



Presentation to the North West RAF Uplands Conference

**Castle Green Hotel, Kendal
09 October 2008**

Thank you I am delighted to be here with you all at the North West Rural Affairs Forum's conference.

For those of you who don't know about me or the CRC let me give you some background.

The CRC has three key functions:

- **rural advocate** – listening to those who live and work in rural communities - and their representatives. Articulating their views to those who make and deliver policies.
- **expert adviser**. Helping to provide policy makers and those who deliver services in rural areas with evidence, ideas and information about what works – and what doesn't.
- **independent watchdog**. Assessing whether government and others are meeting the commitments they have made – for example to 'rural proof'.

I am particularly pleased to be invited to talk to you today about our shared interests in the Uplands, here in the north of England, and more generally.

Upland communities are very close to my personal interests – having family and friends who work in this sector - but also because of its significance to the key policy interests of the CRC.

Today – I speak with two hats. As Rural Advocate – to give my reflections on what you and others have been saying to me in my various visits about the state of the uplands. Secondly, speaking as the Chairman of the Commission for Rural Communities.

The Commission for Rural Communities places particular attention toward those suffering from economic or from social disadvantage. We place particular emphasis in understanding the needs of the often hidden voices which - in the more sparsely populated areas of the country – have a tendency to be under-represented.

So, the CRC has a growing interest in the recent upsurge in debate surrounding the difficult circumstances facing our upland communities.

Today's conference is addressing "Land use in the uplands – strengthening businesses and communities".

I believe this title captures the three phenomena that have collectively served to focus our minds on the future of England's upland communities:

1. a downturn in hill farming and the unfulfilled potential of the rural economy;
2. small communities experiencing significant change and challenges ;
3. increased interest in public benefits and the contribution the uplands can and do deliver to society.

1. Strengthening farming and rural economies

I will start by highlighting the importance that I and the CRC place in farming and rural businesses. They are both hugely important to the future sustainability of England's uplands.

Much the same as last year, 2008 has seen both farming and rural businesses hit hard by economic and environmental shocks. The effects of animal disease on farmers – this year the impact of movement restrictions and vaccination associated with blue tongue - have placed huge financial pressures on hill farming communities.

Once again, the effects of flooding and generally poor weather has been massively disruptive over the summer of 2008. Many rural businesses, and in some cases whole market towns were effectively closed for business – with many local traders facing prolonged closures.

Only last month I witnessed the extent of the damage caused by flooding in Northumberland, seeing for myself its devastating impact on people, towns, whole valleys in fact. I was anxious to ensure that the needs of all communities, including Rothbury and many outlying rural areas, were taken into account alongside the well-publicised impact on Morpeth.

These events appear to be occurring with increased frequency and whilst the latest event will grab the headlines we must not forget those communities who, several months on, are still recovering from the previous floods.

It was the impact of such massively disruptive events last year that prompted the Prime Minister to ask me to explore how the rural economies of England could be strengthened.

My findings demonstrate the significant contribution that rural areas already make to the national economy. As I travel around the country I see the efforts being made by farmers and rural businesses. I am left with an overwhelming sense that rural businesses are resilient and enterprising.

Rural England is witnessing considerable growth in home working, healthy rates of business start-up and high levels of entrepreneurship. This is not just the land-based industries – diversification is not just happening on farms. The whole economy is challenging the perceived view of how rural England contributes to the UK economy.

I see villages with new life and business – bustling places where small businesses, workshops, home-based offices are thriving. Drawing on the power of the internet and new market places.

Translate this into hard currency and you find that rural firms currently contribute £325 billion to the national economy.

But my report to the Prime Minister also demonstrates that England's rural economies have yet further potential to be unlocked. If, for example, we target underperformance in our rural economies – this figure (£325bn) could be doubled and with it worklessness and poverty reduced.

But this optimistic view-point is somewhat tainted by the current plight of hill farming communities.

The livestock sector has declined over recent years, with a consequential decline in the net income of farms in Less Favoured Areas (LFA).

Farmers have responded by modifying their production systems, and I am aware that some have pulled out of livestock altogether.

You will know better than I that options for diversification are more limited in the uplands, with dependency on the breeding and rearing of sheep and cattle, leaving hill farmers vulnerable to livestock markets and prices.

Despite what many regard to be a gloomy picture, I see both farming and rural businesses as hugely important to the future of the uplands. I am pushing hard to see rural businesses – in all their forms – being able to harness their economic potential, and to help target support into areas of economic underperformance.

2. Strengthening upland communities

I will now turn my attention to the role of communities in securing a sustainable future for the uplands.

Upland communities exist within an enormously complex and multi-functional environment. So, we must take care to avoid the trap of generalising about their social composition, their economic strengths and weaknesses, their attitudes to change.

The people who live and work in the uplands have diverse lifestyles, and encompass many different and sometimes even conflicting interests. They interact with their environment, their economy and their communities in many different ways.

And yet, in my opinion, they do have many things in common. I have seen for myself how upland communities hold strong traditions of self-reliance, with informal networks of support commonplace, and the so-called 'social capital' in hill farming has been well-documented.

What is less well documented, and may perhaps be one of their greatest strengths, is their continuing ability to adapt to change. Often in the face of some serious social and economic challenges, upland communities do continue to survive.

With today's challenges including an ageing population, a loss of young people, a shortage of affordable housing, very limited public transport, declining local services and some of the lowest household incomes in England, it may seem that their resilience is needed more than ever.

But my belief is that these changing and challenged communities can offer great hope for the future. Despite facing tough conditions, I am continually impressed by the energy, industry and determination of the people living and working there, and also by their current and potential contribution to wider environmental and other ambitions.

