measure what does and does not work. In addition, incentives, regulation and other measures need to be better joined-up across the sustainable development framework at regional and sub-regional level. The Government will encourage greater partnership-working between organisations to co-ordinate business relationships with farmers and other rural businesses in terms of regulation, inspection, advice and grants, to minimise burdens and make it easier to access advice and support.

Recommendation 26: Co-ordination of Frontline Delivery & Best Practice

The Government Offices should work with regional and local organisations to develop a more co-ordinated approach to front line delivery. This should include spreading best practice between regions on integrated delivery and facilitation, recognising what is practical and affordable.

The Government **agrees**. During 2004/5, each Government Office will be asked to ensure that:

- the delivery framework for rural policies in their region embeds partnership approaches capable of tackling cross-cutting issues and creating joined-up solutions for customers (see Rec. 21 and 22); and
- such arrangements build on best practice in which lead delivery agents are identified to ensure that multiple agencies co-operate and provide a joined-up service to customers.

Defra will:

- work with the regions to ensure that effective mechanisms for updating and sharing best practice information are put in place.

Recommendation 27: Whole Farm Approach

Defra, as the lead body, should accelerate the development of a 'whole farm' approach that will ensure better co-ordination of government regulation and compliance, subsidy, advice and financial incentives linked to farm businesses. This would require:

- the development of an integrated rural database linked to land-based business;
- risk-based self-assessment backed up by audit;
- encouraging more rapid uptake of internet use by farmers and rural businesses; and
- the creation of a farm advisory service in the light of the recent settlement on CAP reform.

Government's Response to Lord Haskins' Recommendations and Implementation Plan

The Government **agrees** the principle of joining up public services to farm businesses. That is the purpose of the Whole Farm Approach, which aims to redesign Defra's contacts with farmers – including on subsidies, regulation and advice – around on-farm activities, making the best use of information available to us and minimising bureaucracy and duplication. The Whole Farm Approach is an ambitious programme and the Government **does not accept** that it is possible to accelerate it further.

Defra will:

- pilot the whole farm appraisal in 2004, including an on-line internet version;
- press ahead with the introduction of the Whole Farm Approach by autumn 2005;
- conduct further examination of the data protection issues arising from increased data sharing;
- conduct further analysis of the possibility of using risk-based self assessment, particularly accreditation implications;
- seek to use the Whole Farm Approach as a vehicle for co-ordinating inspections and other regulatory activity; and
- establish requirements for a Farm Advisory System for launch in January 2007.

Recommendation 28: Role of Local Authorities in Environmental Regulation

In view of the expanding environmental protection agenda, the Environment Agency should agree with local authorities a supplementary role on regulation and compliance. Local authorities should agree standards for delivery with the Agency and call in its support where the extent of a problem or the risks connected with it are beyond the authorities' capacity to manage.

The Government **agrees** the principle that it should draw fully on the capacity of all delivery partners to deliver environmental policies to the customer in the most effective and smart way.

Defra will:

- seek to apply the most effective and co-ordinated procedures for the use of regulation, funding and advice, so as better to help customers meet their current and future environmental regulatory obligations; and
- concurrent with the cross-Governmental Hampton Review into the efficiency of regulatory inspection and enforcement, carry out a survey of the practical capacities and skills of relevant organisations in delivering co-ordinated environmental regulation. This will encompass both current and prospective environmental regulation, and will report in Spring 2005.

Recommendation 29: Role of Local Authorities in Farm Regulation and Advice

Local authorities should take the lead local role in co-ordinating general regulation and compliance advice on farm premises.

The Government **agrees** the principle that it should draw fully on the capacity of all delivery partners to deliver regulation and advice to the customer in the most effective and smart way.

Defra will:

- continue to engage delivery partners, including local authorities, in the Whole Farm Approach pilot (see Rec. 27). The Local Government Association will be invited to join the Whole Farm Approach Programme Board to strengthen further our joined-up approach to all interactions with farm businesses;
- establish effective but proportionate arrangements for cross compliance from January 2005 that meet all necessary EU requirements, while minimising burdens on farmers receiving CAP single farm payments through effective co-ordination of effort; and
- improve compliance advice through a Farm Advisory System from 2007, and arrange effective interim farm advisory services ahead of this.

