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Rural Economy and Land Use: The Governmental Challenge

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Introduction

I am delighted to be opening this first conference of the RELU Programme. The interaction between Rural Economy and Land Use is an area which is particularly appropriate for exploration at the moment, as there is a great deal of change happening, and many challenges to face.

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Outline of talk

- **Emerging key issues and priorities**
- **Developing the evidence base**
- **Interaction with RELU**



I intend to divide my talk into 3 parts:

1. I will firstly outline the policy background describing the key issues and priorities for rural policy.
2. I will then describe some of the developments concerned with the evidence base for policy in Defra and describe how we as a Department are addressing the challenges.
3. Finally I will make some comments on the RELU programme itself and the way in which we can ensure that there is good engagement between the science and the policy priorities.

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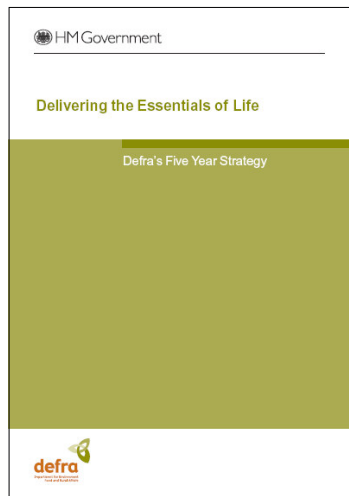
Emerging key issues and priorities



Turning first to the policy background

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Defra's 5 year strategy – published in December 2004



In December, Defra published its 5 Year Strategy. This lays out the 5 Strategic Priorities which Defra has set for itself. Of these 3 are particularly relevant to the rural agenda.

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Defra's 5 strategic priorities

- Sustainable Rural Communities
- Sustainable Farming and Food, including animal health and welfare
- Natural resource protection
- Climate change and energy
- Sustainable production and consumption



- Sustainable Rural Communities
- Sustainable Farming and Food, including animal health and welfare
- Natural Resource Protection

The other 2 are also relevant to rural areas, but less specifically:

- Climate Change and Energy
- Sustainable Production and Consumption

Sustainable Rural Communities

- Economic and social regeneration
- Social justice for all
- Enhancing the value of our countryside



Sustainable Rural Communities: With the creation of Defra, for the first time a Government department had a specific remit to look after rural concerns. This has allowed a much better understanding of the needs of rural areas. That is reflected in the benefits already being delivered on the ground to those who live and work in rural England. To cite just a few examples...

- We have provided over 1,000 rural communities with a Vital Villages grant to help them improve local services.
- We have supported 235 market towns under the Market Towns Initiative
- We have created a special £30 million per annum fund to support rural policing.

Going forward, the challenge is to support sustainable rural communities rather than just address the immediate problems. That means enabling affordable housing, a high quality local environment and access to local services. It means boosting economic performance in the areas which lag behind the relative prosperity of the majority of rural areas. It means tackling rural social exclusion, wherever it occurs. And it means protecting and enhancing the countryside and coastal areas which are vital to the health of the rural economy. This cannot be delivered by central Government alone – visionary local leadership is also required.

The Rural Strategy 2004 set out how we proposed to tackle many of those challenges. Building on Lord Haskins' recommendations, we will establish new, more effective delivery arrangements for rural areas – with greater devolution, and a key role for Regional Development Agencies, so decisions are taken nearer to those they affect. We are establishing two new independent Non-Departmental Public Bodies, a new, smaller and more focused Countryside Agency and an Integrated Agency, bringing together the existing functions of English Nature, the Rural Development Service and the Countryside Agency's functions on access and landscape.

More detailed plans will be set out in draft legislation which we plan to publish in the first half of February.

Our priority is to focus regeneration resources and action for rural areas more intensively on those 'lagging areas', where poor economic performance is very often coupled with social deprivation. This means working closely in partnership with the regional and local agencies that deliver regeneration. To this end, Defra is increasing the funding it devolves to the Regional Development Agencies and the Government Offices in the regions. One element of this is the funding currently channeled through the Countryside Agency. For example, its Vital Villages programme (to support local services) and its support for Rural Community Councils and the rural voluntary sector. In total, this will mean more than £71 million being channeled from Defra to the RDAs in 2005/6 to help support rural needs. At the same time, we will streamline our programmes to support rural activity by replacing some 71 schemes, not including CAP, with three major programmes. We will simplify systems and improve business advice services.

