



Commission for Rural Communities

Tackling rural disadvantage

Tackling rural
disadvantage through
how public services
are reformed

“A policy of public service reform that aims to improve quality, efficiency or choice through a process of competition alone will fail many rural residents. In rural areas, meeting the aspiration to ‘deliver better public services for all’ has to focus on the community as a whole, recognising the wider social and community benefits local services bring to local life.”

**Dr Stuart Burgess, Chairman,
Commission for Rural Communities, 2007¹.**

We have examined the effects of public service reform on those who live in rural England, paying particular attention to their likely impact on disadvantaged people who live in the countryside. Our findings indicate that the reforms may well make accessing services for these people harder, not easier.

Introduction

The Government's expressed intention is to put in place “modern services which maintain at their core the values of equality and opportunity for all”. There are two main bases to the proposed reforms:

- Firstly, they emphasise the importance of people being given the freedom and power to choose their preferred service provider.
- Secondly, they seek to increase the effectiveness and value for money of public services by exposing them to competition and encouraging service providers to collaborate.

The proposed reforms are not, of course, specifically rural, but they do affect rural people in specific ways. As the independent watchdog charged with making sure government meets its commitments to rural people and communities, the Commission for Rural Communities (CRC) has examined the likely impact of the proposals on those who live in rural England, especially those who are disadvantaged. We wanted answers to questions such as:

- Is consumer choice more difficult to deliver in rural areas?
- Are the principles of reform – such as the power of competition to drive up quality – appropriate in rural areas?
- Does ‘collective voice’ help deliver better services in rural communities?
- What can be done to help overcome constraints, such as greater distance, experienced in rural areas?
- Does the delivery of services in rural areas have to cost more money?

Over the past two years we have monitored the impacts of the reform agenda in rural areas, talking to a wide range of service commissioners, providers and users. We also conducted detailed research into a number of service areas including health, education, and housing. This research is published on our website (www.ruralcommunities.gov.uk). We now have a substantial body of evidence from a range of sources. This evidence indicates that policies which aim to improve quality, efficiency and choice may fail in many rural areas unless they are positively rural proofed to take on board the rurality of many communities.

¹ Report of the Rural Advocate 2007, p28. CRC.

The rural challenge

9.6 million people live in rural England (2005) with half living in villages or hamlets and dispersed settlements. The median age for rural areas is 44.4 years which is 6 years higher than for urban areas. The population of rural England continues to rise at a faster rate than in the country as a whole due to an internal migration of people from the urban areas. Most households moving into rural England are families with young children and people aged from about 44 to 64, with both groups making significant demands on public services.

Any successful reform of public services would need to be aware of the specific rural challenges. The CRC has a substantial evidence base which reveals that rural poverty is increasing and that for many types of services the number of outlets continues to decline. The State of the countryside 2008 report shows, for example, that the number of Job Centres in rural areas has fallen by nearly 20% over a one year period (2007 / 08) whilst positively the availability of general practitioners, primary and secondary schools have remained almost the same.

On the client side for public services in rural areas there are some quite surprising trends. The proportion of rural households living in relative poverty has risen from 16% to 19% between 2004 and 2007. The proportion of pensioners living in rural households experiencing relative poverty rose by 5% between 2006 and 2007 alone. And 400,000 children in rural areas were living in low-income households in 2007.

This agenda is clearly complex and challenging to address if other than an urban based model is applied.

At the heart of this debate lies a tension between the Government's desire to ensure that people can choose the services that best suit them, and the need – of Government – to provide services of a consistently high standard for all, irrespective of where they live and their circumstances. In a speech in January 2008, Ed Miliband, Minister for the Cabinet Office, said:

“Modern equality comes not just from the basic goods but from the ability to choose the life you want to lead. This is based not only on the equal moral worth of every citizen but our equal right to express our choices and exercise our capabilities.”

Implicit in this statement is the assumption that everyone can “choose the life they want to lead”, and have the opportunity to access the services they want, when and where they want them. But there is a potential tension between satisfying the needs of those who have the freedom to choose (because of, say, money and family support) the services they want (such as a distant hospital, library or school), and ensuring that those without these freedoms are not further disadvantaged as a result of choices made by others.

