

**Scotland's Rural College**

## **The Future of Rural Policy in Scotland**

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## The Future of Rural Policy in Scotland

### RESAS Strategic Research Programme Research Deliverable 3.4.2 Place-based policy and its implications for policy and service delivery

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The work in RD 3.4.2 is being undertaken collaboratively by researchers at SRUC and at the James Hutton Institute.

## Executive Summary

- This paper discusses the future direction and shape of rural policy in Scotland after 'Brexit', i.e. when the UK leaves the European Union (EU), building on reviews of previous rural policies and strategies in Scotland since devolution, theoretical approaches to rural development, international work on rural development policy, and current (non-rural) policy drivers in Scotland.
- While leaving the EU has brought considerable uncertainty for rural communities and businesses, not least regarding future funding arrangements, more positively, it also provides an opportunity to rethink the rationale for, and approach to, supporting rural areas, to ensure that it is 'fit-for-purpose' for the challenges and opportunities facing rural Scotland in the 21<sup>st</sup> century.
- The paper has been written as part of Research Deliverable 3.4.2 'Place-based policy and its implications for policy and service delivery' in the Scottish Government Strategic Research Programme 2016-21. It is anticipated that this paper will particularly inform the work of the National Council of Rural Advisers (NCRA) to advise on potential implications of Scotland leaving the EU and to make recommendations on future rural policy and support to ensure a vibrant, sustainable and productive rural economy.
- Theoretical approaches to rural development shifted from an exogenous 'driven-from-outside' approach dominant in post-war Europe, to an endogenous approach in the 1980s and 1990s. The latter emphasised the need for development approaches to be led by local people, based on local resources and following a territorial approach. More recently there has been a shift to neo-endogenous or networked approaches which emphasise local resources and local control but with value placed on external flows of resources to catalyse local processes. More recently, social innovation has been emphasised which has citizen engagement and entrepreneurialism at its core and aims to address socio-economic fragility and the impacts of austerity and welfare reform.
- In 2006, Jordan and Halpin wrote about rural policy-making in Scotland, noting the lack of clarity on what rural policy is and what it is aiming to achieve, and the difficulties faced by rural policy-makers who are 'policy-takers' with only marginal influence on dominant policies as rural roads, rural schools, rural health care, etc. are the responsibility of departments of transport, education, health etc.
- Reviewing rural policies and strategies in Scotland since devolution demonstrates that the core themes in these documents have largely remained unchanged over this time period. They include the need to sustain and diversify rural economies, to strengthen rural communities, to ensure the delivery of high quality services, to maintain and enhance natural and cultural assets and to retain/attract back young people. While there have been vision statements (including from the Scottish Government in its 'Our Rural Future' response to the 2010 Speak Up for Rural Scotland document, for example), these have never amounted to a clear vision and strategic outcomes for rural Scotland with buy-in from all rural stakeholders.
- The Scottish Government's approach is to mainstream rural so since 2011 there have been no dedicated rural policy/strategy documents. However, there have been notable rural activities, including the establishment of Scottish Rural Action and Rural Parliament

events in 2014 and 2016, successive rural commitments in recent Programmes for Government (including a specific section on the rural economy in the 2017-18 Programme), the creation of a cross-civil service Rural Policy Working Group and the establishment of the NCRA.

- Looking beyond specific rural policy, there have been important policy developments in terms of land use and land reform, community empowerment, inclusive growth, a re-emphasis on place-based approaches and the emergence of City Region Deals, all of which have significant implications for rural areas.
- It is also worth reflecting on recent international work on rural development policy. The European Commission's Cork 2.0 Declaration for example focuses on innovation and the positive contribution that rural areas can make to the economy, society and the environment. Notably, Cork 2.0 includes a recommendation to undertake rural proofing. The OECD has carried out a significant amount of work on rural and regional development in the last couple of decades particularly, including empirical data analysis. Their Regional Outlook 2016 publication demonstrates the resilience and dynamism of rural regions close to urban centres and the new functions that rural areas are delivering based on their natural resources. Their Rural Policy 3.0 provides a new policy framework for rural regions designed to increase competitiveness and productivity in order to enhance the economic, social and environmental wellbeing of rural regions. The framework focuses on the competitive advantages of rural regions, making integrated investments (not relying on subsidies), and ensuring the delivery of services, through partnership-working, building on local capacity and ensuring policy coordination.
- In the EU referendum in June 2016, a majority of the Scottish population voted to remain in the EU. Notwithstanding this result, and the uncertainty that it has created, Brexit offers an opportunity to create a new vision and policy framework to support and enhance rural areas. When viewing Scotland in its UK context, it is perhaps particularly important to recognise the importance of geography: while rural areas make up 98% of Scotland's landmass, they account for less than 20% of the population. This means that rural people and communities are widely dispersed which brings particular challenges (and costs) in terms of delivering services for example. For the most sparsely populated areas, there are very real challenges in terms of population decline and ageing which may threaten the sustainability of communities and the future use and management of the land around them. Moreover, as funding for rural areas comes from national sources there will be a need for a very strong rationale in competition with funding for the NHS, education, etc.
- The following provides a set of principles for rural policy in Scotland post-Brexit to follow:
  - Building a more positive narrative about rural Scotland;
  - Taking a networked approach to rural development;
  - Ensuring an accurate, up-to-date evidence base exists to inform policy;
  - Ensuring an integrated approach to rural policy;
  - Rethinking the value of rural proofing;
  - Taking a place-based approach to policy;
  - Strengthening rural communities;

- Recognising the breadth of economic activities and contributions across Scotland;
- Placing rural areas at the forefront of future opportunities and challenges;
- Acknowledging and strengthening rural-urban linkages.

## 1. Introduction

This paper discusses the future direction and shape of rural policy in Scotland after the UK leaves the European Union (EU). The suggestions put forward are based on evidence collated from reviews of: theoretical approaches to rural development; the rural policy-making process; rural policies and strategies in Scotland since the mid-1990s; international work on rural development policy by the European Commission and the OECD; and the key current overarching policy drivers in Scotland.

Leaving the EU has brought considerable uncertainty for rural communities regarding the amount of funding that will be available in future when there is no access to Structural Funds and the CAP. Moreover, there is also uncertainty about the extent to which the underlying philosophies of current EU programmes and funding, such as cohesion, solidarity, bottom-up and partnership working, will continue to be the guiding principles for rural development in Scotland and the UK more widely.

More positively, leaving the EU offers the opportunity for Scotland, and indeed other parts of the UK, to rethink the rationale and approach to supporting rural areas, to ensure that it is 'fit-for-purpose' for the challenges and opportunities facing rural Scotland in the 21<sup>st</sup> century. As such, it is anticipated that this paper will inform the work of the National Council of Rural Advisers (NCRA) which was announced in June 2017 by Cabinet Secretary for the Rural Economy and Connectivity, Fergus Ewing MSP. The NCRA's role is to advise on the potential implications of Scotland leaving the EU as part of the UK, and to make recommendations on future policy and support, with the aim of ensuring a vibrant, sustainable and productive rural economy<sup>1</sup>.

The paper has been produced as part of a project on place-based policy and service delivery in rural Scotland which is an element of the Scottish Government Rural Affairs and the Environment Portfolio Strategic Research Programme 2016-2021, Theme 3 'Communities and Wellbeing' (Research Deliverable 3.4.2 'Place-based policy and its implications for policy and service delivery'). The work is particularly focusing on the extent to which place-based policy can address persistent differences in economic performance and social outcomes across Scotland's rural areas and small towns<sup>2</sup>.

Following on from this introduction, the paper is divided into five further sections. Section 2 briefly reviews the main theoretical approaches to rural development since the 1960s and, drawing on previous research, outlines the process of rural policy-making in Scotland since devolution. Section 3 provides a chronological review of rural policies and strategies in Scotland since 1995, while Section 4 briefly reviews international approaches to rural development policy put forward by the European Commission and the OECD. Section 5 looks beyond rural to outline five key drivers that currently underpin policy formulation in Scotland, namely community empowerment, land reform, place-based approaches, inclusive growth and City Region Deals.

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<sup>1</sup> More information: <http://www.gov.scot/Topics/farmingrural/Rural/NationalCouncilofRuralAdvisers>

<sup>2</sup> More information: [https://www.sruc.ac.uk/info/120671/our\\_projects/1806/strategic\\_research\\_programme/2](https://www.sruc.ac.uk/info/120671/our_projects/1806/strategic_research_programme/2)

Section 6 concludes the paper by bringing this evidence together to suggest some directions for future rural policy in Scotland.

## **2. Theoretical approaches to rural development and the rural policy-making process in Scotland**

### **2.1 Theoretical approaches to rural development in post-war Europe**

The classic formulation of rural development, dominant in post-war Europe, was an exogenous model. In this model, the development of local rural areas was 'driven from outside', with industrialisation, concentration, economies of scale and sector-based approaches placed centre stage. Urban centres were regarded as the growth poles for rural areas, with the latter seen as technically, economically and culturally distant. In Scotland, a practical example of this approach was seen in the Highlands and Islands in the 1960s, for example, where investment was focused on big projects such as smelters and hydro schemes as the key means of reducing depopulation and providing more employment.

By the 1970s, these approaches were criticised for fostering dependent, distorted, destructive and dictated development<sup>3</sup>. Strategies devised by planners and economic development professionals based outside the local areas where such approaches were enacted, usually resulted in the erasing, rather than the strengthening, of local assets and distinctiveness<sup>4</sup>.

In response to this criticism, exogenous approaches were gradually replaced by endogenous approaches in many OECD countries (albeit to varying extents) during the 1980s and 1990s. These approaches to development emphasised local people mobilising local resources using local initiative and enterprise to generate locally-rooted development. In contrast to exogenous approaches, endogenous approaches sought to build positively on an area's local unique resources using a territorial (rather than sectoral) approach. As a result, it was argued that this type of development was better adapted to local circumstances with more of the benefit retained locally.

