

Council Report

Ward(s) affected: All Rural Wards

Report of Director of Environment

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Rural Economic Strategy 2017-2022

Executive Summary

This new rural economic strategy - shaped by events and policies since the 2016 EU Brexit vote - follows analysis and review of available statistics, research and sample surveys of companies to identify the predominant business sectors represented in the rural west Surrey wards of Guildford, Waverley and Woking Boroughs. Hampshire County Council's Research and Intelligence Unit was commissioned to conduct the rural mapping exercise, which included an online survey of local business needs across the three Boroughs.

The rural mapping exercise and business survey led to the early identification of the five policy priorities that are at the heart of this 5-year strategy for the local rural economy:

- Affordable Housing and Sustainable Communities
- Infrastructure for Enterprise
- Landscape Management and Countryside Vision
- Green Space, Health and Wellbeing for Better Quality of Life
- Energy Policy, Generation and Supply

Sitting under these priorities are ten specific actions to be delivered during the 2-Year negotiation following the triggering of Article 50 of the Lisbon Treaty, the mechanism by which the UK will exit from the European Union (Brexit) as a result of the June 2016 Referendum vote. There may be major implications for parts of the rural economy that have relied heavily on European subsidy and other kinds of regenerative support through grant funding. On top of this economic upheaval, issues such as affordable housing, climate change, increased risk of seasonal flooding, energy needs, food production, land use and transport are all potentially disruptive drivers of political and economic change at national or local level in future.

Rapid changes in technology – in particular around 5G mobile communications pioneered here in Guildford at the University of Surrey – will transform daily life and the way we work, learn, travel or spend time online for recreation, shopping or healthcare.

At its meeting on 14 November 2016, the Borough, Economy, and Infrastructure Executive Advisory Board advised that affordable housing should be the top rural economic priority. This Rural Economic Strategy complements Guildford's new Draft Local Plan and is designed to support local communities in their important role of shaping the future of their towns and villages as sustainable places that offer affordable housing, new employment and enterprise opportunities and better local infrastructure whilst preserving the borough's special landscapes and environmental qualities.

As a consequence of the Brexit timetable, delivery of this Strategy will be set against a constantly moving background of related UK Government policy developments. Current public consultations are under way at DEFRA (2 Green Papers on Environment and Food and Farming), DCMS (Housing White Paper *Fixing our broken housing market*) and DBEIS (Green Paper *Building our Industrial Strategy*). Although looking ahead only 5 years at this stage, this draft Strategy will be flexible enough to adapt to post-Brexit developments at national, regional or local level.

At its meeting on 18 April 2017, the Executive considered this report and endorsed the recommendation below.

Recommendation to Council

That the Rural Economic Strategy, as set out in Appendix 1 to this report, be added to the Policy Framework of the Council and adopted formally as Guildford Borough Council policy, confirming the focus on the above-mentioned policy priorities and agreeing the specific delivery actions within these priorities as set out in Appendices A and B to the Strategy.

Reason for Recommendation:

To adopt the Council's first dedicated Rural Economic Strategy.

1. Purpose of Report

- 1.1 This report introduces Guildford Borough Council's first Rural Economic Strategy, its five policy priorities and ten specific actions that are the focus of the Rural Economy Officer's role to August 2018. These targeted and measurable delivery actions will lay the foundations for development of the Strategy beyond that date in line with emerging Government policy as the Brexit negotiation process between the UK and the EU unfolds. The Council is asked to add the Rural Economic Strategy to the Policy Framework of the Council and to adopt the Strategy as official policy.

2. Strategic Priorities

- 2.1 The Rural Economic Strategy spans all five of the Council's fundamental themes and – to a greater or lesser extent – most of the Strategic Priorities within each theme. On the advice and recommendation of Councillors, a number of specific and measurable policy priorities, objectives and actions have been identified that are capable of delivery by the Rural Economy Officer by August 2018, when his current contract (2 years) ends. Building on the findings from its rural mapping exercise and survey of business needs in the Boroughs of Guildford, Waverley and Woking, the Rural Economic Strategy focuses on the following priority areas:

- Affordable Housing and Sustainable Communities
- Infrastructure for Enterprise
- Landscape Management and Countryside Vision
- Green Space, Health and Wellbeing for Better Quality of Life
- Energy Policy, Generation and Supply

Each of these priorities translates into local actions – the ‘how’ part as set out at Appendices A and B to the Strategy. This also demonstrates that engagement with Parish Councils and other local organisations on all aspects of policy, planning and delivery is the thread that runs throughout the Strategy, hence the inclusion of the phrase “Sustainable Communities” in the first priority alongside Affordable Housing. Building and developing sustainable communities through enterprise, infrastructure, innovation, landscape management, quality of life and utilities is the aim of this new Rural Economic Strategy.

