VIEWPOINT

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Rural businesses: central to the countryside or just an add-on?

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ABSTRACT

A Consultant in Rural Economies and Honorary Fellow at Newcastle University's Centre for Rural Economy asks whether, after months of debate concerning funds for future economic growth and rural development, UK professionals have represented rural economies well.

KEYWORDS: rural development; European policy; advocacy; equity; economic growth

Where does the future of our countryside lie? Understandably, some will argue that good land management must remain at the heart of rural economies and society, and requires ongoing, adequate, direct payments to farmers and land managers. Nobody would dispute that growing food is important. Few would argue against long- term environmental stewardship. At the same time, others validly call on governments to match funds to today's profile of rural economies, drawing on a myriad of evidence that many rural areas have long ceased to be dominated by land-dependent enterprise and communities, and their needs and outputs. Both perspectives may be correct, determined as much by where you operate, advise or represent, as by the evidence on which you draw to justify your point of view.

Whichever perspective reflects your experience, we should avoid this debate amongst rural friends distracting us from the more important goal of gaining equitable recognition for rural areas from those now tasked with distributing future resources. A shift in rural funding towards rural growth from non-farm and -food industries could rescue hundreds of thousands of rural enterprises and employees from such marginalising and devaluing phrases too often heard in speeches by our rural leaders, including UK government ministers, as 'farming, food *and other rural businesses*' (my emphasis)

Moreover, a significant shift of rural funds to growth and landscape- scale environmental management schemes for example, would send a powerful signal to those who hold, target and distribute funds not labelled 'agriculture' or 'rural'. Rural economies and societies are more than the land, are not marginal, not homogenous, and not without potential. They share diversity and opportunity with urban economies. They deliver outputs and benefits, similar to and occasionally exceeding those of our towns and cities. Yet they retain special and additional environmental and community qualities which society and governments need to steward. Rural sustainable and inclusive growth is as much the responsibility of business and public bodies as growth from our towns, cities and global linkages.

Since last Autumn, a new approach of integration and devolution arising from the EU's Common Strategic Framework, has generated rare opportunities for communities across urban, rural, coastal, remote and densely-populated areas to help set priorities, develop programmes and projects, and target funds for the next 6 years. In England alone the nationally co-funded EU structural and investment funds are worth around £9.1 billion[2], and rural needs deserve to be accurately and visibly embedded within these commitments. The insight and voice of rural professionals is sorely needed.

Local Enterprise Partnerships (LEPs) provided the first of these opportunities, when they consulted on their draft European Structural and Investment Funds (ESIF) Strategies. Defra[3] ministers and counterparts in Scotland, Wales and Northern Ireland launched the second opportunity as they consulted on reformed Common Agricultural Policy (CAP) budgets and payment regimes. Both have far reaching impacts on the balance of growth between different types of territory, and between beneficiaries and projects within rural and other places. The CAP Reform discussion was the most comprehensive and open consultation about national allocation of EU's rural funds that I can remember, since the UK Government's ALURE (Alternative Land Uses and Rural Economy) initiative in the mid-1980s.

Responding to a plethora of advice from the UK Government last summer, LEPs' Growth and Economic Strategies set priorities for distributing EU funds between 2014-20. Final versions currently await Government sign-off. Some LEPs mirrored the spirit of integration from the EU Framework, setting priorities and proposals such that any group, community or business, working to deliver its strategic objectives should be eligible to bid for funds, irrespective of their location, Regrettably this seamless approach is far from universal.

Industries, functions and economic drivers adopted as the focus of some LEP Strategies, will marginalise or

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[2] At the end of May 2014, £1 was approximately equivalent to $1.67 and €1.23 (www.xe.com).

[3] The United Kingdom Government Department for Environment, Food and Rural Affairs.

exclude some territories and communities, including rural ones, by their design. There was minimal focus on the Protection of environment, Climate change and Transport objectives, whilst Rural Development priorities were absent or weakly addressed until Defra allocated targeted rural funds, i.e. the European Agricultural Fund for Rural Development (EAFRD).

Other LEPs perpetuate weak practices and outdated perspectives of rural economies, profiling only their farming, food or tourism activities, or committing to invest in rural and environmental activities *only if* EAFRD funds are provided to them. The perception of rural weakness, set out in the SWOT analysis of one substantially rural LEP, illustrates a much wider challenge: "Lack of coherent vision and voice for environment and rural sector and missed opportunities to innovate and contribute to wider economic development" [*sic*].

Unless rural Departments and stakeholders overturn such outmoded perceptions in economic partnerships and agencies, rural economies and communities will remain semi-detached from this integrating and rebalancing aspiration.

In November 2013, Defra's Secretary of State laid out an opportunity and challenge to farmers, business and community leaders across rural regions no less substantial and critical to our rural futures. The balance between direct payments to farmers, and funds for growth and development in the wider, and often more substantial, non-land rural enterprises, lay at the heart of this discussion

Although we had glimpsed tense and prolonged EU negotiations over CAP in 2013, with hints of substantial shifts of resources to rural development, I suspect that few of us expected to be offered a comprehensive and open opportunity to have our say on future directions for Britain's countryside. The questions and supporting evidence, ranged across Principles to inform a strategic shift of up to 15% of Pillar 1 (Direct Payments) into Pillar 2 budgets, to detailed choices for investment, growth, environmental enhancement and climate adaptation in rural economies and places.

Similar exercises were undertaken by Scottish, Welsh and Northern Irish Governments and Assemblies. The options and balances offered by each country rightly reflected the different characteristics and contributions made by traditional industries to the UK's rural and country economies. Thus, we have a range of frameworks across rural UK, enabling countries' rebalanced budgets to re-allocate between 9.5% and (eventually) the full 15% to Pillar 2. We can also look forward to new Small Rural Business grants, new LEADER funds, and new Farm and Forestry Competitiveness funds–but their individual scale are dwarfed by other EU/UK Structural and Investment Funds and direct payments to land managers

As rural professionals our insight and expertise to bring together and balance competing demands and outcomes, is needed to ensure that 'rural' is an integral part of rebalanced economies at local, national and EU levels. I hope we all grasp the opportunities offered by these debates and plans.

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