However, in the last 10-15 years, researchers have argued that an endogenous approach to rural development is "*not a practical proposition in contemporary Europe*"<sup>5</sup>. This is because this model fails to recognise the importance and value of external flows of resources (including knowledge, information, etc.) that may help to catalyse local development processes. Purely

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<sup>3</sup> Ward, N., Atterton, J., Kim, T-Y., Lowe, P., Phillipson, J., and Thompson, N. (2005) Universities, the knowledge economy and 'neo-endogenous rural development', *Centre for Rural Economy Discussion Paper No 1*, University of Newcastle: <https://www.ncl.ac.uk/cre/publications/discussion-papers/>

<sup>4</sup> Lowe, P., Murdoch, J. and Ward, N. 1995 Networks in Rural Development: Beyond Exogenous and Endogenous Models, In van der Ploeg, J. and van Dijk, G. (Eds.) *Beyond modernization: The Impact of Endogenous Rural Development*, van Gorcum: Assen, pp. 87-105.

<sup>5</sup> Ward, N., Atterton, J., Kim, T-Y., Lowe, P., Phillipson, J., and Thompson, N. (2005) Universities, the knowledge economy and 'neo-endogenous rural development', *Centre for Rural Economy Discussion Paper No 1*, University of Newcastle (p5): <https://www.ncl.ac.uk/cre/publications/discussion-papers/>



endogenous approaches run the risk of promoting introspective or inward-focused thinking where close-knit local networks may become a barrier to development and growth<sup>6</sup> and external ties and their many resources are neglected.

Hence, neo-endogenous or networked approaches to development have gained in popularity in academic writing<sup>7</sup>. Neo-endogenous development was defined by Ray in 2001 as: “*Endogenous-based development in which extra-local factors are recognised and regarded as essential but which retains belief in the potential of local areas to shape their future*”<sup>8</sup>. Thus, the focus on local people and resources carries over from endogenous development, but the potential exists for extra-local resources and capacity to make essential contributions to enhance rural development, provided that local networks are open and responsive to such external stimuli<sup>9</sup>. The key to successful neo-endogenous or networked approaches to rural development is ensuring that local actors are engaged with both internal and external development processes and actors (including businesses, government, third sector organisations, etc.), and that they have the capacity to steer external processes to their benefit<sup>10</sup>.

More recently, the term social innovation has been applied to rural development approaches as a “*new panacea for realising development and growth while, at the same time, warranting social inclusion and counteracting social inequality.*”<sup>11</sup> As with neo-endogenous development, social innovation assumes a reliance on local actions and collective capacity to act, and it argues that without the involvement of external organisations (including multinational firms, third sector organisations, etc.), this may lead to widening inequalities between places. Like neo-

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<sup>6</sup> Atterton, J. (2007) The ‘strength of weak ties’: Social networking by business owners in the Highlands and Islands of Scotland, *Sociologia Ruralis* 47(3), pp. 228-245.

Atterton, J. (2005) Networking in the Highlands and Islands of Scotland: A Case Study of the Embeddedness of Firms in Three Small Towns, *Unpublished PhD Thesis*, University of Aberdeen.

<sup>7</sup> See for example: Shucksmith, M. (2012) *Future Directions in Rural Development*. Dunfermline: Carnegie UK Trust. Available online: [http://www.carnegieuktrust.org.uk/publications/2012/future-directions-in-rural-development-\(full-repor](http://www.carnegieuktrust.org.uk/publications/2012/future-directions-in-rural-development-(full-repor), accessed 13 February 2015; Ward, N., Atterton, J., Kim, T-Y., Lowe, P., Phillipson, J., and Thompson, N. (2005) Universities, the knowledge economy and ‘neo-endogenous rural development’, *Centre for Rural Economy Discussion Paper No 1*, University of Newcastle.

<sup>8</sup> Ray, C. (2001) *Culture Economies*, Newcastle: CRE Press (p4): <https://www.ncl.ac.uk/cre/publications/other/>

<sup>9</sup> Stockdale, A. (2006) Migration: pre-requisite for rural economic regeneration? *Journal of Rural Studies* 22, pp. 354-366; Kalantaridis, C. and Bika, Z. (2006) In-migrant entrepreneurship in rural England: beyond local embeddedness, *Entrepreneurship and Regional Development* 18, pp. 109-131; Bosworth, G. (2006) Counterurbanisation and job creation: Entrepreneurial in-migration and rural economic development, *Discussion Paper No 4*, *Centre for Rural Economy*, Newcastle.

<sup>10</sup> In-migrant business owners are one group in rural areas who have the potential to facilitate neo-endogenous development as they have the ability to mobilise local resources and to exploit non-local opportunities through network relations linked to their previous places of work and residence. As long as they are locally integrated they have the capacity to stimulate the local economy and to enable positive interactions with the extra-local. This in turn depends on the existence of ‘sites’ in the locality at which local networking may take place, and an openness among locals towards new opportunities and relationships (Atterton, J. (2007) The ‘strength of weak ties’: Social networking by business owners in the Highlands and Islands of Scotland, *Sociologia Ruralis* 47(3), pp. 228-245).

<sup>11</sup> Bock, B. (2016) Rural Marginalisation and the Role of Social Innovation; A Turn Towards Nexogenous Development and Rural Reconnection, *Sociologia Ruralis* 56 (4), pp. 552-73.

endogenous development, social innovation has citizen engagement and entrepreneurialism at its core, but it is different in terms of its orientation towards citizen issues, socio-economic fragility and problems resulting from welfare state reforms and austerity measures (which have resulted in limited state support and the shifting of public responsibilities to private initiative and localisation, to varying degrees in different places). For many researchers, social innovation is a promising term to use when considering rural development as it takes account of the opportunities that change offers in terms of rural citizens developing novel solutions and innovative delivery methods based on self-organisation, new alliances and the use of modern technology, often at a distance from policy-makers and policy. Like neo-endogenous development, social innovation demands a new understanding of the linkages and mutual dependencies between places, including rural and urban areas. The social innovation of marginal rural areas is therefore not just a task for them, but a common concern for everyone.

This section has briefly reviewed the dominant theoretical approaches to rural development in post-war Europe. From exogenous approaches dominant in post-war Europe, endogenous approaches came to the fore in the 1970s. Now, the focus is on neo-endogenous or networked approaches and the concept of social innovation, which place emphasis on locally-tailored, locally-led development processes, which take advantage of positive interactions with extra-local places and actors. The EU's LEADER programme is an example of the neo-endogenous approach. It fosters locally managed projects guided by a Local Development Strategy for a designated geographical area, but with the (positive) involvement and support of extra-local actors such as local authorities, enterprise agencies, businesses, etc. These projects are set within an EU-wide framework through which cross-Local Action Group, cross-national projects are encouraged to share learning<sup>12</sup>.

The report now moves on to discuss the rural policy-making process in Scotland since devolution.

## **2.2 The rural policy-making process in Scotland – rural as a byproduct policy**

A number of academics have written about the formulation of rural policies and the rural policy-making process, with most concluding that rural policy is messy and vague<sup>13</sup>. What does rural policy mean? What should rural policy look like and what should it aim for? Is it about achieving the economic, social and environmental sustainability of rural areas? How can and should this be achieved? How will we know when it is achieved?

Alongside this lack of clarity, those working in rural policy face other challenges. For example, although most OECD countries have 'official' rural definitions or classifications, they are not

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<sup>12</sup> Dargan, L. and Shucksmith, M. (2008) LEADER and Innovation, *Sociologia Ruralis* 48 (3), pp. 274-91.

<sup>13</sup> Jordan, G. and Halpin, D. (2006) The Political Costs of Policy Coherence: Constructing a Rural Policy for Scotland, *Journal of Public Policy* 26 (01), pp. 21-41; Shortall S. and Alston, M. (2016) To rural proof or not to rural proof: a comparative analysis, *Politics & Policy* 44(2), pp. 35-55; SAC/SRUC Rural Policy Centre (2014 and 2016) *Rural Scotland in Focus 2014 and 2016 Reports*, Edinburgh: [https://www.sruc.ac.uk/info/120428/rural\\_scotland\\_in\\_focus](https://www.sruc.ac.uk/info/120428/rural_scotland_in_focus)

always widely accepted or fully used. In most countries, the agricultural lobby is much stronger than the comparatively incoherent and uncoordinated rural lobby, meaning that agriculture is often incorrectly equated with rural, and wider rural businesses, communities, issues, etc. find themselves sidelined. While many government departments have seen a widening in scope in recent decades from a focus solely on agriculture to a broader remit for rural affairs, often their levels of staffing, knowledge and expertise are inadequate to deliver this widened scope. Finally, and perhaps most crucially, rural policy-makers have responsibility for policy areas where they do not have the policy instruments to deliver, nor the power to monitor outcomes.

This latter challenge is the one that is explored in more detail in Jordan and Halpin's paper in 2006 which specifically focused on rural policy formation in Scotland<sup>14</sup>. The authors noted that rural affairs departments do not have responsibility for rural roads, rural schools, rural health care, rural housing, etc. as these are the responsibility of departments of transport, education, health, etc., and they discussed the difficulties of constructing a rural policy with reference to post-devolution Scotland.

They distinguish between 'primary' or 'dominant' and 'byproduct' policies, with the latter being policies which make sense in the context of another policy. They ask, for example, is rural transport policy best seen alongside rural health and education policy as part of a primary rural policy, or as a byproduct component of an overall primary transport policy? Byproduct policies give way to primary policies and a change in a byproduct policy most often comes indirectly as a consequence of a change in a primary policy. For example, if rural transport is a byproduct policy, then changing rural transport policy would involve changing transport policy generally. In conclusion Jordan and Halpin argue that rural departments are largely policy-taking agencies which can only hope to marginally influence dominant policies. For them, in 2006, disparate components, such as agriculture and transport, still persisted as the substantive policy elements to which a rural policy tag was then attached.

It is worth at this point briefly mentioning Saraceno's work on rural policy-making at EU level. She also refers to rural policies being hosted by other policy domains, including agriculture and regional policy, but never being a priority for any of them. Added to this, Saraceno argues that the "*fragmented and residual*" role of rural policies and the lack of a standalone rural policy is mirrored in the fact that there is no single coherent academic discipline producing research to inform rural policy formation based on one theoretical framework. She concludes therefore that the links between social science research and rural policy are particularly complex<sup>15</sup>.

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<sup>14</sup> Jordan, G. and Halpin, D. (2006) The Political Costs of Policy Coherence: Constructing a Rural Policy for Scotland, *Journal of Public Policy* 26 (01), pp. 21-41.