3. Background

- 3.1 Following his appointment in August 2016, the Rural Economy Officer was tasked with commissioning a rural mapping exercise, including a survey of business needs that would shape rural economic policy in the Borough of Guildford and its neighbouring Boroughs along the Wey Valley.
- 3.2 Two months earlier, the Referendum on whether to Remain in or Leave the European Union (Brexit) had resulted in the decision to leave. Theresa May’s leadership as the new Prime Minister led to Government departmental and ministerial changes, policy formulation and much media speculation and business uncertainty. Questions about Brexit in the business needs survey showed a clear wish to remain part of the EU single market, although there has since been a growing acceptance that “hard” or “clean” Brexit would be the likely outcome and that Brexit would “be made to work”.

The National Picture:

- 3.3 The past few months have seen three major developments in Government strategy that will have an effect on rural economic policy in general:
- Emerging policy proposed for Brexit negotiations with EU partners
 - *Building our Industrial Strategy* Green Paper
 - *Fixing our broken housing market* White Paper

Statements and Ministerial speeches from Government Departments are beginning to address the widespread uncertainty that has been felt by businesses and countryside and farming organisations since the EU referendum vote. As a result, many have produced strategic documents of their own, one of the most significant being from the CLA (Country Land and Business Association). Published at the CLA’s inaugural national conference, *Rural Business 2030* set out very clearly many of the big issues likely to be faced by farmers, producers and landowners in the post-Brexit environment, including the reduction, removal or replacement of subsidies with new, smarter ways of working through diversification and enterprise.

Other strategic publications affected by or likely to influence national policy are:

- The Natural Choice: securing the value of nature (DEFRA – June 2011)
- The Pathway to Driverless Cars: Summary report and action plan (DfT – February 2015)
- Fixing the Foundations – creating a more prosperous nation (DBIS – July 2015)
- Welcome to GREAT Britain – Tourism Action Plan (DCMS and Visit Britain – August 2016)
- State of the Nation 2016 (Social Mobility Commission – November 2016)

The Local and Regional Picture:

- 3.4 The main regional policy guide – just about to undergo a post-Brexit refresh – is the Strategic Economic Plan of the Enterprise M3 Local Enterprise Partnership (EM3 LEP). While some other local LEPS (e.g. Coast to Capital) have abandoned their rural sub-groups, EM3 is in the process of reinforcing its Rural Action Group, with GBC's Rural Economy Officer now a member, representing all Surrey local authorities on behalf of GBC's Managing Director.
- 3.5 In Surrey, the Surrey Countryside and Rural Enterprise Forum (SCREF) published its Rural Statement in 2015. This is also undergoing a refresh, with the Rural Economy Officer already making a significant policy contribution in line with guidance received from GBC Councillors.
- 3.6 The Surrey Hills AONB and its "family" subsidiaries (Surrey Hills Enterprises, Surrey Hills Society and Surrey Hills Trust Fund) are particularly important local partners in facilitating dialogue between competing – and at times conflicting – interest groups wishing to retain the unspoilt character of the Surrey Hills. The Rural Economy Officer is already engaged with the AONB and, through their CEO, in contact with the other main Surrey Hills Borough, Mole Valley District Council.

Rural Mapping Exercise and Business Needs Survey:

- 3.7 Hampshire County Council's Research and Intelligence Unit carried out the rural mapping exercise, which included an online survey of local business needs across the three Boroughs (Guildford, Waverley and Woking). Whereas the rural mapping identified the types of business activity being undertaken in the rural areas, the business survey identified specific local concerns around housing, broadband and mobile connectivity, transport infrastructure and quality of life. Brexit was a concern but more recently the Business Rate increases have been concentrating minds.

Community Health and Wellbeing, Social Change and Quality of Life:

- 3.8 Quality of life is a recognised but intangible factor in attracting people to this area, with the rural landscape enhancing both physical and mental health as well as general wellbeing. To understand better the social demography of our rural communities e.g. the ageing population and related adult social care needs, an early action within this Rural Economic Strategy is to conduct a joint survey –

with Surrey Hills AONB – of rural stakeholders, community groups and members of the public to gather views around quality of life indicators.

