

The North East Rural Affairs Forum (NERAF) – background.

1.1 Following publication of the Government's 2004 Rural Strategy and its commitment to local and regional decision making, the existing NERAF underwent significant restructuring enabling it to provide a strong rural voice in strategic policy making. It comprises eleven independent members drawn from the region who all have strong associations with rural communities and/or operate rural businesses. NERAF believes the RSS will have a crucial bearing on the prospects for delivering economic development in the rural North East.

2. Rural areas and their role in regional development

2.1 Rural areas have experienced significant changes in recent decades. While the land based industries are no longer the mainstay of rural economies, new and more diversified economic activities are emerging. The Countryside Agency¹ reports that the stock of VAT-registered businesses per 10,000 of population is much higher in the North East's rural areas (360) than the urban areas (252). Recent GVA figures show Northumberland as the fastest growing part of the region, with per capita GVA growing 6.5% in 2004, compared to 5.1% for the region and 4.6% nationally. Nevertheless, in 2004 GVA per head in Northumberland and in County Durham was lower than in Tyne and Wear (by 25% and 26% respectively).

2.2 In-migration to rural areas brings people with flair and enterprise seeking to establish new businesses. A study of the housing aspirations of different socio-economic groups in the North East² indicates that by far the most popular option for the 'Wealthy Achievers' (the most affluent group) was the rural village closely followed by the market town. Indeed, market towns were favoured by all socio-economic groups as desirable places to live.

2.3 The importance of in-migration to rural development is well researched.³ A survey of households in five English districts (including Alnwick and Wear Valley)⁴ found that for each self-employed in-migrant, an average of 2.4 full time jobs was created. Moreover, some 85% of in-migrant business owners worked within their local district, thereby concentrating their local economic impact.

¹ Countryside Agency (2005) The State of the Countryside in the North East 2004, p.55

² Nathaniel Lichfield and Partners (2004) Regional Housing Aspirations Study for One Northeast and North East Regional Assembly, fig 12 and para 4.12

³ Findlay A (2000) The labour market impact of migration to rural areas. Applied Geography 20; Stockdale A (2006) Migration: Pre-requisite for rural economic regeneration. Journal of Rural Studies.

⁴ Stockdale A (2004) Rural in-migration; A catalyst for economic regeneration. Paper to the International Geographical Union Conference, Glasgow.

- 2.4 The Centre for Rural Economy's database of North East rural microbusinesses indicates that an average of 2.8 jobs have been created by each in-migrant business.⁵ It is estimated that a total of 7,600 people are employed full-time in rural micro-businesses owned by in-migrants, or 8.3% of the total number of jobs in the rural economy of the North East. (Together, agriculture and fishing provide some 3,398 full time jobs or 3.7% of the total).⁶
- 2.5 Population movements can also have negative effects. Not least is the problem of rural housing affordability for people on low incomes. The ratio of mean house price to median household income widens as settlement size reduces. It is 4.5 for an urban settlement of less than 10k population, 5.8 for a village and 6.9 for a hamlet or isolated dwelling.⁷ Furthermore, the proportion of social housing is lowest in rural areas, and within these it is lowest in smaller settlements. The containment of new housing within urban areas systematically excludes poorer groups from the countryside.
- 2.6 Between 1980 and 2005 the predominance of owner occupation in small rural settlements has become greater and the stock of social housing has diminished still further, largely as a result of the right to buy legislation and reduced levels of investment made available to Housing Associations. Smaller rural properties are also attractive to second home owners. The issue of affordability has therefore become much more acute.

3. Why the RSS fails rural areas and the region as a whole

- 3.1 There is close synergy between the RES and the RSS which set out an urban-centric, city region approach to economic growth — one that concentrates on urban regeneration, the recycling of brownfield land, the co-location of housing and jobs, curtailment of urban–rural migration and reducing the need to travel by car. The sequential approach to development (Policy 3) is not relevant in a rural context. There is some recognition of the part that rural areas can play in regional development, but a conventional key settlement policy approach is taken, coupled with a dramatic managing down of housing growth.
- 3.2 NERAF acknowledges that the region's principal urban centres will act as the main drivers of growth and accepts the principles of sustainable development which underpin the RSS. However, the proposed policy framework has serious flaws. *First*, it will not enable the region to capitalize fully on its competitive advantage in attracting skilled professionals and entrepreneurs, many of whose aspirations are to live and work in attractive rural environments. *Second*, it will cause a

5 Bosworth, G. (2006) Counterurbanisation and Job Creation: Entrepreneurial In-migration and Rural Economic Development. CRE Discussion Paper Series, No. 4.

6 Countryside Agency (2005) The State of the Countryside in the North East 2004

7 *ibid*

further deterioration in the affordable housing crisis in rural areas, reinforcing social exclusion and fuelling reverse commuting. *Third*, it provides insufficient encouragement for LPAs to adopt imaginative policies, suited to the particular circumstances of this region, to facilitate rural economic diversification.

- 3.3 There are three particular passages in the RSS on which these comments focus:

City Regions

- 3.4 Para 2.18 of the RSS explains the concept of city regions as having flexible geographies and no defined boundaries. The polycentric settlement pattern described includes market towns and a wide range of other rural settlements. In this context, it should be recognized that the modern city region will contain a large number of micro-businesses and SMEs, many of which are trading within the knowledge economy, which are well networked by broadband and whose location is no longer dependent on physical proximity to a city centre. Policy 6 relating to the Tyne & Wear city region, however, contains no references to market towns or rural settlements other than in relation to tourism (sub heading z). Policy 7 relating to the Tees Valley city region is similarly devoid of any such references.