<sup>15</sup> Saraceno, E. (2013) Disparity and Diversity: Their use in EU Rural Policies, *Sociologia Ruralis* 53 (3), pp. 331-348.

### **2.3 The rural policy-making process in Scotland – how to create a coherent and joined up rural policy**

To create a coherent, coordinated rural policy that cross-cuts functional policy sectors, broader policy themes need to be integrated together through joined up government. Jordan and Halpin suggest that a key priority of the Scottish Executive/Government since devolution has been creating a coherent primary Scottish rural policy, but in their view the reality (in 2006) was more a collection of byproduct policies and a primary narrow, sectoral farm-based policy rather than a holistic, territorial rural policy.

This raises some key questions for rural policy-making in Scotland: Should policies be coherent and integrated? What happens if coherence in one area undermines coherence in another? Will/should policy-makers seek to mask conflict or might there be virtues in exposing it? How far should different policy fields seek to respect the needs of adjacent policy fields? Which policy field should take precedence and why? How far is it possible to achieve joined up government?

Jordan and Halpin argue that there are two styles of policy development and delivery: the single dedicated vehicle, and mainstreaming. In the former, priorities necessitate specific policies. In the latter, byproduct policy targets are attained by retooling existing organisations and policies to take into account an additional priority, in this case, rural. For rural policy-makers there is always the dilemma of whether to have a standalone policy on rural development or to have a rural development part to other policy domains. In Scotland the latter situation prevails, with rural policy initiatives tending to be addendums to existing policy areas, which one interviewee in Jordan and Halpin's study termed "*mainstreaming by necessity*".

At the time of writing just over 10 years ago, Jordan and Halpin argued that the rural affairs department in Scottish Government existed as a coordinating and largely policy-taking ministry reliant on the actions and priorities of other ministries and departments. They noted that there was some evidence of a push away from narrow sectoral agricultural policy, but not a pull towards a coherent rural policy. Instead, the non-farm aspects of rural policy still existed essentially as a series of byproduct policies of other primary policy areas (transport, education, housing, etc.). In short, Scotland had not achieved the stated ambition of a coherent horizontal rural policy.

Since 2006 when Jordan and Halpin wrote their paper, the Scottish Government has maintained its approach of mainstreaming "*the needs of rural Scotland within all of its policies*"<sup>16</sup>. The next section of this paper reviews the rural documents issued in Scotland since just before devolution – i.e. a period extending from a decade prior to Jordan and Halpin's 2006 paper to the present, 12 years since it was published. The review demonstrates a more explicit shift towards mainstreaming during the 2000s, and especially since the National Performance Framework was launched by the SNP Government in 2007.

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<sup>16</sup> More information: <http://www.gov.scot/Topics/farmingrural/Rural/rural-communities>

### 3. Rural development policies in Scotland over the last 25 years<sup>17</sup>

In order to understand current rural policy in Scotland and to inform decisions about the future direction of policy, not only must we make reference to the theoretical underpinnings and process of formulating rural policy, we also need to review the trajectory of rural policy formulation in Scotland over recent years. This is the focus of this section of the report.

#### **1995-1996**

Going back over twenty years to 1995, the Scottish Rural White Paper (***People, Prospects, Partnership***) provided a statement of the overall aims of rural policy in a single document and set up a new mechanism to encourage a partnership approach and community involvement. This can be contrasted to the top down exogenous approach which had characterised previous rural development interventions<sup>18</sup>. Guided by the objectives of sustainable development, the White Paper contained a number of policy aims, including a rural Scotland that is “*economically prosperous..., vigorous in its community life..., culturally confident... and able to protect, conserve and enhance its outstanding natural environment.*” The document set up Local Rural Partnerships (LRPs) and the Scottish National Rural Partnership (SNRP) and associated funds. The SNRP was established to act as an interface between Scottish Government and the LRPs, review progress towards the overall aims of a rural policy, sponsor and oversee a programme of rural research, and advise Ministers on the disbursement of funding. The Scottish Government Deputy Register General at the time (1996), John Randall, commented positively that: “*By setting out, for the first time, an overall statement of the aims of government rural policy in Scotland, the White Paper also provides a framework through which a more integrated approach to policy development can be pursued in future.*”

At the time, however, the White Paper was criticised on a number of fronts, including the gap between policy aims and delivery mechanisms, a lack of strategic thinking and vision, and a lack of dealing with policy tensions<sup>19</sup>.

#### **1997-2007**

1997 saw a change in UK Government while two years later in 1999 there was the creation of the Scottish Parliament. In 2000, ***Rural Scotland: A New Approach*** was published by the then Scottish Executive with a vision of “*A rural Scotland where everyone matters: every community, every family, every rural Scot. A rural Scotland that is integral to Scotland’s success, thriving and providing opportunity and a high quality of life for all who work there. A rural Scotland where two of our most important assets – our natural and cultural heritage – are protected, enhanced and celebrated.*”

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<sup>17</sup> This section draws on previous work by Jane Atterton and colleagues in SRUC.

<sup>18</sup> Renwick, A. and Thomson, S. (2008) *The White Paper for Rural Scotland: Does Prospect Lie in Retrospect?* Presentation Slides available online.

<sup>19</sup> See for example: Bryden, J. and Mather, A. (1996) The Rural White Paper: Rural Scotland People Prosperity and Partnership, *Scottish Geographical Magazine* 112 pp. 114-116.

The document identified two key priorities - working together with communities and shaping policies to ensure they addressed rural circumstances - and four broad themes for action: supporting economic development; breaking down barriers; improving access to, and delivering better, services; and sustaining and making the most of our natural and cultural heritage.

The same priorities and themes were carried over into the subsequent 2003 document ***Rural Scotland: Taking Stock***<sup>20</sup>, and in addition, five key priorities were identified: jobs, education, transport, crime and health. Two additional overarching themes were identified: closing the opportunity gap and promoting sustainable development.



The same strategic focus continued into the Scottish Government's 2007 document ***Rural Scotland, Better Still Naturally***<sup>21</sup> which listed eight strategic themes and approaches: (i) broaden and strengthen the rural economy, including the skills base; (ii) protect, maintain and develop our natural and cultural assets; (iii) improve the accessibility and quality of services people and businesses depend on; (iv) address the challenges and opportunities of population change; (v) promote social and economic inclusion; (vi) help build resilient and sustainable communities; (vii) improve stakeholder engagement; and (viii) improve focus, delivery and measurement of progress towards the main outcomes. In preparation for the 2007 document, a short futures-focused project was undertaken with key stakeholders. This work emphasised the need for an “*agreed sense of purpose for, and clarity of role of, rural Scotland*” and argued that it was necessary to evolve a shared vision and “*a clear sense of purpose for rural Scotland and its place in Scotland*”. So, even though strategic aims had been identified, there was still felt to be a need to articulate an overarching purpose and role for rural Scotland.

## **2008-2011**

In 2007/08, the ***OECD conducted an independent review of rural policy in Scotland*** and the extent to which it followed the principles of its own New Rural Paradigm<sup>22</sup>. The review team found that Scotland's approach to rural policy was innovative and rapidly evolving, but that it was still a fairly centralised approach, with a complex organisational landscape at local level, lacking bottom-up involvement, and with a sectoral (i.e. agriculture) not a territorial or place-based focus.

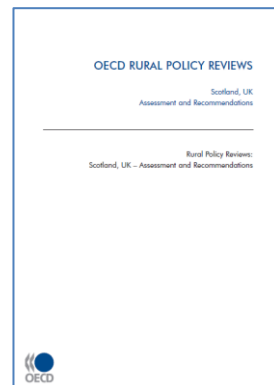
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<sup>20</sup> Scottish Executive (2003) *Rural Scotland – Taking Stock*. Scottish Executive. Edinburgh. Available online: <http://www.gov.scot/Publications/2003/03/16701/19555>.

<sup>21</sup> Scottish Government (2007) *Rural Scotland - Better Still Naturally*, Scottish Government: Edinburgh. Available online: <http://www.gov.scot/Publications/2007/03/27152428/0>.

<sup>22</sup> The principles are: a focus on places rather than sectors (such as agriculture), on investments rather than subsidies to achieve long-term benefits, and on devolving power and resources to communities to determine their needs and realise opportunities. Rural policies should be about wider rural regeneration rather than just agriculture, and rural areas should be given more power and resources to determine their own needs and realise their own opportunities. For more information, see: OECD (2010) *The New Rural Paradigm: Policies and Governance*. OECD Publications, Paris. Available online: <http://www.oecd.org/gov/regional-policy/thenewruralparadigmpoliciesandgovernance.htm>.

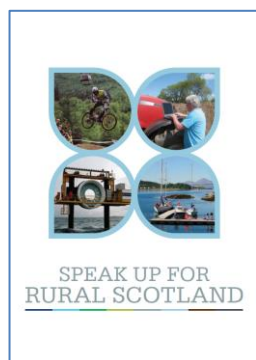
The OECD was particularly concerned by the high proportion of Scotland Rural Development Programme (SRDP) spend on activities which were largely agricultural in nature, thus reinforcing the sectoral bias in rural policy. The review team argued that the original motivation for adopting a sector-by-sector approach at national level might have been justified when all rural policy was considered as coinciding essentially with agricultural-related needs, but they conclude that the lack of integration between agriculture/environmental policies and all the other socio-economic policies for rural areas was the main weakness of rural policy in Scotland. The team argued that: *“A place-tailored approach to rural policy and programmes, characterised by a stronger local participation and wider stakeholder engagement, is key”* and recommended that:



*“Scotland aim for a distinct vision of policy for all rural areas, one that is comprehensive and integrated, capable of mixing sectoral and territorial approaches and developing linkages and exchanges, between the agricultural sector (farmers and land managers) and the other sectors of the rural economy.”*

The review stressed that economic diversification was vital to the future of rural Scotland and argued that *“Opportunities for economic development and diversification require looking beyond agriculture for the future of Scottish rural regions”*. It referred back to the 2000 and 2007 Scottish Executive/Government rural policy documents which contained broad-ranging objectives for rural areas, but noted the lack of an overall rural strategy that would help with policy co-ordination. The OECD identified several priorities moving forward, including: addressing the shortage of land for rural housing; looking beyond agriculture for the future of Scotland’s rural economy; developing a spatially differentiated investment strategy within a modern, multi-sectoral policy framework to tackle public service challenges; and taking a new approach to rural development which recognises urban-rural linkages. Despite being undertaken almost a decade ago, the review remains an important reference point for analysing more recent developments in rural policy in Scotland.

