
Rural Communities helping the Region through the Economic Downturn

Wednesday 4th March 2009, Lavenham Village Hall, Lavenham, Suffolk.

Executive Summary of the Conference Report

Background to the Conference

The downturn of the economy nationally and globally is impacting on all our lives. The East of England Rural Forum agreed that the Conference this year would focus on assessing the effect of the downturn on the region's economy, how it impacts on rural communities and identifying the key issues to beat the recession.

The purpose of the Conference was to:

- Assess the effect of the downturn on the region's economy and how this impacts on rural communities by identifying the key issues that they are facing.
- Work closely with key regional partners to identify opportunities to support initiatives that will help alleviate the full impact.
- Provide core Government Departments and the Commission for Rural Communities with information and evidence of the positive impact that rural areas can make in order to aid them to develop policy.

The proposed outcomes of the Conference were:

- To gain a full understanding by all delegates of the integral issues that the rural communities will be facing.
- To link closely with, when appropriate, existing bodies and groups and offer support in order to develop initiatives that may alleviate the problems.
- To challenge central and local government on the direction of policy and funding.

Key messages to emerge from the Conference

Rural is different. The current recession is compounding the issues that those who live and work in or from the rural areas already face such as an increase in travel and transport costs; limited advice and support available; poor access to services; limited housing stock and few job opportunities. The evidence that was given at the Conference show that the regional rural picture is already suffering from job losses and mortgage debt. Small companies are going out of business. A high proportion of

the rural population particularly in Norfolk and Suffolk are on fixed incomes and will face the threat of entering fuel poverty.

There is help and support available to businesses in rural areas through Business Link and the CAB. Grants are available from EEDA and the European Union. However, more support is needed at local level working with the rural communities and businesses face to face. The Learning and Skills programme will benefit individuals in the long term but short term courses are needed now to enable people to thrive and survive.

The Government itself has 3 tiers. It should be more flexible in its approach to business and industry. It should re-examine its own systems for tax, and PAYE systems. It should look at deregulating regulations that bind small businesses up. More funds should be devolved to enable social enterprise coalition from the County to Local and Parish levels.

Re-circulating spend in the local economy will be an important way forward. All organisations, agencies and companies should implement local procurement policy. Small interventions can make a great difference.

With belief, encouragement and support rural communities can shape their way forward.

Summary of Issues raised at the Conference

Ron King of Federation of Small Businesses identified that the characteristics of the 2009 Recession were no different to that of the 30's Depression, the 70's Oil Crisis and the 90's Recession. Survival for businesses was to closely re-examine their business plans, if they had one, work with and take advice from an accountant or a Business Link advice and to not be afraid to get out of business if the three year prognosis was not good. He identified a number of ways that Central and Local Government could go to supporting small businesses in the rural areas.

Sue Wigley from the CAB reported that the trends over the past 12 months were showing an increase in enquires about job seekers allowance and redundancy issues. The rural areas fared worse with redundancy than urban. The problem in rural areas is exacerbated by the issues that face those that live in these areas such as poor public transport, fewer public services and local amenities. Sue identified some solutions that would help alleviate the problems facing rural communities including better mortgage rescue, sympathetic debt recovery practices, access to affordable credit, responsive tax credit system and benefits and early access to advice and advisers.

Peter Couchman from the Plunkett Foundation explained that whilst there will be major upheaval on the High Street as a result of the recession the shops will come back. In rural communities however recession will have a long term impact and it will be harder for rural enterprises to spring back. He believed that opportunities would be found through social enterprise coalition such as community shops, credit unions, community facilities, Farmers Markets, multipurpose centres and addressing as a community climate change. Peter introduced the concept of the IKEA effect – that is the perception of the value of something is increased if you are involved in its development. Therefore communities will have a greater interest and value if they invest in their own future. They

need advice, support and funding but given this with belief and encouragement rural communities can shape their way forward.