Rural Areas

- 3.5 The references here to the competitive advantages which the region's rural areas confer (2.134), the new opportunities offered to rural development by ICT (2.141) and the importance of entrepreneurial in-migration (2.137 & 2.142) are fully supported. Likewise, the references to the seriousness of the affordable housing problem and emergence of reverse commuting (2.37, 2.145) are also endorsed. Policy 8, however, relies too heavily on the definition of settlement hierarchies alone and there is only a cursory reference to affordable housing. In this region, which does not have the same development pressures on the countryside as elsewhere, LPAs should be required to take a more pro-active and flexible stance on rural development in preparing their development plans. There are several references in recent government planning guidance⁸ which encourage a departure from conventional planning doctrine so that development can take place in a wide range of settlement sizes and types, depending on local circumstances. The spirit of this has not been captured in RSS Policy 8.
- 3.6 The RES recognizes (page 123) that in this region the landed estates have an important role to play in the economic regeneration of rural areas. There is, however, a negative perception of the planning

⁸ Planning Policy Statement 7 Sustainable Development in Rural Areas ODPM, 2004

system and the RSS might encourage planning authorities to initiate the necessary dialogue to rectify this.

Housing

- 3.7 From the various assumptions made about economic growth, migration and housing demand the RSS makes provision for 107,000 net additional dwellings over the period 2004 – 21 and Policy 30 allocates this total figure between individual district LPAs. In essence, the figures for the urban centres show progressive increases and those for the rural areas show a progressive decrease. Policy 32 then emphasizes the need for new housing to be served by public transport and reiterates the need for affordable housing problems to be addressed in certain rural districts.
- 3.8 The central premise of RSS (paras 3.78-80) is that rural housing growth has been caused by market failure in urban areas leading to urban– rural migration; this can be rectified by creating high quality environments in urban areas so reducing housing pressure on rural areas and consequent problems of affordability. There is a fundamental flaw in this premise which is associated with the basic laws of supply and demand. If people continue to aspire to live in a rural environment (and evidence confirms this), then demand will remain the same. If at the same time the supply of new homes in rural areas is restricted, which is the clear intention of Policy 30, then the unit price of housing will inevitably rise still further and problems of affordability for local people on low incomes will intensify. The provision of affordable homes through planning agreements and housing association schemes will provide only very limited relief and not address the core issue.
- 3.9 It is also questionable whether the rural housing allocations are realistic. In Tynedale District house-building has exceeded planned rates by 27% over the period 1991 – 2004 and even this did not prevent a significant surge in house prices. It is highly likely that house-builders will wish to continue to respond to market forces and satisfy demand. Housing Associations are unable to meet government new build targets due to shortage of designated housing land.
- 3.10 Finally, there is an inconsistency between RSS housing policy and RES/RSS aspirations to attract entrepreneurs to the region. These individuals are in limited supply and have exacting requirements. They may demand a rural location for their living and workspace and expect to draw their labour from the immediate area. The housing policies in RSS will limit rather than expand their development options. Certainly if Policy 32 were to be rigorously applied then there would be no further housing in small rural settlements.

4. **Summary : What needs to change in the RSS**

4.1 Arising from the above, NERAF suggest that amendments are made to the RSS in response to the following specific points:

NERAF believes that the RSS has not been adequately rural proofed; that the key rural policy 8 should be more flexible and positive towards development possibilities in rural areas and be better aligned with and articulated within (but crucially not subservient to) key policies 3, 30 and 32.

The sequential approach to development (Policy 3) is written from an entirely urban/city region perspective and has no real meaning for a predominantly rural LPA such as Alnwick, Berwick, Wear Valley or Teesdale. The accompanying text (para 2.9) should acknowledge this and state that rural authorities should adapt this policy to fit their particular circumstances and adopt the flexibility which is now encouraged in PPS7.

The concept of city region is of a polycentric settlement pattern with urban–rural interdependencies but Policies 6 and 7 have no rural dimension. The important role of the main market towns as drivers of rural development should be acknowledged at the very least.

Policy 8 and its supporting text is too rigidly constrained by conventional settlement planning doctrine and does not exploit the opportunities for a more flexible approach to development to be taken in the region's rural areas as encouraged by latest planning guidance. The RSS should require LPAs to fully embrace the spirit of PPS7 which acknowledges that there are legitimate development needs and possibilities beyond market towns and secondary service centres. LPAs should be encouraged to begin a dialogue with the major landed estates about rural regeneration opportunities.

The housing allocations provided to the rural Districts will exacerbate the problems of affordability and will limit the development options available to indigenous as well as potential in-migrant entrepreneurs. The allocations for those Districts with the most acute problems, where second home ownership has become a significant contributory factor (e.g. Alnwick, Berwick, Teesdale), should be increased but not at the expense of the totals for Northumberland and Durham as a whole (which are demonstrating the most rapid rates of GVA per capita growth).

The number of dwelling completions is listed (para 4.12) as a likely RSS output indicator. The provision of affordable housing units in rural areas should also be recorded as an essential output indicator along with the house price/household income ratio. If monitoring indicates a continuing deterioration of the situation regarding housing affordability then the housing allocation figures for the relevant rural authorities should be revised accordingly.