Just prior to the publication of the OECD’s review, the Scottish National Party (SNP) became the largest political party in Scotland for the first time, governing as a minority administration from 2007-2011. In 2008, the then Cabinet Secretary for Rural Affairs, Food and the Environment, Richard Lochhead MSP, set up the independent Rural Development Council to provide him with advice on *“how best rural Scotland could contribute to the creation of a more successful country through sustainable economic growth”*. In 2010, the Council issued its report ***Speak up for Rural Scotland***, with a vision for rural Scotland to be *“an international shop window for all of Scotland”*, underpinned by the four elements of: active and confident communities; the best connected place; competitive enterprises creating employment opportunities; and world-rated natural and built environments. The Council identified 37 ‘Step changes’ to deliver to this vision, focusing on: rural economies; multipurpose land use; empowered communities; sustaining rural

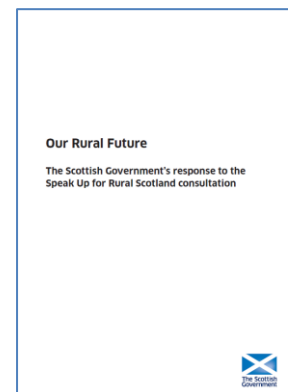


communities; infrastructure and services; and working together.

In 2011, the Scottish Government issued its response to the Council's document and the subsequent consultation, **Our Rural Future**, which contained the following vision for rural Scotland:

*"We want to see a rural Scotland that is outward looking and dynamic - with a diverse economy and active communities. Rural prosperity will increase in ways which make best use of all of our resources – our people, as well as the land, seas, rivers and wildlife. Our rural communities will grow in confidence and diversity, taking control of local assets and providing local services to generate income and employment. Our young people will have the opportunity to build careers and prosperous futures in the area where they grew up. Services of the highest possible quality and with the greatest possible choice will be accessible to the whole community. Our world-rated natural, cultural and built environments will be managed sensitively to balance development requirements with the vital need to manage our precious natural assets sustainably. We want to see rural Scotland participating fully in the global exchange of ideas and culture, with the right connections to make this happen, including high speed broadband and appropriate transport infrastructure. Rural businesses will make best use of local assets to become more competitive and enterprising."*

The document contained several priorities for rural areas including: infrastructure (including broadband, housing, public transport and healthcare); land use (including a desire for better partnership-working; community participation (including on renewable energy developments with an emphasis on capacity and skills development and working with local authorities); community enterprise (including more community control of assets/resources and the promotion of development trusts and social enterprises); and business and skills (including public procurement opportunities for local businesses and skills training based on the needs of the local economy).



In parallel to, but largely separate from, this work the Government commissioned the ***Inquiry into the Future of Agricultural Support in Scotland*** in 2009-2010, which put forward a set of recommendations on how financial support to agriculture and rural development could be best tailored to deliver the Scottish Government's purpose of sustainable economic growth<sup>23</sup>.

The election of the SNP in 2007 saw the introduction of the single overarching purpose and associated National Performance Framework (NPF). The SNP Government made a commitment to mainstream rural issues by adapting policies to meet local needs and circumstances (and not setting rural Scotland aside as something different), rather than having specific strategies for rural Scotland. Thus the work of the Rural Development Council, the Government's response and the OECD review of rural policy were effectively lost.

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<sup>23</sup> More information: <http://www.gov.scot/Topics/farmingrural/Agriculture/inquiry>



## 2011-present

Since 2011 there have been no further policy statements on rural Scotland. Instead, there has been a focus on particular policy domains, including land reform, community empowerment and digital connectivity, all of which have impacted, and will continue to impact, substantially on rural areas, but which cannot be said to form a coherent rural policy or vision<sup>24</sup>. Moreover, as was the case in 2008, Scotland is still in a position where a substantial proportion of the funding in the SRDP 2014-20 (which remains Scotland's key instrument of rural policy) goes to the Less Favoured Area Support Scheme (LFASS) and agri-environment and forestry support rather than wider rural development. There is no overarching, coherent rural vision or strategy.

Having said that, there are some particular rural developments which must be noted. First, successive annual Programmes for Government have contained specific commitments for Scotland's rural communities. In the 2018-2019 Programme for Government, these include:

- A future proofed, high-tech, low carbon economy *“to further unlock the potential of our communities, especially in rural and remote areas”*.
- *“... we must support our rural areas to secure vibrant communities, deliver big ideas and drive economic growth.”*
- *“We will plan a new unitary fund to invest in rural, marine and coastal enterprise as part of dealing with Brexit. The fund will ensure that future investments in the rural economy are aligned to business needs, key sectors and government priorities for sustainable and inclusive growth.”*
- *“...we will examine how, across the rural economy, we can use the planning and consents systems to fast-track sustainable developments – including housing – in order to generate new rural economic activity.”*
- *“...supporting the Rural Mental Health Forum to help people in rural areas maintain good mental health.”*
- Discussion of *“repopulating and empowering Scotland's rural, coastal and island communities”*, which includes a commitment to produce a rural skills action plan in 2018, to increase rural housing stock, and to ensure rural communities are among the first to benefit from the commitment to 100% superfast broadband.
- In relation to agriculture specifically, the 2018-19 Programme acknowledges the need to attract new entrants into farming, including through a new action plan, to address barriers which prevent women from entering farming (including through the Women in Agriculture Taskforce), and to implement the measures in the Land Reform (Scotland) Act 2016 to support a thriving tenanted sector for agriculture.



<sup>24</sup> For more discussion of the lack of a coherent rural policy or vision in Scotland see: Skerratt, S., Atterton, J., Brodie, E., Carson, D., Heggie, R., McCracken, D., Thomson, S. and Woolvin, M. (2014) *Rural Scotland in Focus 2014*, Edinburgh, Rural Policy Centre, SRUC. Available online: [http://www.sruc.ac.uk/info/120428/rural\\_scotland\\_in\\_focus/1265/2014\\_rural\\_scotland\\_in\\_focus\\_report](http://www.sruc.ac.uk/info/120428/rural_scotland_in_focus/1265/2014_rural_scotland_in_focus_report).

- Finally, the Programme contains a specific commitment to empower Scotland's islands communities, to create a National Islands Plan and introduce a duty to island-proof future government policies, strategies and legislation.

Second, in 2016, the Rural Communities Policy Team within the Scottish Government set up a cross-civil service Rural Policy Working Group which meets quarterly. The Group consists of representatives from policy teams across the Scottish Government and is an opportunity for the Rural Policy Team to raise the profile of rural issues and considerations and, importantly, inform and influence policy-making in other departments.

Third, in 2014, as a result of an SNP election manifesto commitment in 2011, the Scottish Rural Parliament met for the first time in Oban, with a second meeting held in Brechin in 2016 (and a third scheduled for late in 2018). Coordinated by Scottish Rural Action, which exists to provide a voice for rural communities and seeks to ensure that decision-makers understand the needs and strengths of rural communities, the Rural Parliament aims to raise the profile of rural needs and successes, connect rural community representatives with decision-makers, and share ideas and practice across rural communities. While the Parliament provides a means to tackle one of OECD's key criticisms of Scotland's rural policy – namely the lack of bottom-up participation – it is fair to say that some questions remain over the extent and nature of outcomes from these activities.

Fourth, it is also worth mentioning that there are now two Cabinet Secretaries covering rural issues, Fergus Ewing MSP, the Cabinet Secretary for Rural Economy and Connectivity, and Roseanna Cunningham MSP, Cabinet Secretary for the Environment, Climate Change and Land Reform. Both Cabinet Secretaries have issued their own vision statements for rural Scotland:

*“My ambition is to grow the rural economy sustainably, so rural communities thrive, for the benefit of everyone who lives and works there, and indeed for the benefit of Scotland as a whole.”* Fergus Ewing MSP, Cabinet Secretary for Rural Economy and Connectivity.

*“Our vision is that the ownership, management and use of land and buildings in Scotland should contribute to the collective benefit of the people of Scotland. A fair, inclusive and productive system of land rights and responsibilities should deliver greater public benefits and promote economic, social and cultural rights.”* Roseanna Cunningham MSP, Cabinet Secretary for the Environment, Climate Change and Land Reform.

Fifth, the National Council of Rural Advisers (NCRA) was set up by Cabinet Secretary Fergus Ewing MSP in June 2017 *“to provide advice on the potential implications of Scotland leaving the EU as part of the UK, and to make recommendations on future policy and support, with the aim of ensuring a vibrant, sustainable and productive rural economy”*. The NCRA produced an interim report in November 2017 and has recently completed a consultation with rural stakeholders and communities to inform its ongoing work. Its final report is due to be published in September. Council members have emphasised that they are viewing the rural economy in its

broadest sense, taking into account all activities and businesses<sup>25</sup>. Just preceding the setting up of the NCRA, the Scottish Government appointed four Agriculture Champions in early 2017 to advise on the strategy for delivering the “*Future of Scottish Agriculture*” vision, published in 2015. The Champions sit on the NCRA in order to encourage more holistic thinking about the rural economy. The Champions published their final report in May 2018<sup>26</sup>.

While these are all important to note, overall, this review of rural development in Scotland since the mid-1990s apparently suggests that Jordan and Halpin’s conclusions in 2006 still remain accurate. Scotland retains a largely sectoral (i.e. agricultural) rural policy, with any specific rural initiatives effectively being byproduct policies rather than forming a coherent dominant policy in themselves. While this might be the desired outcome from mainstreaming – a policy which is appropriate for all localities - there is a risk that rural issues and places will be - indeed are being – sidelined and hidden. It is also not possible to measure whether any of the specifically rural statements, national policies and programmes nor the NPF itself are delivering positive outcomes for rural Scotland as there is a lack of clear plans for delivery, including targets, monitoring or review processes. This is despite the existence of precedents, such as the Land Use Strategy (2011) and the Scottish Forestry Strategy (2006)<sup>27</sup>, which could serve as guides for the creation of appropriate targets and monitoring approaches.