Responses from County Forums

- **John Jowers from Essex** identified that localism was the core to everything and stressed the importance of devolvement of resource and responsibility to the grass roots level. He used the example of Essex County Council supporting 720 projects with a grant of £50 million with a capitalisation of £50 million through devolving the grant to being administered at parish level.
- **Sarah Hughes from Bedfordshire** reported that there had been a dramatic increase in redundancies over the last 12 months across the county. Just over 40% were attributed to the county's most rural district. Bedfordshire has responded to the crisis by providing additional funds to support business support, small businesses and the Credit Union. Further support through road shows, skills and training and more redundancy support are being planned.
- **Marianne Baker from Cambridgeshire** reported that the County has formal Rural Strategy in place and influences and rural proofs key local, regional and national government documentation. Through work carried out this year Cambridgeshire ACRE has identified a number of issues facing the county's rural economy. They are also seeking to identify solutions.
- **John Dixon from Norfolk** stressed the point that as result of a high proportion of the county's population is of pensionable age it is suffering from many now being on fixed incomes. Farming as a sector was not at the moment feeling the pinch too much with good export prices. Rural communities were feeling the recession with post office and shop closures. He felt that to counteract against the decline we must spend local, utilise our existing assets – land, buildings, water and trees - ,support grass root initiatives and enable communities to work together. Small interventions can make a big difference in rural communities.
- **Kate Belinis from Hertfordshire** reported that as a county it is difficult to de aggregate urban from rural. She did report that the most rural of districts was experiencing a 50% rise in claimants for benefits as a consequence of redundancy. This is against a 50% drop in job vacancies. The County Council were providing support to all businesses through advice and guidance. The Leader programme will also be able to support diversification of rural businesses.
- **John Goodwin from Suffolk** reported that the County were already actioning a substantial number of initiatives to support rural communities in Suffolk. These include an economic summit, a business fayre, extra funding to Credit Unions and support through The Leader

programmes. Existing funding and schemes such as Pub is the Hub were also being promoted.

Juliet Johnson and Will Aston from the Commission for Rural Communities (CRC) informed the Conference of the work that they are currently undertaking in light of the recession. They are providing monthly reports to Hilary Benn on how rural areas are being affected by the downturn in the economy.

Matthew Dodd from the Homes and Communities Agency (HCA) provided an overview of where rural housing is in the middle of the current recession. He scoped out the key issues facing the industry in context against the Governments housing targets for rural areas. His conclusions were that the developments of small scale rented homes are holding up and that the target to complete these schemes appears to be achievable. However, there must remain flexibility to the grant system to home buyers and developers alike. The HCA are setting up a structure to support future housing development in rural areas.

Carole Randall from Renewables East focussed her talk on how to tackle fuel poverty and which renewable technology would be most appropriate to use. The opportunities – other than green ones – to the region’s economy are that renewables could provide 100,000 jobs on/off shore.

Conclusions

The purpose of the Conference was to **look more closely at the impact on the region’s rural communities as a consequence of the downturn of the economy.**

The key issues to emerge were:

1. Rural communities will find it more difficult to spring back from a recession than their urban counterparts.
2. Evidence is showing that already there are a disproportionate amount of redundant people living in rural areas than urban ones.
3. There are fewer job opportunities in the region than last year compounding the difficulty of living in rural areas for the low income families and older generation with already poor transport systems and few local services.
4. Small businesses are the backbone of the rural economy but are suffering as their chains of businesses are breaking.
5. Small businesses need support to stand back and re-examine their operations in order to move forward.
6. With increasing costs of living and less income earning opportunities, fuel poverty is a major issue in rural areas.

7. Without careful planning and further flexibility from the Government rural social housing development may well stagnate.

By working closely with **key regional partners** we wished to **identify opportunities to support initiatives that will help alleviate the full impact.**

The key areas that were identified that needed future support were:

1. The Government to have more flexibility and consideration to the plight of small business – ranging from deregulating regulations, revisiting the Tax system, developing the remit of the Business Link Adviser to provide actual help rather than guidance and signposting to carrying on with plans to improve key infrastructure in the region.
2. Further resources to enable improved support services for those who need help on debt recovery, redundancy and mortgage rescue.
3. Social enterprise coalition was identified as a positive way that through “on the ground” schemes rural communities could help themselves. Further support through flexible grant systems, advice and access to loans is required. When you connect all three best results are achieved.
4. Enable and encourage local communities to make their own decisions for their own issues. Empower through using local rural advocates and business angels working at parish level. Keep local.
5. Provide more flexibility to the housing grant rate available nationally and to be filtered through when development looks like faltering.

Solutions from the Conference Floor

1. There are opportunities for energy (green) production – biomass, wind, water in the region
2. Funding is a barrier to develop new skills but there needs to be more focus on **relevant** skills / looking forward
3. RHEs to identify sites to enable opportunities to develop affordable housing schemes that are not dependent on S106
4. Exploit Community Initiative Fund (CIF). Every council to allocate 0.5% budget to community fund
5. Develop and promote the Tourism industry
 - The weak pound offers opportunities for tourism
 - A map of small local businesses for tourists could be produced (e.g. see Midland Meander Project)

- Take advantage of 2012 – join together to produce promotional literature aimed at getting people into the region
6. Work with Work with / lobby local authorities:
- Lobby District and Borough Councils re arrears chasing and re reducing payment periods for small businesses in time of recession
 - Make procurement easier for small businesses