Recommendation 30: Inspection Functions

Defra should rationalise its inspection functions, integrating them wherever possible with existing regulatory authorities to achieve administrative savings and avoid duplication of skills.

The Government **agrees**. In order to improve the customer experience of its inspectorates, and improve operational efficiency for the benefit of both customers and taxpayers, Defra will:

- take forward the Defra delivery strategy vigorously, moving operational and delivery functions out of core Defra by March 2008. Options for individual inspectorates will be developed during 2004/05; and
- specifically consider the future of the Dairy Hygiene Inspectorate in the context of the consultation process for the creation of the State Veterinary Service Executive Agency.

Recommendation 31: Review of Funding Streams and Schemes

Defra should review all rural funding streams and schemes, to achieve a more rational, transparent and comprehensible approach to the administration of financial incentives and to ensure that all new initiatives are consistent with Defra's delivery strategy, add real value and do not duplicate.

Government's Response to Lord Haskins' Recommendations and Implementation Plan

Recommendation 32: Simplification of Procedural Rules

Defra should review and simplify the current procedural rules connected with grants to rural businesses and communities in order to provide greater discretion in the execution and targeting of grants in a user-friendly way, consistent with state aid rules.

The Government **agrees**. By April 2005, Defra will:

- begin the process of radically simplifying the current 100 or so schemes and replacing them with a simplified funding framework based around three major funding programmes;
- through this process, sweep away unnecessary rules and regulations in the current schemes;
- introduce a design guide to ensure that the system remains simplified in future and that separate schemes with separate rules are not re-created;
- continue work with DTI, the RDAs and others to ensure that the national network of advice and support provided through Business Links and other business support providers meets the needs of rural businesses, including by providing additional funding in 2004/05 (see Rec. 13); and
- provide information about the changes to Defra's business support and funding through a single Defra helpline and user-friendly, web-based portal, which will be developed rapidly thereafter to provide a comprehensive information service.

By April 2007, Defra will:

- complete the process of simplification to achieve three major funding programmes;
- introduce simplified forms and administrative systems for the very small number of funding programmes thereafter; and
- establish a qualification standard for all customer-facing staff in the Defra family, supported by training and upgraded reference material.

Recommendation 33: Progress Reports

Defra should publish progress reports on the implementation of my (Lord Haskins') recommendations in the spring or summer of 2004, 2005, 2006 and 2007.

The Government **agrees**. Defra will:

- publish regular reports on progress towards modernising rural delivery on its website, www.defra.gov.uk.
- Conduct a post programme evaluation in 2007.

Executive Summary of the Rural Funding Review Report

- 1.** In the Government's initial response to Lord Haskins' review of rural delivery, Margaret Beckett announced an "immediate full review of rural funding schemes to provide a clearer and simpler framework for applicants." The review of rural funding makes recommendations on how funding and accompanying advisory support can be best deployed to deliver an improved service to both customers and taxpayers. This document summarises the review findings and recommendations. The full review report is available on the Defra website at: www.defra.gov.uk.
- 2.** The review was conducted in close co-operation with work to shape delivery organisations. In particular, with work to establish an Integrated Agency, which will be responsible for conservation functions and funding, and work to devolve social and economic objectives and associated funding to Regional Development Agencies and the Government Offices.
- 3.** The report does not address Common Agricultural Policy Pillar 1 funding, but assumes that this will continue to be disbursed by the Rural Payments Agency.
- 4.** Delivery of these recommendations is not, however, dependent on any particular organisational structure. It assumes that whatever form future structures take, they will include delivery arrangements that comply with agreed recommendations to improve delivery for customers and be as simple as possible.
- 5.** Whilst many current funding schemes are delivering good quality projects, there is room for improvement and some confusion amongst customers. This needs to be addressed by:
 - defining objectives more clearly so that customers know what results Defra and its agencies want to buy;
 - ensuring that advisory resources are focused on providing a good service to customers rather than being diverted into making complex systems and organisational relationships work;
 - better targeting of delivery to make the most of the available resource; and
 - better integration between Defra, Defra-sponsored bodies and others to provide the best possible service to customers and exploit the value of better managed co-operation.
- 6.** Many parts of Defra and its agencies are already working towards more rational and productive systems and partnerships to secure a better quality service for customers. In a number of cases the recommendations in this report are therefore able to draw on current plans for simplification.
- 7.** Review recommendations are designed to improve the quality of service to our customers and to achieve better value for money for the taxpayer:
 - i. Customers are defined as those people who either approach us for help, or whom we wish to target in terms of advice and funding, to achieve environmental benefits or because evidence shows they need social or economic support. These include individuals (e.g. land managers or the socially disadvantaged), communities and businesses. Broadly, they need high quality help, information and an effective interface with funding organisations.