Section 4 of this paper turns to discuss five key drivers of policy in Scotland currently to provide a broader context for the final Section (Section 6) which outlines a set of recommendations for future rural policy and support in Scotland after we leave the EU.

#### **4. Key current policy drivers in Scotland**

Having reviewed key rural strategy documents from the mid-1990s until the present day, this section of the report focuses on five overarching drivers of policy in Scotland currently: community empowerment, land reform, place-based policies, inclusive growth and City Region Deals. Before discussing these drivers in more detail it is worth briefly returning to the Scottish Government’s NPF and the overarching Purpose: “*To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth*” which has been in place since 2007. The NPF applies across Scotland so the high-level targets of “*Growth*” and “*Productivity*”, for example, and indicators such as “*Increase the number of businesses*”, apply equally across rural and urban

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<sup>25</sup> More information: Scottish Government (2018) *Understanding the Scottish rural economy*, Scottish Government, Edinburgh: <https://www.gov.scot/Publications/2018/02/3310>. See also: Turner, R. and Atterton, J. (2015) *Scotland’s rural enterprises: what do we know and where are the information gaps?*, SRUC Rural Policy Centre Policy Briefing 2015/11: [https://www.sruc.ac.uk/downloads/file/2621/2015\\_scotlands\\_rural\\_enterprises\\_what\\_do\\_we\\_know\\_and\\_where\\_are\\_the\\_information\\_gaps](https://www.sruc.ac.uk/downloads/file/2621/2015_scotlands_rural_enterprises_what_do_we_know_and_where_are_the_information_gaps).

<sup>26</sup> More information: <https://www.gov.scot/Publications/2018/05/4376>

<sup>27</sup> There is more detailed discussion on this in SRUC Rural Policy Centre (2014) *Rural Scotland in Focus 2014*, Edinburgh (Section 5 Report Conclusions: People, places and policy: Where next for Rural Scotland?), available online: [https://www.sruc.ac.uk/info/120428/rural\\_scotland\\_in\\_focus/1265/2014\\_rural\\_scotland\\_in\\_focus\\_report](https://www.sruc.ac.uk/info/120428/rural_scotland_in_focus/1265/2014_rural_scotland_in_focus_report).

areas. As mentioned previously, the Scottish Government argues that the needs of rural Scotland are mainstreamed in all of its policies and a Government analysis of the applicability to rural Scotland of the 45 indicators currently used to measure progress towards the NPF in 2013 found that they provide a sound basis against which to assess progress in rural Scotland, relative to the rest of the country<sup>28</sup>.

In terms of the first key policy driver, community empowerment, the Scottish Government's strong commitment to resilient and engaged communities over recent years has been evident through a number of activities, including the work of the Commission on the Future Delivery of Public Service (the 'Christie Commission'), the passing of the Community Empowerment (Scotland) Act 2015, refreshing the National Standards for Community Engagement, participatory budgeting, and continued support for Scottish Rural Action, the Rural Parliament and its associated actions, as the collective voice for rural communities in Scotland. The emphasis has been placed on communities and the third sector playing a greater role in service delivery supported by the ownership and management of assets.

The 2015 Act provides a mechanism for communities to have a more proactive role in how services are planned and delivered. It places Community Planning Partnerships (CPPs) on a statutory footing and imposes duties on them around the planning and delivery of local outcomes, and the involvement of community bodies at all stages of community planning. Although the National Outcomes which form part of the NPF are currently being refreshed, it is highly likely that the resilient communities outcome will remain a priority. What is still needed, however, is an improved understanding of how the outcome is experienced in ways that are particular to rural Scotland.

Second, and in parallel to the emphasis on community empowerment, is the Scottish Government's focus on land reform as evidenced through the establishment of the Land Reform Review Group in 2012, the investment in the Scottish Land Fund since 2012 to support communities in buying land, and the passing of the Land Reform (Scotland) Act in 2016. This includes a variety of provisions, including the establishment of the Scottish Land Commission, a land rights and responsibilities statement, providing communities with a right to buy land to further sustainable development, and guidance about engaging with communities on decisions relating to land.

Third, the Scottish Government advocates a place-based approach to development. This is evident through the work of the Christie Commission on the future delivery of public services, for example, where there is a strong focus on 'community' and 'place'. Through the Community Empowerment (Scotland) Act 2015, CPPs have also been encouraged to improve their understanding of, and engagement with, their local communities and to deliver place-based approaches. The importance of place is evident in other policy domains too, including regeneration and the development of the 'Place Standard' tool, for example. There is also a reference to place-based endowments in the Scottish Government's



<sup>28</sup> The second annual progress statement (2013): <http://scotland.gov.uk/Resource/0042/00425896.pdf>

2018-19 Programme for Government: *“We will...attract further investment to rural Scotland by exploring how place-based collective endowments could be used to revitalise local, and particularly remote, communities.”*

Fourth, inclusive growth is a driver which gained prominence in the Scottish Government’s refreshed 2015 Scotland Economic Strategy<sup>29</sup>. This sets out the Government’s broad priorities and overall approach to supporting sustainable and inclusive economic growth based around two mutually supportive goals of increasing competitiveness and tackling inequality. As the Strategy says:

*“There is growing international evidence that promoting competitiveness and addressing inequality are important interdependent ambitions... Creating a fairer society is not just a desirable goal in itself, but is essential to the sustained, long-term prosperity of the Scottish economy. Our approach to economic policy is based on the principle that delivering sustainable growth and addressing long-standing inequalities are reinforcing - and not competing - objectives.”*

The importance of tackling inequality builds on the premise (put forward strongly by the OECD amongst others) that countries and regions that have more equal societies perform better economically. The 2015 Economic Strategy emphasises the need to: *“Realise opportunities across Scotland’s cities, towns and rural areas, capitalising upon local knowledge and resources to deliver more equal growth across the country”* and to consider *“the dynamic of Scotland’s cities, wider regions, and rural areas, to encourage success and opportunity shared across the whole of Scotland”*. In terms of the rural economy specifically, the document states: *“The rural economy is heavily interlinked with our cities, providing vital natural resources and skilled people which help other sectors of the economy to flourish”*.

The Scottish Government defines inclusive growth as a multidimensional concept which includes social inclusion, wellbeing, participation and environmental issues. It is focused on tackling inequalities in outcomes and opportunities and promotes more equal growth geographically. It is: *“Growth that combines increased prosperity with greater equity; that creates opportunities for all and distributes the dividends of increased prosperity further.”* The Scottish Government is currently developing inclusive growth outcomes at national level, with indicators associated with them, relating to economic performance, labour market access, fair work, people and place.

Fifth, City Deals originated in the (UK) 2011 Localism Act with the aim of facilitating the devolution of decision-making powers from central Government control to individuals and communities. The first wave of City Deals was announced in England in 2012, with a Deal for Glasgow following in 2014. Negotiations between the UK Government and Aberdeen and Inverness were opened up in 2015, and then in its Draft Budget 2016-17, the Scottish Government announced that it would ‘extend the city deal approach to cities across Scotland’

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<sup>29</sup> Scottish Government (2015) *Scotland’s Economic Strategy*, Scottish Government, Edinburgh: <https://beta.gov.scot/publications/scotlands-economic-strategy/>

(usually referred to as City Region Deals in Scotland) to stimulate collaborative working and regional investment. There is still a lack of evidence on the benefits (and indeed the disadvantages) of these Deals for the rural areas and towns surrounding the cities<sup>30</sup>, and it is worth noting that, in general, the Deals do not acknowledge nor address rural-town-urban linkages either within or outside their boundaries (one of the priorities highlighted in the OECD's review of rural policy in Scotland in 2008, and acknowledged in the 2015 Economic Strategy)<sup>31</sup>.

Having reviewed rural policies and strategies from the last decade or so, and briefly explored five current overarching policy drivers in Scotland, the paper now moves on to briefly discuss recent work on rural policy internationally, by the OECD and European Commission, before the concluding section draws together all of the evidence presented to provide a series of recommendations for key principles to guide rural policy in Scotland post-Brexit.

## 5. International work on rural development policy

The European Commission and OECD have both recently produced policy declarations or frameworks on rural development. This section briefly outlines the key features of these documents.



The European Commission's **Cork 2.0 Declaration – A Better Life in Rural Areas** issued in 2016 (twenty years after the original Cork Declaration in 1996), is focused on innovation and the extent to which rural areas make a positive contribution to the wider economy, society and environment of the EU. The document talks of the value of rural resources, fostering innovation and entrepreneurship, and agriculture and forestry value chains being engines of growth. This language is somewhat in contrast to the **1996 Cork Declaration – A Living Countryside**, which focused on the complexities and needs of rural areas, and what should be in place to support agriculture and wider rural communities to fulfil their potential across economic, environmental and social objectives. In contrast to the 2016 Cork 2.0 Declaration, the language in the 1996 Declaration

is very 'needs-based', for example, in terms of an integrated approach to provide co-financing to areas most in need.

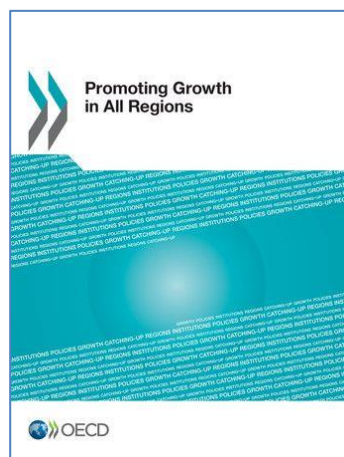
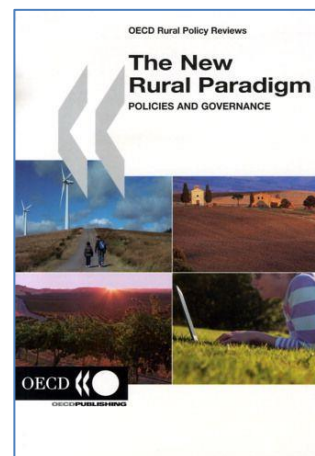
The 2016 Cork 2.0 Declaration contains two other particularly important points to note. The first is that: *"Rural and agricultural policies must interact with the wider context of national and*

<sup>30</sup> A further paper being written as part of this project within the Strategic Research Programme is exploring the impacts of City Region Deals for rural areas. This paper will be available shortly.