Sustainable Farming and Food

- **Strategy for Sustainable Farming and Food**
- **Competitive, profitable and sustainable industry**
- **Protection and enhancement of the environment**
- **Links to UK food industry – 8% of GDP**



On the **Sustainable Farming** front, our farming industry is a key partner in producing the major part of this country's food requirements, providing an attractive, well managed countryside and contributing to the rural fabric. CAP Reform will create a new era - a competitive, profitable and sustainable farming industry that also has a crucial role in enhancing biodiversity and protecting soils, water and other natural resources on 70% of England's land area. Farming contributes to sustainable rural communities, and to the nation's economic prosperity through a sustainable and competitive food chain which forms 8% of the British economy. The Strategy for Sustainable Farming and Food, developed with the industry in 2002 following on from the Curry Commission, is a comprehensive, long term plan for future development. The Strategy sets out the goal of a profitable industry freed from the historic constraints of the CAP. It will be able to compete freely in the market and make a positive contribution to our countryside, the use of our natural resources and providing safe, healthy, and nutritious food.

CAP Reform and Single Farm Payment

- **Single Farm Payment**
- **Reconnection with the market**
- **Need to maintain good agricultural and environmental conditions.**
- **How will farmers respond?**
- **Defra's new CAP Observatory**



From this year the reforms agreed in Luxembourg in June 2003 will free our farmers from much of the bureaucracy and perverse incentives of the Common Agricultural Policy. The new decoupled Single Payment Scheme will mean farmers no longer produce for the subsidy but will produce what the market will reward while meeting baseline environmental standards as a condition of payment. The new CAP represents a radical simplification for farmers. The previous range of schemes each with separate regulations, payments, dates and form filling will be replaced by one form, one set of rules, one date, and one payment. A major issue will be what farmers actually choose to do with their new freedom. Defra is establishing an Observatory function that will co-ordinate hard and soft data from a range of sources and collate the resulting information in order to identify significant trends in farming patterns and practices and their resulting environmental impacts. The Observatory will also seek to predict the longer term impacts of farm practice changes, highlighting any areas of particular concern or success and assessing the implications for the strategic priorities and the delivery of objectives of Defra and its Agencies.

Agriculture and the environment

- **Cross compliance for good agricultural and environmental conditions**
- **New Environmental Stewardship Schemes**
- **Need to address agricultural pollution**
 - Air pollution – ammonia, greenhouse gases
 - Water pollution – nitrate, phosphate, silt, pesticides



CAP reform should strengthen farmers engagement with environmental concerns. Firstly, all farmers receiving the Single Farm Payment will need to keep their land in Good Agricultural and Environmental Condition. We want farmers to go beyond these baseline environmental standards. The new Environmental Stewardship scheme, which we hope to launch this year, will reward farmers for their contribution to enhancing the value of the countryside through responsible management of the landscape and natural resources.

We also need to address the problems of agricultural pollution, particularly diffuse water pollution and ammonia emissions from nutrients which are causing significant damage to sensitive habitats.

Diffuse agricultural sources account for about 70% of nitrogen, 40-50% of phosphorus and the majority of silt entering water in England. Agriculture also accounts for over 80% of UK emissions of ammonia to the atmosphere.

This can lead to problems of nutrient enrichment and acidification of terrestrial habitats. Legislation such as the Water Framework Directive, the Habitats Directive and the Emissions Ceiling Directive will place increasing pressure on agriculture to improve its environmental performance. So measures to solve the problem will also

need to be tailored to local circumstances; although some action is likely to be required in all parts of the country. Reducing agricultural emissions to water is one of the main environmental objectives of the Strategy for Sustainable Farming and Food.

Catchment-sensitive farming (and catchment management generally) means all landowners within a catchment reducing emissions to levels that are sustainable for that particular catchment. I stress this area in particular as I know that one of RELU's 4 Themes is specifically focused on the Integration of Land and Water Use.

We remain strongly committed to the Curry Commission's approach of helping farmers reconnect with the market. Just two years after the launch of the strategy a great deal of progress has been achieved. Among a number of workstreams, I would single out: the help for farmer co-operation, through English Farming and Food Partnerships; the progress of farm assurance, through Assured Food Standards; the work by the Food Chain Centre on securing efficiencies in the food chain; and the establishment of the National Non-Food Crops Centre which is helping to take forward the non-food crops strategy published by Defra and DTI in November 2004.