- ii. For the taxpayer our service needs to provide demonstrable value for money and a clear outcome. A lot of Defra sponsored funding and advisory support procures change in the public interest – be this successful economies in rural areas or a quality environment. In addition, some Defra investment provides specific facilities for the general public such as countryside access through rights of way.
8. Recommendations will achieve improved quality of service to these groups by:
 - creating simpler more accessible systems for those people and businesses Defra and its agencies need to support and help, without inhibiting them through unnecessary rules;
 - improving customer support through more proactive and professional advisory services, with more decision making devolved to the regional and local level to bring this closer to the customer; and
 - better investment decisions: operating a small number of funding programmes rather than the current forest of schemes will make resource allocation choices easier, more transparent and priorities clearer to customers and the public alike.
 9. The system is designed to operate within a sustainable development framework and structure funds around those Defra strategic priorities and accompanying Public Service Agreements that are central to rural policy. These priorities are:
 - a. **Sustainable Farming and Food**
 - b. **Sustainable Rural Communities**
 - c. **Natural Resource Protection**

Summary of recommendations

An improved quality of service for customers

10. We want to achieve a high quality service to customers which means that:
 - there is a readily accessible and well publicised help point;
 - there is effective and timely support and information to ensure that customers are not sent from pillar to post and understand what Defra funding is there to support;
 - once in contact, customers are clear whether they are eligible for funding, and if they are, funding is easier to access;
 - the right expert local agent provides the lead in supporting customers. This will be assisted by the reduction in numbers of delivery agencies (through integration of Rural Development Service, English Nature and Countryside Agency functions) but will require the widest possible partnership working and collaboration at the local level;
 - advisory staff are qualified to appropriate standards and operate to clear and public service standards; and
 - systems are simpler with processes that are quicker and easier.

11. Recommendation 1: Simplify schemes. Defra should simplify the current 100 or so schemes and replace them with a simplified funding framework based around three main funding programmes corresponding to the three rural priorities and accompanying Public Service Agreements. Each fund will have an element for the provision of grants and an element of core funding to build capacity in organisations underpinning the delivery and service to customers.

12. Recommendations 2, 3, 4, 5 & 6: Better advice, communication and information. Defra, Defra Agencies and the Forestry Commission must:

- establish a professional and corporate information service to include a helpline and internet-based guide to both Defra-sponsored funding and services, and those from other relevant sources;
- strengthen and improve the quality of all advisory support including through working with RDAs, Business Links and other partners to help ensure that there is a network of advice and service that is tailored to the needs of rural businesses;
- encourage local service delivery through lead local delivery agents or partnerships building on existing good practice. The aim is to prevent duplication of effort and competition between organisations, and bring clarity to customers about who is in the lead for particular projects or activities;
- adopt a contractual basis for funding which enables local deliverers to procure necessary support, such as project officers, for the duration of agreed programmes or projects to underpin the service provided to customers. This will avoid uncertainty about the duration of funding which creates difficulties for customers; and
- deliver to a corporate Defra, Defra Agency and Forestry Commission public service standard that sets out the quality of service that customers should expect.

