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Report reveals increasing inequality in rural areas – State of the countryside 2008

The Commission for Rural Communities (CRC) today (Wednesday, July 16, 2008) published the *State of the countryside 2008* report, the tenth report in the series providing the definitive picture of rural England. Whilst there are many advantages to living and working in rural England, there remain some significant challenges. The quality of life may often be better in rural areas but this is not the case everywhere and for everyone. The latest report highlights a rise in households living in poverty in rural England and a growing inequality between remote rural areas and other parts of the countryside.

Dr. Stuart Burgess, Chairman of the CRC said “The series of *State of the countryside* reports provides a unique opportunity to reflect on the changes taking place in rural England, look forward to what the future might hold for rural communities, and to reflect on what aspects have remained important since the report was first published in 1999.

Issues and trends that have remained important

“The decline in services in rural areas continues to concern rural communities. Each year we have found there are fewer outlets for many services and poorer accessibility to services for people without cars. Use of the internet has risen markedly in rural areas (from 44% in 2002 to 62% in 2007), and rural internet users are more likely to use it for accessing services, but the availability of high-speed broadband remains low in sparsely populated areas.

“Meeting affordable housing needs in rural areas remains a dominant challenge, with demand being heightened because of people seeking to relocate to the countryside. Housing affordability continues to be worse in rural areas – in 2007 the average rural house price was £257,600 compared with £212,823 in urban areas, with rural house prices 6.8 times annual household income, compared to 5.8 times in urban areas. In some more sparsely populated rural areas, however, house prices can be up to 9.7 times annual household income. The number of second homes in rural areas is estimated at 94,000.

“Rural economies continue to show inherent strengths – higher rate of business start-ups than urban areas and overall growth in the number of businesses compared to a net decline in the urban business base. However, wages for people working in rural areas continue to be low and for many work is not a secure route out of poverty. Between 1998 and 2007 rural economies have seen an increase of 291,000 in those working in knowledge-based industries, a growth of 46% compared with 21% in urban areas. The series of reports has highlighted a continuing decline in the number of people working in agriculture.

“The character of large parts of England’s countryside is changing as a result of built development; demand for new development is significantly higher (per household) in rural areas than urban areas and the countryside has seen a greater number of new houses than in the urban fringe in recent years. Consequently, concerns about the quality of the countryside have remained important although environmental regulation has stabilised and in some case improved the quality of water, air and landscape in many areas. Rural areas have a higher carbon production rate per person than urban areas, principally higher emissions from heating of homes and car use.

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Inequality within rural areas

“Over the last year there has been a rise in rural households living in poverty, and this year we have been able to use the official ‘Households Below Average Income’ data for rural areas to show this increase. These data show that between 2004/05 and 2006/07 poverty is increasing faster in rural households than urban households — by 3% compared with 1%. Around 1 in 5 rural households now live below the poverty line and there are also indications of increasing inequality within rural areas themselves, with a widening gap between less and more sparsely populated rural areas. In the poorest fifth of rural households 50% of weekly income goes on essentials (food, housing, energy and transport) compared with 39% in the highest income rural households and 47% in the poorest urban households.

“People in rural areas generally enjoy healthier lifestyles and a better quality of life, generally the incidence of crime is lower. Most households moving into rural England are now families with people aged from about 44 to 64 with young children. This contrasts with a more general pattern of slowing internal (within UK) migration over the last two years and a slowing in overseas migration in the last year, following a sharp increase from 2004.

“There have been distinct changes in farming over the last ten years with recently a sharp fall in un-cropped land that was previously set aside and fallow, this is mainly due to increase in crop prices and the removal of the requirement for farmers to set-aside land under the European Union’s Common Agricultural Policy. The value of agricultural land rose sharply during 2007, mainly due to increases in the prices of agricultural commodities and to high demand for land for ‘lifestyle’ rural properties. There are signs of a renewed sense of optimism amongst farmers but these trends could increase pressures on environmental quality once more.