What is more, we know that there are many rural people who do not have the wherewithal to choose. Primarily, they are the relatively poor, those with disabilities², and those affected by financial poverty, access poverty and 'network poverty' (ie a lack of informal contact with, and help from, friends and neighbours)³. The most vulnerable groups today are children and families, the elderly, women, and minorities⁴. The causes of their disadvantage have been thoroughly researched and well documented (for example, in our 2006 study into rural disadvantage)⁵. Targeting and addressing the problems of these groups is made more difficult because much rural deprivation is hidden and masked by the affluence of many rural areas.

In February 2008, in a speech to the Public Services Summit, Ed Miliband MP went on to say that if public services are going to liberate people so that they are able to choose the life they want to lead, services must be more personal, collaborative, flexible, accountable and forward-looking. If they are to meet the needs of people who live in rural England, services will have to be all of these things, but above all they will have to be accessible to those affected by disadvantage.

A long-running debate

The need to offer equality of opportunity to people living in rural areas has been a matter of debate for many years. It was mentioned by Lord Scott's Committee in its seminal 1942 report⁶. Although life today is clearly different from that of the 1940s, the problems of access for those experiencing some form of disadvantage remain much the same. In relative terms, little has changed. For example, today's vulnerable groups, and the reasons for their vulnerability, are similar to those identified by the Policy Studies Institute in 1998⁷.

In a similar vein, Professor Paul Cloke in 1994⁸ and before him, David Clarke and Stephen Wollett in the 1980s⁹ all identified declining trends in service provision, concerns about the impacts of these on rural residents, and the issue of affordable rural housing that the CRC is still attempting to bring to the Government's attention¹⁰.

Lord Vinson, the then Chairman of the Rural Development Commission, in the foreword to Clarke and Wollett's report, stated, "*Looking ahead, there are a number of issues on the horizon which could have a major impact on rural services. For example, the changes in education policy ...; proposals for the health service and the delivery of community care; the sale of Girobank and possible privatisation of parts of the Post Office, will all have an effect on the way in which services are delivered in rural areas.*"¹¹

² Rep Rural Disadvantage, Reviewing the Evidence, p202. CRC. 2006.

³ The state of the countryside, 2007, p62. CRC. 2007.

⁴ Rural Disadvantage, Reviewing the Evidence, pp216 - 236. CRC. 2006.

⁵ Rural Disadvantage – Understanding the Evidence. www.ruralcommunities.gov.uk

⁶ Report of The Committee on Land Utilisation in Rural Areas. Paragraph 159. Cmd. 6378. HMSO. 1942.

⁷ Rural Disadvantage – Understanding the Processes, pp58. Rural Development Commission. 1998.

⁸ Lifestyles in Rural England. Rural Development Commission, Department of the Environment, and the Economic and Social Research Council. 1994.

⁹ English Village Services in the Eighties. Rural Development Commission. 1990.

¹⁰ Rural Advocate's Report, 2007. p8 & p19. CRC. 2007.

¹¹ English Village Services in the Eighties. Rural Development Commission. 1990. p70.

Service providers have to contend with particular problems in rural areas – such as the sparsely distributed population, lower economies of scale and greater distances. Yet funding allocations do not always take these into account.

The challenge of service delivery in rural areas

There are particular challenges for service providers in rural areas that need to be understood and overcome. These include the sparsity of rural population, associated transport and access difficulties, and the additional costs incurred when providing services for relatively lightly populated, remote rural places. Furthermore, higher costs are not always recognised in government funding allocations and some services have seen their funding withdrawn in recent years.

Our research into healthcare funding¹², for example, shows that the formula currently used to allocate money to fund the NHS effectively discriminates against rural areas and, in particular, the health needs of older people living there. It fails to capture adequately the needs of older people, perhaps because the relative affluence of many rural populations masks the nature and extent of older people's needs, and does not reflect the additional costs of providing services in rural areas.

The formula for health care funding gives greater weighting to the 'additional needs' relating to deprivation than to the demographic needs relating to the age profile of different areas. As a result this fails to provide for the increasing demand on health services generated from an ageing population. There is evidence to suggest that a disproportionate number of Primary Care Trusts that were in deficit were found predominantly in rural affluent areas. This is attributed both to rurality, and to the demand for health services in these areas.

There is also the ever-present problem of a lack of public transport. Around 11% of rural households have no car and one-third of adults in rural areas do not have personal access to a car¹³. If they happen to live in a place where there is little or no public transport, they are going to struggle to access any service, never mind exercise choice over which service to access.

CRC's research tells us that some service providers in rural areas are struggling to remain viable, and that the scale and pace of closure of local services is on the increase. Post Offices, small schools and libraries in rural areas are once again under threat of closure.