- 3.9 In partnership with GBC Public Health, Housing and other colleagues, this Strategy proposes to pilot a rural programme under the Council's Project Aspire to assist social regeneration through skills and training support.
- 3.10 Taking full account of these evolving policies and related strategic developments, this Rural Economic Strategy commits the Council to helping Guildford's rural communities become fully involved in shaping rural economic policy in their areas. This will include work on existing and future local Neighbourhood Plans.
- 3.11 In the same way that this partnership approach will define effective working at local level it is already clear that close collaboration with local and regional partner authorities is helping to reinforce the strong voice required if rural issues are to be pushed up the post-Brexit agenda.
- 3.12 Against the background of Brexit-related policy development, the personal and organisational network contacts made so far by the Rural Economy Officer have enabled good progress in line with the original aspiration set out by Councillors in February 2016.

Recommended Option: With further policy changes likely throughout the Brexit negotiation period, it is essential that this draft Rural Economic Strategy has flexibility of approach, supported by the delivery plan and monitoring process (through Guildford Business Forum's Rural Group).

4. Consultations

- 4.1 The Lead Councillors for Rural Economy, Countryside, Parks & Leisure, Economic Development and Housing have provided input and feedback to the draft Strategy, together with some local ward Councillors having particular local knowledge and/or expertise e.g. issues connected with proposals at Newlands Corner. GBC officers in the Energy and Sustainability Team, Parks & Leisure Services and Planning Department provided valuable input throughout the evolution of this draft Strategy. The Rural Economy Officer has also had close and regular contact with County officers (esp. Countryside Team) as well as informal contacts with some Parish Council representatives. Since September 2016, the proposed policy priorities and proposed actions have been shared with these colleagues but also with a variety of other partners, including the LEP Rural Action Group, Guildford Business Forum Rural Group, CLA, Surrey Community Action, University of Surrey and the owners of Send Business Centre.

5. Executive Advisory Board comments

- 5.1 At its meeting on 14 November 2016, the Borough, Economy, and Infrastructure EAB made the following comments:
 - *It was noted that with a fixed term contract of two years the maximum benefit must be made of having a dedicated officer in post.*

- *The recognition of the rural areas in the council's strategic thinking was welcomed.*
- *There were a number of priorities and objectives identified in the paper submitted to the Board. Some were considered to be achievable in a shorter time period than others and some new ideas were proposed:*
 - *Improve broadband access and download speeds in rural areas*
 - *Give the Council website a rural dimension*
 - *Encourage others to create or use alternative energy sources sourced in the area such as wood and water*
 - *Encourage countryside-focused officers to further develop the Guildford Waverley Woodland Cooperation Agreement.*
 - *Further develop relationships with our parish councils*
 - *Ensure the council is fully engaged in projects concerning off-road biking routes*
 - *Ensure the council is fully engaged in projects concerning Newlands Corner*
 - *Continue to nurture positive relationships with the Surrey Hills partnership groups and projects*
 - *The Surrey Hills Trust Fund could become a permanent income stream for rural projects and initiatives*
- *The strategy should address rural deprivation.*
- *There should be a clear statement of recognition of the value of the countryside to the wellbeing of Guildford, providing quality of life and its attraction to business.*
- *A clear identification of who really needs support in the rural areas.*
- *Exert pressure on planners to appreciate the need for appropriate business space in the countryside.*
- *There should be clear aims by which progress can be measured, both qualitatively and quantitatively.*
- *Ensure the strategic objectives are not duplicated.*
- *Affordable housing should be the top priority as there was a critical need.*
- *If possible, the Rural Economy Officer should have a role in working with planners and local people as Neighbourhood Plans came together.*

6. Executive – 18 April 2017

- 6.1 At its meeting on 18 April, the Executive considered this report, including the draft Rural Economic Strategy, and endorsed the recommendation to add the Strategy to the Council's Policy Framework and to adopt it formally as Guildford Borough Council policy.

7. Equality and Diversity Implications

- 7.1 An Equalities Initial Assessment was carried out and scored, resulting in a total score of 5 to indicate no immediate need for a full Equalities Impact Assessment at this stage. The Strategy itself is unlikely to generate risk situations – however, the prevailing uncertainties around the Brexit negotiations and their possible unexpected or unintended consequences for certain groups (*including EU migrant workers employed in rural businesses and ageing residents in rural*

communities) mean that the evolving Strategy might need to address these in some way. The completed and scored EIA is attached as **Appendix 2** to this Report.

