

## **REGENERATING RURAL ECONOMIES BY FOCUSING ON SKILLS**

Keynote speech by Alison McLean, Task Group member for Commission for Rural Communities

Introduction and thanks for invitation

The recent fifth anniversary of the outbreak of Foot and Mouth provided a useful reminder of the attention that has been focused on the health of England's rural economies. Regional Rural Affairs Forums and the Commission for Rural Communities are products of that attention and many of the organisations speaking and represented here today similarly have been affected.

Although new, the Commission for Rural Communities inherits a long and I believe respected involvement in enterprise and skills issues, from the Countryside Agency's Economies programme. The improved description and understanding of rural businesses and employment which it brought, including your regions' studies, *Rural economies: stepping stones for healthier economies of the East of England* and jointly with EMDA, of the *Knowledge economy of rural East Midlands*, established some of the key features which provide an important backdrop for today's conference, particularly:

- the importance of self employment in rural areas;
- the roles of in migration and of the value of countryside capital in creating new economic opportunities; and
- the similarity of the employment and business base of many rural and urban areas. With others we also gave expression to the role of women and of Market towns in rejuvenating rural communities.

Development of this better evidence base has been combined with search for practical improvements in issues of concern to most rural businesses –

- business support (where we jointly funded the first non-farming rural business advisor post in a Business Link Operator - now a widespread component - and secured a commitment that all Business Links would provide parity of access to their services for rural and urban clients, at least whilst they were managed by the Small Business Service;
- on reducing regulations and
- training (where we played a similarly pioneering role in developing and supporting the New Entrants Training Scheme for traditional rural industries such as wheelwrights, blacksmiths and thatching. The training school for thatchers that we supported for so many years, remains of course at Knuston Hall, nr Wellingborough, now part of the

Oxford Brookes University. NETS addressed a barrier to training in small rural firms which current deliverers and schemes need to heed – the loss of apprentices or employees to distant college-based training, can be reduced by combining work-placed practical training with occasional opportunities to broaden experience at specialist colleges.

This experience gives us a sound foundation on which to build the Commission's contribution to the enterprise and skills agenda.

As you may be aware the Commission for Rural Communities is likely to be legally established as an Independent statutory body in October. Over the last 10 months, as a division of the Countryside Agency, we have been exploring how best to bring attention to the needs of rural communities, residents and businesses, especially those who are disadvantaged, by developing the three roles that we have been given:

- Rural advocate - or bringing the voices of rural people to the ears of decision makers
- Independent Rural advisor to those who make and deliver policy; and
- Rural watchdog, monitoring how well key policies and programmes are sensitive to the needs of rural communities and businesses.

All of these roles are relevant to the Learning and Skills needs of rural people. To help these needs to be heard we will be working to improve the voice of rural businesses, employees and their successors. Such voices are often fragmented, or weak. The voices of some countryside employers are strong, but thousands of rural businesses and groups are poorly represented. Those who work in consumer and business services - public and private - in construction, transport and manufacturing, and who work from home, appear less likely to inform rural decision makers, their strategies and programmes. If the skills gaps and shortages, recruitment and training difficulties of all who work in rural England are to be addressed, organisations in this hall today and many beyond need to give greater heed to these groups.

Our role as Rural watchdog is perhaps best known through our annual Rural Proofing Report. This gives public expression of how well government departments and other policy makers sensitise or rural proof their policies. Within this role we will assess departments and agencies who define and fund training and business support, for example DfES, Dti, LSC, Small Business Service and RDAs to name a few. We will continue to encourage and support public sector bodies which have to, or wish to, rural proof their work, as my first illustration of our current skills-related work may show.

Over the last few months our Enterprise and Skills team have been helping employer-led Sector Skills Councils to understand the process and values of

rural proofing their research, influencing and training activities. With SSC's help we are tailoring the rural proofing assessment process to the skills community. With help from Defra we are helping Skill Councils to apply the new rural definition to their surveys and research – the foundation for their influencing and development work. This work is a product of the national Rural Focus Group of Sector Skills Councils, chaired by Lantra – and I understand that Mike Appleyard will later describe a regional version of this group.