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Natural Resource Protection

- **Agriculture and the environment**
- **Countryside & Rights of Way Act**
- **Effects of atmospheric pollution on biodiversity**
- **SSSI targets and farmland birds**
- **Soil Action Plan**
- **Interaction between Rural economy and the rural environment**



There are concerns about the effects of atmospheric pollution on the biodiversity of sensitive habitats and our Public Service Agreement targets relating to SSSIs and to reversing the decline in farmland birds. We also recently published the Soil Action Plan.

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England Rural Development Plan

- 147,500 ha in ESA agreements
- 530,000 ha in Countryside Stewardship
- 110,404 ha approved for organic conversion
- 17,844 ha new woodland approved under the Farm Woodland Premium Scheme
- 186,405 ha approved under the Woodland Grant Scheme
- 1,215 Rural Enterprise Scheme projects approved
- 72,828 Vocational training days supported
- 80 new products brought to market with the support of a Processing and Marketing Grant



The role of the England Rural Development Plan in changing the way things are done in the countryside. This has affected land management on a significant proportion of the land area of the English countryside, and encouraged enterprise and training.

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Climate Change and Energy

- **Effect of climate change on the rural economy**
 - Transport
 - Public attitudes to sustainability
- **Reducing greenhouse gas emissions from agriculture**
- **Exploiting and adapting to a changed climate**
- **Potential for developing renewable resources**
 - Biomass
 - Windpower
 - Non-food crops



On **Climate Change and energy**, there are issues in relation to the effect of climate change on the rural economy, and the potential for developing more renewable energy sources, such as biomass, or windpower. Both of these could have implications for Rural Economies and for Land Use.

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Sustainable production and Consumption

- **Developing more sustainable businesses**
- **Changing consumer behaviour**
- **Developing demand for biologically renewable products**



On **Sustainable Production and Consumption**, there are a number of relevant issues, such as the production of goods from biologically renewable materials, and the really challenging problems of convincing citizens to change their behaviour in order to have a more sustainable society.

As you can see, there is a relevance to RELU for each of these Strategic Priorities.

Developing the evidence base in Defra



The evidence base in Defra (10 mins)

My second theme is to describe Defra's approach to evidence. This is another area where there have been significant changes since the creation of Defra three and a half years ago. By using the term "evidence" rather than "science", I specifically include scientific research and monitoring, but also include evidence from economics and statistics.

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Defra's Science Strategy published May 2003



In May 2003, we published the first version of Defra's science and innovation strategy, entitled "Delivering the Evidence". Since then we have been working to further develop the strategy.

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The 10-year Horizon both published July 2004



In July 2004 the Government published 2 important documents on science. One was the 10 Year Investment Framework, and the other was an analysis of Defra's expected evidence and innovation needs over the next 10 years.

The underlying premiss of these documents is the need for evidence to develop and implement policy:

Evidence & Innovation forward look

Key generic drivers

- Volume of information
- Use of evidence in policy making
- Focus on innovation
- Strengthening co-ordination
- Public attitudes
- Society's relationship with science



- We need evidence **to understand** what the problems are and understand their relative importance.
- We need evidence **to provide solutions**, and it is particularly important to take account of economic measures in driving outcomes, as well as taking account of scientific solutions. This is also where innovation can play a particularly important role.
- We also need evidence **to monitor the effectiveness of the solutions** in delivering the desired outcomes.

The Defra document identified a range of drivers which are likely to be important in shaping Defra's future science needs. These included :

- **the volume of information.** The outputs of increased worldwide investment in science and technology are providing us with a rapidly expanding body of scientific knowledge. This poses increased challenges for analysis and knowledge management.
- initiatives to improve **the use of evidence in policy making.** Attention to the explicit use of evidence to support and improve policy making and delivery is

increasing. This is part of an historical trend to make better use of evidence and research and to focus on policies that will deliver long-term goals.

- **focus on innovation.** Increasing attention is being given to the role of Government in the promotion and use of innovation. We need to provide opportunities for people to change the way they do things, so that we all behave in a more sustainable way.
- **strengthening co-ordination.** This was also a strong feature of the 10-year Framework Document which argued for better strategic coordination of research across Government departments and with the UK science base. The establishment of strategic advisory bodies such as Defra's Science Advisory Council and the re-establishment of the Government's Council for Science and Technology are important developments in driving home the need for a more strategic and cross-Government approach.
- **public attitudes.** Mixed and variable public attitudes to the roles and applications of science and technology will remain a major driver for our science policy for the foreseeable future. This will be shaped by broader social trends (e.g. in attitudes to risk, ethical and privacy issues) coupled with increasing aspirations towards public accountability and democratic control of the direction of development of science and technology.
- **increased focus on society's relationship with science.** A primary objective of Defra's science policy work is to make our science more trustworthy in the eyes of the public.

