

AN APPROACH TO INTEGRATED RURAL DEVELOPMENT

For the Rural Development Committee of the Scottish Executive

Consultation on Integrated Rural Development – June 2002

This presentation is written to accompany the BFRS report 'A study of farm diversification and management of countryside activities in the Scottish Borders: Principal findings and perspectives' Part 3 of the main research report entitled: 'The Countryside management industry in the Scottish Borders; Sustainability and the pursuit of new jobs and revenues' (February 2002)

Introduction

In the very short time scale of only three years, a recent prediction on the number of economically viable farms in the UK suggests a fall to only 8000, fragmenting even further the servicing infrastructure and associated rural communities. Fewer farms, fewer jobs and larger scale farming contribute to the impoverishment of the environment, rural communities and also economic disadvantage.

Barriers to Change

Barriers to change need identifying, understanding and negotiating. Land use change is always a slow business, not least because husbandry cycles take time.

The principal barrier to change (but ultimately its principal driver) are EU policies and regulations. There are also other more fundamental barriers;

- *We do not yet have a vision or an objective of what we want in the countryside* not just as practitioners but also in Government, where there is deep uncertainty over what kind of market society we want. This is not just a national problem. At a recent meeting in Brussels where the future of the CAP was discussed, there was little consensus about the ecological priorities of farmland and no clear vision of the kind of agricultural landscapes for which we should be striving.
- *Integrated rural development, if it is to be sustainable needs muscles and minds to work together* at and beyond the farm gate as part of a mutually supportive 'community' movement. This is what happened in the middle-ages a period of great and innovative land use change in Britain for many of the same reasons as we are now having to consider; and a period of time considered to be the most balanced in terms of sustainable living. What we don't have now is the network of skills and muscles and minds at a local level in our land-based communities which are growing increasingly fragmented and sparse. This is a cause for concern as this community is charged ultimately with implementing and sustaining the change that is called for. Even in Brussels our (UK), ability to draw-down agri-environment support is being seriously hampered not by regulation, but by the severe lack of person-power to complete projects and fill-in grant applications. There is a serious and increasing shortage of people let alone skills in rural areas to implement the desired sustainable changes.
- *Politically and economically the land-based community, its associated infrastructure, and representative organisations, all on whom change so depends, are on the back-foot.* It is difficult to countenance change when on the defensive. An inclusive attitude to all parts of the land-based community is essential in policy-making.

While these barriers need to be overcome, we also need to consider how we maximise the potential for sustainable and integrated rural development.

Rural Capital

It is argued that a proper understanding of the workings of a market oriented economy requires recognition of four ‘analytical categories’ of accumulated wealth;

- *Biophysical capital* – land and the environment in its widest sense (including, natural capital and the most appropriate category for rural capital)
- *Financial capital* – including appropriately valued industrial plant
- *Human capital* – including education, culture
- *Social capital* – personal interactions within communities and society

These categories of accumulated wealth are also defined as ‘livelihood assets’ which are the basis of ‘sustainable livelihoods’. This asset based approach makes one think wholistically of the processes which go to creating and determining livelihoods and economies. Discussions on change tend to be too confined and sectoral. They need to be broadened.

Rural Capital can be defined as the accumulated wealth of physical resources on-farms and land-holdings derived from the combined effect of natural processes and land management over time. It includes landscape elements and habitat features on the ‘land-holding scale’ eg farm buildings, rig and furrow fields, hedgerows, woodlands, ponds, quarries, ancient monuments, archaeological remains etc. Rural Capital has a regional and local distinctiveness arising ultimately from the relationship between the land and generations of individual farmers, their idiosyncracies, aspirations, families and traditions. It is very much the product of man working the land and the land itself. Generally speaking, the closer the relationship between local communities and their land – the greater the Rural Capital. These farmed landscapes rich in Rural Capital tend also to be the most diverse in terms of landscape, wildlife and culture.

These most environmentally diverse and sustainable European farming systems are associated with pastoralism. As in the Scottish uplands and upland fringes – these are often traditional family livestock farms, and the most labour intensive or people dependent.

How does the realisation of Rural Capital promote and sustain integrated rural development ?

Rural Capital and Rural Development

The Scottish Borders is a predominantly upland region with some 51% in rough grazing, moorland and permanent pasture. Livestock production is a major agricultural activity. One of the most sparsely populated areas in Europe, it has a high number of personnel per farm holding (ie 2.28 as opposed to 1.66 for the Scottish average).