Most of these employer-led Councils base their understanding and targeting of activity on a substantial annual survey of employers - the National Employers Skills Survey. It isn't their only source of information about skill shortages, gaps or hard to fill vacancies but it is an important source and informs their Sector Skills Agreements and funding from the Sector Skills Development Agency. Therefore we are commissioning for them an analysis of responses from rural employers to this Skills Survey. Together with an improved profile of each employing sector, this analysis of employer responses will

- allow the 25 Sector Skills Councils to understand their footprint in rural England
- identify skills deficiencies and recruitment challenges faced by their rural customers – for many Councils for the first time, and
- improve their abilities to lever and direct training resources at rural employers

Of course some evidence of rural skill and training needs already exists - from Defra's Learning Skills and Knowledge Review; from Countryside Agency and RDA studies of rural economies, from our Rural Business Skills Survey and from LSCs' research and strategies. But Sector Skills Councils are tasked by government with defining employers' training and qualification needs. Thus enabling more than the overtly rural Councils, such as Lantra - in healthcare, engineering, retail, textiles, automotive skills, public services – to see the needs of their rural constituents will better equip them to secure an appropriate response from those who fund and provide training.

My second illustration of our current work on skills relates to a rural enquiry that the National Audit Office hope shortly to start. Indeed as I speak today, the leaders of our Rural Analysis, Enterprise and Skills and Thematic Study teams are meeting with the NAO to agree the focus of an enquiry into the impact and effectiveness of policies and programmes into low income and low skills in rural areas. NAO's reports to Parliament's Public Accounts Committee act as an influential provocation to government to improve the effectiveness and efficiency of its policies.

I hope these illustrate the Commission's ways of working -

- especially at national and regional levels,
- in partnership,
- to improve understanding and commitment to the needs on rural communities and businesses, particularly disadvantage.

The enterprise and employment base of rural areas is extensive, expanding, and by many economic indicators, healthy. Of course some areas and communities are disadvantaged in their opportunities and rewards. Some of these areas are acknowledged in Defra's Rural economies PSA as rural authorities of low productivity. The causes of such low productivity will vary. Some will be related to low skills, for example around the Wash where we find the greatest concentrations of working age population in rural England with less than Level 2 qualifications. Others may be attributed to low levels of new businesses starts or to low levels of innovation. We need to understand the geography of these weaknesses and whilst national mapping can shed some light on this, the Commission believe that we can only truly identify communities and individuals in need of help, and work out how best to help them, at more local levels. We can show the importance of this if you pick up our recent Rural Economies Bulletin on Choice of Jobs, which shows which areas are performing better and which worse than their region on this measure of the numbers of jobs available to rural residents. Areas which perform poorly and thus need most help are not necessarily Defra's low productivity districts.

To address the skill needs of rural people we need to bring to bear the knowledge and support available from all economic and rural agencies. We must work to complement each other, and this conference is a good way of drawing out roles and complementary ways of working. Sometimes stronger partnerships are needed between spatial levels, as between our work and that of the Government Offices and RDAs, or between RDAs, local authorities and their sub-regional economic partnerships. On other issues complementary action is needed between specialist and generalist organisations, for example on support for women between organisations such as the Norfolk- based Women's Employment, Enterprise and Training Unit (WEETU) or Women into Rural Enterprise (WIRE) on the one hand and the regions' Business Link Operators on the other. Partnership working may mean that we must adjust organisational priorities to ensure that employees and businesses are not disadvantaged because of their rurality alone. Alongside sector priorities in regional and sub-regional economic and skills strategies, we need to ensure that the rural voice is seen and respected.

Let me then offer a few thoughts about where, for whom and which rural skills need attention.