A significant number of participants at our public consultation events voiced concerns about access to health services. Many participants, particularly older people, those on low incomes and those reliant on public transport, described their difficulties getting to hospital appointments or seeing their GP. In Norfolk one young woman spoke of a two-hour round trip with her baby son to see a GP, and an even longer journey at weekends. In the area served by the North Lancashire PCT all of the GP practices are concentrated in the coastal strip around Heysham and Fleetwood which comprises one-third of the geographical area of the PCT. There are no GP practices in the entire remaining two-thirds of the area which stretches across the rural Trough of Bowland. As the PCT itself notes "we have significant access issues".

¹² NHS Resource Allocation. Submission to the NHS Review. Commission for Rural Communities. 2008

¹³ Rural Disadvantage, Reviewing the Evidence. www.ruralcommunities.gov.uk

A survey of NHS dentists that CRC commissioned in late 2006 found that rural dentists believed that vulnerable groups were more likely to experience the greatest problems in accessing dental services. Furthermore, reforms to NHS dentistry were leading in some areas to a decrease in rural dental provision.

More worryingly still, existing financial pressures are being exacerbated when competition – one of the keystones of reform – is used as the basis for determining the income that providers receive. The costs of bidding for contracts, marketing and engaging users in services impose additional financial pressures that smaller providers cannot bear. In some cases, overhead costs divert funding away from frontline delivery, and may also deter smaller, more remote providers from trying to compete.

Similarly, the tariff (ie payment per user) system can disadvantage providers who work in areas of low population density or who do not offer specialist services that allow economies of scale. Nationally set tariffs based on average costs do not reflect either the added costs involved in delivering rural services, nor the lower economies of scale that exist in rural areas due to geography, population distribution and sparsity.

The creative response coming from service providers

In response, many providers in rural areas are looking for opportunities to collaborate by, for example, sharing staff, administrative functions, offices and transport. This helps them to increase economies of scale and compete with larger organisations. This kind of collaboration is both encouraging and innovative.

There are numerous examples of innovative collaboration between schools. In Cornwall, a secondary school and 11 primaries have been working together since 2000. The Dunbury School in Dorset, an amalgamation of four small village schools, has been a single entity – on four sites – since 1993. In the East Riding of Yorkshire, 18 coordinators based in rural schools, but paid for by the Local Authority, make sure that their schools are aware of – and make best use – of various services such as transport.

In Dorset, one in three local libraries was, until recently, threatened with closure. However, councillors ruled this out. They opted instead to keep all libraries open, but accepted that there would be redundancies, shorter opening hours, charges for ICT use, and a need for people to play their part in running their local library. Clearly this approach is not without risk, and the introduction of charges will most affect the poorest, but it does at least ensure that all of the county's libraries will continue to exist during a period of tight finances and declining rates of book borrowing (the number of books issued fell by about 20%, from approximately 4.2m to 3.4m, between 1998/99 and 2004/05).

It can be seen that the reality of a reducing – conventional – demand for borrowing books by the majority, has implications for those unable to buy books or computers. This is clearly a dilemma, because a declining service that is judged primarily in terms of its financial, rather than societal value, cannot expect continuing subsidy.

Another innovative approach is demonstrated by the decision to operate a village post office, in Hemingford Grey in the Diocese of Ely, from the parish rooms of the local church. This is, of course, a 'good news' story, but the post office network change programme exemplifies the problems associated with the current push towards public service reform as, according to Postwatch, the post office network is "unsustainable in its current form". This view is based on the fact that the number of customer visits is declining, as is the revenue from government transactions. Much is made of the fact that the network lost £200 million in 2006-07. Yet for many communities the post office's value is as much social as financial. This is difficult to quantify, of course, and £200 million is a lot of money, but it could be argued that a post office, with its associated social networks and dependent individuals (including older people and those without transport) has a value in terms of community cohesion.

As illustrated above there are many instances where service providers have collaborated in order to survive. The problem, though, is that competition can discourage collaboration. And while collaboration often allows a wider range of services to be offered, service merger can mean less choice for users who have to travel further to get to the nearest provider.

Service users have told us that where there is no alternative provider, the concept of choice is largely irrelevant. Most of the people we spoke to want choice, but their preference is for one of the choices to be a local service. For them, quality is more about accessibility than anything else.