<sup>31</sup> It is also worth referencing the recent Carnegie UK Trust 'Flourishing Towns' work which notes that, although towns are often defined in relation to other places (e.g. as commuter towns), there is little evidence to support the assertion that they are primarily there to support rural areas with a wide range of goods and services. More information: <https://www.carnegieuktrust.org.uk/theme/flourishing-towns/>

*regional strategies and work in complementarity and coherence with other policies.” The second is the recommendation to: “systematically review other macro and sectoral policies through a rural lens, considering potential and actual impacts and implications on rural jobs and growth and development prospects, social wellbeing, and the environmental quality of rural areas and communities.”*

The OECD has carried out work on rural issues and rural policies for many years. Back in 2006, the organisation published its **New Rural Paradigm**<sup>32</sup>, characterised by two key principles: a focus on places rather than sectors (such as agriculture), and on investments rather than subsidies. The NRP argues that more power and investment should be devolved from the centre to the local level, and that rural areas should be able to determine their own needs and realise their own opportunities, based on the exploitation and valorisation of local assets. Activating the NRP involves all levels of government (from the supranational to local levels) and various stakeholders operating across all sectors. In setting out a broad policy approach, the NRP provides a common analytical reference point for the many national reviews of rural policy which have followed since (including the review of rural policy in Scotland in 2008).



Alongside the NRP and the national rural policy reviews, the OECD has undertaken a significant body of empirical work on the performance of regions across member countries, and the reasons for differential patterns of growth. For example, in its 2012 report on **Promoting Growth in All Regions**<sup>33</sup>, the OECD challenges traditional assumptions regarding less developed regions as a drag on national performance requiring policies to ‘prop them up’ through fiscal transfers and subsidies. Rather, their empirical work demonstrates that this simplistic view is incorrect and leaves significant untapped potential for growth. Perhaps most importantly, their work found that predominantly rural regions have, on average, enjoyed faster growth than intermediate or predominantly urban regions. They argue that following a broader-based inclusive growth strategy brings benefits to countries in terms of equity, resilience and fiscal health and that more than a one-size-fits-all approach is needed with policy synergies and co-ordination across related domains making a real difference.

Building on its previous work which advocated that the future prosperity of rural regions would be driven by enterprise, innovation and new technologies, in its 2014 publication, the organisation argues that a focus on innovation and modernisation represents an important next

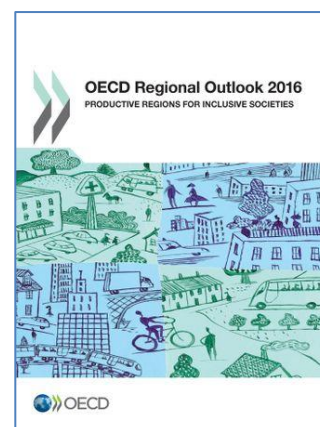
<sup>32</sup> OECD (2006) *The New Rural Paradigm: Policies and Governance*, OECD Publications, Paris.

<sup>33</sup> OECD (2012) *Promoting Growth in All Regions*, OECD Publications, Paris; see also OECD (2009) *How Regions Grow*, OECD Publications, Paris.

step in the evolution of the rural policy dialogue<sup>34</sup>. In focusing on these two pillars, the OECD argues that we need to develop a better understanding of how innovation can emerge in a rural setting (moving away from a focus on patents for example) and how it can be supported and encouraged. In relation to modernisation, the OECD argues that rural regions must focus on their competitiveness in order to advance economically. For many rural regions this will involve finding a new economic role, which requires a good understanding of their strengths and weaknesses in relation to key features such as skills, activities within the service sector, digital connectivity, etc. The OECD argues that it is critical that we move beyond a focus on cities as the engines of growth and acknowledge two things: (a) the significance of rural areas, in economic, social, cultural and environmental terms, and; (b) the extent to which the economic significance and quality of life of cities depend on the rural sector.

Their **Regional Outlook 2016** publication<sup>35</sup> summarised key empirical data relating to the growth of rural regions and particularly highlighted the diversity across regions. The OECD evidence demonstrates that those regions which are within or close to urban areas tend to be more dynamic and resilient compared to those which are distant, with many of the latter particularly vulnerable to global shocks. The importance of the natural environment is also noted in terms of the performance of rural regions, as are the new functions that many rural regions are providing based on using their natural resources.

Based on all of this previous work the OECD put forward **Rural Policy 3.0** within the Regional Outlook 2016 publication. This is a new policy framework for rural regions which reflects the evolution of rural economies since 2006 and continuous efforts to understand how national governments can best support them in their efforts to develop. Rural Policy 3.0 is based on the key objective of increasing rural competitiveness and productivity in order to enhance the social, economic and environmental wellbeing of rural areas (which in turn will increase the contributions of rural regions to national performance). Within this approach, the OECD argues that policies should focus on enhancing competitive advantages in rural communities and should draw on integrated investments and the delivery of services<sup>36</sup> (not subsidies) that are adapted to the needs of different types of rural areas. Rural Policy 3.0 is a partnership-driven approach that builds capacity at the local level to encourage participation and bottom-up development. Key to this approach is the coordination of policies which are aligned along similar goals and objectives and collaboration, including rural-rural and rural-urban arrangements<sup>37</sup>. Public policies that strengthen community resilience and



<sup>34</sup> OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris.

<sup>35</sup> OECD (2016) *OECD Regional Outlook 2016*, OECD Publications, Paris.

<sup>36</sup> For earlier work by the OECD, see: OECD (2010) *Strategies to Improve Rural Service Delivery*, OECD Publications, Paris.

<sup>37</sup> The OECD argues that urban and rural areas enjoy different and often complementary assets and better integration between them is important for socio-economic performance. For more information on rural-urban integration and partnerships, see: OECD (2013) *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, OECD Publications, Paris.



capacity are critical as strong communities are needed to understand local dynamics and act on them. Finally, the OECD argues that *“Effective rural policy recognises that development opportunities and constraints in rural regions are different from those in urban ones, and can vary across the types of rural regions. Rural policies are thus distinct from, but complementary to, urban development approaches.”*

This section has briefly summarised the key thinking of the European Commission and the OECD on rural development and rural policies, with particular reference to the Commission’s Cork 2.0 Declaration and the OECD’s Rural Policy 3.0, both published in 2016. Building on all of the evidence presented here relating to rural and national policies and policy-making in Scotland, the final Section of this paper provides some suggestions to inform the shape and direction of future rural policy and support in Scotland after the UK leaves the EU.

## **Section 6: Where next for rural policy in Scotland post-Brexit?**

This report has summarised the evolution of theoretical approaches to rural development in post-war Europe, discussed the rural policy-making process in Scotland with reference to Jordan and Halpin’s work in 2006, outlined the key features of rural policies and strategies in Scotland since 1995 and current national policy drivers, and summarised current European and OECD thinking on rural development policy.

In the June 2016 EU referendum, 52% of the UK population voted to leave the European Union (EU). However, 62% of the Scottish population voted to remain in the EU, with only 38% voting to leave. Notwithstanding this result, leaving the EU offers Scotland, and indeed the whole of the UK, the opportunity to create a new vision and policy framework to support and enhance its rural areas. Before offering some guiding principles for shaping this future policy and vision, it is worth just briefly outlining some of the key considerations and challenges for Scotland’s rural communities as the country leaves the EU.

As a starting point, it is critically important to note the importance of geography. Rural areas account for 98% of the land mass of Scotland but approximately 18% of the population. This population is sparsely distributed, particularly in upland areas and on Scotland’s many inhabited islands, bringing huge challenges in terms of travel times and costs, whether that be by road, rail, plane or boat, and in terms of the delivery of key services. Work undertaken by colleagues at the James Hutton Institute in Aberdeen as part of a parallel Research Deliverable on ‘Demographic Change in Remote Areas’ has defined Scotland’s Sparsely Populated Areas (SPA)<sup>38</sup>. Analysis of demographic data has shown how, in the last 20-25 years, the number of children and young people in Scotland’s SPA has declined by 22% (compared to a much smaller decline of only 6% elsewhere in Scotland). Looking forward, the working age population of the SPA is projected to decline by 33% by 2046. The implications of this decline are hugely significant, in terms of the local labour market, maintaining local service provision and more widely in terms of the future management and use of the environment and land in these areas. While at UK level, the policy shift appears to be towards rewarding the delivery of public values,

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<sup>38</sup> More information: <http://www.hutton.ac.uk/research/projects/demographic-change-remote-areas>

the implications of these demographic trends for the mere survival of rural communities - and the delivery of significant amounts of public value - must not be forgotten. At the same time, the justification for providing funding to agriculture and rural communities will need to be stronger than it has been previously as, for the general population, the competition for (increasingly scarce) resources with funding for the NHS, education, etc. will be much more apparent.

EU funding in the form of the Common Agricultural Policy's Direct Payments from Pillar 1, Pillar 2 funding for environmental activities, Less Favoured Areas and socio-economic development including through LEADER, and Structural Funds for regional development and enhancing cohesion, has been critical to many rural areas of Scotland. There is still considerable uncertainty over what will replace these funding streams. In terms of rural development, the UK Government has said that there will be a UK-wide Shared Prosperity Fund (UK SPF), but there remains a lack of detail on how the Fund will operate, and how money will be distributed and then administered in rural and urban areas and across the UK's devolved administrations. A consultation on the UK SPF will be held in Autumn 2018.

Finally, it is worth noting that time is rapidly moving forward to March 2019 when the UK is due to leave the EU, but there remains considerable uncertainty both over the shape and size of future funding streams, but also the length of time that existing EU funding streams will continue to operate.

More positively, the UK's withdrawal from the EU provides an opportunity to re-think rural policy to ensure that it is fit-for-purpose, this final section of the paper builds on the evidence presented to provide some suggested principles for future rural policy and support in Scotland after we leave the EU.