Firstly, we need to ensure that we cast the viewing glass that we label as rural over all rural business communities – not just those which meet the traditional countryside image. We don't need to resort to research to see the diversity

of businesses that operate from our hamlets, villages and market towns. Just look in the local paper and business pages. Sadly many significant business sectors are rarely visible in our rural action plans and programmes, yet they make a difference to the lives of thousands of rural employees and an important contribution to our rural economies,

- care and nursing homes especially in retirement coastal communities in Norfolk and Suffolk make rare bedfellows with the tourism image.
- Business service firms, such as that from near King's Lynn which is one of four national finalists in *Better Ways of Working* category of this year's e-Wellbeing Awards, would be hard pressed to find relevance in many rural strategies and training initiatives. OutSec is a company of 85 staff, all online operating within and beyond the region offering transcription, secretarial and typing services. It is run from a farmhouse near Kings Lynn.
- For many the high quality countryside of our national parks and areas of outstanding natural beauty is the heartland of the rural idyll. It is not only base for farming and tourism. Amongst finalists in Business Awards, Derbyshire, announced last week, successful firms in the county's rural settlements include a family-owned engineering company with almost 80 employees and a Research centre for fluid technology employing over 200 staff. One of the finalists in the *Developing Skills – Improving Productivity* awards, sponsored by the county's LSC is a construction firm in the lovely village of Ashover, with around 125 employees and an annual turnover of around £30 million. Thousands of firms in your regions such as these, large and very small, new and long established, work comfortably alongside the wealth of our farms, forests, village shops, country hotels and rural guest houses. Yet they find themselves hidden from view in support and training programmes – perceived as not rural enough to fit into rural programmes, and too dispersed to be at the heart of regional priorities. Regeneration of rural areas will only come if we work for the full base of rural enterprises and employment.

We need to extend **Generic business skills**, such as management skills, IT and communication skills, customer service and marketing skills – these skills are needed in all sectors, sizes and stages of growth.

Sometimes opportunities to **build a stronger learning culture** amongst rural firms comes from providing training to comply with regulations - for example food handling skills required in catering, retailing and food processing enterprises leading to certification for employees or owners, or in fire safety or Health and Safety training. Last year a major study we commissioned of the red tape burden faced by small rural firms and the support that they used, showed that rural employers most frequently seek training when it is needed to comply with regulations, or secure certification. Thus by building better contacts between those who act as regulators, with those that offer business advice and provide training, can we extend the level and benefits of training to

rural firms? Those working in local authorities may want to try and build this into the development of your Single Business Accounts.

We should also ensure that we develop and harness the skill base of those currently outwith the existing labour market. Incomers and our young people will bring new skills and aspirations to our rural areas and overcome some skill shortages. In this part of rural England this includes migrant workers. Stories of PhD students spending their days cutting herbs, or nurses acting as waitresses in rural hotels – all because of the poor quality of their English - show that for some communities training in basic skills are more important than managerial or business skills. The teaching of Enterprise to all Year 10 pupils also offers great opportunities to ensure strong skills and enterprise base for future rural economies.

Of course raising skills cannot be seen in isolation – we may train residents to enhance their employability and reward, but if we fail to address their other key needs they will take their stronger skills elsewhere. Therefore, we must tackle complementary needs such as affordable housing, improved public transport, better business support, access to start up and grow-on premises, and the need for flexible but rewarding jobs, especially for those who care for children or elderly relatives.

To conclude let me throw down one final but significant challenge. We must take our needs out beyond this largely rural debating forum and put it firmly in front of national, largely urban decision makers. Yesterday, for example, the 2<sup>nd</sup> National Conference on Skills for Employability was held in London – no overtly rural speaker or organisation addressed the conference and rural was hardly represented in the workshops. These events set or reinforce the perception of major training initiatives and funding needs. They are not hearing the rural voice. I look forward to the Commission for Rural Communities contributing to the skills debate again - but I hope also that we can all find ways of converting our rural dialogue into one heard by wider and perhaps more influential audiences.

Thank you for your attention.