The past as a clue to the future

“New issues are coming to the fore that were not considered significant for rural areas in the past. These largely flow from global and long-term challenges, including climate change or developments in the global economy such as growing consumption in developed countries. Changing use and the demand for land, such as the possibility of diverting land from food to energy production, are occurring due to such trends. With changes in the world economy and international security, food security is likely to, once again, drive policy. These factors, and rising food and fuel prices, all imply challenges for policy makers to make sure that the changes that will be needed provide benefits to all communities, including those in rural areas.

“The *State of the countryside* reports have continued to pinpoint some critical issues for Government and whilst rural England has some major strengths and much to celebrate, significant ongoing challenges remain. The Commission for Rural Communities will continue to fulfil its role in advising Government and others so that the needs and circumstances of rural communities are represented more fully and rural people are not disadvantaged by where they live.”

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Notes for editors:

1. The *State of the countryside* report provides a unique analysis of how rural England is changing. The report has three central chapters: Living in the countryside — social issues; Economic wellbeing — economic issues; and Land and environment — environmental issues. The report includes a number of new findings with 133 charts, maps and tables, and reflects on ten years of *State of the countryside* reporting. Further information about *State of the countryside 2008* can be found at:

www.ruralcommunities.gov.uk/projects/stateofthecountryside2008/overview

2. The CRC was established in April 2005 and became an independent body on 1 October 2006, following the enactment of the Natural Environment and Rural Communities Act, 2006. The role of the CRC is to provide well-informed, independent advice to Government and ensure that policies reflect the real needs and circumstances of people living and working in rural England. We give particular focus to tackling disadvantage and economic under-performance.

We have three key functions:

- advocate: the voice for rural people, business and communities;
- expert advisor: providing evidence-based, objective advice to Government and others; and
- independent watchdog: monitoring and reporting on the delivery of policies nationally, regionally and locally.

Further information about the CRC and its work can be found at:

www.ruralcommunities.gov.uk

State of the countryside 2008 – key facts

Living in the countryside

1. It is estimated that 9.6 million people were resident in rural settlements in England in 2005; this equates to 19.1% of England's population.

2. The population of rural England continues to rise at a faster rate than in the country as a whole. Most of this increase is due to internal migration by people moving out of cities rather than different birth and death rates.

3. Most households moving into rural England are families with young children and people aged from about 44 to 64, while most moving out are people aged 15 to 29.

4. The longer distance internal migration moves tend to be towards the South West and to areas such as Norfolk and Lincolnshire from London and major cities.

5. Migration from overseas has increased dramatically for rural areas over the last four years, but numbers are still below those for cities. The bulk of migrants are from countries that have recently joined the European Union, although there are now more overseas migrants from the Indian sub continent and the Far East in many rural areas.

6. For most types of service the number of outlets continues to decline in both urban and rural areas.

7. Use of broadband is higher in those rural areas with high levels of commuting and lowest in sparse rural areas. Rural internet users are more likely to use it for accessing services.

8. Rural residents travel greater distances and, out of necessity, more of their travel is by car.

9. The average rural house price sale in 2007 was £257,600 compared with £212,823 in urban areas.

10. Housing affordability remains a major issue in rural areas, especially for lower quartile prices and income. It is worse in sparse rural areas, and in the South West, Norfolk and parts of Yorkshire.

11. Rural residents are likely to have a longer life expectancy, and more of that is likely to be lived in good health than in urban areas.

12. Children in rural areas tend to perform better at school.

13. The 2007 Index of Multiple Deprivation (IMD) shows rural areas to have, on average, less concentrated deprivation than urban areas. Changes since 2004 have tended to increase inequalities between rural areas.

14. On most of the measures where rural areas are faring better than urban areas on average, there are areas, generally sparse and more remote, where conditions are not so good.

Economic wellbeing

1. Rural households have higher gross incomes than those living in urban England. The median equivalised household disposable income before housing costs in rural England is £21,500 compared to £19,500 in urban areas.