13. Recommendations 7 & 8: Simplify the bureaucracy to save customers time and money, and minimise overhead costs through:

- standardising and simplifying application and appraisal processes and designing them on a risk assessment basis to introduce fast track procedures for modest and low risk expenditure;
- a single IT based handling system for all Defra, Defra Agency and Forestry Commission grants to accelerate process and payment times and reduce the transaction costs; and
- negotiating with EU partners, where some (but not all) of the bureaucracy comes from, for simpler co-funding rules which would make it easier to strip away unnecessary requirements.

Improved value for money for the taxpayer

14. We want to achieve effective use of finite resources to provide value for money in tackling policy priorities. The taxpayer will receive better value for money if:

- there is clarity of purpose with funds better targeted to reach those people and areas in most need of help (this is important for customers too, because we must be clear what we invite them to apply for); and
- we ensure that the investment of public funds delivers maximum efficiency in terms of results and the cost of delivery.

15. The following recommendations are designed to deliver this.

16. Recommendation 9: Better define the outcomes we ask customers to deliver, through improved use and development of the available evidence. Simplification (Recommendation 1) and structuring funds around the Defra strategic priorities and Public Service Agreements relevant to rural policy will help to bring clarity of purpose. However, this needs effective use of evidence to better target social, economic and environmental objectives. A better evidence base is a key theme of Rural Strategy 2004.

17. Recommendation 10: Better organised delivery through:

- more clearly stated Defra objectives with accountability based on the achievement of agreed and measurable outcomes and service quality criteria; and
- regional frameworks that: set out regional and local priorities and targets to deliver Defra's rural policy objectives; arrange who leads (the lead delivery agent or partnership) and provides customer support; and are related to funding for each region and agency.

Improved objective-setting, balance of investment and performance management

18. What do we want to achieve? Effective objective-setting must be accompanied by robust performance monitoring and management.

19. This is crucial to underpin both accountability and a quality service for our customers. The following recommendations are designed to provide this underpinning.

20. Recommendations 11 & 12: Improve corporate management of the funding framework through:

- more systematic and consistent resource allocation and performance management activities carried out by or on behalf of Defra, Defra Agencies and the Forestry Commission. This should include improved and consistent budget and overhead management, and mandatory evaluation of performance and customer satisfaction to agreed standards; and
- a design guide for Defra, Defra Agencies and the Forestry Commission to: enshrine quality of service and communication to customers, and clarity of objectives into policy development; to provide a yardstick to assess proposed changes in policy; and to ensure that a framework of fragmented schemes is not reinvented.

Resources and efficiency savings

21. The scale of Defra originated grant funding in 2003/04 on the three rural priorities is about £430m. The amounts and distribution of funding may vary in future.

22. A number of funding streams are direct transfers of core funding to public, private or voluntary sector organisations, such as local authorities or Rural Community Councils, which act as intermediaries and delivery agents. The main core funding arrangements involve something over £50m. This funding is distinctive because it is not available to individuals or communities in the form of programme grants.

23. These significant levels of resource need to be targeted carefully, and used in conjunction with other levers, in particular regulation, taxation and advice. Such levers must work effectively for rural communities and businesses. Rural proofing and mainstreaming, as described in Rural Strategy 2004, is essential, accompanied by audit to provide independent reporting on government performance.¹


24. We will develop the scope for medium term savings on these funding streams through:

- i. Simplification of schemes: merging schemes and bringing delivery of several funds into one delivery agency.
- ii. Standardisation of systems and increased use of IT.
- iii. A reduction in central administration.

25. Reductions in administration and management costs will allow a greater proportion of funding to be targeted at the front line.

¹ Rural Proofing is the process by which Government ensures that all relevant policies and programmes assess and equitably reflect rural needs. It was introduced as a measure stemming from the Rural White Paper published in November 2000.