3. What the uplands mean to the nation

When considering current and future land use in the uplands, I wonder what the upland areas actually mean to the UK. Why in fact should the population at large care what happens?

There is no doubt that 'farming' is struggling to remain viable. Market fluctuations, falling commodity prices, increasing input costs of fuel and feed, and the huge impacts of animal disease are creating very challenging operating conditions.

You know this all too well here in the North West. Hill farming in Cumbria and north Lancashire has faced years of poor returns.

So if you take farm related economic activity as your preferred measure – the upland areas might appear to mean little to the UK.

But the uplands capture the attention of more than just farmers and farming businesses in today's society.

Take the public goods and public benefits debate – for example. The intrinsic value we place upon our upland areas are diverse and well articulated. The environment, landscape, biodiversity, heritage, water catchments, as well as the scope for using the hills to store carbon are all vying for position in how we manage our upland areas.

The uplands contribute to a distinctiveness of place – our heritage and ways of life have been captured in centuries of land-management. Today – this translates into landscapes treasured not just by those who live and work within them – but matter to hundreds of thousands of visitors and a wide variety of interest groups.

And of course, as I am sure you would all agree – I want to see our hill farmers playing a continued role in supplying good quality local food produce.

As I see it, the uplands mean a tremendous amount to the north of England and to the UK. Moreover - I believe they are significant and growing in importance.

So how should we address the unfulfilled potential of rural economies; the restructuring of our upland communities; and the growing interest in how we account for the uplands as public benefits?

The desire for Government to find a solution.

There is no doubt in my mind that we are at a turning point. Some have argued – a turning point that has only been brought about by the hill farming sector reaching a near crisis point.

I believe that Government is looking to find solutions. I am cautiously optimistic that solutions can and will be found. But these solutions will be challenging to find and agree upon.

Our individual interests currently collide and compete and we have created – in my estimation - a set of contesting landscape demands. Single issue agendas moving forward into a future which – at present lacks a coherent and shared strategic vision. A vision of what we all want and need our upland areas to do.

The 'public goods' debate for example - while rich and varied - is still some way off from being a coherently joined-up national debate.

This is not meant to be a criticism. I firmly believe that locked up within this debate – the solutions to deliver more optimistic futures for our uplands exist.

Our sometimes competing interests often create tensions. While I feel these tensions need to exist – I also recognise that they need to be brought together. Our collective interests working collaboratively to describe our shared strategic vision. A vision that reflects distinctiveness of place and secures long term sustainability.

We need the 'public goods' debate to be joined.

I do believe Government is committed to finding a solution. But it is in our collective interest to direct this process.

The need for private innovation and the market to be part of the solutions

As I have already touched upon – my recent economies report to the prime minister advocates some key actions to promote more innovation and support for market solutions. For example –

1. I have proposed that Government create a rural innovation initiative to address the special challenges and opportunities in the sparse or remote rural areas. We need to build upon new partnerships to strengthen innovation!
2. We need to develop networks to improve access to support programmes and share good practices

As you will know better than I – farmers are business people. They want to work in healthy market conditions – making profit like any business. While subsidies are an essential income stream – I am sure every farmer who we have collectively spoken to would assert that they would prefer credible and viable market solutions over subsidy.

I do believe that our long term and secure future relies on keeping farmers working! We are - after all - in a period of peak oil and rising food prices. The potential for climate change to interrupt supply of food, set alongside unprecedented world demand is rightly shifting attention to our own food security.

Depending on your view point – these are either worrying times or opportunities to seriously rethink and evaluate how we currently produce and manage our own food production and supply.

I believe we do need to shift our thinking. I believe we need to be asking ourselves what does investment in our upland and hill farming communities look like? And extending that question further - are we prepared to pay for what the market cannot deliver?

We need to win the hearts and minds of the public to re-connect the value we place in the uplands with new markets to support their conservation and sustainable development.

We need innovators to explore and unlock the potential market value of public goods. Carbon sequestration; clean water supply; flood prevention and water management and rich biodiversity.

Currently these are all demands we place upon our uplands to deliver.

We need to work out how we pay for those demands because we all want the public goods and benefits to be delivered – but we can't expect these to be delivered without incurring some of the financial costs involved.

So what are the answers? Well – we don't know. Yet!

So what is the CRC do about this ...

The CRC is active on a number of fronts, but today we are launching a wide-ranging inquiry into the future for England's upland communities.

I have been supported by the Prime Minister to take this forward, to explore how England's upland communities can best equip themselves to thrive in the 21st Century.

I have heard loud and clear that there needs to be a national lead - energising and driving forwards an uplands debate.

I want to bring all of the relevant stakeholders to the table to assess and identify the drivers of change. I want to hear your solutions about how we can better enable those who visit, live and work in the hills and upland communities to move toward more secure, economically prosperous and sustainable futures.

We look forward to working with our partners at Natural England; the RDAs; the Rural Affairs Fora and Defra. In recent weeks we have visited upland communities and held meetings with a wide range of stakeholders in North Yorkshire, in Devon and most recently in Northumberland to inform us on the scope of this inquiry.

Our goal is to identify and evaluate the key drivers of change in the uplands, and to develop and promote realistic policy recommendations that enable and equip those communities to move towards more secure, economically prosperous and sustainable communities.

I hope that today you will all take the opportunity to inform our inquiry, addressing the challenging questions posed in the workshops and being prepared to share your thoughts and ideas.

We have appointed a project manager to lead this work for us. Chris Kolek is here today and will be working with the Rural Affairs Forum to gather information from today's conference.

I would like to say a thank you to today's Chairman, Jack Ellerby, not only for inviting us to participate in today's event, but for his support for the CRC and his achievements in championing the needs of rural communities in the North West of England.

Thank you all very much for your time.