Primary research including a Rural Capital ‘audit’ commissioned by the Borders Foundation for Rural Sustainability has identified some 200 Rural Capital ‘items’ (all of them either landscape elements or wildlife habitat features), in the Scottish Borders which are not involved in the production of food or forestry and on which some 90 different land based enterprises are, or could be, based with the potential of earning income. These land based enterprises include all the countryside sports, rural tourism, on-farm diversification and countryside maintenance (eg hedgerow planting, drystone dyking, pond construction etc). Please see

What is more this research, indicates that these enterprises or *countryside based activities* currently support some 4,250 individual jobs (1,230 FTEs) and generate direct annual expenditure of upto £41 million within the region. This is the realisation of Rural Capital into

‘The Countryside Management Industry’ (CMI). The CMI is clearly an economic entity in terms of measurable outputs ie expenditure and jobs.

This alternative rural or countryside management industry supports an all but hidden economy, which compares well with other land-based sectors in the Region;

Agricultural Sector Output	£98 million	Jobs 3,600	FTEs 2,800
Forestry Sector Output	£24 million	Jobs 6-700	FTEs 470-540
The CMI	£41 mill	Jobs 4250	FTEs 1,230

Such Rural Capital ‘audits’ need to be undertaken more widely and on a regional scale in Scotland to inform locally sensitive solutions to a more integrated and local approach to alternative landuse.

Social Capital

Rural Capital is nothing without people maximising it through networks and organisations. People are the link between Rural Capital and Social Capital; ie the imprint of past and current land management methods which contribute to the Rural Capital base and those who realise Rural Capital in making their living. Land management methods are a significant factor in giving landscapes their ‘sense of place’ and local distinctiveness

The core idea of Social Capital is that social networks have value. It is the extent to which individuals are willing to co-operate with each other on the basis of interpersonal trust. This trusting, reciprocal, co-operation is the basis of civic virtue, volunteers and voluntary organisations. It is very evident in tightly knit rural communities. It is essential to realising sustainable alternative landuses.

Social Capital is fundamental to maintaining a vibrant democracy by allowing individuals through voluntary associations and ‘pressure groups’ to express their interests and demands on government and to protect themselves from abuses of power.

Political information flows through social networks. It also allows individuals to partake of the democratic process and engenders a greater understanding and acceptance of democracy through experience and the learning of social and civic skills. It is fundamental to enfranchisement and enablement. It does not necessarily require formal institutions to be effective. Friendship networks can be just as if not more potent than ideological commitment.

Social Capital is also seen as having an important role in economic performance;

- ‘Citizen trust’ reduces transaction costs in the market economy
- Trust helps to minimise the burdens of enforcement and policing
- It holds down the diseconomies of fraud and theft

It is apparent that Social Capital has at least as strong an influence on economic growth as *Human Capital* and education. It appears to have approximately the same influence on growth in under-developed countries as convergence or ‘catchup’; it is therefore a significant factor in participatory rural development, which is pivotal to the implementation of integrated rural development.

The antithesis of Social Capital is Social Exclusion. Symptoms of low Social Capital are low levels of mutual trust, high rates of serious and violent crime, electoral apathy and low voter turnout.

Threats to Social and Rural Capital (and to Integrated Rural Development)

Isolation and exclusion are the most malignant threats to the realisation of both Social and Rural Capital and to the realisation of sustainable alternative landuses and rural development. Isolation and exclusion weaken community networks making it more physically difficult to communicate, collaborate and co-operate. They threaten the realisation of sustainable alternative land-uses.

There are other linked threats; Using the Scottish Borders as an example (and this will be the same for many other parts of rural Scotland), the area's rurality has a major impact on the cost of service delivery, inward investment potential, infrastructure provision with implications for the continued sustainability of local communities. It also results in higher costs of public transport because of longer journeys, and higher costs of private transport because of the relatively high fuel prices and greater need for the car. The services provided in settlements are threatened by the increasing centralisation of both public and private services, the continuing leakage of consumer spending to major urban centres outside the Scottish Borders, the increasing threshold levels for the provision of viable services, and the impact of E-commerce in drawing local business away through mail-order.

The E-phenomenon has other negative implications; From a Social Capital perspective the high speed, low cost and broad scope of mobilisation possible on the internet can be an advantage to political organisations. However it is also a '*shortcut to civic expression*' which produces a lot of 'noise' possibly at the expense of deliberation and '*exacerbates the imbalance between talking and listening that is a prominent feature of contemporary civic disengagement*'. There is also the phenomenon of the 'digital divide' which refers to the social inequality of access to cyberspace. Rural communities are less 'connected' than urban communities.