In reality, any one single service may be located a long way from users, many of whom will not have ready access to transport. For many rural people the notion of choice is essentially false. And while there are new ways to reach people beyond towns and other centres – such as telemedicine, mobile health units, 'one-stop shops'¹⁴ and education over the internet – an individual's ability to travel and to pay for services largely determines their perception of service quality. This can have a disproportionate impact on the perception of quality of service for those who cannot travel.

The expansion of choice can lead to the loss of some services. For example, larger GP surgeries providing more services can prove a threat to smaller, more local services.

The loss of local services is not only in itself problematic for some people in rural areas, but can also affect the social mix within rural communities as some people feel the need to leave in order to be able to access everyday public services. In our view, these wider impacts must be taken into account in the commissioning process. In other words, when identifying 'best value' the community benefits provided by smaller local providers and social enterprises should be taken into account.

¹⁴ Setting up One Stop Shops, a Good Practice Handbook on Linking Services in Market Towns. The Countryside Agency. 2003.

Listening to the rural voice

The Government's desire to help disadvantaged people is not in doubt (in fact all three main political parties are committed to equality). The Government is also committed to enabling the 'collective voice' of local communities and empowering people to become more involved in local decision making. There is, however, a tension between these two approaches in that the collective – majority – voice might drown out the voice of more disadvantaged minorities.

Where choice is limited, people cannot easily vote with their feet, and more attention must be given to finding appropriate ways of improving services; here, the 'collective' community voice becomes even more important. Safeguards are needed to ensure that the cumulative decisions of relatively affluent people (who can travel further for the service they want) do not result in local service closure.

And there are considerable barriers to effective participation within local decision-making processes, particularly for disadvantaged people (for example, limited participation in local councils, governing bodies etc.). According to the findings of our recent participation inquiry, town and parish council powers tend to be under-utilised, councillors tend to be white, male and middle class, and apathy is said to exist because local government is confusing and complicated. In addition, Local Authority powers over, for example, health authorities, the police and Further Education colleges, appear to have been weakened over the years, rather than strengthened¹⁵.

Organisations such as school governing bodies and PCTs do tend, of course, to have both local authority and community representation. So too, do other forms of relatively new governance mechanisms, such as Local Strategic Partnerships. An inevitable consequence of this spread of responsibilities and powers is increased complexity, of both organisations and processes. By way of example, Professor Nigel Curry noted in the 1970s that 27 agencies were involved in rural decision making, whereas in a recent study of rural agencies in Gloucestershire some 175 were identified¹⁶. Some of these agencies will be voluntary sector organisations. The voluntary sector is well-placed to help disadvantaged people and places but, as the Rural Advocate noted in his 2007 report, funding for voluntary sector schemes, some of which are set up to fill gaps in statutory service provision, can be short-term and uncertain¹⁷.

The above examples illustrate the complicated nature of rural governance. It is unlikely, given the circumstances of disadvantaged people, that they will be able or willing to participate in such complicated and often abstract activities. If the term 'collective voice' means the equal voice of all, then priority must be given to developing the capacity of those least likely to participate in community and organisational life.

¹⁵ Strengthening the Role of Local Councillors: An overview of information, policy and debate. CRC. 2007.

¹⁶ Described in Rural Decision Making and the Tyranny of Stakeholding – a paper presented at the Rural Futures Conference, University of Plymouth, April, 2008. University of Gloucestershire. 2008.

¹⁷ Rural Advocate's report: <http://tinyurl.com/27mfo9>. p19, p34.

CRC's best practice case studies, which can be seen on the CRC website, provide examples of ways in which service providers, including voluntary organisations, are trying to engage with disadvantaged rural groups and individuals. For example, in Boston, Lincolnshire, the Citizens' Advice Bureau was faced, in a relatively short period, with some 780 new clients from 32 countries. The Bureau was able to help matters by liaising with the Gangmasters' Licensing Authority to ensure that migrants were paid properly and treated fairly. It was also in a position to work with local schools and the hospital as the increase in the number of migrant workers began to affect public services.

Some win-wins for service providers and rural communities

We would encourage central, regional, and local government together with their agencies and partners to take a 'think rural' approach when they are commissioning services and allocating resources.