- **Building a more positive narrative about rural Scotland:** Work by the OECD, amongst others, has argued that, in future, the narrative about rural Scotland needs to be much more positive. Rather than being (negatively) based on needs and challenges, it should emphasise the positive contributions, attributes and opportunities of rural Scotland (without forgetting, of course, the important challenges that do exist in many places, including poverty, out-migration, poor connectivity, a lack of affordable housing, seasonal employment and low incomes, declining service provision, etc.). The most recent data available suggests that overall rural Scotland is a good place to live, with rural areas, on average, demonstrating better wellbeing and socio-economic indicators than urban areas. Rural areas must be seen as making a significant contribution to the economic performance and wellbeing of the national economy, and this is the basis on which to develop strategies for their future sustainability and growth.
- **Taking a networked approach to rural development:** Following the evolution of academic writing on theoretical approaches to rural development, it would be most appropriate for Scotland to follow a networked or neo-endogenous approach to development. Here, local communities shape their future, based on local assets and resources, but in the context of a facilitating policy, institutional and funding framework which draws positively on networks with other places and organisations and provides support, particularly for those communities which lack their own capacity to lead

development processes. For example, a local development trust or LEADER project sets out its priorities and how it will address them but is able to draw on information, advice, training, funding etc. from national or regional organisations in support of their work. Given the joint emphasis in the 2015 Economic Strategy on sustainable economic growth and inequality, it would be worth exploring the meaning and relevance of the concept of social innovation - which places emphasis on encouraging social inclusion and counteracting social inequality - as a guide to rural policy in Scotland in future.

- **Ensuring an accurate, up-to-date evidence base exists to inform policy:** This may include both extensive quantitative data from primary and secondary sources, and also qualitative information from in-depth studies of particular programmes and initiatives. It is worth noting that there is a wealth of information already available from evaluations of previous initiatives that should not be forgotten, and existing publications which form a key part of the evidence base<sup>39</sup>. Scotland should also look to other parts of the UK and other countries (in the EU and beyond) to see what it can learn from successful (and less successful approaches adopted elsewhere). Key rural evidence challenges and gaps that have existed for a long time, such as the Scottish Index of Multiple Deprivation's inability to measure rural deprivation<sup>40</sup>, must be resolved. Any future rural policies and initiatives must be appropriately monitored and evaluated. Going back to 2007, the following statement still applies:

*“Rural Scotland is not homogenous and evidence is not always unequivocal or robust. There is a need to develop further the evidence base and the ability to measure progress and success – with a clearer focus on the impacts (outcomes) of policies and actions and to take account of regional, local and other variations. Better comparative, including international data and analysis are needed.”* (Rural Scotland: Better Still Naturally)

- **Ensuring an integrated approach to rural policy:** The OECD review in 2008 argued that the lack of integration of agriculture, environment, land use and all other socio-economic development policies was the key weakness of rural policy in Scotland. Unfortunately it is fair to say that this weakness remains and must be addressed to ensure that there is a strategic focus for rural Scotland. The OECD recommended that Scotland “...aim for a distinct vision and policy of all rural areas, one that is comprehensive and integrated...” and this call has been repeated by others more recently (including SRUC in its 2014 and 2016 Rural Scotland in Focus reports<sup>41</sup>). Having the buy-in of all stakeholders to this vision and strategy is critical. This will ensure

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<sup>39</sup> Including the Scottish Government's Rural Scotland Key Facts publications (<https://www.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/PubRural>), and SRUC Rural Policy Centre's biennial Rural Scotland in Focus Reports ([https://www.sruc.ac.uk/info/120428/rural\\_scotland\\_in\\_focus](https://www.sruc.ac.uk/info/120428/rural_scotland_in_focus)).

<sup>40</sup> This is because poverty and deprivation tend to be more spatially dispersed in rural areas than they are in urban areas, but the SIMD is specifically designed to identify small area concentrations of multiple deprivation across Scotland. More information: <https://www.gov.scot/Topics/Statistics/SIMD/FAQRuralIssues>

<sup>41</sup> See SRUC Rural Policy Centre's Rural Scotland in Focus Reports 2014 and 2016 ([https://www.sruc.ac.uk/info/120428/rural\\_scotland\\_in\\_focus](https://www.sruc.ac.uk/info/120428/rural_scotland_in_focus))

that everyone is pursuing the same agreed purpose and that progress towards this purpose, agreed outcomes, etc., can be monitored and evaluated. Rather than resulting in the separation of rural from the rest of the policy and practice spheres, it would further integrate rural with national policies and national policies towards rural outcomes<sup>42</sup>. There are previous vision statements on which to build, such as that included in **Our Rural Future** in 2011, and international examples of where a dedicated rural strategy sets out a vision and strategic priorities for rural and, importantly, outlines both how it links with other national documents, and how rural areas deliver to those national priorities<sup>43</sup>. In this way, a clear rural vision and priorities can be outlined but at the same time, rural is seen as integral to the achievement of national priorities.

Achieving this buy-in will be challenging given the breadth of interests and activities of rural stakeholders, as compared to the relatively coherent agricultural lobby for example. Whilst not wishing to advocate the creation of additional structures, there may be a role for a Scottish Rural Stakeholders' Group to regularly bring together representatives of relevant organisations working on rural issues in Scotland<sup>44</sup> to share details of their work programmes, information gathered from outside Scotland on 'best practice', potential areas of collaboration, etc. The detail of this Group would need to be carefully thought through, but it could include academics working on rural issues (to ensure that policy and practice considerations directly inform research work, and vice versa) and representatives of Scottish Rural Action (amongst others) to ensure that the bottom-up voice is also fed into discussions. It would also provide an opportunity to talk through openly some of the challenges of achieving integrated policy as discussed by Jordan and Halpin including how to overcome conflicts and which policy domain should take precedence. The removal of the SRDP (which is effectively Scotland's rural development policy) when we leave the EU will open up the door for a new vision for rural Scotland. It is perhaps worth noting that the OECD's Rural Policy 3.0 sets wellbeing across three dimensions (economy, environment and society) as the key objective for rural development and states that

*“Rural and agricultural policies must interact with the wider context of national and regional strategies and work in complementarity and coherence with other policies.*

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<sup>42</sup> For more discussion of the impacts of having a vision and strategy, please see SRUC's 2014 and 2016 Rural Scotland in Focus reports. For example, the 2014 report includes 10 principles that SRUC believes should underpin a vision and strategy for rural Scotland. These reports are available online [here](#).

<sup>43</sup> See for example, [Project Ireland 2040: Building Ireland's Future](#) and [Realising our Rural Potential: Action Plan for Rural Development](#).

<sup>44</sup> This includes: Scottish Government, SNH, Forestry Commission Scotland, SEPA, the National Parks, the National Trust for Scotland, the John Muir Trust, the Scottish Wildlife Trust, RSPB Scotland, SCVO, Development Trusts Association Scotland, the Princes Trust, SRUC, the James Hutton Institute, etc. To avoid meetings becoming too unwieldy it might make sense for meetings of the Group to be split into two work streams, one focusing on socio-economic issues and one on environment and land use issues. Links between the two work streams would need to be maintained however to ensure cross-cutting issues were considered in an integrated way.

There may be interesting lessons for Scotland to learn from other countries in relation to the structure of rural proofing, such as Finland which takes a broad and narrow approach to rural policy-making. The broad approach takes the form of a national rural policy linked to regional policy, known as the Rural Policy Programme, which is guided by a place-based approach. The Programme is prepared and implemented by a Rural Policy Committee (from which the proposed Scottish Rural Stakeholders Group mentioned above could learn) which is made up of a wide range of stakeholders, and is the ‘grand plan’ solution referred to by the OECD in its 2008 review of rural policy in Finland<sup>45</sup>, where all policies are integrated into a territorial strategy. Rural proofing is undertaken to ensure that a rural perspective is mainstreamed. The approach helps to secure, for example, equity and equal access to public services, while strong infrastructure at the local level facilitates place-based policy. The narrow approach, or ‘niche policy solution’ to use the OECD’s description, takes the form of EU co-funded rural development measures which specifically focus on rural areas, but is often limited in its budget and scope.

- **Rethinking the value of rural proofing:** The Scottish Government has a commitment to mainstreaming the needs of rural areas within all of its policies. However, this approach runs the risk of being incoherent and uncoordinated, with rural issues, characteristics, opportunities, etc. being lost, particularly in the absence of an agreed overarching vision for rural Scotland. It may be appropriate, particularly given the new commitment to island proofing as part of the Islands Bill, to rethink the usefulness of carrying out more systematic rural proofing. The Cork 2.0 Declaration includes a recommendation to:

*“systematically review other macro and sectorial policies through a rural lens, considering potential and actual impacts and implications on rural jobs and growth and development prospects, social wellbeing, and the environmental quality of rural areas and communities.”*

It is worth noting that there is now a legislative commitment to do this in Northern Ireland through the Rural Needs (Northern Ireland) Act 2016. The Act states that “a public authority must have due regard to rural needs when (a) developing, adopting, implementing or revising policies, strategies and plans and (b) designing and delivering public services”. The Scottish Government’s cross-Government Rural Policy Working Group could be seen as ‘light-touch’ rural proofing but it might be worth thinking through how that could be formalised, without creating unnecessary additional burdens on policy-makers, addressing the limitations of rural proofing that have been highlighted in research<sup>46</sup> and building on lessons learned from the process of introducing island

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<sup>45</sup> OECD (2008) *OECD Rural Policy Review Finland*, OECD Publications: Paris.

<sup>46</sup> These include having more clarity on the purpose and outcomes of rural proofing, how to take account of rural diversity, how to ensure that rural proofing is more meaningful than simply a tick-box exercise and clarity over who is ultimately responsible, and the role of rural policy-makers in supporting policy staff in other domains. Despite these criticisms, there is some evidence of year on year progress with rural proofing becoming more routine, and some particular rural proofing successes, for example, the 2002 and

proofing. Recent research has called for improved rural proofing, in relation to enhancing the digital connectivity of rural businesses<sup>47</sup> for example, and to public sector business support programmes<sup>48</sup>. What is critical is that rural issues are worked in to policy formulation right from the start. At a time of ever tighter public sector budgets, particularly post-Brexit, it could be argued that rural proofing is all the more important.