Figure 10: Proposals for the Future

	<p>Sustainable Farming and Food</p> <p>PSA 5</p> <p>Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via CAP and WTO negotiations in reducing CAP trade-distorting support.</p>	<p>Sustainable Rural Communities</p> <p>PSA 4</p> <p>Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.</p>	<p>Natural Resource Protection</p> <p>PSA 3</p> <p>Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by:</p> <ul style="list-style-type: none"> reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and bringing into favourable condition by 2010 95% of all nationally important wildlife sites. 			
	<p>KEY</p>	<p>Defra Public Service Agreements (PSAs)</p>	<p>Grants for customers</p>	<p>Agriculture and Food Industry Regeneration and Development</p>	<p>Rural Regeneration</p>	<p>Environmental Land Management and Natural Resource Protection</p>
	<p>Core funding</p>	<p>Core funding for agriculture and food</p>	<p>Core funding for capacity building especially in the rural voluntary and community sector</p>	<p>Core funding for local delivery arrangements for the above</p>		

Evaluation Framework

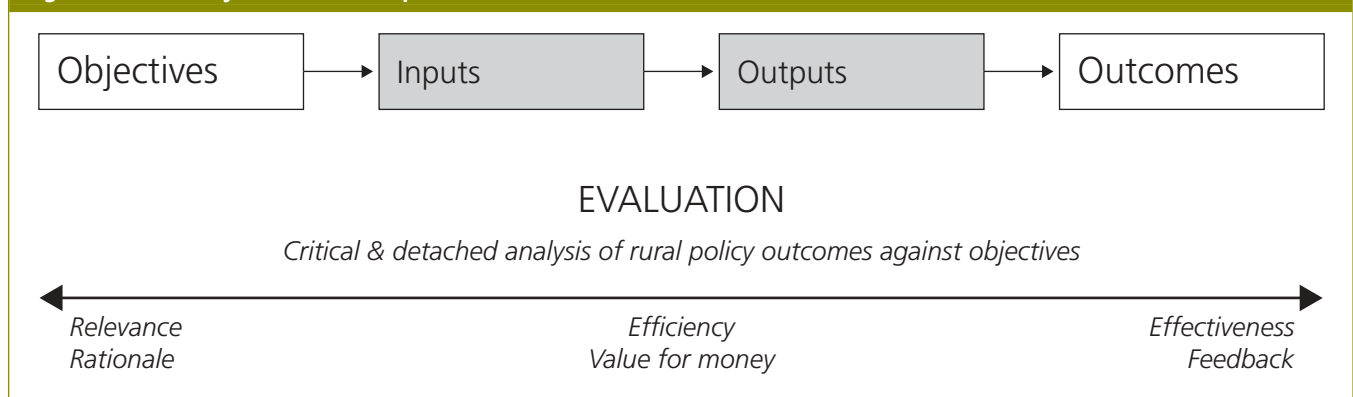
Introduction

1. In line with the *Review of the Rural White Paper*, the Rural PSA Delivery Plan and Lord Haskins' comments on the importance of Defra's evaluation role, this section sets out an evaluation framework between 2004-8 for measuring outcomes under the Rural Strategy 2004.¹

Background

2. Evaluation is the process which objectively judges the actual outcomes, including any unintended side effects, of a policy or group of policies against the policy objectives, or intended outcomes, and the resources that are used in policy delivery (see Figure 1 below). Evaluation forms an essential part of the Government's Rural Strategy 2004.

Figure 1: Summary of evaluation process



3. In designing the rural policy evaluation framework a number of key themes, common to most evaluation activity, need to be addressed:

- Relevance – is our approach to rural policy consistent with the problem?
- Effectiveness – how far have our rural policy objectives been achieved?
- Additionality and side effects – to what extent would the rural policy outcomes have been achieved anyway and are there any unforeseen side effects?
- Efficiency – what have been the costs (and on whom do these fall) of achieving the rural policy objectives and what have been the causes of any inefficiencies?
- Coherence – do the individual policy and programme measures combine to achieve the higher level rural policy objectives in a coherent fashion and are there any synergies or inconsistencies between policy instruments?
- Durability – will changes brought about by rural policies be self-sustaining and continue in the long run or will there be an ongoing need for policy intervention?

¹ This will exclude measures under the *Strategy for Sustainable Farming and Food* as these will be evaluated separately.