Threats to Rural Capital ironically include agri-environment support. In upland situations where farming is barely viable, agri-environment incentives are widely adopted. They threaten the realisation of unique local Rural Capital by super-imposing a standard set of management regulations upon existing local diversity. For example the Argyll Islands ESA prescriptions aimed at restoring the number of Corncrakes (*Crex crex*) have changed the management of hay and silage production by restricting the first cut of grass to the first week of August. Prior to this there existed a patchwork of mown grass-fields and after-math grazing from June to the end of August. It is now all for silage because the window of opportunity against the variable weather conditions has been drastically reduced. This has resulted in mono-culture of heavily fertilised silage fields followed by a mono-culture of after-math grazing and (surprise surprise) no Corncrakes. Of more concern is the impact this is having on another endangered bird species. Families of Choughs (*Pyrrhonorax pyrrhonorax*) fledge in early June and rely on mown grass aftermaths for a short period during the summer which no longer exist under the silage regime.

This is not a call to end agri-environment support but one for locally sensitive solutions to landuse and community issues. These are most effectively formulated and developed on the back of rural capital audits.

Integrated Rural Development and Employment

What are the implications of achieving a more sustainable, integrated rural development through the realisation of Rural Capital and Social Capital on rural employment.

What characterises employment in Scotland is recognisable at the local rural level and certainly in the Scottish Borders;

- Hard to keep a job
- Hard to develop a career

- Huge skills gaps
- Decline in skilled manual labour
- Most new jobs are in the service sectors
- Only 10% of the British work force do a 40hour week
- Most people prefer not to work
- Isolation from the labour market

Typical of all other rural areas in Britain while unemployment has remained relatively low in the Scottish Borders during the period 1991-2002, there has been a continuing out-migration of young people in the 15 to 29 age category. In December 1997, The Centre for Educational Sociology, University of Edinburgh, published an analysis of migration and young people in the Scottish Borders. This found that the Scottish Borders had the “highest rate of loss of young people in Scotland, after the Highlands and Islands areas”.

This imbalance in population has very serious implications for land management and the realisation of Rural and Social capital both of which require continuity. Research by the Rowntree Foundation published in 2000, and which used a case study in the Scottish Borders, has provided further evidence of the difficulties faced by young people (who do not leave to go into higher education etc) in accessing employment, transport and affordable housing. There is also a marked ageing of the population in the Scottish Borders. This is evidenced by the high proportion of the population over pensionable age. The Scottish Borders has high proportions of over 65s and over 75s.

A skilled and continuing work force is essential to sustaining alternative and integrated rural development. What is the solution to this unpromising outlook ? Here are a few suggestions:

- *Attitudes to employment;*
Broadening ‘work’ to include ‘constructive’ activities and not just ‘full time employment’. Employment in rural communities is typified by the high degree of part-time or seasonal work. This needs to be accommodated in policy.
- *Accessing the labour market;*
In the Scottish Borders a labour exchange has recently been set up to share skilled manual labour between farms and other businesses eg the construction industry. Rural labour exchanges need to be expanded and supported throughout Scotland. Asylum seekers, many of whom are from land based communities, could be constructively included into the local labour force through rural labour exchanges to make-up the short fall.
- *Education;*
Educational processes need to encourage a multi-skilled, flexible and motivated work force in the countryside

The Countryside Management Industry and Integrated Rural Development

The CMI has been identified in the Scottish Borders. It exists in every other Region of Scotland. As demonstrated in the Borders, it is currently a sustainable contributor towards the improvement of rural livelihoods and the strengthening of both rural communities and landscapes. It simultaneously and sustainably utilises and contributes to both Rural and Social Capital

It has considerable potential if constructively and inclusively harnessed for stimulating integrated rural development in Scotland as a whole. Indeed it could be argued that truly

integrated and sustainable rural development is not achievable without harnessing the CMI on a Regional scale.

Recommendations for Growing the Countryside Management Industry

Firstly, the need to gain recognition of this, currently highly fragmented, industry as an important component of the Scottish rural economy.

Secondly, the contributions of countryside-based recreation and sports activities need to be both recognised and reflected respectively in the reinforcement and development of existing/appropriate institutional structures, training facilities and financial incentives.

Thirdly, the development of programmes designed to achieve sustainable diversification throughout the rural economy needs to be one of the main cornerstones of a viable and strong CMI.

Finally, all of the main public, private and voluntary sector stakeholders need to be consulted in undertaking a feasibility study into development of possible CMI structures, facilities, incentives and diversification programmes. In carrying forward the preferred institutional arrangements, the full spectrum of stakeholders needs to be represented. The latter is required in the interests of ensuring that the CMI is effectively managed. This requires that the existing, highly fragmented CMI structure is replaced by one that is both fully inclusive and well co-ordinated.

An industry, which in the Scottish Borders is already sustaining annual direct expenditure and employment of **upto £41 million and 1,230 FTEs**, deserves no less than the implementation of these recommendations.

The components of the Countryside Management Industry and the organisations, upon which an integrating council or standing body would draw, require to be identified for each Scottish Region to implement locally sensitive solutions based on local knowledge or audits. Consideration also needs to be given to both the establishment and monitoring of performance standards for sustainable, integrated rural development.

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