- **Taking a place-based approach to policy**<sup>49</sup>: Taking a place-based approach to policy (as advocated in the OECD's New Rural Paradigm and its 2016 Rural Policy 3.0, for example) in Scotland is set very much in the context of public sector reform (tightened budgets, increased demands and the need for more integrated working at local level). However, it brings together many of the other underlying principles covered here, including the need for an accurate evidence base, building a positive rural narrative, and building on local assets for locally-led development. The quote provided earlier from the 2018-19 Programme for Government provides a good starting point from which to consider future place-based investment strategies in and for rural Scotland, using "*place-based endowments to revitalise local communities*". This approach is about more than targeting funding towards particular places; it is about a new philosophy and style of operating within an overarching, facilitating framework. It also provides an approach which recognises and builds on the diversity of rural Scotland, from accessible areas close to urban centres and/or well integrated with local towns, to more remote locations outside 'city regions'. A recent paper by IPPR North argues that: "Policy for the rural economy in the 21<sup>st</sup> century needs to recognise this integration of [national, global and local] issues and the importance of place". This paper suggests that 'rural devolution deals' should be set up between central government and local authorities with a substantial rural component, which set minimum obligations relating to food production and sustainability, environmental protection and capital spending for infrastructure and economic development<sup>50</sup>.
- **Strengthening rural communities**: The Scottish Government clearly places having strong, sustainable and inclusive (rural) communities high up the policy agenda, to

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2004 UK Government Treasury Spending Reviews and building a rural dimension into Departmental Public Service Agreement Targets. More information: See for example, Atterton, J. (2008) Rural Proofing: A Formal Commitment in Need of Review?, *CRE Discussion Paper Series No 20* (November), <https://www.ncl.ac.uk/cre/publications/discussion-papers/>

are examples of where rural proofing has led to 'successes', such as

<sup>47</sup> Wilson, B., Atterton, J., Hart, J., Spencer, M. and Thomson, S. (2018) *Unlocking the digital potential of rural areas across the UK*, Research by Rural England and SRUC for Amazon. Available online: [https://www.sruc.ac.uk/info/120671/our\\_projects/1913/unlocking\\_the\\_digital\\_potential\\_of\\_rural\\_areas](https://www.sruc.ac.uk/info/120671/our_projects/1913/unlocking_the_digital_potential_of_rural_areas)

<sup>48</sup> Turner, R. (2017) *Growth sector businesses in rural South of Scotland: Enterprise support experience, needs and local connections*, RPC Research Briefing 2017/10. Available online: [https://www.sruc.ac.uk/downloads/file/3554/growth\\_sector\\_businesses\\_in\\_rural\\_south\\_of\\_scotland\\_enterprise\\_support\\_experiences\\_needs\\_and\\_local\\_connections](https://www.sruc.ac.uk/downloads/file/3554/growth_sector_businesses_in_rural_south_of_scotland_enterprise_support_experiences_needs_and_local_connections)

<sup>49</sup> There is further discussion on the place-based approach and the key implications for rural areas in Atterton, J. (2017) *Place-based policy approaches and rural Scotland*, Research Report for RESAS Strategic Research Programme Research Deliverable 3.4.2 Place-based policy and its implications for policy and service delivery (July). Available online:

[https://www.sruc.ac.uk/info/120671/our\\_projects/1806/strategic\\_research\\_programme/2](https://www.sruc.ac.uk/info/120671/our_projects/1806/strategic_research_programme/2)

<sup>50</sup> More information: <https://www.ippr.org/publications/forgotten-opportunities-the-dynamic-role-of-the-rural-economy-in-post-brexit-britain>

ensure that they can play a full role in delivering services, maintaining buildings, owning land, etc. This is a hugely positive development for communities in both urban and rural Scotland, and reflects the OECD's investment (rather than subsidies) approach. However, while some communities will be well placed to engage with these opportunities, others will find it more challenging. For the latter, additional support to build capacity, skills, networks, etc. may be required (as per the neo-endogenous approach to development). A key part of this is ensuring that all communities and individuals across Scotland have a say in policy-making and delivery, as advocated by the OECD in its 2008 review. Rural communities and individuals must continue to be given opportunities to do this through the work of Scottish Rural Action and the Rural Parliament events, amongst others. Finally, as noted by the Cork 2.0 Declaration, citizens and tax-payers must get a stronger role in assessing the performance and achievement of policies. This is echoed in the Community Empowerment (Scotland) Act 2015 where citizen perspectives are to be given greater credence and value in the wider (public) decision-making system. The public and private sectors need to respond openly and positively to the strengthened roles of communities, individuals and the third sector in all of these different ways.

- **Recognising the breadth of economic activities and contributions across rural Scotland:** One of the key recommendations of the OECD review in 2008 was to recognise and increase the diversity of economic activity across rural Scotland. It is reassuring to hear that the work of the NCRA is focusing on all of these economic activities, and not just agriculture - but also to see that the four Agriculture Champions sit on the NCRA which will hopefully serve as a means of more effectively linking up agriculture and wider rural issues going forward. It is also interesting to note that the Scottish Government has created a new Rural Economies Policy Team which should help to raise the profile of rural economies and their key characteristics across Government and beyond. However, it is fair to say that the discourse that dominates policy and research domains still tends to over-emphasise the importance of primary sector activities with other sectors, including creative industries, business and financial services, etc. largely forgotten. In order to deliver its purpose of increasing sustainable, inclusive economic growth, there is a need for the Scottish Government to acknowledge and support the breadth of economic activities across its rural communities, in terms of the sectors and business types targeted (such as the large number of microbusinesses, home-based firms and family-owned enterprises)<sup>51</sup>. Moreover, there is a need for the wider contributions of rural businesses to be acknowledged; they may not generate high turnover or large numbers of jobs (traditional measures used to identify business success or to target support provision), but they may be critical to the sustainability of the communities in which they are situated (rural businesses and their communities are generally very closely intertwined). Recent research has suggested that supporting the

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<sup>51</sup> For more discussion of this topic please see: Turner, R. and Atterton, J. (2015) *Scotland's rural enterprises: what do we know and where are the information gaps?*, SRUC Rural Policy Centre Policy Briefing 2015/11, available online: [https://www.sruc.ac.uk/downloads/file/2621/2015\\_scotlands\\_rural\\_enterprises\\_what\\_do\\_we\\_know\\_and\\_where\\_are\\_the\\_information\\_gaps](https://www.sruc.ac.uk/downloads/file/2621/2015_scotlands_rural_enterprises_what_do_we_know_and_where_are_the_information_gaps).

mass of sole trader and micro businesses across rural Scotland is likely to bring the greatest benefits, in this case in terms of unleashing digital potential<sup>52</sup>. Finally, as the public sector withdraws there may be new opportunities for private sector or community-led enterprises to take advantage of, often working in partnership. Favourable conditions are required to support them to do so.

- **Placing rural areas at the forefront of future opportunities and challenges:** Rather than rural areas constantly playing catch-up with urban areas, we should consider changing the narrative and associated policy responses so that rural areas are placed at the forefront of progress in developing new and innovative responses, taking advantage of new opportunities and developing new responses to challenges as - or ideally before - they arise. Examples might include developing strategies to take advantage of an increasingly older population (demographic ageing is occurring more quickly in rural than urban Scotland), making advances in the use of digital technologies to deliver health services or to tackle the constraints on rural businesses, or seeking new ways to maximise wellbeing and achieve truly sustainable, inclusive growth through valorising local assets. Cuts to public services may mean that such advancements are of even more critical importance in rural areas, a necessity which may serve as an important driver of innovation. Again it may be worth further consideration of the concept of social innovation which emphasises that change may provide citizens with opportunities to develop novel solutions and innovative delivery methods based on self-organisation, new alliances and the use of modern technology.
- **Acknowledging and strengthening rural-town-urban linkages:** Again referring back to 2008, the OECD review of rural policy in Scotland identified the need to take a new approach to rural development which recognised urban-rural linkages<sup>53</sup>. This is echoed in its more recent work in 2014<sup>54</sup> for example and the importance of rural-urban linkages is also noted in Scotland's Economic Strategy 2015. Evidence presented here, including the brief review of the City Region Deals in Scotland and the Carnegie UK Trust's recent work on towns, suggests that this recommendation has not been followed in that the way in which places interact with one another (to greater or lesser extents and often depending on their geographical proximity) has not been explored in detail in research nor reflected appropriately in policy responses to the benefit of all of these types of area. It is worth noting that previous work on the relationships between small towns and rural areas in Scotland has emphasised that spread effects from urban regions to rural areas tend to be rather limited so if the aim is to support growth in rural areas, a closely targeted rural development policy may be more effective than a regional development strategy.

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<sup>52</sup> Wilson, B., Atterton, J., Hart, J., Spencer, M. and Thomson, S. (2018) *Unlocking the digital potential of rural areas across the UK*, Research by Rural England and SRUC for Amazon. Available online: [https://www.sruc.ac.uk/info/120671/our\\_projects/1913/unlocking\\_the\\_digital\\_potential\\_of\\_rural\\_areas](https://www.sruc.ac.uk/info/120671/our_projects/1913/unlocking_the_digital_potential_of_rural_areas)

<sup>53</sup> The recent Scottish Government paper on the rural economy in Scotland also describes the tight integration between the rural and urban economies (Scottish Government (2018) *Understanding the Scottish Rural Economy*, Scottish Government, Edinburgh. Available online: <http://www.gov.scot/Publications/2018/02/3310>).

<sup>54</sup> OECD (2014) *Innovation and Modernising the Rural Economy*, OECD Publications, Paris



Building on the evidence presented in preceding sections, this final section of the report has suggested some key principles which might be followed in rural policy formulation in Scotland post-Brexit. Perhaps the two key themes that run across all of these principles are innovation and entrepreneurship. These are also central to the OECD's recent work on rural and regional growth to achieve increased rural competitiveness and productivity in order to enhance social, economic and environmental wellbeing.

There is much that can be learned from academic writing, from previous rural policy documents and from international work and other countries on how 'best' to design and deliver rural policy. Work being undertaken across Work Package 3.4 'Communities and Wellbeing' of the Scottish Government Strategic Programme on community resilience, demographic change and the role of place-based policy in tackling persistent economic and social disparities will also be critical in informing the design of this policy. Leaving the EU provides an ideal opportunity for Scotland to learn from this evidence base and to design a future rural vision and associated policy which is innovative, forward-looking and coherent.