2. 18% of households in rural areas were below the 'poverty line' in 2007 compared to 19% in urban areas. When we take housing costs into accounts the rural percentage rises to 19%. Sparse rural areas have proportions on low incomes that are similar to urban areas. Between 2004/05 and 2006/07 poverty is increasing faster in rural households than urban households – 3% compared with 1%.

3. While people living in rural areas, on average earn more than those in urban areas, wages for jobs located in rural areas are lower than for urban areas and lowest in the peripheral areas such as Northumberland and Cornwall. (The difference is explained in part by commuting patterns).

4. Turnover per worker by business tends to be lower in rural areas. The highest rates are found in London and the Home Counties, and some major cities.

5. In 2007 the most rural districts supported the highest rate of employment nationally, with 78.2% of the working age population there in work, education or Government approved training. The average employment rate declines with increased urban character of areas.

6. Self-employment has also increased nationally but again rural has outperformed urban England, with over 850,000 representing 11.7% of the rural population.

7. Employment in agriculture has fallen by about 7% since 1999 and by 39% for full-time farm workers. For the Knowledge Intensive Business sector there have been increases in employment of up to 22% in remote rural areas between 1998 and 2005.

8. Rural districts supported a growth in new firm formation of 2.7% between 1998 and 2006, while in urban boroughs new registrations declined by 2.3%.

9. In 2006 new firm registrations in core cities and principal urban areas slightly exceeded 80,000, compared with just under half this number in our most rural districts (80,325 Urban; 39,995 Mixed; 39,005 Rural).

10. Rural areas in 2006 supported more than the national average share of workplaces in Energy & Utilities (41.4%), Construction (28%) Transport and communications (24%) and Manufacturing (23.6%).

11. Of the 19,289 additional workplaces between 2003 and 2006 in rural areas, 79% were to be found in Banking, Financial and Insurance sectors. By 2006 workplaces in these sectors made up close to one third of all workplaces in rural areas, marginally less than their share of urban firms.

Land and environment

1. Built-up areas cover around 8.5% of England, with over half of this area being maintained as gardens and green space. Rural towns, villages and hamlets account for about a quarter of the total built-up area, or less than 2% of the land area.

2. Demand for new development is significantly higher (per household) in rural areas than urban areas and the countryside has seen a greater number of new houses than in the urban fringe in recent years.

3. The value of agricultural land rose sharply during 2007, mainly due to increases in the prices of agricultural commodities and to high demand for 'lifestyle' rural properties with land.

4. 2007 saw significant changes in agricultural commodity prices and in elements of agricultural policy which are likely to have a visible impact on the way England is farmed.

5. Over half of agricultural land now receives payments to provide environmental benefits (the majority of this under the Environmental Stewardship scheme).

6. Outdoor recreation is a popular form of leisure, with around a third of adults in a recent survey taking a walk in the countryside at least once a year. Participation in outdoor recreation is lowest in the lower social classes, amongst single people without children and those aged over 65.

7. The character of large parts of England's countryside is changing as a result of built development particularly in the lowlands and areas beside major transport corridors. Comparison of the levels of visual and noise intrusion since the 1960s shows that rural areas have become much busier with a three-fold increase in the 'disturbed' areas in the most rural districts.

8. River water quality is generally improving, but concerns remain about the diffuse pollution, particularly from nitrates, arising from agriculture.

9. The growing season for crops has increased by around one month in the last century and swallows arrive ten days earlier than they did fifty years ago. Many species of wildlife are extending their range northwards and some, such as the skylark and song thrush, will become rare in parts of the country as a result.

10. Rural areas have a significantly higher carbon production rate per person than urban areas. This is principally due to the generally higher income and per capita consumption and because of the higher emissions from heating of homes and car use in rural areas.

11. The English countryside is capable of providing significant quantities of energy from renewable sources including wind and biomass. But there is growing public debate about the wisdom of diverting land from food to energy production.

12. Bioenergy (heat and electricity from biological sources) currently generates less than 1% of the UK's energy and most of this comes from natural gas tapped from landfill waste sites.