The Evidence and Innovation forward look identified a large number of issues which are likely to influence Defra's future research needs. Many of these are relevant to RELU.

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Forward Look - Examples of important issues

Climate change	Flooding	Water demand
Pollutants & health	Renewable energy	Carbon emissions
Wildlife conservation	Public perceptions	Landscape erosion
Biogeochemical cycles	Water Framework Directive	Continued development pressure
House prices	Habitats Directive	Fair trade
Social justice	Local quality of life	Demographic change
Agriculture & food production	Value of countryside recreation	Rural population growth
Increased wealth	Waste production	Risk assessment



The number of issues is really too great to list in full, but I show some of the more relevant ones. The large number of drivers illustrate the complexity of Defra's agenda. I am sure that researchers considering work on Rural Economy and Land Use, could usefully examine the lists of drivers in that document.

The difficulty of predicting the strength and direction of the drivers, and evaluating their impacts and interactions, generates a strong case for a varied and vigorous research programme.

Sustainable Rural Communities

- Rural/Urban boundaries are blurred
- Changed relationship between rural industry and land use
- Changed Rural definition
- Rural Evidence Research Centre



In the context of RELU it is worth exploring the analysis in relation to the Rural Economy. We recognised that there is no homogenised 'rural' England, but a series of areas that are socially and economically differentiated. Rural areas are also changing in ways that are reshaping communities and blurring urban–rural distinctions. Indeed, many changes and drivers are common to both rural and urban areas.

One consequence is convergence between rural and urban economies. Rural employment is now higher in sectors such as manufacturing, tourism, retailing and public administration than in agriculture. Some of these businesses have a link with land use, but most do not.

At the same time, there is a long-term population trend towards rural areas and this process of counterurbanisation is a key cause of social change and development pressures in the countryside. Significantly, there is selective out-migration of younger people and in-migration of older age groups. The consequence is an ageing rural population, with growing proportions of the elderly and very elderly. This is generating changing demands on public and community services, and as we expect these trends to continue, will require policy makers and delivery bodies to plan for these future demands.

Here is a clear example of how research findings are relevant to policy delivery in a very immediate way. If agencies do not gear up to respond to an ageing rural population, services will inevitably suffer.

More generally, many villages and country towns bring together the mobile and affluent with those who are locally reliant and dependent, and this divide shapes aspects of access to housing, informal support, services and community well-being. In the next 10 years, we will need to gain a much more thorough understanding of rural communities and economies, including community structure, rural demographic changes and the nature of social exclusion.

To ensure a shared approach to analyzing these and other trends, a new definition of what is meant by “rural” in statistical terms has been developed. It is based on the population sizes of different settlements. A review carried out in 2002 showed that existing urban/rural 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 has now provided a means to describe modern rural England at a level which helps to pinpoint those in greatest need and enables policy to be targeted accordingly.

It is primarily a statistical tool, and only deals with land use as far as housing is concerned, but it may be a useful classification for some RELU projects.

We have a growing research budget on rural issues, and it is well worth exploring the Defra website to see what relevant research has been funded. We will need to work closely with others (including relevant Research Councils and their initiatives) to carry forward this work and to achieve an improved analytical understanding of the nature of contemporary rural economy and society.

To provide additional and dedicated expertise and development capacity, Defra established the Rural Evidence Research Centre in December 2003 through the appointment of a consortium of academics and researchers led by Birkbeck College.

Following the Haskins report, integrating the delivery of rural policies by different organisations (especially regional and local ones) is a central issue for rural policy,

with implications for the evidence base. This emphasises a role for Defra science of promoting strategic research for policy development, and of data management and analysis for the assessment of policy outcomes. Many of the social and economic trends affecting rural England are common across western Europe and, increasingly in the next 10 years, we would expect the development of our rural evidence base to be framed within a European context, including learning lessons from the experience of other countries.