The ability of service users in rural areas to exercise 'choice' is determined by the number of possible alternatives, the information that is available about choices, and people's ability to access – and influence – what is available locally. The following steps can be taken now to ensure that the good intentions of the reforms will be realised in rural areas:

- Commissioning is at the heart of the matter, because so much decision making has been devolved to commissioning bodies. We believe that commissioners should be given greater support as well as challenged about how to 'rural proof' their decisions to ensure that changes in funding provision do not have unintended consequences for rural users.
- There should be a much greater focus on the acquisition, dissemination and implementation of good practice.
- Steps should be taken to stop 'cream skimming', where providers (such as secondary-hospital care and vocational education) concentrate on urban areas because it is cheaper to do so and easier to achieve externally set volume 'targets'. Cream skimming results in reduced opportunities for other providers, thus threatening their viability.
- Local service commissioners should have to respond to user indicators of quality so that they gain a clearer sense of what local people are saying they need. For many rural users standard measures of performance are less attractive than other measures of quality (such as proximity).
- As has long been the case, there is a need to increase rural premiums in order to sustain services, not only because the services are valuable in themselves, but also because of their essential role in sustaining diverse and remote communities. Resource allocations should reflect the higher costs of delivery in rural areas, and other factors (such as demography and dispersed population).

¹⁹ (CRC's) Views on the Interim Statement by the Commission on Integration and Cohesion. CRC. 2007.

Conclusions

We strongly advocate that public services need continual improvement in rural areas as much as elsewhere. We also strongly agree with Government on the objectives of reform, and the value to be gained from local decision-making and engaging people in these decisions. However, the proposed service reforms are unlikely to overcome the long-standing and much researched and reported problems of rural disadvantage unless rural proofing is advocated and adopted.

In reflecting on the appropriateness of current reforms in rural England, we note, as so many have before us, the recurrent failure to pay the true cost of providing services in rural areas. It is an inescapable fact that providing services in remote areas to a dispersed population will cost more – on a per-capita basis – than providing the same services in urban areas. Despite this, rural areas tend to receive lower per capita allocations than their urban counterparts. Inevitably the impact of service loss or increasing remoteness will fall most heavily on disadvantaged and poor people – those most likely to lack influence over service design and provision, and the least likely to participate in the democratic process. Funding formulae need to be properly rural proofed.

We believe that rural communities can provide considerable opportunities for, and sometimes lead the way in, achieving policy goals, particularly those relating to community cohesion. However, 'choice', where this means user choice between many providers, is not necessarily the best way to deliver services in rural areas. In many locations, delivering a service based on a principle of choice for all is not possible, and could make matters worse.

The CRC's remit, as determined by Government, is to advocate practical solutions that address social equity and social disadvantage in rural areas. In our judgement, there is an urgent need for Government to reconsider the mechanisms for achieving public service reform in rural areas. To this end, we welcome the Government's recognition that there is no 'one size fits all' public service reform model and that contestability does not always deliver the best outcomes for rural communities. We believe that part of the answer lies in strengthening local influence over service provision, and in improving participatory and representative democracy. We also support a stronger role for local government, a subject we recently addressed in our wide-ranging inquiry into the role of rural councillors.

The key message in brief

The reform of public services can tackle rural disadvantage through:

- Reforming public services by promoting competition is often ineffective in rural areas. Collaboration and the integration of services can deliver better results.
- Service commissioners must rural-proof the decisions they make.
- Service providers should not be allowed to meet their targets by concentrating their activity in urban areas.
- Resource allocation should take into account the additional costs of providing services to rural communities.
- We support the strengthening of local decision making and devolution of power, but it will take time and money to make it work effectively and in particular to engage disadvantaged people.

Further reading.

- **State of the countryside 2008** (CRC 63) – the tenth report in our series providing the definitive picture of rural England and a unique analysis of how it is changing.
- **Rural financial poverty: priorities for action** (CRC 76) – a rural perspective to inform policy makers and practitioners working to reduce financial poverty.
- **The personalisation of adult social care in rural areas** (CRC 78) – this publication forms part of our work around the Government's forthcoming Care and Support Green Paper and is based on the views of a range of people working with older people in rural communities
- **NHS Review - a rural response: summary and recommendations** (forms part of 'NHS consultative review: the views of publics, patients and health professionals' CRC 70) – the CRC has a long-standing interest in and knowledge of the delivery and planning of healthcare services in rural areas. This response has been prepared to ensure that rural needs and circumstances are fully considered in the 'Next Stage' NHS Review.
- **The big picture** (CRC 73) – outlines the CRC's position on what is meant by 'sustainable rural communities'. It describes the changes we believe are needed to policies and practice to make progress towards making rural communities more sustainable.

Publications are available for download via our website
www.ruralcommunities.gov.uk

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