8. Financial Implications

- 8.1 There are no financial implications arising directly as a result of this report. The cost of the rural economy officer for a two-year period is included within current budgets. The Strategy sets out an action plan at Appendix A and a delivery plan at Appendix B, which indicates where further additional financial resources may be required to implement a number of the actions. In particular, actions 3, 6 and 10 may require additional funding to implement. The Council currently envisages being able to obtain third party funding, principally from grants, to be able to implement the actions. If grant funding is not obtained there will be a cost on the council's general fund revenue budget which will be subject to approval of a bid for funding through the Council's business planning process.

9. Legal Implications

- 9.1 The impact of Brexit on environmental legislation may be significant. Almost all environmental legislation in the UK derives from the EU, although there are notable exceptions (for example, the Climate Change Act 2008, which sets legally-binding targets for the UK to reduce its carbon emissions).
- 9.2 It would be an enormous task to unpick UK environmental legislation to separate out and rewrite legislation that implements EU legislation. However, it seems likely that the UK will keep the substance of these regimes, even if it has to re-write the actual legislation (particularly where the UK legislation simply requires compliance with EU legislation). However, there will be no change until legislation is made.
- 9.3 There are many disparate areas of modern UK environmental law that will be affected by Brexit differently. This depends not just on the nature of Britain's exit but on a complex range of factors such as the relationship between the environmental laws in question and wider policy objectives (for example, between air quality or renewables laws on the one hand and energy security on the other).
- 9.4 The current analysis by the UK's legal sector assesses the most likely affected areas will be Wildlife and Habitat Laws, Climate Change and Emissions Trading and the Common Agricultural policy. The legal implications of Brexit on environmental law and rural areas are continually under review.

10. Human Resource Implications

- 10.1 No specific HR implications apply beyond existing cover arrangements among members of the Economic Development team e.g. for annual leave or sickness absence.

11. Summary of Options

- 11.1 The sole recommended option is to approve the draft Rural Economic Strategy 2017-2022 on the basis that it has sufficient flexibility of approach to:

- identify key priorities that will support and develop the rural economy through the engagement local communities
- specify actions that will deliver measurable outcomes
- take account of national, regional and local implications of the Brexit timetable and related emerging Government policies
- contribute to the post-Brexit review of policies by Enterprise M3 LEP, Surrey Countryside and Rural Enterprise Forum (SCREF) and others
- encourage closer working between GBC officers and officers in other local authorities and
- begin a public dialogue that will raise awareness of and interest in rural issues through education, information and leisure activities

12. Conclusion

12.1 National events and Government policy announcements since the June 2016 vote in favour of the UK leaving the EU, coupled with the local rural mapping exercise and survey of business needs, have highlighted the need for a dedicated Rural Economic Strategy. In the first instance, this Strategy is for 5 years, to take account of the EU Brexit timetable scheduled for 2017-2019 and the General Election due by May 2020. Based on the input from Businesses, Councillors, Officers and others, the following core policy priorities (Appendix A) – and the associated delivery plan (Appendix B) – are key to this Rural Economic Strategy:

- Affordable Housing and Sustainable Communities
- Infrastructure and Enterprise
- Landscape Management and Countryside Vision
- Green Space, Health and Wellbeing for Better Quality of Life
- Energy Policy, Generation and Supply

13. Background Papers (in chronological order of publication)

- *Welcome to GREAT Britain* Tourism Action Plan:
<https://www.visitbritain.org/introducing-great-tourism-campaign>
 - *State of the Nation 2016*:
<https://www.gov.uk/government/publications/state-of-the-nation-2016>
 - *Building our Industrial Strategy* Green Paper:
<https://www.gov.uk/government/consultations/building-our-industrial-strategy>
 - *Fixing our broken housing market* White Paper:
<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>
- As referenced at paragraph 3.3 above, the CLA's strategic report *Rural Business 2030* provides a comprehensive post-Brexit overview of issues affecting farming and land management. The report and related coverage of the CLA's inaugural 2016 Conference can be found at:
<https://www.cla.org.uk/conference2016>

14. Appendices

Appendix 1: Draft Rural Economic Strategy 2017-2022
Appendix 2: Screening Equality Impact Assessment