The Government's 10 year Science & Innovation Investment Framework (2004 – 2014), was also published in July 2004. This emphasizes the value of investing in scientific research, but explicitly calls on Research Council programmes to be more strongly influenced by and delivered in partnership with end users of research to ensure greater responsiveness of the publicly-funded research base to the needs of the economy and public services.

Complementarity between Departments' own research programmes and those funded through the Research Councils is also crucial, not only to avoid potential gaps and overlaps in publicly funded research, but also to maximise the contribution of the UK science base to public service priorities.

The report makes special mention of social research pointing out the increasing demand for social and humanities research to inform policymaking. It also calls for a better understanding of the factors that need to be taken into account by physical scientists and engineers in promoting public acceptance of new technological developments.

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Sustainable Farming and Food Research Priorities Group – workshop titles

1. The impact of global and technological drivers on farming and food
2. Satisfying consumer aspirations through sustainable delivery of food products
3. Optimising profitability by means of new opportunities for agricultural land use
4. Adding value across the food supply chain within a national framework
5. Manipulating the environmental footprint of agriculture to achieve better management of the true costs and benefits
6. Delivering landscape scale benefits from farms whilst improving economic sustainability of UK agriculture



On the **sustainable Farming and Food** side, Defra has initiated the Sustainable Farming and Food Research Priorities Group. This is in the process of preparing its first report to advise on priorities for new research, having conducted a series of 6 consultative workshops. Each workshop was based on one of the following subject areas:

1. The impact of global and technological drivers on farming and food
2. Satisfying consumer aspirations through sustainable delivery of food products
3. Optimising profitability by means of new opportunities for agricultural land use
4. Adding value across the food supply chain within a national framework
5. Manipulating the environmental footprint of agriculture to achieve better management of the true costs and benefits
6. Delivering landscape scale benefits from farms whilst improving economic sustainability of UK agriculture

I am looking forward to being present at the launch of the Research Priorities Group report in March.

Defra funds a large amount of research which is itself highly relevant to RELU. This includes research on the environmental impacts of agriculture – exploring agriculture's effects on air, water and habitats, research on social science and economic aspects, and research on alternative land uses. Information about all of this research is available on Defra's website, including the Final Report, for those projects where the research has been completed.

Interaction with RELU



The role of RELU

So turning to my third theme. What does all this mean for Rural Economy and Land Use Programme? I have outlined the policy context, and it is clear that the interaction between the rural economy and land use is a fertile area for research. In addition, the interaction between natural science and the perceptions and behaviour of individuals is also a vitally important area for improved understanding and development. We have to recognise that there is a real challenge in achieving effective engagement between social and natural scientists. I think the Research Councils have been far-sighted in identifying the need to build our national capacity in this area. I am particularly supportive of the discipline that projects are only funded if they involve collaboration between natural scientists and social scientists. We have great strengths in both of these disciplines, but the challenge of sustainable development requires us to develop a stronger integration of social and natural science. We have to find ways of using all the knowledge available in an integrated way if we are to address the significant challenges facing our environment and the rural economy.

RELU Themes

- The Integration of Land and Water Use
- The Environmental Basis of Rural Development
- Sustainable Food Chains
- Economic and Social Interactions with the Rural Environment



RELU has 4 Themes:

- The Integration of Land and Water Use
- The Environmental Basis of Rural Development
- Sustainable Food Chains
- Economic and Social Interactions with the Rural Environment

These provide a very good fit with many of the policy issues facing Defra. In addition, the emphasis of RELU in integrating natural and social science fits very well with the increasing focus on providing a full evidence base for the development and delivery of policy. We recognised the importance of RELU, both in terms of the topic areas it covers, and this vital integration between social and natural science, by agreeing to contribute £1 million to the programme over its life. In addition we are actively engaged in policy development and research in all the areas which RELU covers, and we are keen to engage with RELU projects in appropriate ways. It is clear from the list of full projects and Capacity Building Projects already funded how relevant this work is to the rural and natural environment agenda. This is an important research agenda, and we need to maximise the benefit from the public investment.

Conclusions



In conclusion, I would like to stress the importance of context in conducting policy relevant research. Because of its integration of natural science and social science, RELU is forced to operate in real world situations, often at a local level. RELU cannot be disengaged from the real world. This makes it all the more important for researchers to ensure that they are able to place their research into a real-life context, not only in statistical terms but also in terms of social engagement. I hope that by working together we can maximise the opportunities that RELU provides to develop a more sustainable approach to rural economies and the natural environment.