4. A number of steps are necessary to ensure that any evaluation activity is able to generate useful results in addressing these key themes:

- a coherent set of structured and agreed rural policy objectives, specified in terms of intended outcomes, needs to be clearly defined;
- well defined links must be established between intended rural policy outcomes and measurable indicators which provide evidence of the extent to which the outcome is actually being achieved and how specific policy measures are contributing to it;
- the results of monitoring activities and other relevant data sources will need to be easily available for analysis in order to provide objective evidence of how effective rural policy has been in delivering its intended outcomes, whether these could have been delivered more efficiently and if there have been any unforeseen side effects;
- stakeholders who have an interest in the policy area, including those affected by the policy, and those who designed, managed and implemented the policy (such as other Government Departments, Agencies and regional and local partners), need to be actively engaged in the evaluation process; and
- a mechanism needs to be established which provides for the results of evaluation activity to feed back into the policy process in order to improve future policy design and delivery.

Evaluation framework rationale

5. The starting point for the development of a coherent policy evaluation framework will be clarification of the intended outcomes and the way in which these relate to the policies in place. This process will inform the selection of indicators against which to measure progress. In addition, the large number of programmes impacting in rural areas means that a prioritisation exercise will be carried out to identify the key policies for the achievement of the intended outcomes; these policies will be the subject of programme-based evaluation.

6. A number of indicators will be used to monitor progress towards achieving rural policy outcomes. However, changes in the indicator values will reflect a large number of factors beyond the scope of policy. Thus, further work will be done aimed at establishing the extent to which rural policy is making a difference. Attitudinal assessment surveys will help to enrich our analysis along with the potential development of longitudinal, qualitative data sources such as the British Household Panel Survey.

7. Similarly, evaluations of individual schemes and the rural proofing of evaluations of other Government Departments' programmes will not, in isolation, tell us whether rural policy is working as a whole. Therefore, additional work will be needed to ascertain whether policies in rural areas are mutually reinforcing and contribute to the achievement of Defra's high level priorities. One option will be for case studies in rural areas to look at the cross-cutting impacts of rural policy as a whole, set within a sustainable development context, reflecting the balance between environmental, economic and social factors.

Evaluation overview

8. Taking these points into account, the approach taken to evaluating rural policy contains a number of distinct work streams led by Defra:

- statistical development to establish a baseline and to monitor over time a range of indicators for key policies which will then feed into their respective evaluations. The Rural Evidence Hub will act as a repository of this statistical data;
- monitoring progress in achieving rural policy outcomes against a basket of indicators identified in the *Rural White Paper* and which will be reviewed by the Rural Evidence Research Centre;
- monitoring progress in achieving Defra's Rural PSA against a proxy headline productivity measure and a suite of intermediary indicators;
- working with other Government Departments and Agencies in the programme-based evaluation of their policies to ensure that full account is taken of rural impacts. The large number of policies affecting rural areas means that Defra's resources will be focussed on those areas where policy is likely to have had the greatest impact;
- reporting on an England-wide study of the knowledge, take-up and attitudes to local services by both individual residents and business managers, following its initial run earlier this year. It will compare rural areas not close to services with more accessible rural areas and with urban areas; and
- a longitudinal study (a survey following a cohort of individuals through time, such as the ongoing British Household Panel Survey) to further our understanding of the socio-economic effects of policy on households in rural England may be used. Alternatively, case studies based around a small number of rural communities may be another way of providing depth to our analysis. These possibilities are subject to a scoping exercise currently being undertaken by the Rural Evidence Research Centre.

9. An overarching rural policy evaluation will bring together the information and analysis collected through the six workstreams outlined above. This overarching evaluation will be carried out in time to inform the 2008 Spending Review. It will provide the first full evaluation of the Rural Strategy as well as an assessment of rural policy since the publication of the *Rural White Paper* in 2000.

Stakeholder engagement

10. The evaluation process requires Defra to work alongside other Government Departments, Agencies and other stakeholders in order that full account is taken of the impact of policy in rural areas. In addition, and in accordance with standard Defra practice, the results of evaluation studies will be placed in the public domain generally via the Defra website (www.defra.gov.uk).

PB No 9728

**Nobel House
17 Smith Square
London SW1P 3JR**

www.defra.gov.uk

